



An Overview of the Budget Treatment and Current Status of Major Transportation Trust Funds

June 2021



Budget Treatment

How the Spending Is Classified

Under a long-standing convention, CBO and other agencies classify **budget authority as mandatory** and **outlays as discretionary** for several transportation programs.

- **Contract authority** is one type of mandatory budget authority. It is the authority to obligate funds in advance of an appropriation act.
- **Obligation limitations** set in appropriation acts control the amount of contract authority that can be used in any given year. The spending subject to that obligation limitation is recorded as discretionary outlays.

How the Spending Is Treated in CBO's Baseline Projections

CBO's baseline projections of mandatory spending incorporate the assumption that the amount of contract authority provided in the last year of a program's authorization continues in each subsequent year.

CBO's baseline projections of discretionary spending inflate the obligation limitations provided under the most recent appropriation act.

Both of those practices are consistent with the requirements of the Balanced Budget and Deficit Control Act of 1985.

How the Spending Is Treated in CBO's Cost Estimates

CBO's cost estimates show the incremental effects of legislation relative to what would occur under current law or, for certain programs, relative to what is assumed in CBO's baseline projections.

As a result, **the effects shown in a cost estimate can differ from the total cost to the Treasury** of implementing legislation.

Table 1 of CBO's Cost Estimate for S. 2302

Table 1. Estimated Budgetary Effects of S. 2302												
By Fiscal Year, Millions of Dollars												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020- 2024	2020- 2029
Increases in Direct Spending												
Contract Authority Subject to Obligation Limitations ^a												
Estimated Contract Authority ^b	7,569	15,591	16,686	17,869	19,133	20,307	20,307	20,307	20,307	20,307	76,848	178,383
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0

Table 2 of CBO's Cost Estimate for S. 2302

Table 2.
Contract Authority Subject to Obligation Limitations for the Federal-Aid Highway Program Provided by S. 2302 Relative to CBO's Baseline

	By Fiscal Year, Millions of Dollars										2020-2024	2021-2025	2020-2029
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
Contract Authority in CBO's Baseline^a													
Contract Authority Under the Fast Act	46,366	0	0	0	0	0	0	0	0	0	46,366	46,366	46,366
Rescission Under the FAST Act	-7,569	0	0	0	0	0	0	0	0	0	-7,569	-7,569	-7,569
Contract Authority Assumed in CBO's Baseline	<u>0</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>38,797</u>	<u>155,188</u>	<u>155,188</u>	<u>349,173</u>
Total Contract Authority	38,797	38,797	38,797	38,797	38,797	38,797	38,797	38,797	38,797	38,797	193,985	193,985	387,970
Contract Authority Under S. 2302													
Contract Authority	46,366	54,388	55,483	56,666	57,930	59,104	0	0	0	0	270,833	283,571	329,937
Contract Authority Assumed to Continue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,104</u>	<u>59,104</u>	<u>59,104</u>	<u>59,104</u>	<u>0</u>	<u>0</u>	<u>236,416</u>
Total Contract Authority	46,366	54,388	55,483	56,666	57,930	59,104	59,104	59,104	59,104	59,104	270,833	283,571	566,353
Increase in Contract Authority Under S. 2302 Compared to CBO's Baseline													
Increase in Contract Authority ^b	7,569	15,591	16,686	17,869	19,133	20,307	20,307	20,307	20,307	20,307	76,848	89,586	178,383

Table 3 of CBO's Cost Estimate for S. 2302

Table 3. Estimated Increases in Spending Subject to Appropriation Under S. 2302												
By Fiscal Year, Millions of Dollars												
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020- 2024	2020- 2029
Obligation Limitations for the Federal-Aid Highway Program												
Obligation Limitation	0	54,388	55,483	56,666	57,930	59,104	0	0	0	0	224,467	283,571
Estimated Outlays	0	13,597	36,170	45,073	48,758	51,977	39,606	16,781	8,626	6,334	143,598	266,922



Highway Trust Fund

Current Authorization

The programs funded through the Highway Trust Fund are currently authorized by an extension of the FAST Act (Division B of Public Law 116-159). That extension:

- Extended funding for surface transportation through 2021 and
- Transferred \$13.6 billion to the Highway Trust Fund.



