

# Transportation For Tomorrow

Report of the National Surface Transportation  
Policy and Revenue Study Commission

Jack Schenendorf, Vice Chair

# Background

- Commission Established by SAFETEA-LU
- Blueprint for Next Cycle in 2009
- Final Report Issued in January

# National Transportation Crisis

- Threatens Our International Competitiveness
- Threatens Our Economic Prosperity
- Threatens Our Way of Life

# Crisis Has Three Elements

- Underinvestment Crisis
- Policy Crisis
- Financing Crisis

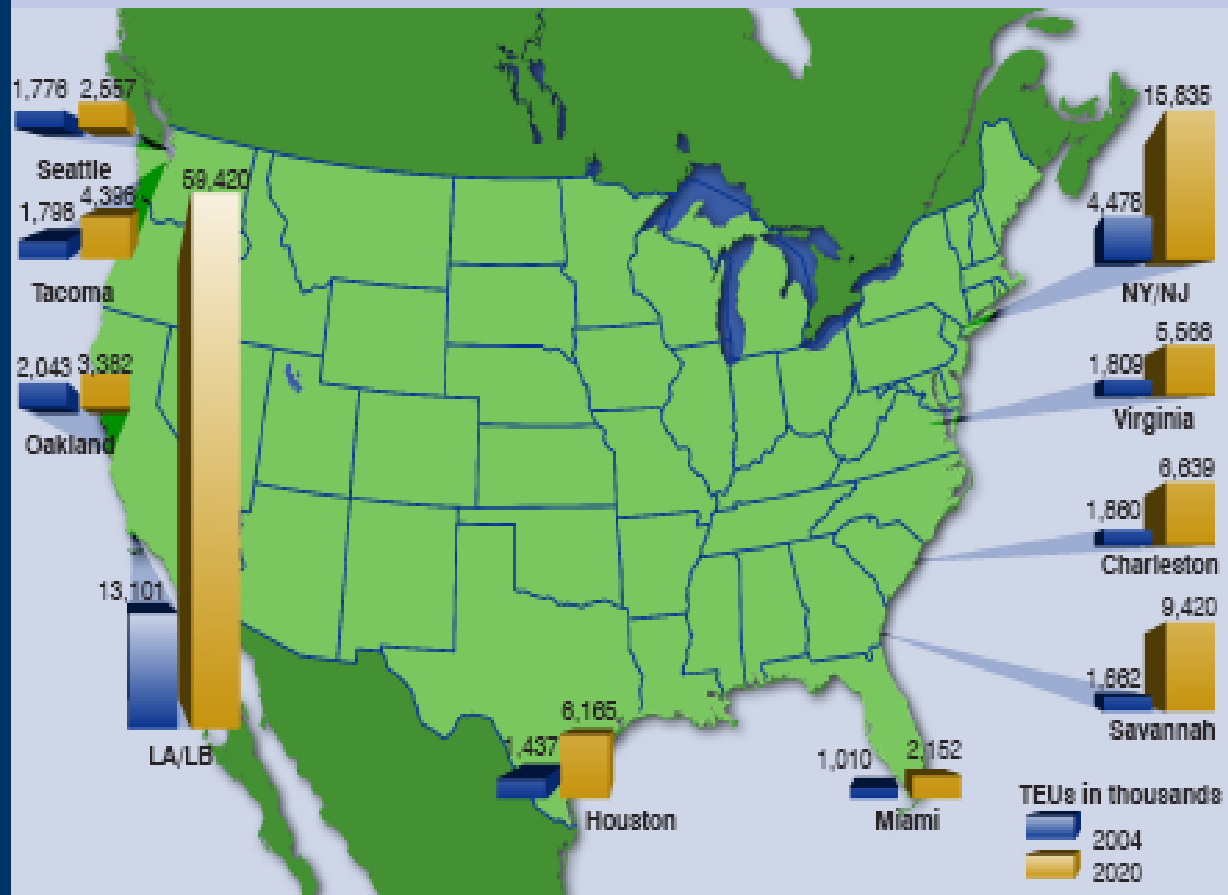
# Underinvestment Crisis

## Exhibit 2-4. Emerging megaregions in the U.S.



Economic activity in the U.S. is becoming increasingly concentrated in closely linked groups of metropolitan areas, referred to as "megaregions."

