APPENDIX

D

Trust Funds

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 the Social Security 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 2015, there was $5.0 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 civilian and military personnel, and Medicare's Hospital Insurance (HI) Trust Fund (see Table D-1).

Ordinarily, when a trust fund receives cash that is not needed immediately to pay benefits or cover other expenses, 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 government activities. In other words, in the absence of changes to other tax and spending policies, the government borrows less from the public than it would without that extra net income. The reverse happens when revenues for a trust fund program 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 government 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 called debt held by the public. (For a discussion of different measures of federal debt, see Chapter 1.)

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 Noah P. Meyerson, *Social Security: What Would Happen If the Trust Funds Ran Out?* Report for Congress RL33514 (Congressional Research Service, August 28, 2014), available from U.S. House of Representatives, Committee on Ways and Means, *2014 Green Book*, Chapter 1: Social Security, "Social Security Congressional Research Service Reports" (accessed January 15, 2016), http://go.usa.gov/cCXcG.

Table D-1.

Trust Fund Balances Projected in CBO's Baseline

Billions of Dollars

	Actual, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Social Security												
Old-Age and Survivors Insurance	2,767	2,787	2,789	2,768	2,748	2,706	2,632	2,522	2,374	2,186	1,952	1,671
Disability Insurance[a]	42	44	60	78	64	38	6	0	0	0	0	0
Subtotal	2,808	2,831	2,849	2,846	2,812	2,744	2,639	2,522	2,374	2,186	1,952	1,671
Civilian Retirement[b]	750	903	918	932	947	961	975	989	1,003	1,017	1,031	1,044
Military Retirement	531	590	659	747	837	933	1,037	1,143	1,261	1,393	1,529	1,674
Medicare												
Hospital Insurance (Part A)[a]	195	190	192	203	201	192	177	139	105	76	25	0
Supplementary Medical Insurance (Part B)	66	70	73	83	84	85	86	87	90	95	95	101
Subtotal	262	260	265	286	284	277	262	226	194	170	120	101
Highway and Mass Transit[a]	8	66	54	41	26	10	0	0	0	0	0	0
Unemployment Insurance	29	40	49	54	58	58	61	64	66	66	69	72
Airport and Airway	13	13	13	15	16	16	16	18	19	19	19	20
Railroad Retirement (Treasury holdings)[c]	3	3	3	3	3	3	3	3	3	3	3	3
Other[d]	119	125	125	126	128	130	133	135	138	142	146	150
Total Trust Fund Balance	**4,523**	**4,830**	**4,935**	**5,050**	**5,111**	**5,133**	**5,126**	**5,100**	**5,058**	**4,995**	**4,868**	**4,735**
Memorandum:												
Railroad Retirement (Non-Treasury holdings)[c]	24	23	22	21	21	20	19	18	18	17	17	16

Source: Congressional Budget Office.

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

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 the manner by which those payments continued would depend on future legislation, CBO shows zero rather than a cumulative negative balance in the trust fund after the exhaustion date.

b. Includes Civil Service Retirement, Foreign Service Retirement, and several smaller retirement trust funds.

c. 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.

d. Consists primarily of trust funds for federal employees' health and life insurance, Superfund, and various insurance programs for veterans.

According to CBO's current baseline projections, the balances held by federal trust funds will increase by $307 billion in 2016. That increase is abnormally large because about $140 billion of deposits that were not credited to the Civil Service Retirement Trust Fund during the impasse over the debt limit last year were credited to the fund after the debt limit was suspended in November 2015; thus, those deposits add to the inflows into the fund this year.

Under current law, income credited to the trust funds is also projected to exceed outlays in each year from 2017 through 2020; 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 decrease in trust fund balances of $456 billion over the 2017–2026 period (see Table D-2).

Some of the trust funds' income is in the form of intragovernmental transfers. Examples of such transfers include interest credited to the trust funds, payments from general funds to cover most of the costs of payments for outpatient 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. 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 $709 billion in 2016 and to exceed $1.1 trillion in 2026. With those transfers excluded and only income from sources outside the government (such as payroll taxes and Medicare premiums) counted, the trust fund programs will add $402 billion to the federal

Table D-2.

