

**WRITTEN STATEMENT OF
THE HONORABLE JOSEPH C. SZABO,
ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 25, 2013

Chairman Latham, Ranking Member Pastor, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the President's FY 2014 budget for the Federal Railroad Administration (FRA). In this testimony, I will provide an overview of FRA's priorities for moving forward, summarize our recent accomplishments, and describe the details behind our budget and reauthorization proposals.

PRIORITIES FOR MOVING FORWARD

FY 2014 Budget Highlights

FRA's budget presents the Administration's blueprint for the next era of rail – and also reflects an emerging consensus that rail is the mode of opportunity. FRA requests \$6.6 billion for FY 2014, including \$6.4 billion for a proposed National High Performance Rail System program (NHPRS). This bold initiative will substantially improve the safety and performance of the Nation's rail system, helping to accommodate a growing population and providing an alternative to the Nation's increasingly congested airports and highways. FY 2014 would be the first year of a five-year \$40 billion authorization of the National High-Performance Rail System.

Further, the budget identifies modest funding requirements for expanding key safety initiatives. These include expanding FRA's Confidential Close Call Reporting System from a pilot to a nationwide program, and upgrading FRA's Rail Safety Information System to accommodate new data reporting and analysis requirements stemming from regulations required by the Rail Safety Improvement Act of 2008 (RSIA).

Additionally, the President's proposal to invest \$50 billion in transportation infrastructure this coming year includes \$5 billion for rail projects. FRA will selectively target these funds to accelerate improvements to both current and future passenger rail services. This investment will improve transportation performance, while also spurring immediate job creation and supporting long-term economic growth.

Reauthorization Priorities

As you know, portions of two important rail laws expire at the end of FY 2013 – *the Rail Safety Improvement Act of 2008 (RSIA)* and *Passenger Rail Investment and Improvement Act of 2008 (PRIIA)*. The rail industry has changed dramatically since these two landmark acts were passed with broad bipartisan support in 2008. Accidents are at record lows, while train ridership and reliability are at record highs. The financial performance of the freight rail industry and Amtrak has never been stronger. Historic levels of public and private investment have been made in passenger rail equipment, corridor upgrades, freight capacity, and safety improvements. Dozens of planning studies, environmental reviews, and engineering analyses are underway, creating a strong pipeline for future projects.

These accomplishments do not mean we can declare victory – much more needs to be done to rebalance the Nation’s transportation system after decades of serious underinvestment in rail. The President’s FY 2014 budget for FRA lays out a comprehensive multi-year reauthorization blueprint for moving forward. The fundamental goal of this proposal is to take a more coordinated approach to enhancing the Nation’s rail system – an integrated strategy that addresses safety and passenger and freight service improvements. This new approach better reflects the complex reality of how rail works in the United States – most track is privately-owned and carries a mix of passenger and freight trains; safety is improved through regulations and inspections but also through capital investments; chokepoints often hinder the efficient movement of intercity, commuter, and freight trains.

This budget, while in many ways ambitious and transformational, is rooted in ideas and solutions that have received extensive discussion and debate in recent years. It builds on the core principles of PRIIA/RSIA, while reflecting “on-the-ground” experiences. It is based on the evolving needs of rail stakeholders, and acknowledges that demographic, economic, and environmental changes will continue boosting the market demand for rail for decades to come.

FRA’s key priorities are:

- **Enhancing world-class safety.** Rail is already among the safest modes of transportation, and safety has only been improving in recent years. Nevertheless, better safety performance is imperative, and with innovative safety practices and new technologies, the railroad industry can achieve this goal.
- **Modernizing our rail infrastructure.** Past generations of Americans invested heavily in building the infrastructure we rely on today. Most segments of the Northeast Corridor were built more than a century ago, for example. Modernizing these assets will lower long-term costs and result in a safer, more reliable rail system.
- **Meeting the growing market demand.** The nation’s population is projected to grow by 100 million by 2050. The national transportation system must be prepared to handle substantial increases in the movement of people and goods. Given the existing capacity constraints on other modes, rail will play an increasingly vital role in balancing America’s transportation system by accommodating this growth, resulting in public

benefits such as reduced reliance on foreign oil, reduced air pollution, increased safety, and more travel options. This budget proposes making market-based investments to build or improve passenger rail corridors, eliminate rail chokepoints, add freight capacity; and conduct comprehensive planning.

