

# Highway Trust Fund Cash Balances

December 2008

# Highway Trust Fund

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- Established by Federal-aid Highway Act of 1956.
- Trust Fund is fire-walled and consists of Highway Account and Mass Transit Account.
- Six-year authorizing legislation sets annual funding levels.
  - Current bill, SAFETEA-LU, expires in 2009.

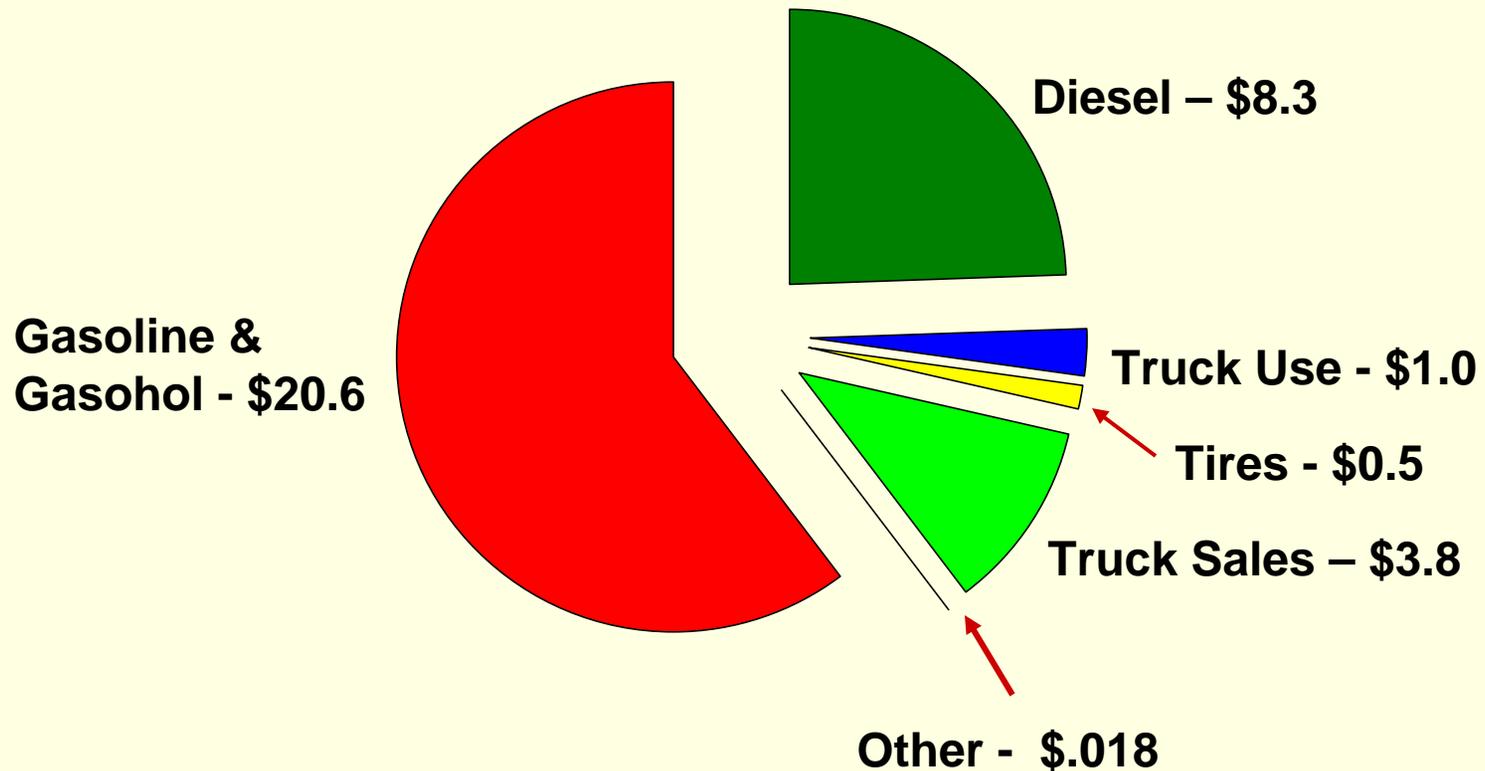
# Sources of Funding

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- Federal Gasoline and Gasohol Tax—18.4 cents.
- Federal Diesel Fuel Tax—24.4 cents.
- Truck Sales—12% of retail price for trucks over 33,000 lbs.
- Truck Use—Up to \$550 for trucks over 55,000 lbs.
- Truck Tire Tax.