Trust Fund Deficits or Surpluses Projected in CBO's Baseline

Billions of Dollars

	Actual, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 2017-2021	Total 2017-2026
Social Security														
Old-Age and Survivors Insurance	54	20	2	-21	-20	-42	-74	-110	-148	-188	-233	-281	-154	-1,116
Disability Insurance[a]	-28	2	16	18	-14	-27	-31	-35	-38	-41	-44	-48	-38	-245
Subtotal	25	23	18	-3	-34	-68	-105	-145	-187	-230	-277	-329	-192	-1,361
Civilian Retirement[b]	-126	152	15	15	14	14	14	14	14	14	14	13	72	141
Military Retirement	48	59	68	88	90	97	104	106	118	132	136	146	447	1,084
Medicare														
Hospital Insurance (Part A)[a]	-7	-5	2	11	-2	-8	-16	-37	-35	-29	-51	-68	-14	-233
Supplementary Medical Insurance (Part B)	-2	3	3	11	*	1	1	1	3	5	*	6	16	31
Subtotal	-9	-2	5	21	-2	-7	-15	-36	-32	-24	-50	-62	3	-201
Highway and Mass Transit[a]	-3	58	-12	-13	-14	-16	-18	-19	-21	-22	-24	-24	-74	-184
Unemployment Insurance	8	10	9	5	4	*	3	3	2	*	3	3	21	32
Airport and Airway	*	*	*	1	1	*	*	1	1	*	*	1	4	7
Other[c]	-5	5	1	1	2	2	3	3	3	4	4	4	8	26
Total Trust Fund Deficit (-) or Surplus	**-61**	**307**	**105**	**116**	**61**	**22**	**-15**	**-75**	**-101**	**-126**	**-195**	**-248**	**288**	**-456**
Intragovernmental Transfers to Trust Funds[d]	657	709	722	745	788	836	880	945	981	1,006	1,072	1,128	3,971	9,104
Net Budgetary Impact of Trust Fund Programs	**-718**	**-402**	**-617**	**-629**	**-727**	**-814**	**-895**	**-1,020**	**-1,082**	**-1,133**	**-1,267**	**-1,376**	**-3,683**	**-9,561**

Source: Congressional Budget Office.

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

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

a. CBO projects that the balance of this trust fund will be exhausted during the 2017–2026 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. The manner by which those payments continued would depend on future legislation.

b. Includes Civil Service Retirement, Foreign Service Retirement, and several smaller retirement trust funds.

c. Consists primarily of trust funds for railroad workers' retirement, federal employees' health and life insurance, Superfund, and various insurance programs for veterans.

d. 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.

deficit in 2016. They are projected to add to deficits throughout the 2017–2026 period by amounts that grow from $617 billion in 2017 to $1.4 trillion in 2026.

Without legislative action to address shortfalls, balances in three trust funds are projected to be exhausted during that period: the Highway Trust Fund (in 2021), Social Security's Disability Insurance (DI) Trust Fund (in 2022), and Medicare's HI trust fund (in 2026).

Social Security 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 percentage points of which are paid by the worker and 6.2 percentage points 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 will be 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 2015, is by far the largest of all federal trust funds. CBO projects that the fund's annual income, excluding interest on those securities, will decline from $702 billion last year to $699 billion in 2016 as a result of the payroll tax reallocation enacted in the Bipartisan Budget Act of 2015. Under current law, income received by the fund would increase over the remainder of the period, growing to nearly $1.1 trillion by 2026, CBO estimates (see Table D-3).[3] Expenditures from the fund are projected to be greater than and to grow faster than noninterest income each year over that period, rising from $769 billion in 2016 to $1.4 trillion in 2026. 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 4 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 $346 billion in 2026, CBO estimates. With interest receipts included, the OASI trust fund is projected to show a surplus in 2016 and 2017; however, by 2018, even with interest receipts taken into account, the trust fund is projected to start recording deficits that will reach $281 billion in 2026 (see Figure D-1).[4]