Spending Programs Funded by the Highway Trust Fund's Two Accounts

Highway Account:

- FHWA's Federal-Aid Highway program
- NHTSA's operations and research
- NHTSA's highway traffic safety grants
- FMCSA's motor carrier safety operations and programs
- FMCSA's motor carrier safety grants

Transit Account:

- FTA's transit formula grants

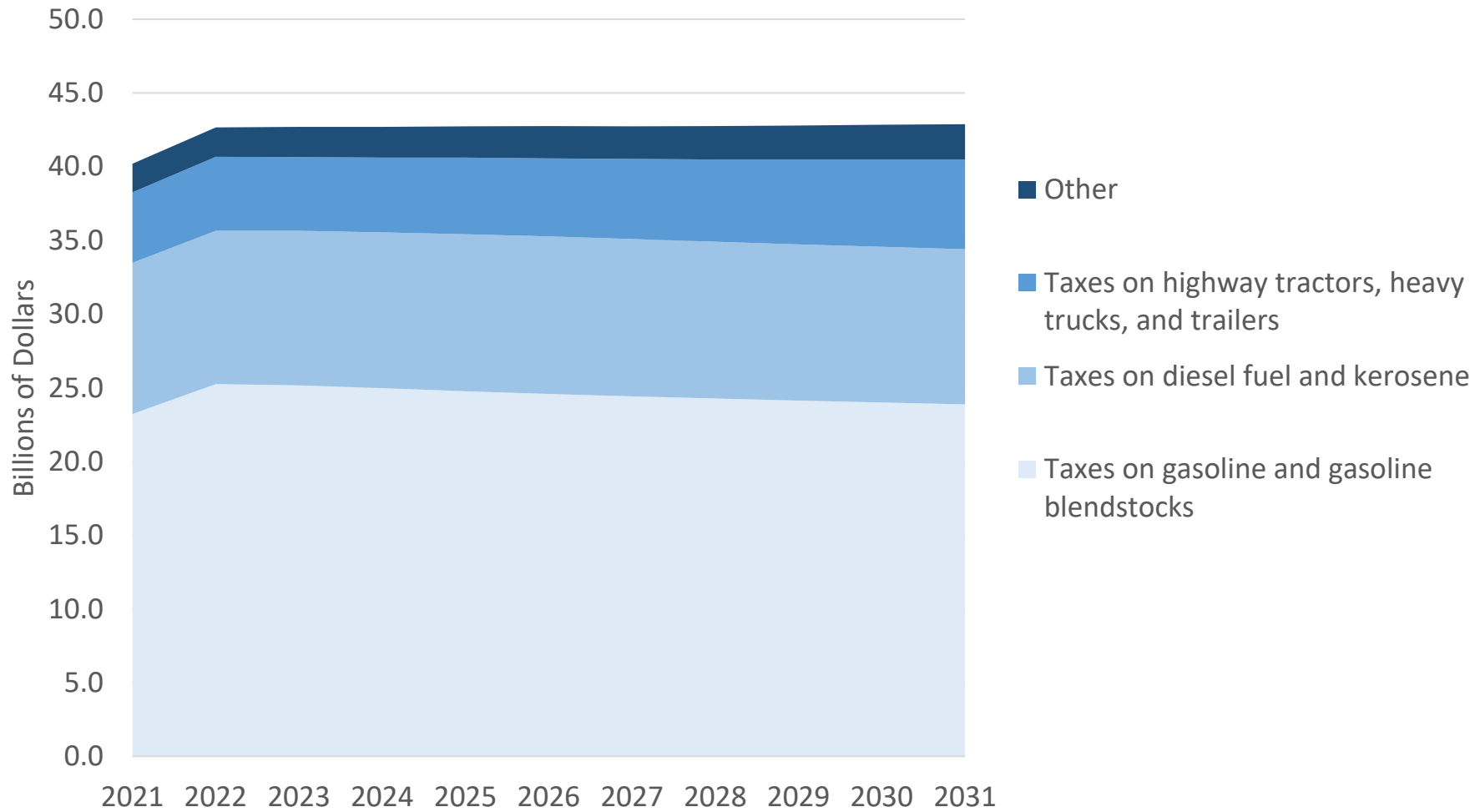


Revenues Credited to the Highway Trust Fund

Billions of Dollars

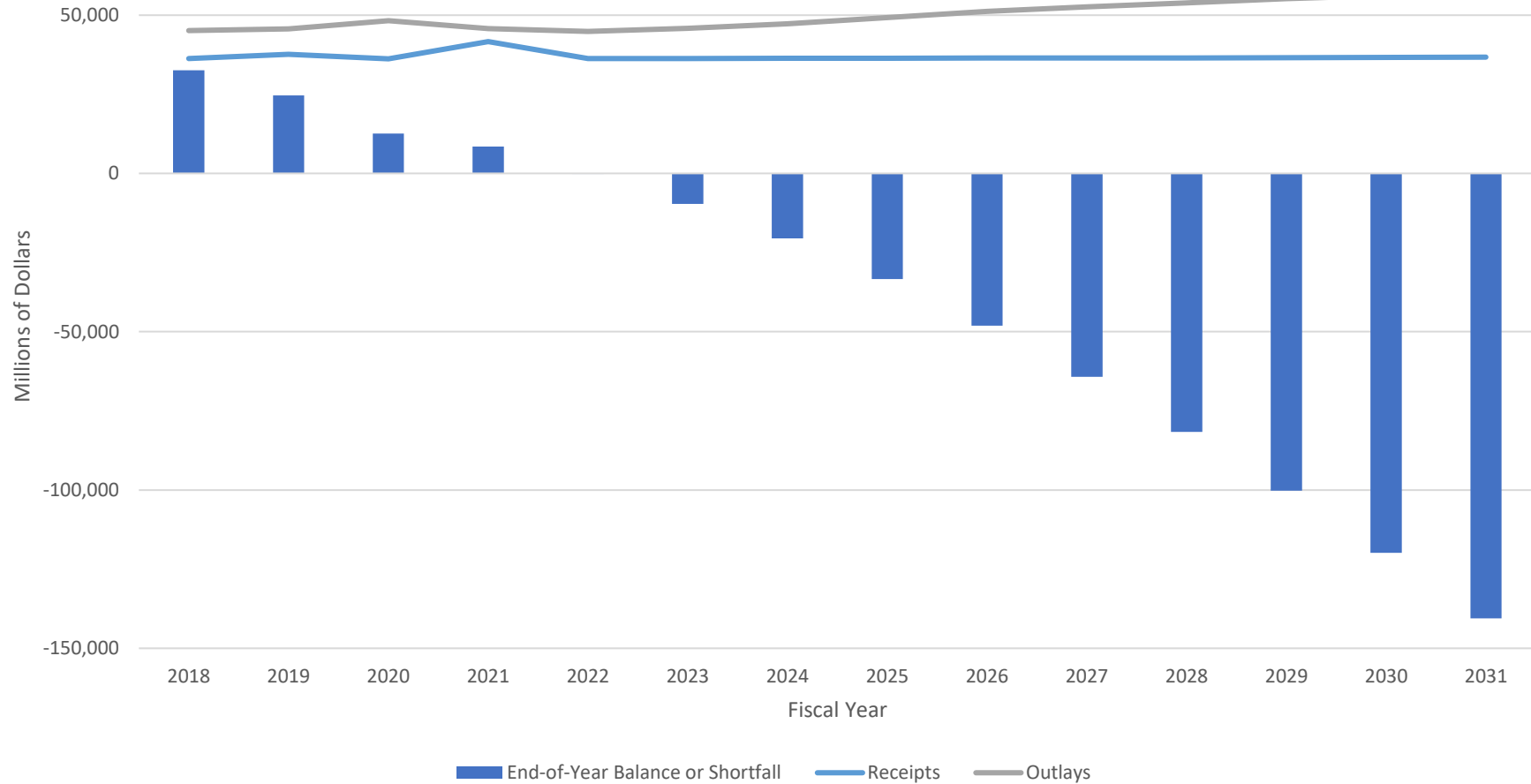
Fiscal Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total		
												2022-2026	2022-2031	
Excise Taxes														
Highway Trust Fund														
Gasoline and gasoline blendstocks	23.2	25.3	25.2	25.0	24.8	24.6	24.4	24.3	24.1	24.0	23.9	124.8	245.5	
Diesel fuel and kerosene	10.2	10.4	10.5	10.6	10.6	10.7	10.7	10.6	10.6	10.6	10.5	52.8	105.8	
Highway tractors, heavy trucks, and trailers	4.8	5.0	5.0	5.1	5.2	5.3	5.4	5.6	5.8	5.9	6.1	25.6	54.3	
Other	1.9	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.4	10.4	22.0	
Timing adjustment	-3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total	36.9	42.7	42.7	42.7	42.7	42.7	42.7	42.7	42.8	42.8	42.9	213.5	427.6	

