

Travel industry fears damage from a long shutdown

By DAVID KOENIG and CHRISTOPHER RUGABER
Associated Press



AP Photo/Lynne Sladky

Passengers wait in line at a security checkpoint at Miami International Airport on Friday in Miami. The three-day holiday weekend is likely to bring bigger airport crowds.

ATLANTA — America's busiest airport, Atlanta's Hartsfield-Jackson International, is a blur of activity on the best of days. But an extra layer of anxiety gripped the airport Friday, the eve of a three-day holiday weekend. The partial government shutdown — the longest ever — has thinned the ranks of federal workers who staff airport security lines. And some travelers had braced for the worst.

"I have a 3 o'clock flight, and I arrived at 10:15 a.m. (EST)," Beth Lambert said while waiting to check in at a Delta Air Lines counter as her 5-year-old, Michael, rode around on his wheeled bag like a scooter. "We're going to be hanging out for a while."

The scene at most of the nation's airports has so far been marked more by concerned passengers showing up early than by missed flights. Longer lines are evident at some airports. But delays resulting from a rise in federal security screeners calling in sick have been slight.

Yet concern is quickly growing. President Donald Trump and Democrats in Congress remain far apart over Trump's insistence on funding for a wall along the Mexican border as the price of reopening the government. With the two sides trading taunts and avoiding talks, travel industry analysts and economists have been calculating the potential damage should the shutdown drag into February or beyond.

Airlines and hotels would suffer. So would parks and restaurants that cater to travelers. And, eventually, the broader U.S. economy, already absorbing a trade war with China and a global economic slowdown, would

endure another blow.

The travel and tourism industries generate about \$1.6 trillion in U.S. economic activity — one-twelfth of the economy — and one in 20 jobs, according to the Commerce Department. Macroeconomic Advisers says it now expects the economy to expand at just a 1.4 percent annual rate in the first three months of this year, down from its previous forecast of 1.6 percent, because of reduced government spending during the shutdown.

America's air-travel system will face its sternest test this weekend, which coincides with Martin Luther King Jr. Day on Monday, a federal holiday. The Transportation Security Administration predicts it will screen over 8 million passengers between Friday

and Monday, up 10.8 percent from last year's MLK weekend. And it will do so with fewer screeners. On Thursday, the TSA said 6.4 percent of screeners missed work — nearly double the 3.8 percent rate on the same day in 2018.

A TSA spokesman said the agency was offering overtime to screeners for this weekend, though those workers wouldn't be paid — for their regular pay or for overtime — until the shutdown eventually ends.

On top of potentially longer airport security lines this weekend, a blast of winter weather could snarl travel this weekend in the Midwest and Northeast.

Hartsfield-Jackson Atlanta International, home to Delta Air Lines, has likely been the hardest hit airport. Delta said this week

that the shutdown will cost it \$25 million in January because fewer federal employees and contractors will be flying. By contrast, United Airlines, which has a substantial presence around Washington, D.C., said it hasn't felt much impact yet.

But the airlines fear that if the shutdown doesn't end soon, more TSA agents will call in sick or quit. A shortage of screeners would cause security lines to swell. Air traffic controllers, who are also working without pay, say they, too, are short-staffed. If the controller shortage became severe enough, the government could restrict the number of flights, though some analysts think that's unlikely.

"Luckyly this is the low season — January is one of the weakest months of the year," said Savanthi Syth, an

airline analyst for Raymond James. "This spilling into February is a real concern. The risk is that the longer this drags out, it might cause some passengers to say, 'I don't want to deal with all the hassle, maybe I won't take that trip.'"

Consumers are, in fact, taking a dimmer view of the economy, in part because of the shutdown. A measure of consumer confidence fell this month by the most in more than six years, according to the University of Michigan, which conducts the survey. If Americans were to cut back on travel and other discretionary spending, it would weaken consumer spending, the U.S. company's primary fuel.

Laura Mandala, who runs a travel and tourism research firm, said the shut-

down might discourage international travelers, too.

"These uncertainties will result in fewer conferences being booked," Mandala said, leading to "convention and hotel staff layoffs, reduced schedules, resulting in less income for workers to spend in the local economy."

Hotels are starting to feel the impact, particularly in the Washington, D.C., region but also in other cities with substantial federal workforces, such as San Diego, which has a large naval base.

In the Washington area, including its nearby suburbs in Maryland and Virginia, hotel revenue plunged 26 percent in the second week of January compared with the same period last year, according to STR, a travel research firm. That's much steeper than the 8 percent decline that occurred nationwide.

Michael Bellisario, an analyst for investment bank R.W. Baird, suggested that other factors accounted for the most of the nationwide drop but said the shutdown almost certainly played a role.

"In no way is the government shutdown a positive for hotel demand and travel," Bellisario said.

If the shutdown lingers and people see more reports of long TSA lines on television news, "they will say, 'Oh wow, traveling is hard,' and that impacts the hotel industry," said Jan Freitag, a senior vice president at STR.

For now, though, the most visible impact has been at airports. One of the seven checkpoints at Houston's main airport has been closed all week and will remain so indefinitely, a spokesman said. Miami closed one concourse during the afternoons and evenings last weekend. On the other hand, officials at airports in New York, Los Angeles, Chicago and Miami said they weren't experiencing any problems.



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