

Trust Funds

Overview

The federal government uses several accounting mechanisms to link earmarked receipts (that is, money designated for a specific purpose) with corresponding expenditures. Those mechanisms include trust funds (such as Social Security’s trust funds), special funds (such as the fund that the Department of Defense uses to finance its health care program for military retirees), and revolving funds (such as the Federal Employees Group Life Insurance fund). When the receipts designated for those funds exceed the amounts needed for expenditures, the funds are credited with nonmarketable debt instruments known as Government Account Series (GAS) securities, which are issued by the Treasury. At the end of fiscal year 2017, there was \$5.5 trillion in such securities outstanding, 90 percent of which was held by trust funds.¹

The federal budget has numerous trust funds, although most of the money credited to such funds goes to fewer than a dozen of them. By far the largest trust funds are Social Security’s Old-Age and Survivors Insurance (OASI) Trust Fund, the funds dedicated to the government’s retirement programs for its military and civilian personnel, and Medicare’s Hospital Insurance (HI) Trust Fund (see Table C-1).

How Trust Funds Work

Ordinarily, when a trust fund receives cash that is not needed immediately to pay benefits or cover other expenses financed from the fund, the Treasury issues GAS securities in that amount to the fund and then uses the extra income to reduce the amount of new federal borrowing that is necessary to finance governmental activities. In other words, the government borrows less from the public than it would without that extra net

income. The reverse happens when revenues for a trust fund fall short of expenses.

The balance of a trust fund at any given time is a measure of the historical relationship between the related program’s receipts and expenditures. That balance (in the form of GAS securities) is an asset for the individual program, such as Social Security, but a liability for the rest of the government. The resources to redeem a trust fund’s securities—and thereby pay for benefits or other spending—in some future year must be generated through taxes, income from other governmental sources, or borrowing from the public in that year. Trust funds have an important legal meaning in that their balances are a measure of the amounts that the government has the legal authority to spend for certain purposes under current law, but they have little relevance in an economic or budgetary sense unless the limits of that authority are reached.²

To assess how all federal activities, taken together, affect the economy and financial markets, it is useful to include the cash receipts and expenditures of trust funds in the budget totals, along with the receipts and expenditures of other federal programs. Therefore, the Congressional Budget Office, the Office of Management and Budget, and other fiscal analysts generally focus on the total deficit in that unified budget, which includes the transactions of trust funds.

1. Debt issued in the form of GAS securities is included in a measure of federal debt called gross debt. Because such debt is intragovernmental in nature, however, it is not included in the measure of debt held by the public. (For a discussion of different measures of federal debt, see Chapter 4.)

2. For example, if the Disability Insurance Trust Fund’s balance declined to zero and current revenues were insufficient to cover benefits specified in law, the Social Security Administration would no longer be permitted to pay full benefits when they were due. For additional discussion, see William R. Morton, *Social Security: What Would Happen If the Trust Funds Ran Out?* Report for Congress RL33514 (Congressional Research Service, September 12, 2017).

Table C-1.

Trust Fund Balances Projected in CBO's Baseline

Billions of Dollars

	Actual,											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Social Security												
Old-Age and Survivors Insurance	2,820	2,802	2,789	2,764	2,714	2,634	2,521	2,375	2,191	1,972	1,711	1,398
Disability Insurance ^a	70	94	91	77	62	46	27	6	0	0	0	0
Subtotal	2,890	2,895	2,880	2,841	2,776	2,680	2,549	2,381	2,191	1,972	1,711	1,398
Medicare												
Hospital Insurance (Part A) ^a	198	202	198	190	174	136	98	63	3	0	0	0
Supplementary Medical Insurance (Part B)	71	92	89	81	83	75	79	100	106	118	127	116
Subtotal	268	294	286	270	257	211	178	164	109	118	127	116
Military Retirement	661	737	822	911	1,006	1,100	1,206	1,323	1,439	1,561	1,578	1,589
Civilian Retirement ^b	925	938	951	962	974	985	995	1,005	1,015	1,025	1,034	1,043
Unemployment Insurance	61	70	83	89	87	81	77	74	74	74	73	72
Highway and Mass Transit ^a	52	44	31	16	1	0	0	0	0	0	0	0
Airport and Airway	13	14	16	17	18	20	21	23	25	27	30	33
Railroad Retirement (Treasury holdings) ^c	2	2	2	2	2	2	2	2	2	2	2	2
Other ^d	110	115	118	123	125	127	129	132	135	140	144	149
Total Trust Fund Balance	4,983	5,110	5,189	5,233	5,246	5,206	5,157	5,104	4,990	4,918	4,700	4,402
Memorandum:												
Railroad Retirement (Non-Treasury holdings) ^c	25	25	24	23	22	21	21	20	20	19	19	19