Revenues Credited to the Highway Trust Fund



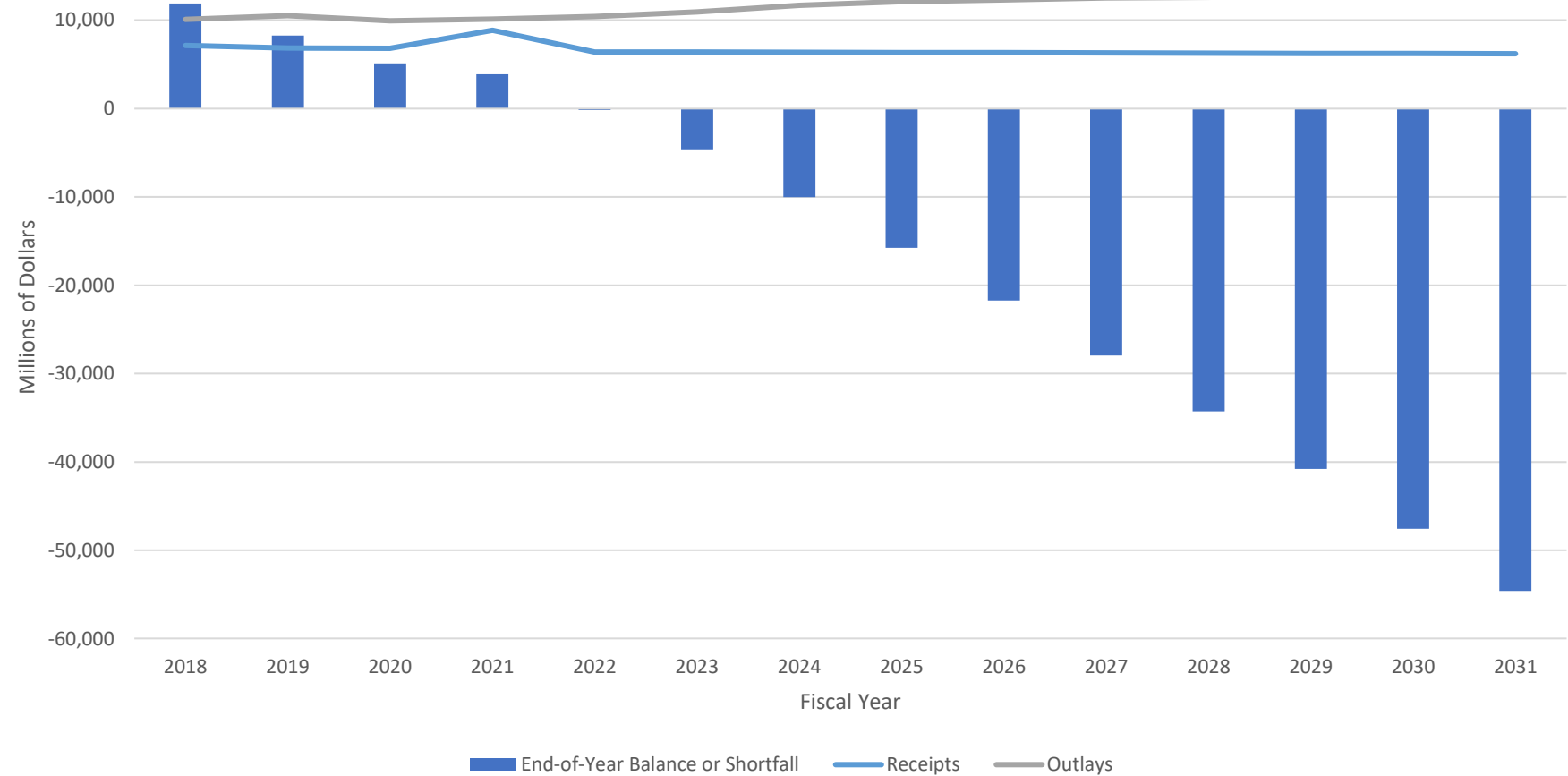


Status of the Highway Account of the Highway Trust Fund





Status of the Transit Account of the Highway Trust Fund



Implications of Transfers to the Highway Trust Fund

Transferring funds between accounts within the Treasury—for example, from the general fund to the Highway Trust Fund—does not affect total budget authority or outlays.

Such transfers to the Highway Trust Fund do not trigger additional spending of **currently authorized funds**.

Under 23 U.S.C. 105 (section 1403 of the FAST Act), contract authority and obligation limitations would automatically increase in the next fiscal year if another law provided for the deposit of additional funds into the Highway Trust Fund.

Airport and Airway Trust Fund (AATF)



Current Authorization

Activities funded through the AATF are currently authorized by the FAA Reauthorization Act of 2018 (P.L. 115-254).

That law authorized FAA programs through fiscal year 2023.

Spending Programs Funded by the AATF

- FAA operations (96 percent in 2021)
- Grants-in-aid for airports (Airport Improvement Program)
- FAA facilities and equipment
- FAA research, engineering, and development
- Payments to air carriers

Only part of one AATF program (the Airport Improvement Program) is funded by contract authority. The AATF differs in that respect from the Highway Trust Fund, which is entirely funded by contract authority.



