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Highway Bill Conferees Should Reject Budget Gimmicks and Fully Offset All Spending, says Committee for a Responsible Federal Budget November 18, 2015

House and Senate conferees on a multi-year highway bill should cover its spending commitments with robust offsets, according to the Committee for a Responsible Federal Budget.

"It's refreshing to see Congress focus on a multi-year solution instead of just another short-term patch," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "Now negotiators must craft a fiscally responsible package that fully funds the legislation's spending with real savings."

Conferees are expected to meet on Wednesday to formally begin negotiations. Both the Senate and House bills authorize new spending and seek to close the shortfall in the Highway Trust Fund due to insufficient dedicated revenues to cover spending.

Both bills include a general revenue transfer to keep the Highway Trust Fund solvent for three years, offset by savings elsewhere in the budget, but the House bill relies in part on a budget gimmick transferring the Federal Reserve's capital surplus to the Treasury. The Congressional Budget Office and Government Accountability Office have both said this transfer would not produce any new resources for the government.

"It's tempting for Congress to pay for spending with supposedly painless offsets, but identifying real savings requires tough choices," said MacGuineas. "The conferees should scrap the Federal Reserve gimmick and focus on identifying genuine savings."

The House bill prohibits any new spending commitments after 2018 unless subsequent legislation is enacted to keep the trust fund solvent. By contrast, the Senate bill authorizes spending for six years, with spending increased above current levels in all six years.



"By authorizing six years of increased spending above the baseline but only funding three, the Senate bill abandons fiscal discipline from limiting spending to available resources and creates pressure for a future bailout," MacGuineas noted. "Conferees should ensure that the Trust Fund can meet current commitments before spending more."

"Unfortunately neither bill provided a structural fix to bring highway spending and revenues in line as our Road to Sustainable Highway Spending proposal would do," MacGuineas said. "At a minimum, conferees must not worsen the structural shortfall by raising spending above current levels without fully funding it. Given that highway spending is something both parties agree is a priority, they should also be willing to pay for it honestly instead of taking shortcuts."

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