

A photograph of a multi-lane highway curving through a hilly, wooded area. In the distance, a tunnel entrance is visible. A large green sign is superimposed over the right side of the road. The sign contains white text and a white arrow pointing up and to the right. At the base of the sign, a pile of discarded trash, including plastic bottles, paper cups, and aluminum cans, is scattered on the grassy shoulder.

The Last Exit:

Fixing the Highway Trust Fund
while Solvency is still Solvable



PART 2: IJA ADVANCE APPROPRIATIONS: ONE TIME
EMERGENCY OR A NEW NORMAL FOR FUNDING?

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This is part 2 of the full report. To read or download the full report online, go to <https://enotrans.org/the-last-exit>.

Part 2: IIJA Advance Appropriations: One Time Emergency or a New Normal for Funding?

Despite the IIJA increases in HTF spending that well exceeded receipts, as Senate negotiators were crafting the 2021 bipartisan infrastructure law, they were unable to increase total HTF contract authority to levels adequate to fund all of the surface transportation programs envisioned by the bipartisan compromise, even with a \$118 bailout transfer of the HTF by the General Fund. Accordingly, Division J of the IIJA also provided an unprecedented \$446 billion in “advance appropriations” from the General Fund for guaranteed support of select infrastructure improvements.

Of that amount, \$184 billion was for the Department of Transportation. After removing aviation, maritime, and pipeline programs, almost \$156 billion of these advance appropriations went to surface transportation modes and grant programs over five years. That included an unprecedented \$71 billion in “advance appropriations” from the General Fund beyond the IIJA’s \$383 billion in total HTF contract authority for the four modal administrations normally dependent upon the HTF, resulting in a guaranteed program total of \$454 billion over five years. It also included \$66 billion for the Federal Railroad Administration, as well as \$19 billion for four grant programs administered by the Office of the Secretary: National Infrastructure Investments (variously known as TIGER, RAISE, or BUILD); Safe Streets and Roads for All; Culvert Removal grants; and the Strengthening Mobility and Revolutionizing Transportation grant program.

As a result, IIJA led to a mix of funding sources for each mode. The relative dependency of each modal administration on the HTF versus General Fund advance appropriations and annual appropriations is shown in the table below.

Table 3: Funding Sources for Certain Transportation Modes

Millions of dollars of budget authority.

(Excludes COVID aid and other emergency relief.)

	FY21	FY22	FY23	FY24	FY25	FY26
Federal Highway Administration						
Trust Fund	47,104	58,212	59,504	60,835	62,053	63,396
GF (Annual)	2,000	2,445	3,418	2,225	341	927
GF (Advance)	0	9,454	9,454	9,454	9,454	9,454
Federal Motor Carrier Safety Administration						
Trust Fund	676	856	874	891	909	927
GF (Annual)	0	0	0	0	0	0
GF (Advance)	0	135	135	135	135	135
National Highway Traffic Safety Administration						

Trust Fund	778	967	992	1,015	1,037	1,059
GF (Annual)	211	200	210	223	223	71
GF (Advance)	0	322	322	322	322	322
Federal Transit Administration						
Trust Fund	10,150	13,355	13,634	13,990	14,279	14,642
GF (Annual)	2,809	2,910	3,334	2,614	2,408	1,881
GF (Advance)	0	4,250	4,250	4,250	4,250	4,250
Office of the Secretary of Transportation – specified grant programs						
Trust Fund	0	0	0	0	0	0
GF (Annual)	1,000	775	800	345	345	145
GF (Advance)	0	3,800	3,800	3,800	3,800	3,800
Federal Railroad Administration						
Trust Fund	0	0	0	0	0	0
GF (Annual)	2,821	3,325	3,407	3,024	2,925	2,934
GF (Advance)	0	13,200	13,200	13,200	13,200	13,200

Source: *Eno Center for Transportation*

This paper focuses on the HTF and how to address the future costs—at “baseline levels”—for the budget accounts, programs, and activities currently supported by the HTF. However, another major question that Congress will face for the next reauthorization is whether to grow the programs beyond the HTF baseline and specifically whether to continue funding levels at the IIJA level or beyond. While the \$156 billion in advance appropriations from IIJA for surface transportation programs at USDOT are not considered part of the HTF “baseline”, many Congressional negotiators will have interest in continuing some of these programs.

