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KBRA Releases Research – Mass Transit Funding Pause: A Post-2025 Shutdown Update

KBRA releases research discussing the Trump Administration's mass transit funding pause and the implications for infrastructure investment, including examinations of four major infrastructure projects that are affected.

In October 2025, the Trump Administration announced that it had paused funding for several major mass transit projects, citing a review of administrative contracting practices. In KBRA's view, the unilateral pause in federal funding has significant implications for infrastructure investment across the municipal sector, as it raises questions regarding the stability of federal funding for transportation projects, particularly large, multiyear capital programs in which governments and other issuers rely on an uninterrupted flow of federal support. Issuers may now need to incorporate the possibility of litigation into capital planning to obtain funds that are due to them. What was historically considered inviolable is now appearing vulnerable.

With that backdrop in mind, this KBRA commentary examines the background of the following multibillion-dollar mass transit projects and discusses their current funding circumstances:

- The Hudson River Tunnel Project connecting New York and New Jersey
- The Metropolitan Transportation Authority's (MTA) Second Avenue Subway (SAS) expansion in New York City
- The Chicago Transit Authority's (CTA) Red Line extension
- CTA's Red and Purple Line modernization

Key Takeaways

- The October 2025 federal funding pause introduced uncertainty regarding the stability of federal funding for mass transit—a particularly acute risk factor for the four infrastructure projects, for which the federal Full Funding Grant Agreement (FFGA) share of total project costs ranges from approximately 34% to over 40%.
- The pause increases risks in the planning of multiyear capital projects including risks of greater delays, contract renegotiations, construction disruptions, cost escalation, and potential litigation.
- Issuer responses will likely be idiosyncratic. Strained intergovernmental relationships may result, and some issuers may consider litigation against the federal government as part of their response strategy.

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