

At a Glance

S. 1931, Surface Transportation Reauthorization Act of 2021

As reported by the Senate Committee on Environment and Public Works on May 27, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	31	33
Revenues ^a	0	-1	-8
Increase or Decrease (-) in the Deficit	0	32	41
Spending Subject to Appropriation (Outlays)	0	212,335	295,233

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

a. Estimates provided by the staff of the Joint Committee on Taxation.

The bill would

- Provide \$304 billion in contract authority for the Federal-Aid Highway Program over the 2022-2026 period (\$3.2 billion would be exempt from obligation limitations)
- Authorize \$300 billion in obligation limitations for the Federal-Aid Highway Program over the 2022-2026 period
- Authorize appropriations for other transportation-related projects and activities

Estimated budgetary effects would mainly stem from

- Spending of amounts authorized in the bill
- Increases in the rate at which previously provided funds are spent within the Transportation Infrastructure Finance and Innovation Act (TIFIA) program
- Decreases in revenues because of states' increased use of tax-exempt bonds

Areas of significant uncertainty include

- Estimating the loan volume that would be dedicated to airport projects through the TIFIA program

Detailed estimate begins on the next page.



Bill Summary

S. 1931 would provide budget authority over the 2022-2026 period for the Department of Transportation (DOT) to continue operating the Federal-Aid Highway Program, which is funded from the Highway Trust Fund. The bill also would authorize the appropriation of funds for certain other transportation programs administered by DOT, the Department of the Interior, and other federal agencies.

Estimated Federal Cost

The estimated budgetary effect of S. 1931 is shown in Table 1. The costs of the legislation fall within budget functions 400 (transportation) and 450 (community and regional development).

Basis of Estimate

For this estimate, CBO assumes that S. 1931 will be enacted near the end of 2021 and that the authorized and estimated amounts will be provided for each year, beginning in fiscal year 2022. Outlays are based on the historical rate of spending for the affected programs.

Background

The Federal-Aid Highway Program is an umbrella term for the separate highway programs administered by DOT's Federal Highway Administration. Those programs focus almost entirely on highway construction, and they generally do not support operations (such as state employee salaries or fuel costs) or routine maintenance (such as mowing roadway fringes or filling potholes). Historically, the program has been funded by contract authority (a mandatory form of budget authority) provided in multiple-year authorizations. Most outlays from that contract authority have been controlled by obligation limitations, provisions that restrict or reduce the availability of budget authority that would have become available under another law. Those limitations are provided in annual appropriation acts and therefore are classified as discretionary.¹ Some outlays of contract authority are specifically exempt from obligation limitations and are therefore classified as mandatory.

Consistent with rules in the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that the amount of contract authority provided in the final year of the Federal-Aid Highway Program's authorization continues in each subsequent year. Therefore, CBO's estimates for authorizing legislation containing contract authority and for the outlays from contract authority exempt from obligation limitations are relative to amounts in its baseline projections.

1. For more information on the split budgetary classification of surface transportation programs funded from the Highway Trust Fund see Congressional Budget Office, *The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget* (June 2014), www.cbo.gov/publication/45416.



**Table 1.
Estimated Budgetary Effects of S. 1931**

	By Fiscal Year, Millions of Dollars											2021-2026	2021-2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases in Direct Spending													
Contract Authority Subject to Obligation Limitations^a													
Estimated Contract Authority ^b	0	11,107	12,399	13,730	14,948	16,291	16,291	16,291	16,291	16,291	16,291	68,475	149,931
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
Airport Loans													
Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	8	14	7	3	1	1	0	0	0	31	33
Decreases (-) in Revenues													
Estimated Revenues	0	*	*	*	*	-1	-1	-1	-1	-2	-2	-1	-8
Net Increase in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	0	*	8	14	7	4	2	2	1	2	2	32	41
Increases in Spending Subject to Appropriation													
Obligation Limitations for the Federal-Aid Highway Program													
Obligation Limitations ^c	0	57,473	58,765	60,096	61,314	62,657	0	0	0	0	0	300,305	300,305
Estimated Outlays	0	14,368	38,255	47,738	51,656	55,055	41,966	17,781	9,138	6,710	4,295	207,072	286,962
Other Authorized Programs													
Estimated Authorization	0	1,691	1,728	1,740	1,762	1,789	*	*	*	*	*	8,709	8,712
Estimated Outlays	0	291	814	1,162	1,423	1,571	1,328	821	489	250	117	5,262	8,270
Total Changes													
Estimated Budgetary Resources	0	59,164	60,492	61,835	63,076	64,446	*	*	*	*	*	309,014	309,017
Estimated Outlays	0	14,659	39,069	48,901	53,079	56,626	43,294	18,601	9,627	6,960	4,411	212,335	295,233

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Components may not sum to totals because of rounding; * = between -\$500,000 and \$500,000.