Source: Congressional Budget Office.

These balances are for the end of the fiscal year and include securities invested in Treasury holdings.

- In keeping with the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that scheduled payments will continue to be made in full after the trust fund has been exhausted, although there is no legal authority to make such payments. Because how those payments were continued would depend on future legislation, CBO shows zero rather than a cumulative negative balance in the trust fund after the exhaustion date.
- Includes Civil Service Retirement, Foreign Service Retirement, and several smaller retirement trust funds.
- The Railroad Retirement and Survivors' Improvement Act of 2001 established the National Railroad Retirement Investment Trust, which is allowed to invest in non-Treasury securities such as stocks and corporate bonds.
- Consists primarily of trust funds for federal employees' health and life insurance, Superfund, and various insurance programs for veterans.

Projected Trust Fund Balances and Effects on the Budget

According to CBO's current baseline projections, the balances held by federal trust funds will increase by \$123 billion in fiscal year 2018.³ Under current law,

- Some spending from trust funds is governed by annual appropriations (for example, for administrative activities); most notably, outlays from the Highway Trust Fund are primarily controlled by limitations on obligations that are set in appropriation acts. When CBO produced its estimates of trust fund spending and balances, most federal agencies were operating under a continuing resolution that held appropriations for 2018 at 2017 levels. For its baseline projections, CBO incorporated the assumption that future funding will be equal to those amounts, adjusted annually for inflation. The Consolidated

income credited to the trust funds is also projected to exceed outlays in each year from 2019 through 2021. However, each year thereafter, spending from the trust funds is projected to exceed income by an increasing amount. All told, CBO projects a cumulative net trust fund deficit of \$1.2 trillion over the 2019–2028 period (see Table C-2).⁴

Appropriations Act, 2018 (Public Law 115-141), was enacted on March 23, 2018, but there was insufficient time to incorporate the final appropriations into the estimates of trust fund balances.

- The estimated decline in trust fund balances is substantially larger than in previous years: As the 10-year baseline period advances, years showing a surplus (in the near term) are replaced with years showing a deficit (at the end of the decade).

Table C-2.

Trust Fund Deficits or Surpluses Projected in CBO's Baseline

Billions of Dollars

	Actual, 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total		
													2019– 2023	2019– 2028	
Social Security															
Old-Age and Survivors Insurance	24	-19	-13	-25	-51	-79	-113	-146	-184	-219	-261	-313	-280	-1,404	
Disability Insurance ^a	24	24	-3	-13	-15	-16	-19	-21	-23	-26	-28	-27	-67	-192	
Subtotal	47	6	-16	-38	-66	-96	-131	-168	-208	-245	-289	-340	-347	-1,596	
Medicare															
Hospital Insurance (Part A) ^a	6	5	-5	-8	-15	-38	-38	-35	-60	-71	-78	-114	-104	-461	
Supplementary Medical Insurance (Part B)	7	21	-3	-8	3	-8	4	21	6	12	9	-11	-12	24	
Subtotal	13	26	-8	-16	-13	-46	-33	-14	-54	-59	-68	-125	-116	-437	
Military Retirement	70	76	85	89	95	95	105	117	116	123	17	11	469	852	
Civilian Retirement ^b	18	13	13	12	11	11	11	10	10	10	9	9	57	105	
Unemployment Insurance	7	10	13	6	-2	-6	-4	-2	-1	*	-1	-1	7	2	
Highway and Mass Transit ^a	-12	-9	-13	-14	-16	-17	-19	-20	-21	-23	-24	-25	-79	-192	
Airport and Airway	*	1	2	1	1	1	2	2	2	2	3	3	7	18	
Other ^c	3	2	2	2	3	4	4	5	5	5	5	5	15	39	
Total Trust Fund Deficit (-) or Surplus	146	123	78	42	13	-55	-66	-70	-152	-188	-349	-463	12	-1,208	
Intragovernmental Transfers to Trust Funds ^d	729	752	733	761	810	855	907	951	961	1,036	983	1,031	4,066	9,028	
Net Budgetary Impact of Trust Fund Programs	-583	-629	-655	-719	-797	-909	-972	-1,021	-1,113	-1,223	-1,331	-1,494	-4,054	-10,236	