Non-federal partners have also come to rely on some of this money, particularly the \$6.75 billion per year of the FHWA funding and the \$1.0 billion per year of the FTA funding that is distributed widely to state and local governments via formula. As a result, maintaining the HTF funded accounts at baseline levels and discontinuing the advance appropriation-supported programs may be experienced as a cut to spending.

This section estimates the cost of extending the Division J programs at baseline level, either through the HTF structure or through some other means other than regular, annual appropriations.

Since the IIJA was the first surface transportation law to include an appropriation of funding for intercity rail; on the one hand the lack of any other source of guaranteed funding may make the intercity rail funding a higher priority but on the other hand the inclusion of rail was somewhat controversial and there are calls to return to a “traditional” funding approach. Therefore, we are presenting two lines of analysis: one that extends IIJA Division J funding for all surface transportation modes except the Federal Railroad Administration (FRA), and one that includes FRA as well.

To begin with, we must reiterate that infrastructure capital programs spend very, very slowly, and many of the IIJA Division J programs are among the slowest of them all. In the case of these programs, this slowness, combined with a budget technicality, may present policymakers with choices that look easier than they actually are.

The cash outlays from the five years of advance appropriations provided by the IIJA (FY 2022-2026) are already built into the baseline for future spending and will occur whether or not Congress extends the programs past their expiration in 2026. In other words, the ongoing outlays from the funds appropriated under IIJA will not count against the next reauthorization law.ⁱ If Congress chooses to continue to fund these programs starting in FY 2027 and beyond—whether out of the HTF or as advance appropriation or some other kind of guaranteed multi-year funding—only the new outlays derived from new budget authority provided in 2027 and future years would be scored against the new legislation.

In order to maintain IIJA funding levels, Congress could provide \$156 billion in additional funding for surface transportation. Eventually the Treasury would have to start paying significant amounts of money to liquidate these new spending commitments, but due to the combined effect of slow spending rates and this “reset” of the outlay flow, there would be a delay of several years before costs became significant.

A five-year extension of all the Division J surface transportation appropriations, including rail, at baseline levels would provide an additional \$166.5 billion in new spending commitments, and over the ten-year budget forecast window outlays would eventually catch up to those new promises. By 2036, the baseline of new budget authority would be \$38.2 billion and outlays will have risen to around \$33 billion per year. But critically, only \$34 billion in spending would come due by the end of a five-year reauthorization bill. In other words, if Congress made the funding available but only paid for the outlays to occur during the 5-year bill itself, they’d be leaving 80 percent of the cost of that spending for a future Congress to address.

Increasing spending levels while only covering the costs of immediate outlays leaves an ever larger shortfall for future laws to address –this is essentially how we’ve gotten to such an unsustainable place for the Highway Trust Fund.

ⁱ The outlays from the 2022-2026 budget authority will still be charged to the Appropriations Committees’ regular allocation with an off-budget emergency designation.