- a. The Congress and the Administration have agreed upon a unique budgetary treatment for the Federal-Aid Highway Program: Authorizing laws provide contract authority (allowing the program to obligate funds in advance of an appropriation act), but outlays of that authority are generally considered discretionary because they are controlled by obligation limitations in an annual appropriation act. (Obligation limitations are provisions of a law or legislation that restrict or reduce the availability of budget authority that would have become available under another law.) Under current law (and under S. 1931), a portion of the program's contract authority is exempt from those limitations and therefore results in mandatory outlays.
- b. Consistent with rules in the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's estimates are constructed under an assumption that the mandatory budget authority provided in 2026, the final year of the bill's authorization, would continue indefinitely. See Table 2 for more details on the change in contract authority under S. 1931 relative to CBO's baseline projections.
- c. The Deficit Control Act does not require CBO to extend amounts authorized to be appropriated beyond the expiration date of such an authorization. Consequently, CBO has not estimated obligation limitations beyond 2026.



However, the Deficit Control Act does not require CBO to extend expiring authorizations of appropriations. Consequently, CBO does not project obligation limitations and the associated discretionary spending beyond the period of authorization listed in proposed legislation.

Direct Spending

CBO estimates that enacting S. 1931 would increase mandatory budget authority by roughly \$150 billion and increase direct spending outlays by \$33 million over the 2021-2031 period, relative to the amounts in its baseline projections.

Contract Authority Subject to Obligation Limitations. S. 1931 would provide contract authority for the Federal-Aid Highway Program over the 2022-2026 period. The change in contract authority relative to CBO's baseline is displayed in Table 2 and described below. Because of the program's split budgetary classification, most outlays stemming from that authority are classified as discretionary; a small amount is classified as mandatory.

The most recent authorization for surface transportation (division B of the Continuing Appropriations Act, 2021 and Other Extensions Act) expires at the end of 2021. In keeping with the Deficit Control Act, CBO's baseline projections are made under an assumption that the amount of contract authority in 2021, the final year of the current authorization, continues unchanged for each subsequent year. Accordingly, CBO's baseline projections include contract authority over the 2022-2031 period that totals \$471 billion. Of that amount, \$464 billion, or roughly \$46 billion annually, is subject to obligation limitations.

Over the 2022-2026 period, S. 1931 would provide \$304 billion in contract authority—of that amount, \$300 billion would be subject to obligation limitations. CBO estimates that under S. 1931, the mandatory budget authority subject to obligation limitations of nearly \$63 billion that would be provided in 2026 (the final year of the authorization) would continue indefinitely. CBO therefore estimates that an additional \$313 billion in contract authority would be available over the 2027-2031 period, for a total of \$614 billion over the 10-year period.

CBO estimates that the amounts provided for contract authority subject to obligation limitations over the 2022-2031 period would be \$149.9 billion more than the amount in CBO's baseline. (Because the contract authority under S. 1931 that is exempt from obligation limitations would be equal to the amount projected in CBO's baseline for the 2022-2031 period, there would be no cost relative to the baseline.)



Table 2.
Contract Authority Subject to Obligation Limitations for the Federal-Aid Highway Program, Provided by S. 1931, Relative to CBO's Baseline

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Contract Authority Included in CBO's Baseline^a												
Contract Authority	46,366	46,366	46,366	46,366	46,366	46,366	46,366	46,366	46,366	46,366	231,830	463,660
Contract Authority Under S. 1931												
Contract Authority	57,473	58,765	60,096	61,314	62,657	0	0	0	0		300,305	300,305
Contract Authority Assumed to Continue	0	0	0	0	0	62,657	62,657	62,657	62,657	62,657	0	313,286
Total Contract Authority	57,473	58,765	60,096	61,314	62,657	62,657	62,657	62,657	62,657	62,657	300,305	613,591
Increase in Contract Authority Under S. 1931, Relative to CBO's Baseline												
Increase in Contract Authority ^b	11,107	12,399	13,730	14,948	16,291	16,291	16,291	16,291	16,291	16,291	68,475	149,931

Components may not sum to totals because of rounding.