Source: Congressional Budget Office.

Negative numbers indicate that the trust fund transactions add to total budget deficits.

* = between -\$500 million and \$500 million.

- CBO projects that the balance of this trust fund will be exhausted during the 2018–2028 period. However, in keeping with the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that scheduled payments will continue to be made in full after the trust fund has been exhausted, although there is no legal authority to make such payments. How those payments were continued would depend on future legislation.
- Includes Civil Service Retirement, Foreign Service Retirement, and several smaller retirement trust funds.
- Consists primarily of trust funds for railroad workers' retirement, federal employees' health and life insurance, Superfund, and various insurance programs for veterans.
- Includes interest paid to trust funds, payments from the Treasury's general fund to the Supplementary Medical Insurance Trust Fund, the government's share of payments for federal employees' retirement, lump-sum payments to the Civil Service and Military Retirement Trust Funds, taxes on Social Security benefits, and smaller miscellaneous payments.

Some of the trust funds' income is in the form of intra-governmental transfers. Such transfers include interest credited to the trust funds, payments from general funds to cover most of the costs of payments for outpatient medical services (including payments to physicians) and prescription drugs under Parts B and D of Medicare, and the government's share of payments for federal employees' retirement programs. Such transfers shift resources from one category of the budget to another, but they do not directly change the total deficit or the government's borrowing needs. Intragovernmental transfers are projected to total \$752 billion in 2018 and

to exceed \$1.0 trillion in 2028. Excluding those transfers and counting only income from sources outside the government (such as payroll taxes and Medicare premiums), CBO estimates that the trust fund programs will add \$629 billion to the federal deficit in 2018. They are projected to add to deficits throughout the 2019–2028 period, by amounts that grow from \$655 billion in 2019 to \$1.5 trillion in 2028.

Without legislative action to address shortfalls, balances in three trust funds are projected to be exhausted during that period: the Highway Trust Fund (in fiscal year

2022), Social Security's Disability Insurance (DI) Trust Fund (in fiscal year 2025), and Medicare's HI trust fund (in fiscal year 2026).

Social Security's Trust Funds

Social Security provides benefits to retired workers, their families, and some survivors of deceased workers through the OASI program; it also provides benefits to some people with disabilities and their families through the DI program. Those benefits are financed mainly through payroll taxes that are collected on workers' earnings at a rate of 12.4 percent—6.2 percent of which is paid by the worker and 6.2 percent by the employer. Since January 2000, 10.6 percentage points of the payroll tax have been credited to the OASI trust fund and 1.8 percentage points to the DI trust fund. The Bipartisan Budget Act of 2015 (Public Law 114-74) temporarily increased the share allocated to the DI trust fund to 2.37 percentage points for calendar years 2016 through 2018. In those years, 10.03 percentage points of the payroll tax have been credited to the OASI trust fund.

Old-Age and Survivors Insurance

The OASI trust fund, which held \$2.8 trillion in GAS securities at the end of 2017, is by far the largest of all federal trust funds. CBO projects that the fund's annual income, excluding interest on those securities, will increase from \$738 billion last year to \$743 billion in 2018. Under current law, noninterest income received by the fund would increase over the remainder of the period, growing to \$1.2 trillion by 2028, CBO estimates (see Table C-3).⁵ Expenditures from the fund are projected to be \$843 billion in 2018—exceeding noninterest income by \$101 billion—and to grow faster than noninterest income each year over that period, rising to \$1.6 trillion in 2028.

