Modernizing The U.S. Surface Transportation System

Ports-to-Plains Alliance Annual Meeting

San Angelo, TX
October 20, 2011
Washington Update
Current Services Deficit

- $2.3 trillion
- $3.6 trillion
- $1.3 trillion deficit
- 41,223 years
Long-Term Structural Imbalance

- The long-term fiscal problem cannot be solved by
  - a growing economy;
  - wiping out fraud, waste, and abuse;
  - ending the Iraq War or cutting defense;
  - restraining discretionary spending;
  - eliminating congressional earmarks; and
  - letting 2001 and 2003 tax cuts expire.

- The Federal Government has $61.6 trillion in unfunded obligations.
Joint Select Committee on Deficit Reduction
2012 Elections
Transportation Update
“Facts Are Stubborn Things”

- National network at crossroads
- Reform essential, but not sufficient
- Increased Federal investment critical
- Gas tax viable financing mechanism, but not sustainable over long term
- Must act now to head off crisis
Crisis Looming….

Exhibit 3-8. Levels of service on the U.S. freight rail network in 2006

The map shows levels of service (LOS) on major U.S. railroads. Rail corridors operating at LOS A, B, or C (shown in green) are below practical capacity. Corridors operating at LOS D (shown in yellow) are near practical capacity, and those operating at LOS E (shown in orange) are at practical capacity. The most severe congestion is on corridors at LOS F (shown in red), where traffic exceeds capacity.

Exhibit 4-13. Projected 2035 train volumes compared to current train capacity

This map identifies the relationship between projected freight train volumes on an 85th-percentile day in 2035 with the theoretical capacity of individual rail sections, assuming that no additional capacity expansion occurs before that time. Levels of Service A, B, and C are all considered to be under capacity; Levels of Service D, E, and F are considered to be nearing capacity, at capacity, and over capacity, respectively.
Current Status

• SAFETEA-LU expired 9/30/2009

• 8th extension until 3/31/2012
  – Highway programs cut 7 percent

• HTF cannot support SAFETEA-LU levels

• Senate bill
  – SAFETEA-LU levels plus inflation
  – 2 years
  – Need $12 billion

• House bill
  – NO TAX INCREASE
  – 35 percent cut
  – 6 years
  – ***Searching for revenue***
Inaction Must Not Be An Option…

“Our difficulties and our dangers will not be removed by closing our eyes to them.”

---Winston Churchill
Credible Alternative To Gas Tax

Federal Interstate User Fee

Federal Motor Carrier User Fee

Existing Highway Trust Fund
Jobs, Jobs, Jobs

- House Republican Leadership Turnaround

- President’s Jobs Package
  - Contains infrastructure investment

- President’s $3.0 Trillion Deficit Reduction Package

- “Bowles-Simpson” and “Gang of Six”
Ports-to-Plains Focus

- Increased investment critical
  - Innovative financing not a substitute

- Raise revenues

- Highway friendly

- Rural + Freight + NHS focus