



November 19, 2015

Honorable Tom Price, M.D.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

RE: Revision to the CBO Cost Estimate for the Surface Transportation Reauthorization and Reform Act of 2015 transmitted on November 17, 2015.

Dear Mr. Chairman,

The Congressional Budget Office (CBO) is issuing a revision to the cost estimate for the Surface Transportation Reauthorization and Reform Act of 2015 (STRR Act) that was transmitted on November 17, 2015. That estimate included the cost of a provision appropriating \$0.2 billion for grants to rail carriers for certain safety equipment; however, no appropriation for that purpose was included in the STRR Act, as passed by the U.S. House of Representatives. Removing the effect of that provision slightly reduces the cost of the legislation.

The remainder of this letter is the same as the one transmitted on November 17, 2015. The House Amendment to the Senate Amendment to H.R. 22, the Surface Transportation Reauthorization and Reform Act of 2015, as passed by the House of Representatives on November 5, 2015, would: reauthorize spending for transportation programs funded from the Highway Trust Fund for three years; transfer \$35 billion from the general fund of the Treasury to the Highway Trust Fund, reauthorize the Export-Import Bank through fiscal year 2019; require that the Federal Reserve's surplus fund be deposited in the Treasury; and make other changes that would affect direct spending and revenues.

CBO estimates that implementing provisions of the STRR Act would lead to an end-of-year balance in 2018 of approximately \$7 billion in the highway account of the Highway Trust Fund and about \$1 billion in the transit account of the Highway Trust Fund in fiscal year 2018.

Effects on the Deficit

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting the STRR Act would reduce budget deficits over the 2016-2025 period by \$78 billion (see Table 1); therefore, pay-as-you-go procedures apply. That figure does not include the effects of transferring general funds from the Treasury to the Highway Trust Fund that may be counted for budget enforcement purposes in the House of Representatives.¹

Changes in Direct Spending and Revenues

The act would change direct spending and revenues in a number of ways (see Table 2). All told, enacting the STRR Act would reduce direct spending by \$13 billion and increase revenues by \$65 billion over the 2016-2025 period, CBO and JCT estimate. The act would:

- Provide \$160 billion in contract authority (the authority to incur obligations in advance of appropriations acts) for the surface transportation programs administered by the Federal-Aid Highway Administration (FHWA), the Federal Transit Administration, the National Highway Traffic Safety Administration, and the Federal Motor Carrier Safety Administration. Based on rules CBO is required to use for constructing the baseline for mandatory programs, that amount is \$349 billion less than the amount contained in CBO's baseline over the 2016-2025 period (see Table 3);
- Rescind \$6 billion in unobligated contract authority from programs administered by FHWA. Accounting for this rescission, the reduction in contract authority would total \$355 billion compared to the CBO baseline;
- Require the Internal Revenue Service to contract with private collection agencies to collect payments of certain tax liabilities and compensate them with a portion of the amounts collected;

1. Pursuant to Section 3302 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, general fund transfers to the Highway Trust Fund are considered to be new budget authority and outlays for budget enforcement purposes in the House of Representatives. Incorporating those effects, the STRR Act would decrease the budget deficit by \$43 billion over the 2016-2025 period.

- Adjust the rates for certain customs user fees annually over the 2016-2025 period by the percentage increase in the Consumer Price Index for the previous year;
- Direct the Department of Energy to sell 101 million barrels of oil from the Strategic Petroleum Reserve over the 2018-2025 period;
- Repeal provisions of current law that require the Department of the Interior to pay interest on overpayments of royalties on federal oil and gas leases;
- Increase penalties related to motor vehicle safety;
- Eliminate the Federal Reserve's surplus fund and require the central bank to remit amounts in the fund to the Treasury; and
- Make other changes that affect revenues.