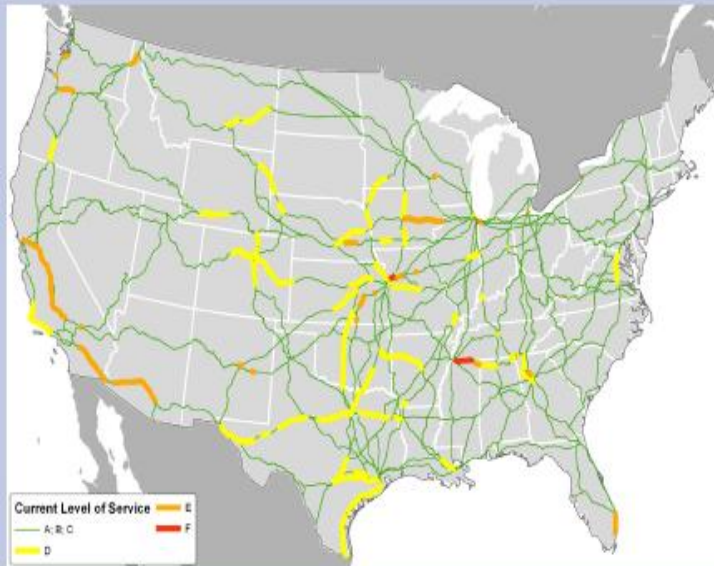
Exhibit 2-10. Projected growth in container shipments to U.S. ports, 2004-2020



Forecasted figures are based on 10-year linear regression.

This map shows that based on current trends, U.S. ports are expected to see significant increases in container shipments over the next decade and a half, particularly at the West Coast Ports of Los Angeles and Long Beach (LA/LB). [Note that the forecasts are based on a linear projection of trends over the previous 10 years. They are not constrained by current or expected capacity at existing container ports, and do not account for the planned development of new container ports.]

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 85<sup>th</sup>-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.

# Underinvestment Crisis

- Enormous needs—
  - Reconstruct our aging system
  - Provide new capacity for growth
- We need to invest \$225-340 billion per year
- We are currently investing \$87 billion per year