- **Promoting innovation.** FRA’s goal is for the domestic rail industry to be world-leading again– we want to encourage U.S. companies to develop patents for state-of-the-art rail technology, to supply rail operators throughout the world, and to employ the best engineers and railway workers. The United States should be exporting intellectual capital and rail products, not importing them.
- **Ensuring transparency and accountability.** Accomplishing the priorities described above can only occur if Federal resources are managed through a transparent process that makes it clear what public benefits and service improvements the American people are “buying” with their investments. The roles and responsibilities of the Federal government, States, Amtrak, freight railroads, and other stakeholders must be clear and based on sound public policy.

Need for Predictable Funding

An overarching issue that runs across all of these priorities is the need for sustained and predictable Federal funding for rail programs, similar to the treatment of other modes of transportation. Congress has for decades funded highway infrastructure and safety, transit, and aviation programs through multi-year authorizations that provide guaranteed funding. This enables states, local governments, and other stakeholders to plan for and to make large-scale infrastructure investments on a year-to-year basis. Likewise, internationally, other major rail systems have been planned and developed through a predictable multi-year funding program.

The Administration proposes adopting this budgeting approach for rail, including authorizing mandatory contract authority through FY 2018 for FRA’s new rail programs. The programs would be funded from resources in a new Rail Account of the Transportation Trust Fund. (The Highway Trust Fund would be renamed the Transportation Trust Fund and would continue to include separate Highway and Transit accounts.) The budget does not propose new taxes, and it does not divert existing gas tax revenues from highway and transit programs to rail. Rather, the budget proposes offsetting the cost of the requested rail programs using the savings generated by capping the Overseas Contingency Operations activities through FY 2018. Over the longer term, the Administration looks forward to working with Congress to identify creative solutions to fund rail along with DOT’s other surface transportation programs, recognizing that a seamless, multimodal system for the Nation requires predictable, comprehensive and coordinated funding, planning, and implementation.

RECENT ACCOMPLISHMENTS

Safety

FRA's top priority is safety, and 2012 was the safest year in the history of the railroad industry. For the fifth fiscal year in a row, FRA successfully improved on all six of its Safety Performance Measures. From FY 2008 to FY 2012, the overall rail-related rate of accidents/incidents declined by approximately 14 percent. The rate of non-accident hazardous materials releases per 200 million ton-miles is down 28 percent. The rate of human factors accidents per million train-miles has decreased 29 percent, the grade crossing incidents rate is lower by 16 percent, and the rate of track-caused accidents has decreased by 28 percent. These safety efforts have contributed to 19 percent fewer fatalities and injuries (falling from 10,209 casualties to 8,295 casualties).

In the area of rail safety, as noted, FRA has made significant progress fulfilling unprecedented mandates set forth by the RSIA:

- To address track-caused accidents, FRA issued regulations on concrete ties.
- To enhance grade crossing safety, FRA issued standards for emergency notification systems and regulations requiring certain states to issue State Action Plans to improve safety at highway-rail grade crossings. FRA also issued Model State Laws on highway users' sight distance at passively signed crossings and on motorists' violations of grade crossing warning devices.
- To address human factors-caused accidents and resulting casualties, FRA issued regulations to enable nationwide implementation of Positive Train Control (PTC) systems and standards for passenger train employee hours of service, which were authorized by the RSIA.

FRA also issued guidance on pedestrian safety at or near rail passenger stations; a regulation requiring conductor certification; and another regulation requiring owners of railroad bridges to implement programs for inspection, maintenance, and management of those structures and standards for camp cars used as railroad employee sleeping quarters.

FRA has been actively supporting the safety of proposed passenger rail operations, including line extensions, and shared-use and high-speed operations. FRA has provided technical outreach, including training and information regarding safety regulations and system safety, to many new start commuter railroads and is currently working with several other new operators. Further, FRA is making important strides to address human factors issues through an industry-wide initiative to combat the dangers of electronic device distraction in the railroad workplace as well as implementing a Confidential Close Call Reporting System program. The Budget proposes expanding it from a limited pilot project to a nation-wide rollout in order to better analyze close call data from railroads and improve safety culture across the country.