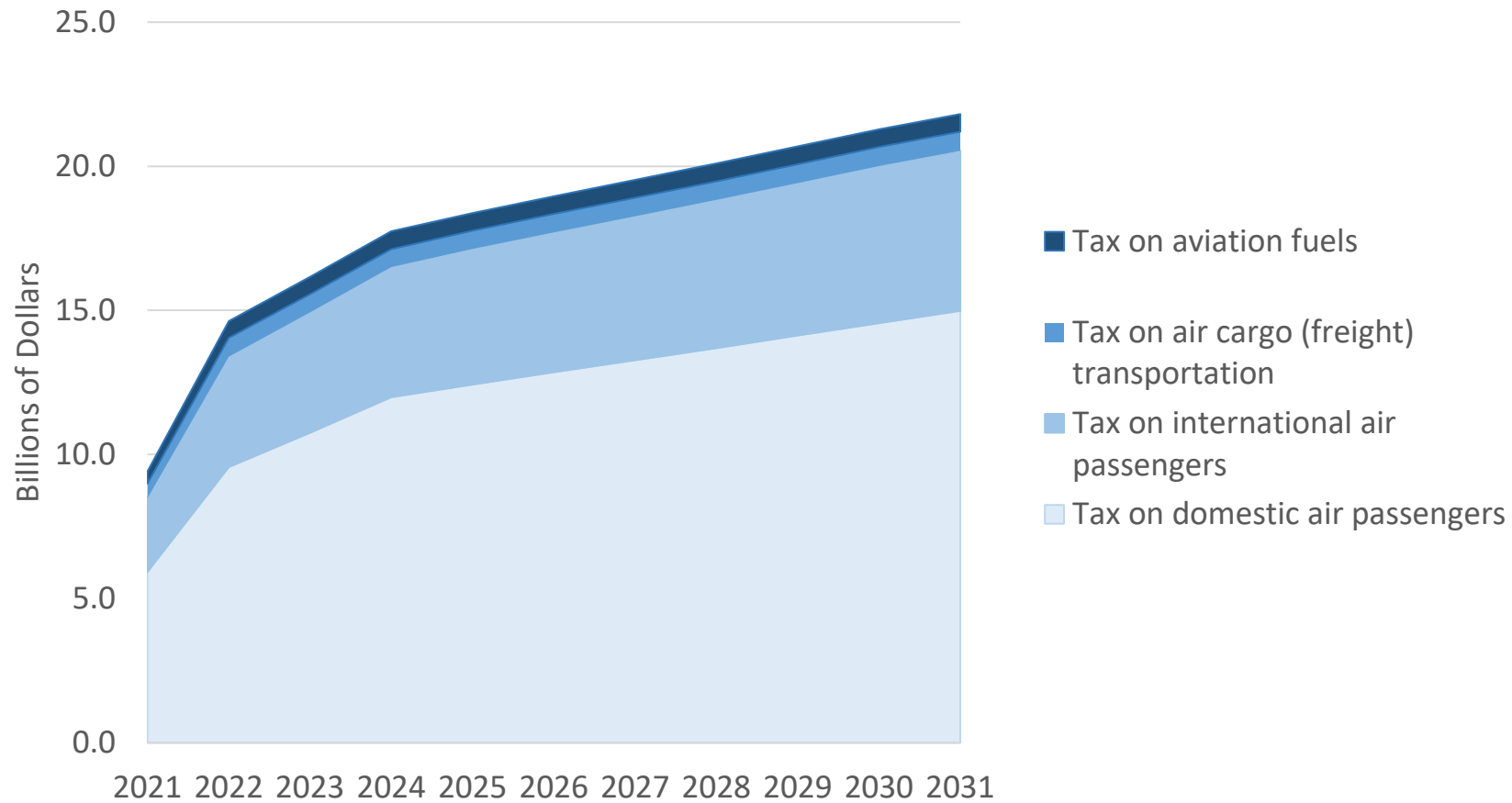
Revenues Credited to the Airport and Airway Trust Fund

Billions of Dollars

Fiscal Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total		
												2022- 2026	2022- 2031	
Excise Taxes														
Airport and Airway Trust Fund														
Domestic air passengers	5.9	9.6	10.8	12.0	12.4	12.9	13.3	13.7	14.1	14.6	15.0	57.6	128.2	
International air passengers	2.6	3.8	4.2	4.5	4.7	4.9	5.0	5.1	5.3	5.4	5.5	22.1	48.5	
Air cargo (freight) transportation	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	3.2	6.4	
Aviation fuels	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	3.0	6.1	
Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	
Total	9.4	14.6	16.2	17.7	18.4	18.9	19.5	20.1	20.7	21.3	21.8	85.8	189.1	