S. 1931 also would authorize about \$3.2 billion in contract authority that would be exempt from obligation limitations over the 2022-2026 period. Those amounts are equal to the amounts included in CBO's baseline projections for that period.

- a. Consistent with rules in the Balanced Budget and Deficit Control Act of 1985, CBO's baseline incorporates the assumption that the amount of contract authority provided in the final year of the Federal-Aid Highway Program's authorization continues in each subsequent year. Under the current surface transportation authorization (division B of the Continuing Appropriations Act, 2021 and Other Extensions Act), contract authority is provided for the program through 2021. S. 1931 would provide that authority through 2026.
- b. These amounts are the same as those shown in Table 1 under "Increases in Direct Spending" for estimated contract authority subject to obligation limitations.

Airport Loans. S. 1931 would expand the types of projects eligible to receive loans under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to include certain construction projects at airports. Prospective borrowers for such airport projects would need to submit a letter of interest to DOT and receive confirmation of eligibility before October 1, 2025, for a project to receive funding under the program.

S. 1931 would provide contract authority each year over the 2022-2026 period to subsidize TIFIA loans for surface transportation and airport projects alike. However, under current law, the program maintains a large balance of unobligated contract authority from previous authorization acts. S. 1931 would allow DOT to use those balances to subsidize TIFIA loans for airport construction projects authorized under the bill. CBO estimates that a portion of those balances that would not have been spent over the next 10 years under current law—\$33 million—would be used to subsidize new TIFIA loans for such projects over the 2022-2031 period.



Revenues

S. 1931 would reauthorize the State Infrastructure Bank program through 2026. States use infrastructure banks to finance transportation projects by lending money to local governments or by repaying bonds.

As under current law, S. 1931 would allow states to deposit some of the funds apportioned and allocated to the state from the Federal-Aid Highway Program into state infrastructure banks. S. 1931 would increase such funding to states, so more would be available, relative to CBO's baseline, for such deposits.

The staff of the Joint Committee on Taxation estimates that enacting this provision would increase the states' use of tax-exempt bonds and therefore decrease federal revenues by \$8 million over the 2022-2031 period.

Spending Subject to Appropriation

Assuming appropriation of the specified and estimated amounts, CBO estimates that implementing S. 1931 would cost \$212.3 billion over the 2022-2026 period (see Table 3). That amount includes spending from the Highway Trust Fund and for programs operated by DOT and other federal agencies.

Obligation Limitations for the Federal-Aid Highway Program. Historically, the contract authority provided in transportation legislation has been controlled by limitations on obligations contained in annual appropriation acts. CBO expects that the practice would continue under S. 1931. The bill would authorize obligation limitations totaling \$300 billion over the 2022-2026 period. CBO estimates that obligating amounts equal to those limitations would result in outlays of \$207 billion over the 2022-2026 period.

Bridge Investment Program. In addition to contract authority provided from the Highway Trust Fund, section 1101 would authorize the appropriation of \$3.3 billion for DOT to implement the proposed Bridge Investment Program. Assuming appropriation of the authorized amounts, CBO estimates that outlays would total \$2.2 billion over the 2021-2026 period.

Tribal Transportation. Over the 2022-2026 period, section 1101 also would authorize the appropriation of \$300 million annually for the Nationally Significant Federal Lands and Tribal Projects Program, section 1128 would authorize the appropriation of \$30 million annually for the Tribal-High Priority Projects Program, and section 4005 would authorize appropriations totaling \$270 million for the Bureau of Indian Affairs' Road Maintenance Program. The bill also would authorize the appointment of a new Assistant Secretary for Tribal Government Affairs within the Department of the Interior to oversee road maintenance and other tribal transportation activities. CBO estimates that implementing those provisions would cost \$1.2 billion over the 2021-2026 period.



Pedestrian-Focused Infrastructure. Section 1529 would authorize the appropriation of \$200 million annually over the 2022-2026 period for DOT to provide competitive grants for state and local governments to plan and construct safe and connected networks for active transportation (walking or cycling). Also, section 1101 would authorize \$100 million annually over that same period for DOT to provide competitive grants to state and local governments and nonprofit entities to increase tree cover, reduce pavement heat, and increase pavement permeability to mitigate flooding in urban areas. Finally, section 1502 would authorize the appropriation of \$5 million annually over the 2022-2026 period for DOT to provide grants to state and local governments to install raised concrete or metal posts on sidewalks that will slow or stop motor vehicles from leaving a roadway. CBO estimates that implementing those provisions would cost \$602 million over the 2021-2026 period.

