

Highway Trust Fund Cash Balances



Estimating Cash Balances

$$\begin{aligned} &\text{Beginning Year Cash Balance} \\ &+ \text{Receipts} \\ &- \text{Outlays} \end{aligned}$$

= End of Year Cash Balance

Factors in Determining the Cash Balance

- Estimated obligations are based on the obligation limitations established by SAFETEA-LU
- Outlays are derived from the estimated obligations
- Estimated receipts are calculated by the Department of Treasury

Highway Account of the Highway Trust Fund

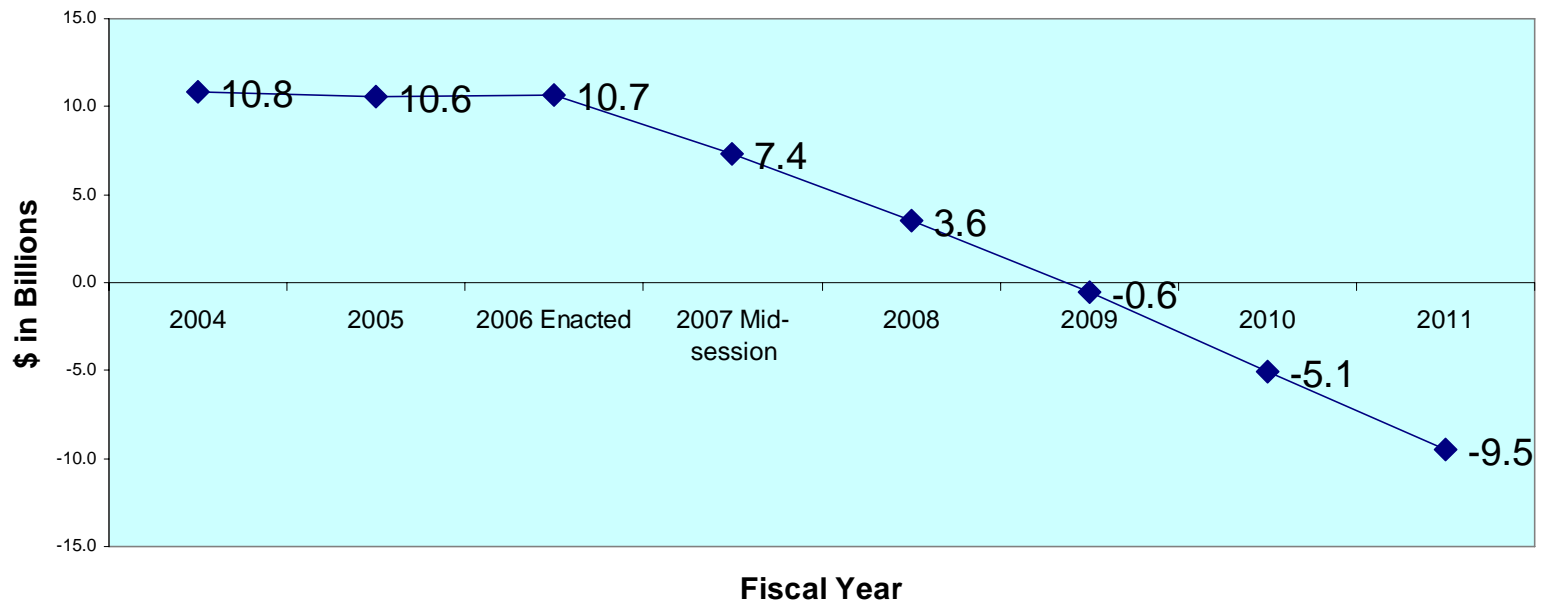
- The **Highway Account** balance is calculated based upon estimated **outlays** from:
 - The Federal Highway Administration (FHWA)
 - The National Highway Traffic Safety Administration (NHTSA)
 - The Federal Motor Carrier Safety Administration (FMCSA)