Rail trespassing accounted for 63% of all rail-related fatalities last year. Last summer, to help reduce the number of trespass deaths, FRA and the Federal Transit Administration co-hosted the second Right-of-Way Fatality and Trespass Prevention Workshop to identify and prioritize ways we can make progress in this area. Methods for successfully reducing trespass were shared and

are now posted on the FRA website. These achievements are not an occasion to reflect, but a foundation to build on as we look for more and better ways to improve the safety of our rail network. FRA will continue its involvement in these workshops as a core mitigation strategy in order to further reduce rail-related fatalities.

Investments

FRA is managing investments that will provide rail access to new communities and improve the reliability, speed, and frequency of existing services. To date, FRA has obligated \$9.9 billion in grant funding provided by Congress for the High-Speed and Intercity Passenger Rail (HSIPR) program through the American Recovery and Reinvestment Act of 2009 and annual appropriations for FY 2009 and 2010. FRA is also managing rail investments through grant and loan programs such as TIGER, rail line relocation, and Railroad Rehabilitation and Improvement Financing (RRIF), in addition to overseeing annual grants to Amtrak.

This portfolio of investments is having a substantial impact on the Nation's rail system: 6,000 corridor miles are being improved, 30 stations are being upgraded, and hundreds of new passenger cars and locomotives are being procured. These projects will improve the customer experience by reducing trip times, improving reliability, adding additional frequencies, and making stations and equipment more comfortable and accessible. Our strict "Buy America" requirement ensures that tracks, crossties, train sets, construction materials, and new stations are built in America and support domestic manufacturers and suppliers.

REAUTHORIZATION PROGRAM PROPOSALS

The Administration's FY 2014 budget request lays out a detailed blueprint for a five-year reauthorization proposal. The remainder of this testimony will outline the major highlights.

Safety & Operations

FRA is requesting \$184.5 million for its Safety & Operations account to continue providing world-class safety oversight on the Nation's extensive rail network, and to continue implementing monitoring financial assistance programs. The RSIA was a key piece of legislation to enhance rail safety comprehensively through risk reduction program regulations while also focusing directly on some of the most challenging areas including hazardous materials, human factors, grade crossing and trespass, and track. The Act authorized 200 new safety positions over the five-year period, but less than a quarter were funded through appropriations. The FY 2014 budget requests new 30 new personnel for FRA's Office of Safety, including 10 rail safety inspectors to bolster FRA's on-the-ground oversight of rail operations and 20 safety specialists to implement new regulations in areas such as risk reduction, training standards, and conductor certification as well as to provide technical assistance to new start commuter operations. An additional 15 positions are requested to support FRA's rail policy and programmatic development efforts, including overseeing the implementation of complex PRIIA requirements.

National High-Performance Rail System

The National High-Performance Rail System (NHPRS) proposes a new, coordinated approach to rail investments. The NHPRS would replace and consolidate existing rail programs (including the Amtrak grants and capital assistance for high-speed rail, among others) with two interlinked programs: the **Current Passenger Rail Service**—focused on *maintaining* the current rail network serviced by Amtrak—and the **Rail Service Improvement Program**—focused on *expanding and improving* the passenger and freight rail networks to accommodate growing travel demand.

Additionally, the **Research, Development, and Technology** program will invest in people, businesses, and technology, ensuring that America’s rail industry is the world’s most innovative and state-of-the-art. Finally, the **Railroad Research & Development** program, which has been part of FRA’s budget for many years, will continue to lead research efforts aimed at improving the safety of the Nation’s rail network.