Appalachian Regional Commission. Section 1506 would authorize the appropriation of \$200 million a year over the 2022-2026 period for the Appalachian Regional Commission. In 2021, \$180 million was appropriated for that purpose; CBO estimates that implementing the provision would cost \$488 million over the 2021-2026 period.

Transportation Centers of Excellence. Section 1101 would authorize the appropriation of \$100 million annually from 2022 through 2026 for grants to academic institutions or consortia selected by DOT to study and promote resilient transportation infrastructure. CBO estimates that implementing the provision would cost \$313 million over the 2021-2026 period.

Roadside Plant Control. Section 1522 would authorize the appropriation of \$50 million annually over the 2022-2026 period for grants to states to eliminate or control invasive plant species adjacent to highways, railroads, or other surface transportation routes. Section 1528 would authorize the appropriation of \$2 million annually over the 2022-2026 period to provide grants to states to plant native and locally appropriate species along roadsides. CBO estimates that implementing those sections would cost \$177 million over the 2021-2026 period.



**Table 3.
Estimated Increases in Spending Subject to Appropriation Under S. 1931**

	By Fiscal Year, Millions of Dollars						2021-2026
	2021	2022	2023	2024	2025	2026	
Obligation Limitations for the Federal-Aid Highway Program							
Obligation Limitation	0	57,473	58,765	60,096	61,314	62,657	300,305
Estimated Outlays	0	14,368	38,255	47,738	51,656	55,055	207,073
Bridge Investment Program							
Authorization	0	600	640	650	675	700	3,265
Estimated Outlays	0	150	406	515	561	605	2,237
Tribal Transportation							
Authorization	0	380	382	384	386	388	1,920
Estimated Outlays	0	85	225	285	312	337	1,245
Pedestrian-Focused Infrastructure							
Authorization	0	305	305	305	305	305	1,525
Estimated Outlays	0	1	18	94	215	275	602
Appalachian Regional Commission							
Authorization	0	200	200	200	200	200	1,000
Estimated Outlays	0	22	62	104	140	160	488
Transportation Centers of Excellence							
Authorization	0	100	100	100	100	100	500
Estimated Outlays	0	10	35	75	95	98	313
Roadside Plant Control							
Authorization	0	52	52	52	52	52	260
Estimated Outlays	0	5	26	42	52	52	177
Pilot Programs							
Authorization	0	23	23	23	23	23	113
Estimated Outlays	0	6	19	22	23	23	92
Denali Commission							
Authorization	0	20	20	20	20	20	100
Estimated Outlays	0	8	16	20	20	20	84
Alaska Highway							
Estimated Authorization	0	10	5	5	*	*	20
Estimated Outlays	0	3	6	5	4	1	19
Studies and Reports							
Estimated Authorization	0	1	1	1	1	1	6
Estimated Outlays	0	1	1	1	1	1	6
Total Changes							
Estimated Authorization	0	59,164	60,492	61,835	63,076	64,446	309,013
Estimated Outlays	0	14,659	39,069	48,901	53,079	56,626	212,334

Components may not sum to totals because of rounding; * = between zero and \$500,000.



Pilot Programs. S. 1931 would authorize appropriations for three DOT pilot programs over the 2022-2026 period. Section 1101 would authorize the appropriation of \$15 million annually for grants to state and local governments and private entities to study novel highway construction or use issues, section 3005 would authorize the appropriation of \$5 million annually for research on emerging transportation technologies, and section 3004 would authorize the appropriation of \$2.5 million annually to better integrate data from DOT, the National Weather Service, and other sources to provide real-time information on roadway conditions during severe weather. CBO estimates that implementing those provisions would cost \$92 million over the 2021-2026 period.

Denali Commission. Section 1507 would amend the Denali Commission Act of 1998 to authorize the appropriation of \$20 million annually over the 2022-2026 period to plan, design, and construct surface transportation projects in rural Alaska. CBO estimates that implementing the provision would cost \$84 million over the 2021-2026 period.

Alaska Highway. Section 1116 would authorize the use of competitive DOT grants to restore part of the Alaska Highway. Under current law, only amounts apportioned to Alaska from the Federal-Aid Highway Program can be used for that restoration.