Disability Insurance

The DI trust fund is much smaller than the OASI fund; its balance at the end of 2015 was $42 billion. In CBO's current baseline, the annual income of the DI fund, excluding interest, jumps from $115 billion in 2015 to $148 billion in 2016 as a larger share of Social Security payroll taxes is credited to that fund. It then grows to $170 billion in 2018 but drops 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 $171 billion in 2026 (see Table D-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 2016 to $219 billion in 2026. Under current law, annual noninterest income to the DI fund would exceed expenditures from 2016 through 2018 because of the payroll tax reallocation, but the DI trust fund would 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 D-1).

Under current law, the balance of the DI fund is expected to be exhausted in 2022.[5] If the outlays were limited thereafter to revenues credited to the trust fund, then in 2022 they would be 19 percent below the amounts scheduled under the law, CBO estimates.

Trust Funds for Federal Employees' Retirement Programs

After Social Security, the largest trust fund balances at the end of 2015 were held by various civilian employee retirement funds (a total of $750 billion) and by the Military Retirement Trust Fund ($531 billion).[6] Unlike the Social Security and Medicare trust funds, those retirement funds are projected to run surpluses throughout the coming decade, growing from a combined total of $83 billion in 2017 to $159 billion in 2026; about 90 percent of the increased annual surplus is attributable to the Military Retirement Trust Fund (see Table D-2 on page 133).

As a result, in CBO's current baseline, the balance of the military retirement fund increases rapidly over the coming decade, reaching nearly $1.7 trillion in 2026. That

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

4. According to CBO's most recent long-term projections, which are consistent with the 10-year baseline projections that were issued in March 2015 (modified to account for the payroll tax reallocation enacted in the Bipartisan Budget Act of 2015), the balance of the OASI trust fund will be exhausted in calendar year 2030. See Congressional Budget Office, *CBO's 2015 Long-Term Projections for Social Security: Additional Information* (December 2015), www.cbo.gov/publication/51047.

5. CBO projected that the DI trust fund would be exhausted in 2021 in *CBO's 2015 Long-Term Projections for Social Security: Additional Information* (December 2015), www.cbo.gov/publication/51047. Recent data have shown that DI caseloads are smaller than anticipated, so CBO has revised its projection of outlays for benefits, resulting in a later exhaustion date.

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

Table D-3.

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

Billions of Dollars

	Actual, 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 2017-2021	Total 2017-2026
							OASI Trust Fund							
Beginning-of-Year Balance	2,713	2,767	2,787	2,789	2,768	2,748	2,706	2,632	2,522	2,374	2,186	1,952	n.a.	n.a.
Income (Excluding interest)	702	699	719	748	805	845	876	910	945	982	1,021	1,061	3,993	8,910
Expenditures	-741	-769	-802	-854	-911	-973	-1,037	-1,105	-1,175	-1,248	-1,326	-1,407	-4,577	-10,838
Noninterest Deficit	-39	-70	-83	-106	-106	-128	-161	-195	-230	-266	-305	-346	-584	-1,927
Interest received	93	90	85	85	86	87	87	85	82	78	72	64	430	811
Total Deficit (-) or Surplus	54	20	2	-21	-20	-42	-74	-110	-148	-188	-233	-281	-154	-1,116
End-of-Year Balance	**2,767**	**2,787**	**2,789**	**2,768**	**2,748**	**2,706**	**2,632**	**2,522**	**2,374**	**2,186**	**1,952**	**1,671**	**n.a.**	**n.a.**
							DI Trust Fund[a]							
Beginning-of-Year Balance	70	42	44	60	78	64	38	6	0	0	0	0	n.a.	n.a.
Income (Excluding interest)	115	148	163	170	144	138	143	148	153	159	165	171	758	1,555
Expenditures	-146	-147	-149	-154	-161	-167	-175	-183	-192	-201	-209	-219	-806	-1,811
Noninterest Deficit (-) or Surplus	-31	1	14	15	-17	-29	-32	-35	-38	-41	-44	-48	-48	-256
Interest received	3	2	2	3	3	2	1	0	0	0	0	0	11	11
Total Deficit (-) or Surplus	-28	2	16	18	-14	-27	-31	-35	-38	-41	-44	-48	-38	-245
End-of-Year Balance	**42**	**44**	**60**	**78**	**64**	**38**	**6**	**0**	**0**	**0**	**0**	**0**	**n.a.**	**n.a.**
							HI Trust Fund[a]							
Beginning-of-Year Balance	202	195	190	192	203	201	192	177	139	105	76	25	n.a.	n.a.
Income (Excluding interest)	269	285	299	313	326	341	356	373	391	409	429	450	1,636	3,688
Expenditures	-284	-299	-306	-311	-338	-358	-381	-418	-431	-443	-483	-517	-1,693	-3,986
Noninterest Deficit (-) or Surplus	-15	-14	-7	2	-11	-17	-24	-45	-41	-34	-54	-68	-58	-299
Interest received	9	9	9	9	9	9	8	8	6	5	3	0	44	66
Total Deficit (-) or Surplus	-7	-5	2	11	-2	-8	-16	-37	-35	-29	-51	-68	-14	-233
End-of-Year Balance	**195**	**190**	**192**	**203**	**201**	**192**	**177**	**139**	**105**	**76**	**25**	**0**	**n.a.**	**n.a.**

