



May 28, 2015

Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Congressman:

As you requested, the Congressional Budget Office (CBO) has estimated the revenue shortfall that would ensue if spending authority for the Highway Trust Fund were extended beyond May 31, 2015, when that authority expires, for various time periods. You requested that CBO assume that spending would continue at historical rates following any extension and that minimum cash balances would be maintained in the Highway Trust Fund to enable the Department of Transportation (DOT) to manage the fund in the same fashion it has in recent years.

The estimates in Table 1 reflect the assumptions that the provisions (including revenue provisions) of the Moving Ahead for Progress in the 21st Century (MAP-21) and the Highway Transportation Funding Act of 2014 would be extended through the dates that you specified. Further, the estimates reflect the assumption that funding for the Highway Trust Fund in subsequent years would continue at the same level provided in 2015, adjusted for inflation, and that the highway account would maintain a minimum cash balance of \$4 billion and that the transit account would have a minimum balance of \$1 billion.

Table 1: Estimated Revenue Shortfall in the Highway Trust Fund if Spending Authority Was Extended to Certain Dates

Extend Spending Authority Until	Estimated Revenue Shortfall in the Highway Trust Fund ¹
September 30, 2015	\$3 billion
December 31, 2015	\$8 billion
May 31, 2021	\$85 billion to \$90 billion

1. Estimates incorporate the assumption that DOT needs a minimum cash balance of \$5 billion to pay obligations in a timely manner.

Extend Spending Authority Until September 30, 2015

CBO estimates that outlays from the trust fund will exceed revenues by about \$13 billion in 2015; as a result, the trust fund will probably end fiscal year 2015 with a combined balance in the two accounts of about \$2 billion. Based on the most recent information from DOT about the trends in spending from the Highway Trust Fund and revenues credited to the trust fund, CBO estimates that additional revenues of about \$3 billion would be needed for the Highway Trust Fund to meet all the obligations that are likely to be presented to the fund during the remainder of the fiscal year. Of those amounts, more than \$2 billion would be needed for the highway account and less than \$1 billion would be needed for the transit account.

Extend Spending Authority Until December 31, 2015

CBO projects a shortfall of about \$3 billion in the Highway Trust Fund by the end of the first quarter of fiscal year of 2016 based on historical rates of spending for the program. Because DOT has indicated that it needs a total of \$5 billion in cash to make payments in a timely fashion, CBO estimates that the Highway Trust Fund would need roughly \$8 billion to maintain that balance and to meet obligations through the end of calendar year 2015. Of those amounts, the highway account would need \$6 billion and the transit account would need \$2 billion.

Extend Spending Authority Until May 31, 2021

Projections for the shortfall assuming the funding levels in MAP-21 were extended for six years are subject to more uncertainty than those for shorter periods. CBO's baseline projections for the status of the Highway Trust Fund are done on a fiscal year basis. Because there is seasonality to spending for highway and transit projects, outlays for those programs are highest in the summer months and the fourth quarter of the fiscal year. Considering the seasonality in highway spending, CBO projects that the cumulative shortfall in the Highway Trust Fund would be between \$85 billion and \$90 billion by May of 2021.

Projections of spending from the Highway Trust Fund and revenues credited to the trust fund could vary from CBO's estimates because of many factors, including weather-related construction delays, the responses of states and local governments to federal policies, changes in the price of motor fuels, and the price and demand for certain construction materials and labor. Therefore, CBO's estimates of future shortfalls cannot be relied upon to predict the future cash position of the Highway Trust Fund with certainty.

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I hope that this information is helpful to you. If you need further information, the CBO staff contact is Sarah Puro.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall
Director

cc: Honorable Paul Ryan
Chairman