With expenditures growing by an average of about 6 percent a year and noninterest income (mostly from payroll taxes) increasing by an average of about 5 percent a year, the annual cash flows of the OASI program, excluding interest credited to the trust fund, would add to federal deficits in every year of the coming decade by amounts reaching \$363 billion in 2028, CBO estimates. Even

5. Although the federal government is an employer, it does not pay taxes. Instead, to cover the employer's share of the Social Security payroll tax for federal workers, it makes an intragovernmental transfer from the general fund of the Treasury to the OASI and DI trust funds. That transfer is included in the income line in Table C-3.

with interest receipts included, the OASI trust fund is projected to record deficits that will reach \$313 billion in 2028. According to CBO's most recent long-term projections, the balance of the OASI trust fund will be exhausted in calendar year 2031.⁶

Disability Insurance

The DI trust fund is much smaller than the OASI fund; its balance at the end of 2017 was \$70 billion. In CBO's current baseline, the annual income of the DI fund, excluding interest, declines from \$169 billion in 2018 to \$145 billion in 2019, when the temporary increase in the payroll tax allocation expires at the end of that calendar year. The fund's income is projected to grow gradually beginning in 2021 and to reach \$193 billion in 2028 (see Table C-3). As with the OASI fund, annual expenditures from the DI fund are projected to increase steadily over the next decade, but at a slower rate—about 4 percent—rising from \$147 billion in 2018 to \$220 billion in 2028. Under current law, annual noninterest income credited to the DI fund will exceed expenditures in 2018 because of the payroll tax reallocation, but the DI trust fund is projected to add to the federal deficit each year thereafter, CBO estimates. Even with interest receipts included, the trust fund is projected to run an annual deficit starting in 2019 (see Figure C-1).

Under current law, the balance of the DI fund is expected to be exhausted in 2025.⁷ If the outlays were limited thereafter to income credited to the trust fund, then during the remainder of fiscal year 2025 they would be 12 percent below the amounts scheduled under current law, CBO estimates.

Trust Funds for Federal Employees' Retirement Programs

After Social Security, the largest trust fund balances at the end of 2017 were held by the Military Retirement Trust Fund (\$661 billion) and by various civilian

6. See Congressional Budget Office, *The 2017 Long-Term Budget Outlook* (March 2017), www.cbo.gov/publication/52480.

7. In *The 2017 Long-Term Budget Outlook*, CBO projected that the DI trust fund would be exhausted in 2023; see www.cbo.gov/publication/52480. Recent data have shown that DI caseloads are smaller than anticipated and tax revenues collected by the fund are greater than anticipated. Therefore, CBO has revised its projection of deficits in the fund, resulting in a later exhaustion date.

Table C-3.