Source: Congressional Budget Office.

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

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 the manner by which those payments 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.

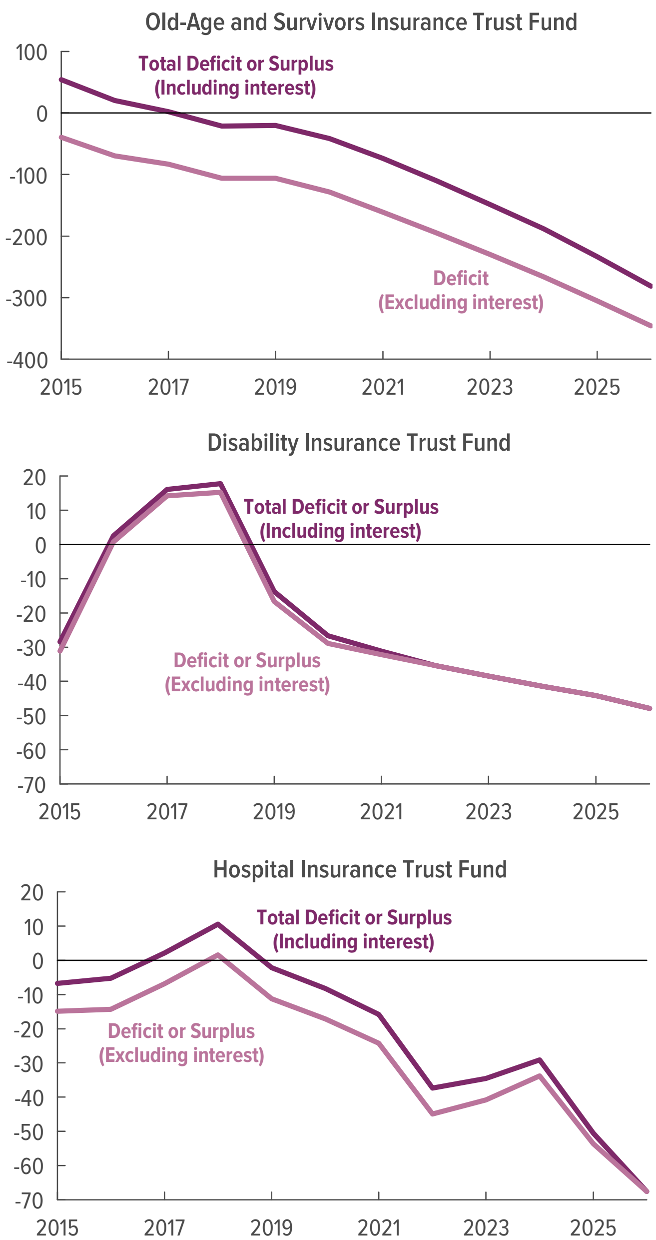
growth is primarily attributable to additional payments that the Treasury is expected to make to the fund to reduce the amount of its unfunded liabilities.

