

## Impact of Draconian Highway Trust Fund Default

Note: Any attempt to control outlays in a single year must be tied to that year's spending. To avert a \$1 billion HTF/HA shortfall, spending would require a cut of \$3.7 billion. A \$3.7 billion cut would reduce the obligation limitation to \$42.66 billion—assuming a beginning obligation limitation of \$46.4 billion. Since only about 27 percent of new obligations tend to get spent in the first year, extremely large reductions in obligations are needed to attain the reduced spending needed to avoid a default of the HTF/HA (\$1.0 billion divided by .27). The following table illustrates the needed cuts to the obligation limitation at selected HTF/HA shortfall levels to maintain a federal-aid highway program. This example only assumes cutting the obligation limitation to accompany HTF revenues at their current rates.

### Impact of Highway Trust Fund (Highway Account) Shortfalls

Assumption - Highway Program Obligation Limitation Level of \$46,365,092 - same as FFY 2020.

\$ Billions Shortfall HTF / HA	\$ Billions Required Reduction	Impact to \$46.4 billion Hwy. Pgm.	Percent Reduction	\$ Millions Federal Funds Lost (Cut) to IDOT (\$s)
1.0	3.7	42.66	8.0%	133.7
1.5	5.6	40.81	12.0%	200.6
2.0	7.4	38.96	16.0%	267.4
2.5	9.3	37.11	20.0%	334.3
3.0	11.1	35.25	24.0%	401.1
3.5	13.0	33.40	28.0%	468.0
4.0	14.8	31.55	32.0%	534.8
5.0	18.5	27.85	39.9%	668.5
7.0	25.9	20.44	55.9%	935.9
9.0	33.3	13.03	71.9%	1,203.3
11.0	40.7	5.62	87.9%	1,470.7
<b>13.0</b>	<b>48.1</b>	<b>(1.78)</b>	<b>103.8%</b>	<b>1,738.1</b>
15.0	55.6	(9.19)	119.8%	2,005.6
16.4	60.7	(14.38)	131.0%	2,192.7

NO FEDERAL PROGRAM.

\* At the conclusion of FFY 2020, the Highway Trust Fund (Highway Account) will have a positive balance of approximately \$10 billion. At the conclusion of FFY 2021 the projected balance is \$-2.9 billion, and \$-16.4 billion by FFY 2022.

\* In order to sustain a national highway program of \$46.4 billion or more, a remedy to address the revenue shortfalls would likely consist of:

- 1.) a user fee increase.
- 2.) a General Fund Transfer.
- 3.) a cut in highway obligations.
- 4.) some combination of the above.