CBO expects that Alaska would apply for other grants to supplement funding from the Federal-Aid Highway Program to complete current activities. Using information from DOT and the State of Alaska, CBO estimates that implementing that provision would cost \$19 million over the 2021-2026 period.

Studies and Reports. Several sections in the bill would authorize studies and reports on such topics as highway railroad crossings, large freight and highway projects, bridge investment, highway removal, additions to the Interstate Highway System, air quality, stormwater runoff, and road maintenance on tribal land. Using information from similar reports and studies, CBO estimates that those provisions would cost \$6 million over the 2021-2026 period.

Status of the Highway Trust Fund Under S. 1931

CBO's baseline includes a projected cumulative shortfall of \$48.7 billion at the end of 2026 in the highway account of the Highway Trust Fund. That shortfall is the amount by which revenues and other amounts credited to the fund are projected to fall short of outlays, given authorized and projected spending authority.

The obligation limitations authorized in S. 1931 for the Federal-Aid Highway Program exceed those in CBO's baseline by about \$52.3 billion over the 2022-2026 period. Based on historical spending rates associated with such obligation limitations, CBO estimates that under S. 1931, the cumulative shortfall at the end of 2026 in the highway account of the Highway Trust Fund would be \$84.8 billion (see Table 4). The bill would not affect revenues credited to the fund. Consistent with the scoring conventions for all discretionary programs,



those estimates reflect the assumption that the pace of spending under S. 1931 would not be affected by the shortfall in the Highway Trust Fund.

**Table 4.
Estimated Spending From the Highway Account of the Highway Trust Fund Under S. 1931**

	By Fiscal Year, Millions of Dollars						2021-2026
	2021	2022	2023	2024	2025	2026	
Start-of-Year Balance	12,541	7,759	a	a	a	a	n.a.
Flexed Balances ^b	-1,200	-1,200	-1,200	-1,200	-1,200	-1,200	-7,200
Revenues and Interest ^c	32,914	37,794	38,347	38,233	38,168	38,135	223,590
Intragovernmental Transfers ^d	10,400	0	0	0	0	0	10,400
Outlays	46,896	48,501	53,136	55,839	58,579	61,134	324,084
End-of-Year Balance	7,759	a	a	a	a	a	n.a.
Memorandum:							
Shortfall ^a	n.a.	-4,148	-15,989	-18,806	-21,610	-24,199	-84,752

Components may not sum to totals because of rounding; n.a. = not applicable. Outlays, revenues, and interest projections are relative to CBO's baseline.

- a. Under current law, the Highway Trust Fund cannot incur negative balances. However, in keeping with rules in the Balanced Budget and Emergency Deficit Control Act of 1985 for constructing the baseline, this estimate for surface transportation spending incorporates the assumption that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table shows the shortfall of fund balances, on the basis of spending amounts that are consistent with CBO's estimate for S. 1931 for the Federal-Aid Highway Program and with baseline projections for programs of the National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration that are part of the highway account of the Highway Trust Fund.
- b. Flexed balances represent amounts transferred from the highway account to the transit account.
- c. Some of the taxes that are credited to the Highway Trust Fund are scheduled to expire on September 30, 2022, including taxes on tires and all but 4.3 cents of the federal tax on motor fuels. However, in keeping with the Deficit Control Act, this estimate incorporates the assumption that all such expiring taxes will continue to be collected after fiscal year 2022.
- d. Section 1204 of the Continuing Appropriations Act, 2021 and Other Extensions Act transferred \$10.4 billion from the general fund of the Treasury to the Highway Trust Fund.

Uncertainty

CBO's estimate of the amount of previously provided contract authority that would be used to subsidize TIFIA loans for airport projects is subject to uncertainty. The cost could differ from CBO's estimate if the number of projects that received funding was higher or lower than CBO estimates.



Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 5.

Table 5.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of S. 1931, the Surface Transportation Reauthorization Act of 2021, as Reported by the Senate Committee on Environment and Public Works on May 27, 2021

	By Fiscal Year, Millions of Dollars											2021-2026	2021-2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	Net Increase in the Deficit												
Pay-As-You-Go Effect	0	0	8	14	7	4	2	2	1	2	2	32	41
Memorandum:													
Increases in Outlays	0	0	8	14	7	3	1	1	0	0	0	31	33
Decreases in Revenues ^a	0	0	0	0	0	-1	-1	-1	-1	-2	-2	-1	-8

Increase in Long-Term Deficits

CBO estimates that enacting S. 1931 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates: None.

Estimate Prepared By

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