



Highlights of [GAO-06-572T](#), a report to Subcommittee on Highways, Transit, and Pipelines, Committee on Transportation and Infrastructure, U.S. House of Representatives

Why GAO Did This Study

The Highway Trust Fund is the principal mechanism for funding federal highway and transit programs through receipts from excise taxes charged to highway users, such as taxes on motor fuels. The Department of Treasury (Treasury) and the Congressional Budget Office (CBO) each prepare estimates of future receipts for the Highway Trust Fund semiannually. Treasury's receipt estimates are combined with the Department of Transportation's (DOT) estimates of outlays to create an estimate of the Highway Trust Fund balance for the President's Budget; CBO also projects outlays to develop an estimate of the fund balance. The agencies' most recent estimates show that the Highway Account within the Highway Trust Fund could have a negative balance as early as 2009, raising concerns about whether funding for federal highway programs—which were recently authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users—will continue to be met. Consequently, the Subcommittee asked us to review and compare recent estimates made by Treasury and CBO. This testimony provides information on how (1) estimates are used to provide key information about the Highway Trust Fund, (2) the most recent Highway Trust Fund estimates—based on receipt estimates made by Treasury and CBO—compare, and (3) Treasury's and CBO's estimates compare to actual receipts for recent years.

www.gao.gov/cgi-bin/getrpt?GAO-06-572T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud, (202) 512-2834, siggerudk@gao.gov.

HIGHWAY TRUST FUND

Overview of Highway Trust Fund Estimates

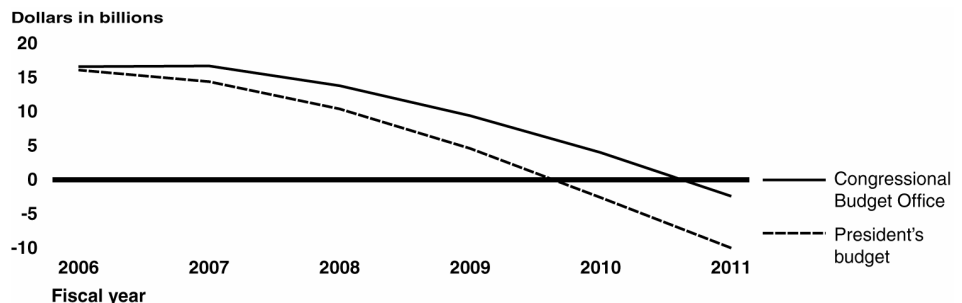
What GAO Found

Due to the nature of the receipts and disbursement processes of the Highway Trust Fund, estimates are used regularly not only to project the Highway Trust Fund's future balance, but also to determine its current balance. Treasury's receipts collection processes for the Highway Trust Fund rely on estimates based on historical receipts to determine how much should be transferred from the General Fund into the Highway Trust Fund on a semimonthly basis. DOT and the Office of Management and Budget (OMB) also use estimates based on future receipts in calculating annual adjustments to authorization levels, and DOT uses estimates based on historical fuel consumption to determine apportionments from the Highway Trust Fund to states. Because estimates are used throughout the process of collecting and disbursing funds for the Highway Trust Fund, it is important that estimates be as accurate as possible.

The most recent Highway Trust Fund estimates from the President's Budget and CBO show similar trends, even though Treasury and CBO use different assumptions to estimate receipts for the fund. The Highway Trust Fund balance is projected to steadily decline because estimated outlays of the Highway Account exceed estimated revenues each year from 2006 through 2011. Treasury projects lower receipts levels than CBO, and therefore the President's Budget contains estimates of negative Highway Trust Fund balances occurring one year earlier than CBO is projecting. The differences in receipts estimates developed by Treasury and CBO are caused in part by the use of different economic assumptions, such as economic growth and fuel prices.

When compared with actual Highway Trust Fund receipts, the accuracy of Treasury's and CBO's Highway Trust Fund estimates are not very different from each other. Neither agency's estimates have been consistently closer or further away from the actual amounts. For example, the estimates of the two agencies are closest or furthest from actual receipts in the same years. These comparisons of past performance should not be taken as an indicator of the future performance of the models.

Current Highway Trust Fund Year-End Balance Estimates



Source: GAO analysis of data provided in the President's Budget and by CBO.