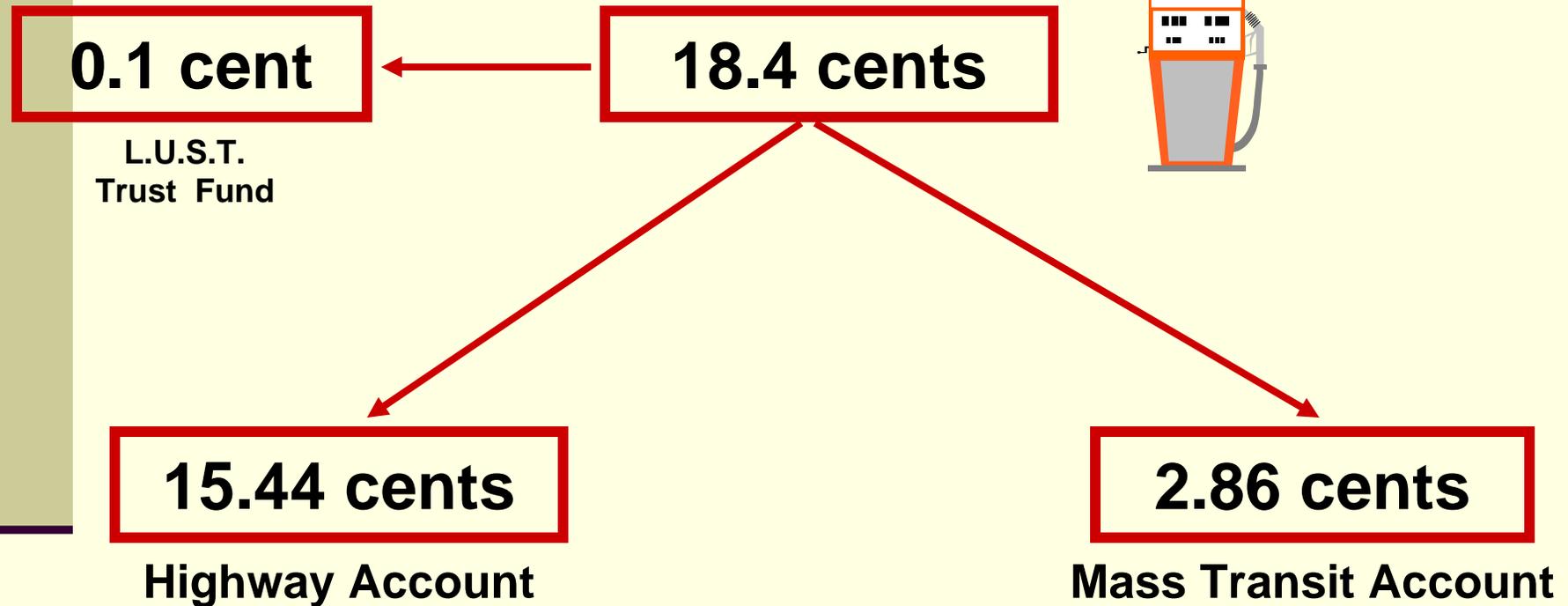
# HIGHWAY TRUST FUND

Net Highway Account Income – FY 2007



**Total = \$34.3 Billion**

# Federal Gasoline Tax



Effective October 1, 1997

In cents per gallon

# Estimating Cash Balances

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Beginning Year Cash Balance  
+ Receipts  
- Outlays

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= End of Year Cash Balance

# Highway Trust Fund Status--FY 2008 President's Budget

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- Estimates released this February indicated a \$230 million shortfall in the Highway Account of the Highway Trust Fund in FY 2009.
- This figure was consistent with achieving the goal of maintaining SAFETEA-LU spending levels through the end of reauthorization.
- The President's Budget proposed withholding Revenue Aligned Budget Authority (RABA), which would have addressed the shortfall

*Estimates assumes no RABA as proposed in the President's FY 2008 Budget. Shortfall is \$700 million with RABA*

# Highway Trust Fund Status—Mid-Session Review

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- August 2007 projections indicate a decrease in receipts.
  - Highway Account receipts for FY 2007- FY 2009 are a total of \$3.7 billion lower than the receipts included in the 2008 President's Budget for the same time period.
  - FY 2009 Cash Balance is now estimated at approximately -\$3.8 billion.
  - The Congressional Budget Office's Summer 2007 forecast projected an FY 2009 Cash Balance of -\$4.3 billion.