**Table 4: Cost of IIJA Division J Extension at Baseline,
USDOT Surface Modes Only**

Billions of dollars

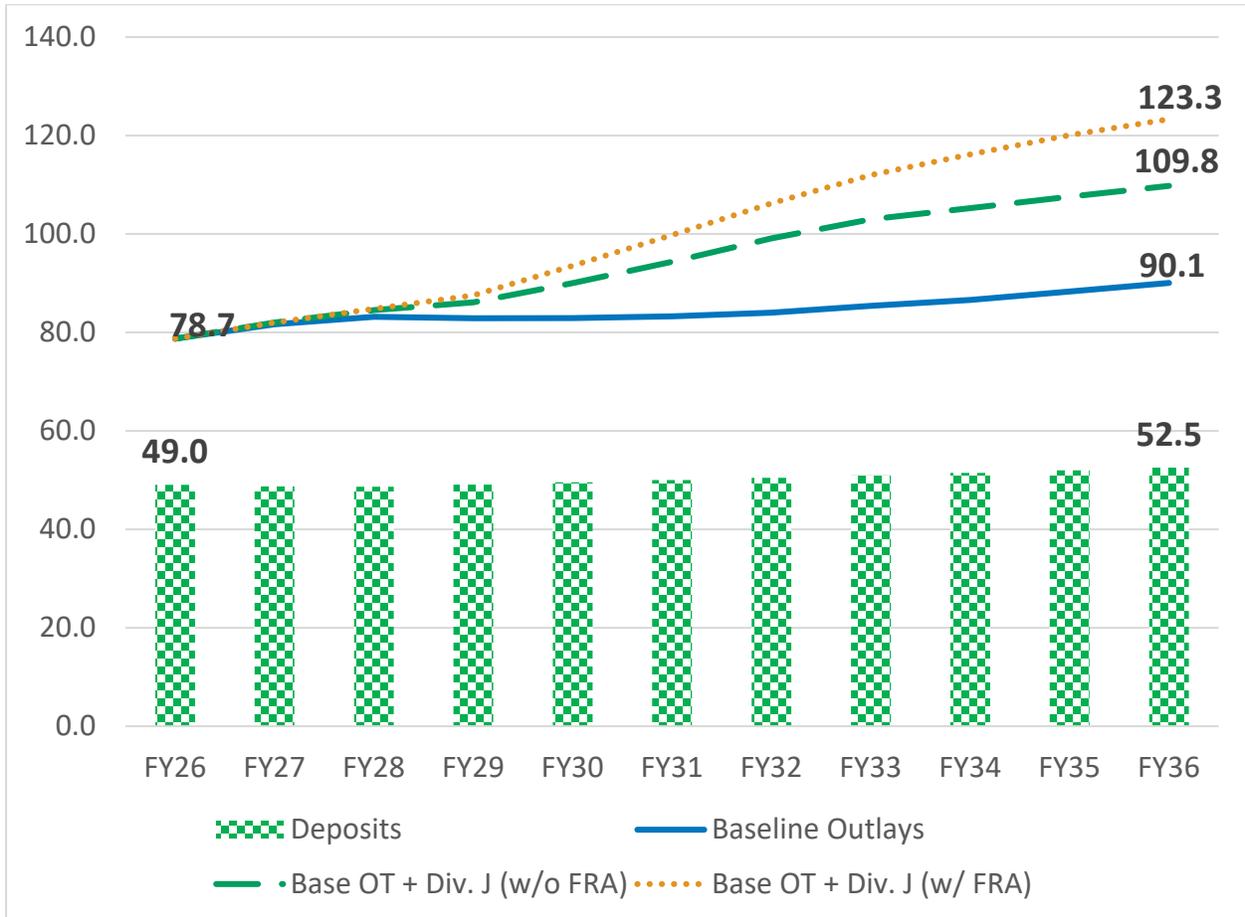
	FY27	FY28	FY29	FY30	FY31
<u>OST</u>					
Budget Authority	3.9	4.0	4.1	4.2	4.2
Outlays	0.0	0.2	0.6	1.6	2.4
<u>FHWA</u>					
Budget Authority	9.7	9.9	10.1	10.3	10.5
Outlays	0.2	0.7	1.7	3.6	5.6
<u>FMCSA & NHTSA</u>					
Budget Authority	0.5	0.5	0.5	0.5	0.5
Outlays	0.1	0.3	0.4	0.4	0.5
<u>FTA</u>					
Budget Authority	4.4	4.4	4.5	4.6	4.7
Outlays	0.0	0.1	0.5	1.5	2.6
<u>FRA</u>					
Budget Authority	13.5	13.8	14.1	14.4	14.7
Outlays	0.0	0.3	1.4	3.5	5.4
<u>Total, Surface</u>					
Budget Authority	31.9	32.6	33.3	34.0	34.7
Outlays	0.4	1.6	4.7	10.6	16.5

Eno Center for Transportation. Data source: CBO February 2026 baseline.

This construct of increasing spending levels but only ensuring funding suffices to cover the immediate outlays while leaving an ever-larger cost for future laws to cover is essentially how we've gotten to such an unsustainable place for the Highway Trust Fund. For Congress to fund Division J programs for five more years while only concerning itself with paying for the outlays that come due during that initial spending reset period would extend this highly irresponsible approach and would make federal support for transportation infrastructure programs even less reliable in the long-term.