The balance of the Civil Service Retirement Trust Fund, the largest of the civilian retirement trust funds, was affected by the impasse over the debt limit last year. During the impasse, certain deposits were not credited to the fund (thereby resulting in a net outflow for fiscal year 2015), and the balance of the combined civilian retirement funds dropped from $876 billion at the end of 2014 to $750 billion in 2015. Those deposits were credited to the fund in December (after the debt limit was suspended again), contributing to a projected boost in the balance of the combined funds to $903 billion at the end of this year. The civilian retirement funds are projected to grow gradually over the next decade and total $1.0 trillion by the end of 2026.

Figure D-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.

Medicare 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 post-acute 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.[7]

Hospital Insurance

The HI trust fund, which had a balance of $195 billion at the end of 2015, 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 2015, those taxes accounted for 89 percent of the $269 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 4 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 $9 billion in 2015.

The fund's noninterest income is projected to increase from $285 billion in 2016 to $450 billion in 2026—an average annual increase of about 5 percent. But annual expenditures from the HI fund are projected to grow more rapidly—at an average annual rate of close to 6 percent—rising from $299 billion in 2016 to $517 billion in 2026. CBO estimates that if current laws governing the program remained in place, expenditures would outstrip noninterest income in all years through 2026 except for 2018, producing annual deficits that were relatively small in the first half of the period but that would rise to $54 billion in 2025, the final year before the fund was exhausted.[8] Even including interest receipts, the trust fund is projected to run deficits in most years during the baseline period (see Table D-3 and Figure D-1).

7. 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.

8. The small surplus in 2018 occurs because a shift in the timing of payments to private Medicare plans will result in one fewer payment during fiscal year 2018: Because October 1, 2017, falls on a Sunday, the payments to private Medicare plans for that month will be made on September 29. (The same type of shift occurs from 2017 to 2016, from 2023 to 2022, and from 2024 to 2023.)

Supplementary Medical Insurance

The SMI trust fund contains two separate accounts: one that pays for physicians' services and other health care provided on an outpatient basis under Part B of Medicare and one that pays for prescription drug benefits under Part D. 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 higher premium. The amount that will be transferred from the general fund equals about three times the amount expected to be collected from basic premiums after the amount collected from the income-related premiums and fees from drug manufacturers are deducted.

- 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, so receipts are projected to cover less than 25.5 percent of the program's costs even though higher-income participants in Part D pay 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.

Unlike the HI trust fund's income, most of the income to the SMI fund (other than interest) does not come from a specified set of revenues collected from the public. Rather, the amounts credited to those accounts from the general fund of the Treasury are automatically adjusted to cover the differences between the program's spending and specified revenues. (In 2015, for example, $263 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 SMI fund currently holds $66 billion in GAS securities; those holdings are projected to reach $101 billion in 2026.

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.[9] Almost all spending from the fund is controlled by limitations on obligations set in appropriation acts.

Over the past nine years, spending has exceeded the fund's revenues by a total of $74 billion. Since 2008, lawmakers have authorized a series of transfers to the Highway Trust Fund to avoid delaying payments to state and local governments. Most recently, 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 of the Treasury, in December 2015 as the fund balance neared exhaustion. Including that amount, transfers since 2008 have totaled almost $143 billion.

Spending from the fund is projected to total $53 billion in 2016 while revenues and interest credited to the fund are expected to total $41 billion. For its baseline spending projections, CBO assumes that future limitations on obligations will be equal to the amounts set in the appropriation act for 2016, adjusted annually for inflation. The FAST Act extended the authorization for surface transportation programs funded by the Highway Trust Fund through 2020 and taxes credited to the trust fund through 2022. In CBO's baseline, which is based on the assumption that both funding and taxes are extended beyond those dates, the Highway Trust Fund is able to meet all obligations through 2020 but becomes exhausted in 2021.

9. 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.