Most provisions of the bill that would affect the budget were discussed in previous CBO estimates, including the estimate for the DRIVE Act (Senate amendment number 2266 to H.R. 22, the Hire More Heroes Act, as introduced on July 24 2015 (see <https://www.cbo.gov/publication/50428>). Section 32203, a provision to eliminate the Federal Reserve's Surplus Fund, is discussed below.

Eliminate the Federal Reserve's Surplus Fund. Out of its annual earnings, the Federal Reserve covers its operating costs, pays a dividend to its member banks, retains monies for its surplus fund, and remits the remaining profits to the U.S. Treasury. Those remittances are counted as revenues in the federal budget. The Federal Reserve's surplus fund, which currently totals about \$29 billion, is a stock of retained earnings accumulated over time that is set by the central bank at a level that equals the capital paid into the fund by member banks. Amounts in the fund reflect Federal Reserve assets in excess of its liabilities. A reduction in the surplus fund could come about from either a reduction in assets or an increase in liabilities. For this estimate, CBO expects that a reduction in the surplus would be executed through the sale of Treasury securities, the most significant asset holding of the central bank; likely alternative assumptions would not significantly affect CBO's analysis.

Section 32202 of the bill would eliminate the surplus fund and require that amounts currently in the fund, and any future amounts that would have otherwise been added to it, instead be remitted to the Treasury. As a result, CBO estimates that the bill would increase net remittances from the Federal Reserve, and thus federal revenues, by about \$32 billion in 2016 and by \$59 billion over the 2016-2025 period. That increase consists of \$29 billion that is currently held in the fund, plus an additional \$50 billion that would have been deposited into the fund over the next ten years. Partially offsetting those effects, eliminating the fund would also reduce the amount of interest-earning assets that the Federal Reserve holds, which would reduce by \$20 billion its interest earnings and associated remittances to the Treasury over the next ten years, CBO estimates. Those last two effects—additional remittances from amounts that would have been deposited into the surplus and reduced remittances from lower security holdings—would continue beyond the ten-year budget period and be roughly offsetting in the longer term, CBO estimates.

It is important to note that the transfer of surplus funds from the Federal Reserve to the Treasury has no import for the fiscal status of the federal government. Although federal budget accounting does not recognize additions to the Federal Reserve's surplus account as revenues, such additions have the same effects as if they had instead been paid to the Treasury and were counted as revenues. If the surplus funds are held at the Federal Reserve and invested in Treasury securities, then the interest generated is remitted to the Treasury. If the surplus funds are transferred to the Treasury instead, they reduce the public debt and in turn the interest payments owed by the Treasury. Because the Treasury's receipt of interest income from the Federal Reserve would be equivalent to the Treasury's lower interest payments, where the funds reside has no economic significance, a transfer of those funds would have no effect on national savings, economic growth, or income.

Spending Subject to Appropriation

Assuming appropriations action consistent with the provisions in the bill, CBO estimates that enacting the STRR Act would increase discretionary spending for highway programs by \$135 billion over the 2016-2020 period (see Table 4). That amount includes additional spending of \$132 billion for transportation programs funded from the Highway Trust Fund, and \$6 billion for other transportation programs, and reduced spending of \$2 billion from reauthorization of the Export-Import Bank. CBO has not

completed an estimate of the effect on discretionary spending of other provisions in the STRR Act.

Estimated Balances in the Highway Trust Fund

In CBO's August 2015 *Status of the Highway Trust Fund* report, CBO projected cumulative shortfalls of \$20 billion in the highway account and \$7 billion in the transit account at the end of 2018.² Those are the amounts that revenues credited to the fund are projected to fall short of outlays, given the authorized or projected spending authority. (The trust fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund. To meet obligations as they come due, DOT estimates, the highway account must maintain a cash balance of at least \$4 billion and the transit account must maintain a balance of at least \$1 billion.)