The following chart shows the latest baseline projections for Trust Fund receipts and interest (green columns) and outlays (blue solid line), with the difference between the two totals rising modestly from \$30 billion per year in 2026 to \$38 billion per year in 2036. If you add all of the IIJA Division J programs at baseline levels (including the Office of the Secretary's grant programs, but excluding FRA), you get the dashed orange line, and the difference between baseline revenues and outlays rises to \$57 billion per year in 2036. If you add Division J FRA spending on top of that, the gap between baseline revenues and spending rises to \$71 billion per year in 2036.

Figure 6: Highway Trust Fund Cash Flow
Billions of dollars



Eno Center for Transportation table. Source: - CBO Feb. 2026 Baseline Plus IIJA Division J Extension

Highway Trust Fund takes on Division J – excluding FRA

If Congress were to fund IIJA Division J accounts for OST, FHWA, FMCSA, NHTSA, and FTA for five years at baseline levels out of the HTF, this would add \$96 billion in new budget authority. Additional outlays of \$23.1 billion would need to be covered to maintain solvency over the five-year period. Combined with the existing HTF revenue gap, the amount of extra HTF deposits needed to fund a five-year bill at baseline would be around \$149 billion (\$144 billion plus a \$5 billion minimum prudent cash cushion).

Table 5 explores this scenario of the HTF being expanded to provide funding for all the surface transportation programs from IIJA Division J with the exception of FRA funding.

Table 5: Scenario: HTF Provides OST-FHWA-FMCSA-NHTSA-FTA Division J Program Funding at Baseline Levels

Billions of dollars

	FY26	FY27	FY28	FY29	FY30	FY31
Baseline New Obligation Authority	78.3	80.2	81.9	83.7	85.3	87.0
Take Over Baseline Division J in 2027		+18.4	+18.8	+19.2	+19.6	+20.0
Total New Obligation Authority in Scenario	78.3	98.5	100.8	102.9	104.9	107.0
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Baseline Total HTF Outlays	78.7	81.7	83.2	82.9	82.9	83.3
Extra Outlays from Adding Division J		+0.4	+1.4	+3.3	+7.1	+11.1
Total HTF Outlays in Scenario	78.7	82.0	84.5	86.1	90.0	94.4
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Unified HTF End-of-FY Balance, Baseline	44.6	11.8	-22.3	-55.5	-88.4	-121.1
Unified HTF End-of-FY Balance, Scenario	44.6	11.4	-24.0	-60.5	-100.4	-144.2

Highway Trust Fund takes on Division J – including FRA

If Congress were to fund the above Division J programs from the Trust Fund and then also add Federal Railroad Administration Division J programs at baseline levels, total additional budget authority would be \$167 billion over five years but outlays over the first five years would only be an additional \$34 billion because of the unbelievably slow outlay rate of the large rail programs.

The additional amount needed to keep the Trust Fund solvent at baseline would rise to \$160 billion (\$155 billion to zero plus the \$5 billion cash cushion).

Table 6: Scenario: HTF Provides OST-FHWA-FMCSA-NHTSA-FTA-FRA Division J Program Funding at Baseline Levels

Billions of dollars

	FY26	FY27	FY28	FY29	FY30	FY31
Baseline New Oblig. Authority	78.3	80.2	81.9	83.7	85.3	87.0
Take Over Baseline Division J in 2027		+31.9	+32.6	+33.3	+34.0	+34.7
Total New Oblig. Authority in Scenario	78.3	112.1	114.6	117.0	119.3	121.7
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Baseline Total HTF Outlays	78.7	81.7	83.2	82.9	82.9	83.3

Extra Outlays from Adding Division J		+0.4	+1.6	+4.7	+10.6	+16.5
Total HTF Outlays in Scenario	78.7	82.0	84.8	87.5	93.5	99.8
Unified HTF End-of-FY Balance, Baseline	44.6	11.8	-22.3	-55.5	-88.4	-121.1
Unified HTF End-of-FY Balance, Scenario	44.6	11.4	-24.2	-62.2	-105.6	-154.8

Once more, we emphasize that the downstream effects over the following five years (2032-2036) require significantly more federal funding. See the ten-year tabular appendix for details.