# Policy Crisis

# Policy Crisis

- Federal Program lacks vision and sense of purpose
- Project Delivery

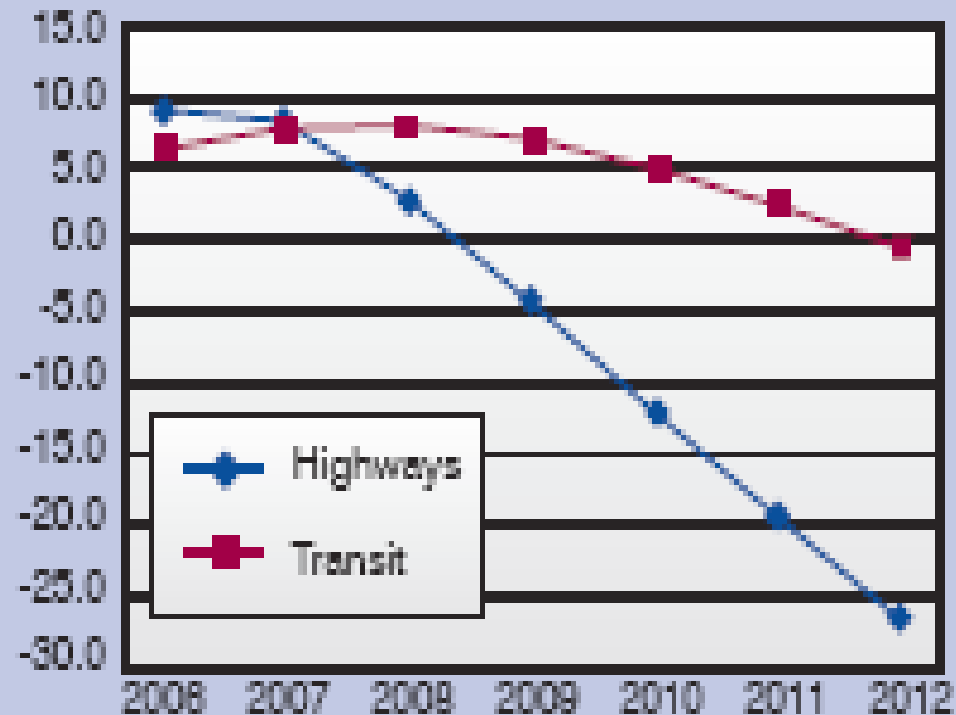
# Policy Crisis

- Donor-Donee
- Earmarking
- Proliferation of Programs (108)
- Insufficient Flexibility

# Financing Crisis

## Projections of Highway and Transit Account Balances Through 2012

Dollars, Billions



This exhibit shows projected balances in the Highway and Transit Accounts of the Highway Trust Fund through 2012 assuming no change in revenues or program levels.

# Financing Crisis

- Loss of Purchasing Power
- HTF Cash Deficit—2009
- Cannot Support SAFETEA-LU Funding Levels
- Meeting Needs

# Deliberations

# Perspective A

- Devolution or Devolution Lite
- Shouldn't Send Money To Washington
- Simply Need to Reallocate Existing Resources
- Reduced Federal Role
- Fundamental Issue Is Failure To Price
- Private Sector

# Perspective B

- Federal Government Needs To Be Full Partner
- Rejected Devolution
- Rejected Elimination of Federal programs; Need Reform
- Private Sector Cannot Solve Problem Alone

# Outcome

- Agreed to Disagree
- 9 Members Approved Report
- 3 Members Did Not

# Recommendations

# Recommendations To Address Investment Crisis

- Increase Investment Significantly
- Federal Government A Full Partner

# Recommendations To Address Policy Crisis

- Major Program Reform
  - Restore vision/sense of purpose
  - Replace existing programs with 10 performance-driven, outcome-based, modally-neutral programs
  - NASTRAC
- Fix Project Delivery

# Policy Recommendations (cont'd)

- State-of-good-repair
- Reduce fatalities
- Reduce congestion
- Smooth flow of freight
- Rural access and mobility
- Intercity passenger rail

# Policy Recommendations (cont'd)

- Set Standards/Metrics
- Develop Plans
- Develop Cost Estimates
- Fund on Cost-to-Complete Basis

# Recommendations To Address Financing Crisis

- User Fee Financing
- No Diversion
- Protect Funding Guarantees

# Financing—Short Term

- Short Term: Fix deficit in 2009

# Financing--Interim

- Federal
  - Motor Fuel User Tax
  - Freight Fee
  - Customs Duties
  - Ticket Tax
- State/Local
  - Tolling New Capacity on Interstate
  - Congestion Pricing on Interstate
  - Private Investment

# Financing—Long Term

- Transition to VMT Tax
- Look At Replacement Fuels

# Next Steps

# Reauthorization

- Heavy Lift
- First Session of New Congress
- New Administration
- Firsts
  - Program Rehabilitation
  - Prospect of Reduced Funding
- Leadership
- Vision
- Extensions Problematic

# Commission

- Take Message Around the Country
  - Greater Investment
  - Federal Government Full Partner
  - New Federal Vision/Mission and Reform
  - Adequate Financing
- All Majority Commissioners On Board

# Critical Next Steps

- Administration
- Congress
- State DOT's
- Stakeholders

# Conclusion

- At Crossroads
- Must Act Now
- Must Do For Our Grandchildren What Our Grandparents Did For Us