Under the STRR Act, both accounts would end fiscal year 2018 with positive balances, and would be able to meet all obligations presented to the fund that year, CBO estimates. The STRR Act would transfer about \$35 billion, mostly from the general fund of the Treasury, to the Highway Trust Fund. As a result, CBO estimates that implementing provisions of the STRR Act would result in an end-of-year balance in 2018 of approximately \$7 billion in the highway account of the Highway Trust Fund and about \$1 billion in the transit account of the Highway Trust Fund. CBO's baseline estimates are shown in Table 5 and provide a projection of future spending, revenues, and remaining balances in the Highway Trust Fund over the next 10 years.

PREVIOUS ESTIMATES

Cost Estimates for Highway Provisions. On July 24, 2015, CBO transmitted a cost estimate for the DRIVE Act (Senate amendment number 2266 to H.R. 22, the Hire More Heroes Act, introduced on July 24 2015). Furthermore, on October 30, 2015, CBO transmitted a cost estimate for H.R. 3763 as reported by the House Committee on Transportation and Infrastructure on October 29, 2015 and a cost estimate for the Rules Committee Print 114-32, an amendment to H.R. 22, the DRIVE Act (as passed by the Senate on July 30, 2015), as posted on the Web site of the House Committee on Rules on October 27, 2015. The cost estimates reflect the differences among the bills.

2. See Congressional Budget Office, Highway Trust Fund Accounts—Baseline Projections, March 2015 Baseline. www.cbo.gov/publication/43884.

Honorable Tom Price, M.D.

Page 6

Cost Estimates for Export-Import Bank. On October 27, 2015, CBO transmitted a cost estimate outlining the budgetary impact of H.R. 3611, the Export-Import Bank Reform and Reauthorization Act of 2015. The provisions of H.R. 3611 are similar to Division E of H.R. 3763. The cost estimates are the same.

Cost Estimates for Other Provisions: On July 28, 2015, CBO transmitted a cost estimate for S. 280, the Federal Permitting Improvement Act of 2015. That bill is identical to Title XLI of the STRR Act. Portions of Division D were contained in S. 1484, the Financial Regulatory Improvement Act of 2015 for which CBO transmitted a cost estimate on July 29, 2015. Both of those estimates noted that there would be insignificant costs from direct spending or revenues in the provisions included in the STRR Act.

I hope that this information is useful to you. If you need additional information on the Act, the CBO staff contacts are Sarah Puro (for transportation programs), Nathaniel Frentz (for the Federal Reserve), and Sunita D'Monte (for the Export Import Bank).

Sincerely,



Keith Hall
Director

Enclosures

cc: Honorable Chris Van Hollen
Ranking Member

Honorable Bill Shuster
Chairman
Committee on Transportation and Infrastructure

Honorable Peter A. DeFazio
Ranking Member

Honorable Kevin Brady
Chairman
Committee on Ways and Means

Honorable Sander M. Levin
Ranking Member

TABLE 1. CHANGES IN DIRECT SPENDING AND REVENUES AND EFFECT ON THE DEFICIT OF H.R. 22, THE STRR ACT, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON NOVEMBER 5, 2015

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2021	2025	
CHANGES IN DIRECT SPENDING													
Total Changes in Direct Spending ^a													
Estimated Budget Authority	440	1,413	-3,876	-50,930	-51,294	-51,418	-51,753	-52,508	-53,586	-53,772	-155,935	-367,284	
Estimated Outlays	-14	43	-313	-517	-882	-1,006	-1,341	-2,096	-3,174	-3,360	-2,958	-12,659	
CHANGES IN REVENUES													
Total Changes in Revenues ^b	31,639	2,385	3,009	3,147	3,433	3,659	3,988	4,246	4,615	4,982	47,272	65,100	
DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Effect on Deficit	-31,653	-2,342	-3,322	-3,664	-4,315	-4,665	-5,329	-6,342	-7,789	-8,342	-50,230	-77,759	
Memorandum:^c													
General Fund Transfer													
Budget Authority	34,976	0	0	0	0	0	0	0	0	0	34,976	34,976	
Outlays	34,976	0	0	0	0	0	0	0	0	0	34,976	34,976	
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES FOR HOUSE ENFORCEMENT OF SECTION 3302 OF THE BUDGET RESOLUTION													
Effect on Deficit for House Enforcement	3,323	-2,342	-3,322	-3,664	-4,315	-4,665	-5,329	-6,342	-7,789	-8,342	-15,254	-42,783	