Balances Projected in CBO's Baseline for the OASI, DI, and HI Trust Funds

Billions of Dollars

	Actual, 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
													2019– 2023	2019– 2028
OASI Trust Fund														
Beginning-of-Year Balance	2,797	2,820	2,802	2,789	2,764	2,714	2,634	2,521	2,375	2,191	1,972	1,711	n.a.	n.a.
Income (Excluding interest)	738	743	808	858	896	934	973	1,014	1,055	1,104	1,151	1,199	4,469	9,992
Expenditures	-799	-843	-898	-959	-1,022	-1,089	-1,158	-1,230	-1,307	-1,386	-1,470	-1,562	-5,127	-12,082
Noninterest Deficit	-61	-101	-90	-101	-126	-155	-185	-217	-252	-282	-318	-363	-658	-2,090
Interest Received	85	82	78	76	76	75	73	70	68	63	57	50	378	686
Total Deficit (-) or Surplus	24	-19	-13	-25	-51	-79	-113	-146	-184	-219	-261	-313	-280	-1,404
End-of-Year Balance	2,820	2,802	2,789	2,764	2,714	2,634	2,521	2,375	2,191	1,972	1,711	1,398	n.a.	n.a.
DI Trust Fund^a														
Beginning-of-Year Balance	46	70	94	91	77	62	46	27	6	0	0	0	n.a.	n.a.
Income (Excluding interest)	168	169	145	141	147	153	159	165	172	179	186	193	745	1,641
Expenditures	-146	-147	-151	-157	-164	-171	-179	-187	-195	-205	-214	-220	-822	-1,844
Noninterest Deficit (-) or Surplus	22	22	-6	-16	-17	-18	-20	-22	-23	-26	-28	-27	-77	-203
Interest Received	2	2	3	3	2	2	1	*	0	0	0	0	11	11
Total Deficit (-) or Surplus	24	24	-3	-13	-15	-16	-19	-21	-23	-26	-28	-27	-67	-192
End-of-Year Balance	70	94	91	77	62	46	27	6	0	0	0	0	n.a.	n.a.
HI Trust Fund^a														
Beginning-of-Year Balance	192	198	202	198	190	174	136	98	63	3	0	0	n.a.	n.a.
Income (Excluding interest)	305	302	319	337	354	370	386	404	423	445	469	491	1,766	3,997
Expenditures	-299	-305	-331	-352	-376	-414	-429	-442	-484	-515	-547	-605	-1,902	-4,496
Noninterest Deficit (-) or Surplus	5	-3	-12	-15	-22	-44	-43	-38	-62	-71	-78	-114	-136	-499
Interest Received	7	8	7	7	7	6	5	3	2	0	0	0	32	37
Total Deficit (-) or Surplus	6	5	-5	-8	-15	-38	-38	-35	-60	-71	-78	-114	-104	-461
End-of-Year Balance	198	202	198	190	174	136	98	63	3	0	0	0	n.a.	n.a.

Source: Congressional Budget Office.

Balances shown are invested in Government Account Series securities issued by the Treasury.

* = between zero and \$500 million.

DI = Disability Insurance; HI = Hospital Insurance; OASI = Old-Age and Survivors Insurance; n.a. = not applicable.

a. In keeping with the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that scheduled payments will continue to be made in full after the trust fund has been exhausted, although there is no legal authority to make such payments. Because how those payments were continued would depend on future legislation, CBO shows zero rather than a cumulative negative balance in the trust fund after the exhaustion date. For the same reason, this table shows zero interest received rather than an interest payment, which implicitly reflects the assumption that future legislation would not require the funds to pay financing costs.

employee retirement funds (a total of \$925 billion).⁸ Those accounts are primarily funded through transfers from federal agencies, payroll deductions from workers, and supplemental payments from the Treasury. Unlike Social Security's and Medicare's trust funds, those retirement funds are projected to run surpluses throughout

the coming decade. Those annual surpluses grow from a combined total of \$97 billion in 2019 to \$132 billion in 2026 and then decline to \$20 billion in 2028. More than 90 percent of the cumulative growth in the funds' balances over the 10-year period is attributable to the Military Retirement Trust Fund (see Table C-1 on page 132).

8. Those civilian retirement funds include the Civil Service Retirement Trust Fund, the Foreign Service Retirement Trust Fund, and several smaller retirement funds.

In CBO's current baseline, the balance of the Military Retirement Trust Fund increases rapidly over the coming

decade, reaching nearly \$1.6 trillion in 2028. That fund’s rapid growth, particularly through 2026, is because of additional payments the Treasury is expected to make in those years to increase the size of the fund to better align with projected liabilities. By contrast, balances in the civilian retirement funds are projected to grow gradually, increasing by about 1 percent annually over the next decade and totaling roughly \$1.0 trillion at the end of 2028.