*Estimates assumes no RABA as proposed in the President's FY 2008 Budget. Shortfall is \$4.3 billion with RABA.*

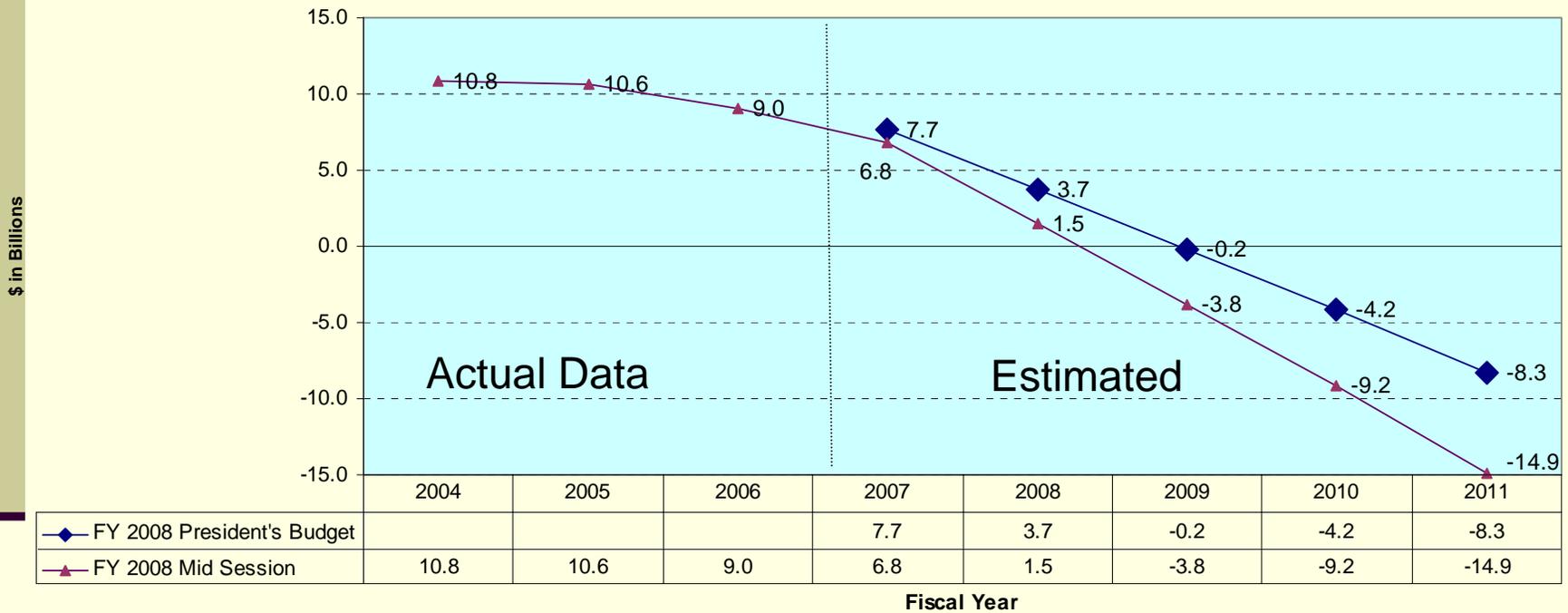
# What does the future hold?

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- Pending FY 2008 Appropriation Bill contains \$1 billion in additional Bridge Program funding that will increase outlays in FY 2008 and FY 2009.
- Next estimates of receipts and outlays will be released in February 2008.
- Estimates include \$1 billion margin of error.