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Amounts may not sum to totals because of rounding.

a. The STRR Act would provide about \$158 billion in contract authority for surface transportation programs over the 2016-2018 period.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO extends the contract authority provided by the bill for 2019 (\$731 million), the last year of the authorization, at the same amount in each of the following years. Under that assumption, CBO estimates the STRR Act would reduce the contract authority projected in CBO's baseline for the years 2019 through 2025 by about \$50 billion per year. That change would result in contract authority totaling about \$163 billion over the 2016-2025 period in CBO's baseline.

b. Positive numbers represent a decrease in the deficit and negative numbers represent an increase in the deficit.

c. Pursuant to section 3302 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, general fund transfers to the Highway Trust Fund are considered to be new budget authority and outlays for budget enforcement purposes in the House of Representatives.

TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF H.R. 22, THE STRR ACT, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON NOVEMBER 5, 2015

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2021	2025	
CHANGES IN DIRECT SPENDING													
Provide Contract Authority For Surface Transportation Programs ^a													
Budget Authority	454	1,370	2,437	-50,413	-50,412	-50,412	-50,412	-50,412	-50,412	-50,412	-146,977	-348,625	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	
Recession of Contract Authority													
Budget Authority	0	0	-6,000	0	0	0	0	0	0	0	-6,000	-6,000	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	
Contract with Private Entities for Tax Collection													
Estimated Budget Authority	*	187	235	246	257	269	282	296	310	325	925	2,408	
Estimated Outlays	*	187	235	246	257	269	282	296	310	325	925	2,408	
Increase Customs User Fees													
Estimated Budget Authority	-14	-139	-233	-338	-459	-585	-733	-897	-1,079	-1,220	-1,768	-5,697	
Estimated Outlays	-14	-139	-233	-338	-459	-585	-733	-897	-1,079	-1,220	-1,768	-5,697	
Sell Strategic Petroleum Reserve Oil													
Estimated Budget Authority	0	0	-300	-400	-650	-650	-850	-1,450	-2,350	-2,400	-2,000	-9,050	
Estimated Outlays	0	0	-300	-400	-650	-650	-850	-1,450	-2,350	-2,400	-2,000	-9,050	
End Interest Payments on Overpayment of Royalties													
Estimated Budget Authority	0	-5	-15	-25	-30	-40	-40	-45	-55	-65	-115	-320	
Estimated Outlays	0	-5	-15	-25	-30	-40	-40	-45	-55	-65	-115	-320	
Total Changes in Direct Spending ^b													
Estimated Budget Authority	440	1,413	-3,876	-50,930	-51,294	-51,418	-51,753	-52,508	-53,586	-53,772	-155,935	-367,284	
Estimated Outlays	-14	43	-313	-517	-882	-1,006	-1,341	-2,096	-3,174	-3,360	-2,958	-12,659	
CHANGES IN REVENUES^c													
Increase Motor Vehicle Safety Penalties	3	20	35	45	50	50	55	55	55	55	203	423	
Contract with Private Entities for Tax Collection	*	375	471	491	514	538	564	592	620	650	1,851	4,815	
Eliminate Federal Reserve Surplus Fund	31,618	1,933	2,438	2,561	2,828	3,033	3,334	3,563	3,903	4,239	44,411	59,450	
Other Revenues	18	57	65	50	41	38	35	36	37	38	281	412	
Total Changes in Revenues	31,639	2,385	3,009	3,147	3,433	3,659	3,988	4,246	4,615	4,982	47,272	65,100	
DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Effect on Deficit	-31,653	-2,342	-3,322	-3,664	-4,315	-4,665	-5,329	-6,342	-7,789	-8,342	-50,230	-77,759	

Continued

TABLE 2. Continued.