Revenues Credited to the Airport and Airway Trust Fund



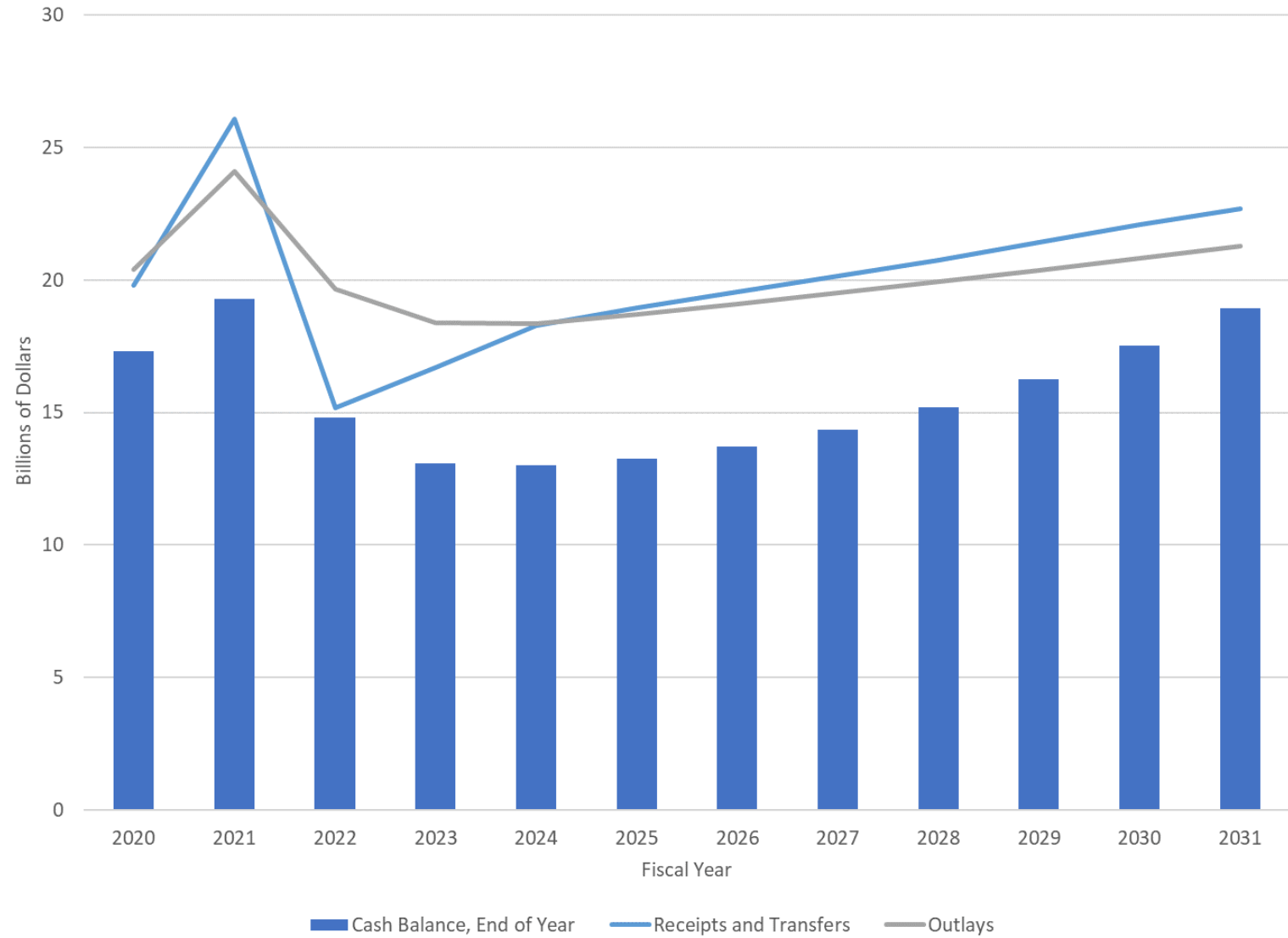
Other Airport and Airway Trust Fund Receipts

In recent years, the account for grants-in-aid for airports received supplemental transfers from the Treasury's general fund.