Medicare’s Trust Funds

Payments to hospitals and for other services covered by Medicare are made from two trust funds. The HI trust fund is used to make payments to hospitals and providers of postacute-care services under Part A of the Medicare program, and the Supplementary Medical Insurance (SMI) Trust Fund is used to make payments for outpatient services (including physicians’ services) and prescription drugs under Parts B and D of Medicare.⁹

Hospital Insurance Trust Fund

The HI fund, which had a balance of \$198 billion at the end of 2017, is the larger of the two Medicare trust funds. The fund’s income is derived largely from the Medicare payroll tax (2.9 percent of workers’ earnings, divided equally between the worker and the employer). In 2017, those taxes accounted for 86 percent of the \$297 billion in noninterest income credited to the HI trust fund. An additional 8 percent came from part of the income taxes on Social Security benefits collected from beneficiaries with relatively high income. The remaining 6 percent of noninterest income credited to the HI trust fund consisted of premiums paid by beneficiaries; amounts recovered from overpayments to providers; fines, penalties, and other amounts collected by the Health Care Fraud and Abuse Control program; and other transfers and appropriations. In addition, the trust fund is credited with interest on its balances; that interest amounted to \$7 billion in 2017.

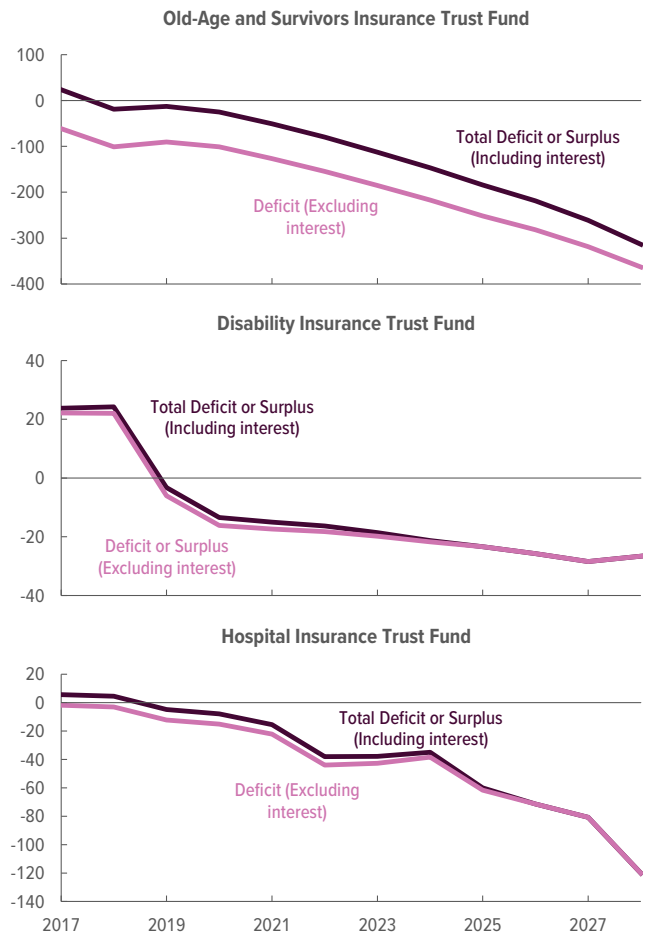
The fund’s noninterest income is projected to increase from \$302 billion in 2018 to \$491 billion in 2028—an average annual increase of about 5 percent. But annual

9. Part C of Medicare (known as Medicare Advantage) specifies the rules under which private health care plans can assume responsibility for, and be compensated for, providing benefits covered under Parts A, B, and D.

Figure C-1.

Annual Deficits or Surpluses Projected in CBO’s Baseline for the OASI, DI, and HI Trust Funds

Billions of Dollars



Source: Congressional Budget Office.

DI = Disability Insurance; HI = Hospital Insurance; OASI = Old-Age and Survivors Insurance.

expenditures from the HI fund are projected to grow more rapidly—at an average annual rate of 7 percent—rising from \$305 billion in 2018 to \$605 billion in 2028. If current laws governing the program remained in place and full benefits continued to be paid, expenditures would outstrip noninterest income in all years through 2028, CBO estimates. That would produce annual deficits that were relatively small in the first half of the period but then rose to \$62 billion in 2025, the year before the trust fund’s exhaustion. Even including

interest receipts, the trust fund is projected to run deficits in all years during the baseline period after 2018 (see Table C-3 on page 135 and Figure C-1 on page 136).