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025	
Memorandum:^b													
General Fund Transfer													
Estimated Budget Authority	34,976	0	0	0	0	0	0	0	0	0	34,976	34,976	
Estimated Outlays	34,976	0	0	0	0	0	0	0	0	0	34,976	34,976	
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES FOR HOUSE ENFORCEMENT OF SECTION 3302 OF THE BUDGET RESOLUTION^b													
Effect on Deficit for House Enforcement of Section 3302 of the Budget Resolution	3,323	-2,342	-3,322	-3,664	-4,315	-4,665	-5,329	-6,342	-7,789	-8,342	-15,254	-42,783	

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Amounts may not sum to totals because of rounding.

a. The STRR Act would provide about \$158 billion in contract authority for surface transportation programs over the 2016-2018 period.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO extends the contract authority provided by the bill for 2018 (\$731 million), the last year of the authorization, at the same amount in each of the following years. Under that assumption, CBO estimates the STRR Act would subtract about \$50 billion a year to the contract authority projected in CBO's baseline for the years 2019 through 2025. That change would result in contract authority totaling about \$163 billion over the 2016-2025 period in CBO's baseline.

b. Pursuant to section 3302 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, general fund transfers to the Highway Trust Fund are considered to be new budget authority and outlays for budget enforcement purposes in the House of Representatives.

c. Positive numbers represent a decrease in the deficit and negative numbers represent an increase in the deficit.

TABLE 3. CONTRACT AUTHORITY PROVIDED BY THE STRR ACT AS PASSED BY THE HOUSE OF REPRESENTATIVES ON NOVEMBER 5, 2015

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2025	
Contract Authority Assumed In CBO's Baseline (before the enactment of the STRR Act)	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	511,430
Contract Authority Under the STRR ACT												
Specified by the STRR Act	51,597	52,513	53,580	730	731	731	--	--	--	--	--	159,881
Assumed in the Baseline After 2021 ^a	--	--	--	--	--	--	731	731	731	731	731	2,924
Total Contract Authority Under the STRR Act	51,597	52,513	53,580	730	731	731	731	731	731	731	731	162,805
Change in Contract Authority ^b	454	1,369	2,437	-50,413	-50,412	-50,412	-50,412	-50,412	-50,412	-50,412	-50,412	-348,625

a. As required by law, CBO's baseline reflects the assumption that most mandatory programs (including programs funded from the Highway Trust Fund) that expire on specific dates will continue to operate as they did immediately before their expiration.

b. This line appears under the heading Total Changes: "Provide Contract Authority for Surface Transportation Programs" in Table 3. This change does not include \$6 billion that the STRR Act would permanently rescind from programs administered by the Federal Highway Administration.

TABLE 4. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION IN H.R. 22, THE STRR ACT, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON NOVEMBER 5, 2015

	By Fiscal Year, in Millions of Dollars					2016-2021
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a						
Spending from the Highway Trust Fund						
Obligation Limitation	50,858	51,773	52,840	730	731	156,632
Estimated Outlays	12,062	31,829	40,406	32,340	14,922	131,559
Other Surface Transportation Programs						
Authorization Level	2,387	2,431	2,481	88	90	7,477
Estimated Outlays	572	1,170	1,628	1,385	1,020	5,775
Reauthorize the Export-Import Bank ^b						
Estimated Authorization						
Level	-168	-345	-536	-679	-515	-2,243
Estimated Outlays	-183	-359	-548	-691	-515	-2,296
Total Changes in Spending Subject to Appropriation						
Estimated Budgetary						
Resources	53,077	53,859	54,785	139	306	161,866
Estimated Outlays	12,451	32,640	41,486	33,034	15,427	135,038

a. H.R. 22 also would authorize appropriations for many other programs; however, CBO has not completed an estimate of those effects on discretionary spending.