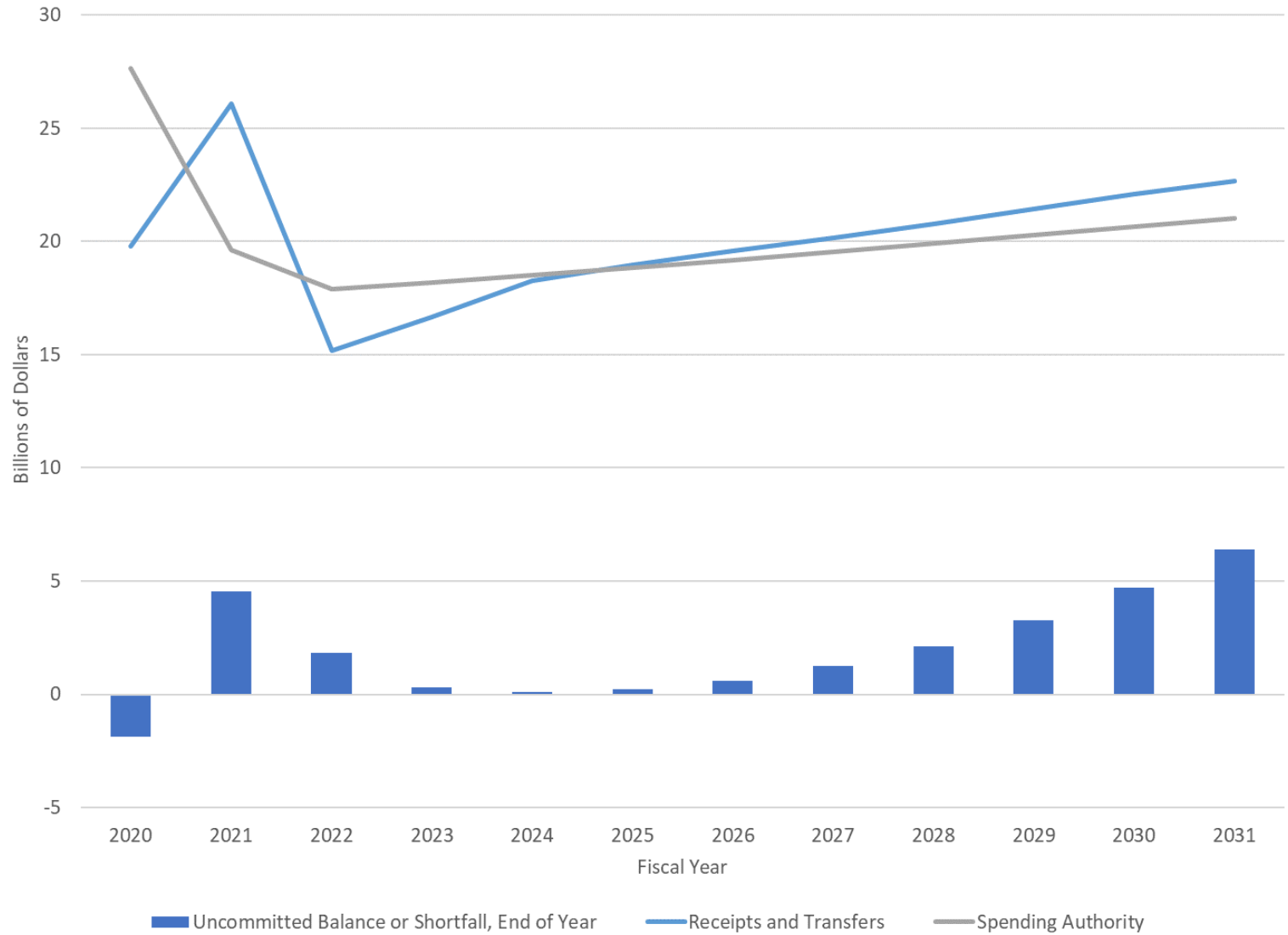
The AATF received a \$14 billion transfer from the general fund under P.L. 116-159.

The AATF also earns interest.

Status of the AATF: Cash Balance



Status of the AATF: Uncommitted Balance



More Information

S. 2302, the America's Transportation Infrastructure Act of 2019, was reported by the Senate Environment and Public Works Committee on August 1, 2019. CBO's estimate for the bill as reported can be found at www.cbo.gov/publication/55845.

All other projections shown in this presentation are relative to CBO's February 2021 baseline.

About This Document

This document was prepared to enhance the transparency of CBO's work. In keeping with CBO's mandate to provide objective, impartial analysis, the document makes no recommendations.

Aaron Krupkin, Tess Prendergast, and Robert Reese prepared the document with guidance from Joshua Shakin and Susan Willie.

Jeffrey Kling reviewed the document, and Benjamin Plotinsky was the editor. It is available on CBO's website (www.cbo.gov/publication/57292).