

**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY**

**NOTICE OF FUNDING LAPSE AND IMPACTS  
ON THE ESSENTIAL AIR SERVICE AND  
ALTERNATE ESSENTIAL AIR SERVICE PROGRAMS**

I. SUMMARY

By this Notice, the U.S. Department of Transportation (the Department) provides notice of a potential future shortfall of appropriated funding for Essential Air Service (EAS) contracts and Alternate Essential Air Service (AEAS) grants. Should a prolonged government-wide lapse in appropriations last beyond October 12, 2025, the Department will relieve air carriers of their obligations under EAS contracts, and will suspend reimbursement under AEAS grants, beginning on October 13, 2025, until such time as appropriated funding is restored, and full budgetary authority is reinstated.

II. BACKGROUND

Funding for the EAS and AEAS programs comes from two sources: appropriated funds and mandatory spending from overflight fees collected by the Federal Aviation Administration. As Congressionally appropriated funding has lapsed, the Department does not have access to the appropriated portion of its budget. This will severely limit the EAS program's ability to continue subsidy payments to air carriers. Further, the volume of overflight fees receivable each month is uncertain, and the daily subsidy expenditure rate is variable. Given this uncertainty, in the event of a prolonged lapse in appropriated funding that extends beyond October 12, 2025, the Department is putting all EAS and AEAS communities and air carriers on notice of its inability to continue providing EAS subsidy payments or to obligate and reimburse funds under AEAS grant agreements beyond October 12, 2025.

III. ESSENTIAL AIR SERVICE

If the Department is unable to pay EAS carrier subsidies beyond October 12, 2025, by this Notice, we will relieve all EAS carriers of their obligations under all EAS orders beginning on October 13, 2025, until such time as funding is restored. Air carriers that continue to operate EAS flights beyond October 12, 2025, would do so at their own risk as the Department may not be able to pay the contracted subsidy.

If air carriers continue to operate EAS flights during a lapse in funding, the Department will pay all valid claims on a pro rata basis based on the amount of overflight fees receivable and other budgetary resources available.

IV. ALTERNATE ESSENTIAL AIR SERVICE

Once AEAS funding is appropriated, the Department will resume obligations and reimbursements according to the terms of the grant agreements. For that reason, AEAS communities and air carriers may continue to operate flights under the terms of their grants and secondary agreements, but grant recipients are at their own risk in the event AEAS funding is further delayed or not appropriated.

The Department will provide further communications as appropriate. If you have any questions, please contact: A.J. Muldoon, Associate Director, Essential Air Service (Acting), Office of Aviation Analysis, Office of Aviation and International Affairs, Office of the Secretary of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590; telephone (202) 948-3210; email [albert.muldoon@dot.gov](mailto:albert.muldoon@dot.gov).

By:

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