Under current law, the balance of the HI fund would be exhausted in 2026. If the outlays were limited thereafter to income credited to the fund, then during the remainder of 2026 they would be 14 percent below the amounts scheduled under current law, CBO estimates.

Supplementary Medical Insurance Trust Fund

The SMI trust fund contains two separate accounts: One pays for physicians' services and other health care provided on an outpatient basis under Part B of Medicare (Medical Insurance), and another pays for prescription drug benefits under Part D.

Unlike the HI trust fund, most of the income credited to the SMI fund (other than interest) does not come from a specified set of revenues collected from the public. Rather, most of the income to that fund comes in the form of transfers from the general fund of the Treasury, which are automatically adjusted to cover the differences between the program's spending and specified revenues. (In 2017, for example, \$307 billion was transferred from the general fund to the SMI fund, accounting for about three-quarters of its income.) Thus, the balance in the SMI fund cannot be exhausted.

The funding mechanisms used for the two accounts differ slightly:

- The Part B portion of the SMI fund is financed primarily through transfers from the general fund of the Treasury and through monthly premium payments from Medicare beneficiaries. The basic monthly premium for the SMI program is set to cover approximately 25 percent of the program's spending (with adjustments to maintain a contingency reserve to cover unexpected spikes in spending). Beneficiaries with relatively high income pay a larger premium. The amount that will be transferred from the general fund equals about three times the amount expected to be collected from basic premiums minus the amount collected from the income-related premiums and fees from drug manufacturers.
- The Part D portion of the SMI fund is financed mainly through transfers from the general fund, monthly premium payments from beneficiaries, and transfers from states (which are based on the number of people in a state who would have received prescription drug coverage under Medicaid in the absence of Part D). The basic monthly premium for Part D is set to cover 25.5 percent of the program's estimated spending if all participants paid it. But low-income people who receive subsidies available under Part D are not required to pay Part D premiums, and most other beneficiaries pay their premiums directly to their Part D plan. As a result, receipts are projected to cover less than 25.5 percent of the government's costs even though higher-income participants in Part D pay the government an income-related premium. The amount transferred from the general fund is set to cover total expected spending for benefits and administrative costs net of the amounts transferred from states and collected from basic and income-related premiums.

At the end of 2017, the SMI fund held \$71 billion in GAS securities. Those holdings are projected to total \$116 billion in 2028.

Highway Trust Fund

The Highway Trust Fund comprises two accounts: the highway account, which funds construction of highways and highway safety programs, and the transit account, which funds mass transit programs. Revenues credited to the Highway Trust Fund are derived primarily from excise taxes on gasoline and certain other motor fuels.¹⁰ Almost all spending from the fund is controlled by limitations on obligations set in appropriation acts.

Since 2008, the fund's spending has exceeded its revenues by a total of \$103 billion. As a result, lawmakers have authorized a series of transfers to the Highway Trust Fund to avoid delaying payments to state and local governments. Most recently, in December 2015, the Fixing America's Surface Transportation Act (also called the FAST Act, P.L. 114-94) transferred \$70 billion to the Highway Trust Fund, mostly from the general fund

10. The other revenues credited to the Highway Trust Fund come from excise taxes on trucks and trailers, on truck tires, and on the use of certain kinds of vehicles.

of the Treasury, as the fund's balance neared exhaustion. Including that amount, those transfers have totaled almost \$144 billion.

Spending from the fund is projected to total \$55 billion in 2018, whereas revenues and interest credited to the fund are expected to total \$42 billion. The FAST Act extended the taxes that are credited to the trust fund through 2022. In CBO's baseline, which reflects the assumption that those expiring taxes are extended

beyond that date and that obligations from the fund increase at the rate of inflation, the transit account becomes exhausted in 2021, whereas the highway account is able to meet all obligations through 2021 but becomes exhausted in 2022.¹¹

11. In keeping with the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that payments to fulfill the programs' obligations will continue to be made in full after the trust fund has been exhausted.