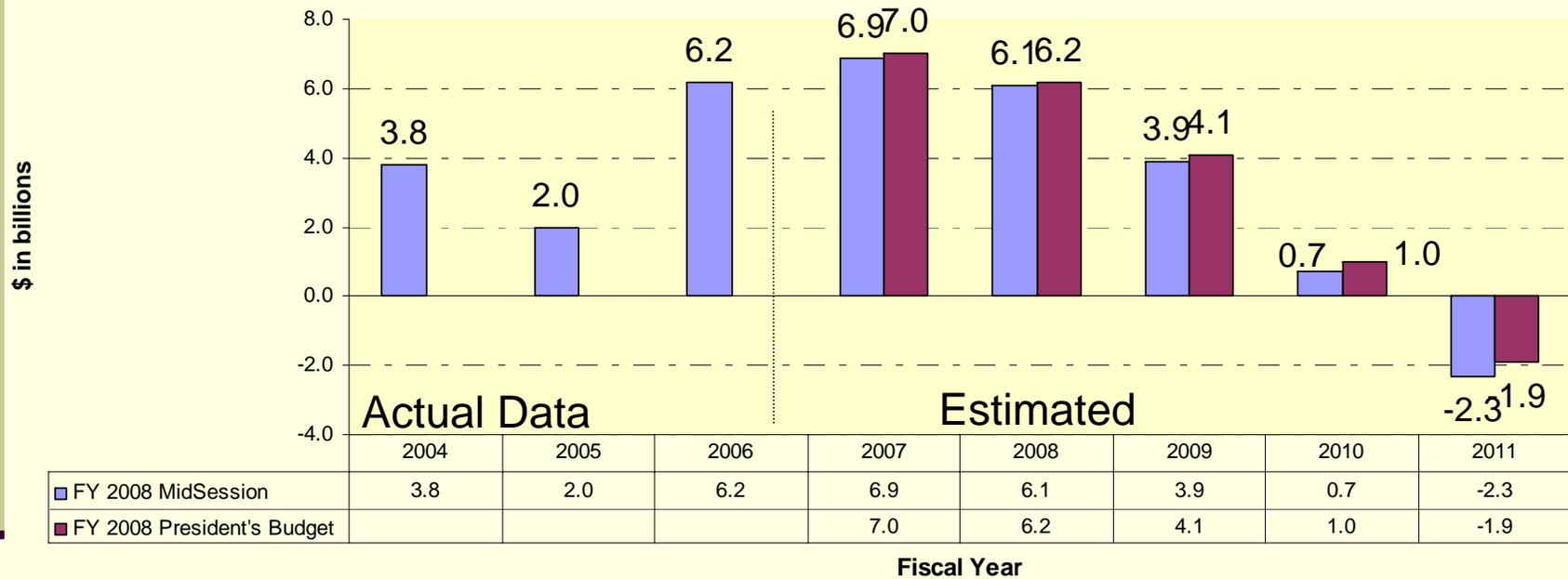
# Latest Estimated Cash Balances: Highway Account of the HTF

FY 2008 President's Budget vs. Midsession



# Latest Estimated Cash Balances: Mass Transit Account of the HTF

FY 2008 President's Budget vs. Midsession



# Highway Trust Fund Balances

Highway Trust Fund Cash Balances  
 FY 2004 – FY 2011  
 FY 2008 Mid Session  
 \$ in billions

	<u>Actual</u>			<u>Estimated Balances</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Highway Account</b>								
Cash Balance (Beginning of Year)	13.0	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2
Receipts	29.8	32.9	33.7	33.6	34.6	35.3	36.0	36.5
Outlays*	32.0	33.1	35.3	35.8	39.8	40.7	41.4	42.2
Cash Balance (End of Year)	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2	-14.9
<b>Mass Transit Account</b>								
Cash Balance (Beginning of Year)	4.8	3.8	2.0	6.2	6.9	6.1	3.9	0.7
Receipts	4.9	5.0	4.9	4.9	5.0	5.1	5.2	5.2
Flex Funding Transfer**			1.4					
Outlays	6.0	6.8	2.0	4.2	5.9	7.2	8.4	8.3
Cash Balance (End of Year)	3.8	2.0	6.2	6.9	6.1	3.9	0.7	-2.3
<b>Highway Trust Fund</b>								
End of Year Cash Balance (Total)	14.6	12.5	15.2	13.7	7.6	0.1	-8.5	-17.2

\* Includes Flex Funding Transfer to MTA

\*\* Flex Funding in FY 2004 and FY 2005 was fully outlayed to the General Fund.

Note: FY 2008 Highway Account outlays do not include RABA

July 11, 2007

# Related Indicators

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- Over the last three years, monthly travel trends show less than 1% annual growth in the number of miles Americans are driving.
  - The average annual VMT growth rate from 1980 through 2005 was 2.7%.

## Would Spending Stop If The Highway Trust Fund Ran Out Of Cash?

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- No. Spending on programs would continue as new receipts are received (an average of \$3 billion per month).
- Payments may not be timely. Very problematic for States, who rely on prompt reimbursements.

# The next few years...