Mass Transit Account of the Highway Trust Fund

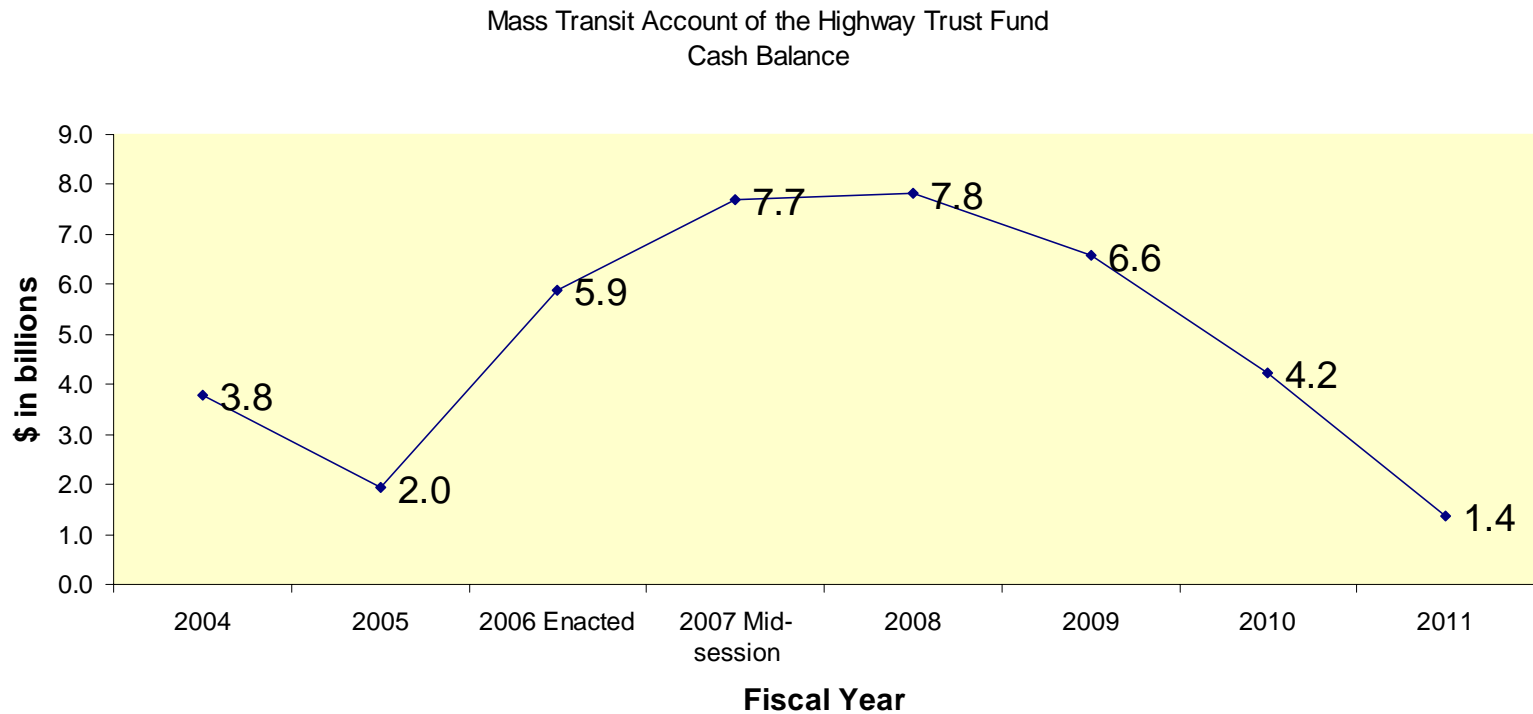
- The **Mass Transit Account** balance is calculated based upon **outlays** from the:
 - Federal Transit Administration (FTA)

Estimated Cash Balances: Highway Account of the HTF

Highway Account of the Highway Trust Fund
Cash Balance



Estimated Cash Balances: Mass Transit Account of the HTF



Why are the Cash Balances Expected to Decline?

- We are spending more than we take in:
 - Between 2001- 2004, outlays exceeded receipts by \$2-4 billion each year
 - Estimated outlays for FY 2007 – FY 2009 exceed estimated receipts by more than \$3 billion each year.
 - FY 2005 and FY 2006 outlays are level with receipts
- The funding levels set by SAFETEA-LU were set with the intention of “spending down” the balance in the Highway Account.

Negative Balances

- A negative balance reflects *the gap* between estimated **future spending** and estimated **future receipts**.
- A sustained negative balance in our estimates reflects what will happen if **future spending** is continued at SAFETEA-LU levels.
- This gap indicates **the timeframe during which a solution needs to be identified**.

Would all spending stop if the Highway Trust Fund ran out of cash?

- No. Spending on programs would continue as new receipts are received.
- New receipts would continue to be available to cover current obligations.

How Accurate is this Estimate?

What we know:

- Highway Trust Fund cash balances will go negative within the next few years under current conditions.
- We do not expect that out-year highway spending could be maintained at SAFETEA-LU levels, given predicted revenue trends.
- The declining trend in the Mass Transit Account indicates that it is at risk as well.

What is less certain:

- When this will happen.
- Fluctuations in revenues and/or spending patterns will impact timing.
- Estimates can vary from actual results by more than \$1 billion.