b. For a discussion of the costs of implementing provisions reauthorizing the Export-Import Bank see CBO's cost estimate for H.R. 3611, the Export-Import Bank Reform and Reauthorization Act of 2015, (<https://www.cbo.gov/publication/50937>)

TABLE 5. SUMMARY OF CASH FLOWS FOR ACCOUNTS IN THE HIGHWAY TRUST FUND UNDER THE STRR ACT, AS PASSED BY THE HOUSE OF REPRESENTATIVES ON NOVEMBER 5, 2015

	By Fiscal Year, in Billions of Dollars										
	ACTUAL 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Highway Account											
Start-of-Year Balance	11	9	26	17	7	7	25	49	75	103	131
Revenues and Interest	36	35	36	36	36	36	36	36	36	35	35
Intragovernmental Transfers	6	26	*	0	0	0	0	0	0	0	0
Outlays ^b	44	45	45	46	36	18	12	10	8	7	6
End-of-Year Balance	9	26	17	7	7	25	49	75	103	131	161
Transit Account											
Start-of-Year Balance	3	3	9	5	1	c	c	c	1	4	9
Revenues and Interest	5	5	5	5	5	5	5	5	5	5	5
Intragovernmental Transfers	2	9	0	0	0	0	0	0	0	0	0
Outlays ^b	8	8	9	9	8	5	4	3	2	0	1
End-of-Year Balance	3	9	5	1	c	c	c	1	4	9	13
Memorandum:											
Cumulative Shortfall ^c											
Transit Account	n.a.	n.a.	n.a.	n.a.	-2	-2	-1	n.a.	n.a.	n.a.	n.a.

Source: Congressional Budget Office.

Notes: Details may not add to totals because of rounding.

n.a. = not applicable

* = less than \$500 million

Contract authority is a mandatory form of budget authority typically provided in authorization acts.

Obligation limitations are the limitations on the obligation of contract authority typically provided in appropriation acts.

- a. The STRR Act would authorize spending of about \$160 billion from 2016 to 2021 for surface transportation programs funded from the Highway Trust Fund. (About \$158 billion would be for grants to state and local governments for the 2016-2018 period and about \$2 billion would be primarily for the salaries and expenses of Department of Transportation employees to administer those grants from 2019 through 2021.)

Between fiscal years 2019 and 2021, CBO projects, revenues credited to the transit account of the Highway Trust Fund would be insufficient to meet the fund's obligations until 2021. Under current law, the trust fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund. Under the Balanced Budget and Emergency Deficit Control Act of 1985, however, CBO's baseline for highway and transit spending must incorporate the assumption that obligations incurred by the Highway Trust Fund will be paid in full. As a result, the cumulative shortfalls shown here are estimated on the basis of spending that would occur if obligations from the fund each year were equal to the obligation limitations contained in the bill for 2016 through 2018 and were equal to \$731 million (the amount authorized for salaries and expenses) from 2019 through 2021 and adjusted for projected inflation thereafter. To meet obligations as they come due, the Department of Transportation estimates, the highway account must maintain a cash balance of at least \$4 billion and the transit account must maintain a balance

- b. Outlays include amounts transferred between the highway and transit accounts. CBO estimates that those amounts would total about \$1 billion annually.
- c. CBO projects that under provisions of the STRR Act, the transit account would be exhausted after 2018. Under current law, the Highway Trust Fund cannot incur negative balances. However, following the rules of the Deficit Control Act of 1985, CBO's baseline for surface transportation spending reflects the assumption that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table shows the cumulative shortfall of fund balances, assuming spending levels that would be authorized by the STRR Act, as passed by the House of Representatives.