National High-Performance Rail System FY 2014 to FY 2018 Investment Proposal (\$M)

Account	FY 14	FY 15	FY 16	FY 17	FY 18	TOTAL
Investment Programs*	6,360	8,045	7,700	8,550	8,945	39,600
Current Passenger Rail Service	2,700	3,225	2,550	2,650	2,075	13,200
Rail Service Improvement Program	3,660	4,820	5,150	5,900	6,870	26,400
Research, Development, & Technology*	55	43	43	38	38	217
Railroad Research & Development**	35	37	37	37	37	183
TOTAL	6,450	8,125	7,780	8,625	9,020	40,000

* Funded through the new Transportation Trust Fund

** Funded through the General Fund, just as this account is currently funded.

Current Passenger Rail Service: The objective of this program area is to maintain public rail assets in a state of good repair so that they continue producing public benefits for generations to come, while continuing to support the Nation’s long-distance passenger rail services. The program will be organized according to the primary “business lines” of current passenger services:

- **Northeast Corridor:** bring Northeast Corridor infrastructure and equipment into a state of good repair to enable future growth and service improvements.
- **State Corridors:** facilitate efficient transition to financial control to States for short-distance State-supported corridors, as required by PRIIA. This program will be phased out within the five year period once States are transitioned.
- **Long-Distance Routes:** continue operations of the Nation’s important long-distance routes.

- **National Assets:** improve efficiency of the Nation’s “backbone” rail facilities, further implement positive train control (PTC) on Amtrak routes, and bring stations into compliance with requirements of the Americans with Disabilities Act (ADA).

This approach is a major policy change from how Federal support for current service is provided today, which is through separate Operating and Capital/Debt Service grants to Amtrak. This new structure increases transparency and better aligns Federal resources to the public benefits and services in which we are investing.

CURRENT PASSENGER RAIL SERVICE (FY 2014 Request - \$2.7 billion)			
Program Area and FY 2014 Request	Objectives	Eligible Activities	Eligible Recipients
Northeast Corridor \$675 million	Bring infrastructure and equipment into a state of good repair to enable future growth and service improvements.	<ul style="list-style-type: none"> • Ongoing state of good repair capital needs. • Backlog of state of good repair capital needs. * • Replacement of legacy/obsolete equipment. * 	Amtrak**
State Corridors (transitional) \$300 million	Facilitate efficient transition to State financial control over State-supported corridors.	<ul style="list-style-type: none"> • Transitional capital and operating assistance to support phase-in of PRIIA Section 209. (Up to \$100M)* • Replacement of legacy/obsolete equipment. (\$200M)* • 	States
Long-Distance Routes \$800 million	Continue operation of the Nation’s long-distance routes.	<ul style="list-style-type: none"> • Long-distance route capital – equipment overhauls and replacement, stations, maintenance facilities, etc. • Long-distance route operations. 	Amtrak
National Assets \$925 million	Improve efficiency of the Nation’s “backbone” rail facilities, support implementation of positive train control on Amtrak routes, and bring stations into compliance with the requirements of the <i>Americans with Disabilities Act</i> (ADA).	<ul style="list-style-type: none"> • Operating and capital needs for national reservations system; security and policing; rolling stock/infrastructure engineering, design services, and support facilities; training centers; and other national backbone systems. • Support implementation of PTC on Amtrak routes * • Capital to upgrade Amtrak-served stations to be ADA compliant. * • Legacy debt service and principal. * 	Amtrak

Notes:

* Temporary activities that will phase-out upon completion.

**Funding provided through this program will be based on a five-year Northeast Corridor capital asset plan. This plan will be prepared by Amtrak in coordination with the Northeast Corridor Infrastructure and Operations Advisory Commission, which includes States and other NEC infrastructure owners and users, and will be approved by FRA. For specific capital projects, this plan may identify other appropriate lead agencies or recipients for these funds, such as States, in which case grants could be directed to those entities.

Rail Service Improvement Program: The objective of this program is to substantially improve the Nation’s passenger and freight rail systems to accommodate population growth and the increasing demand for rail transportation across the country. This program will comprehensively address the investment needs of both passenger and freight rail systems, which are tightly interwoven. The program will make competitive, discretionary investments based on analyses of the business and public investment cases for each proposal – no projects

are “pre-designated” to receive any of these funds. The program will also address the needs of local communities, through funding for station areas, mitigation of the local safety, environmental, and noise impacts generated by the presence of rail, and for rail line relocation activities.

The program will have four main areas of focus:

- **Passenger Corridors:** develop high-performance passenger rail networks through construction of new corridors or substantial improvements to existing corridors, and to implement positive train control systems on commuter railroads.
- **Congestion Mitigation:** address major chokepoints and congestion issues that reduce freight and passenger train reliability on shared-use infrastructure.
- **Freight Capacity:** improve the competitiveness of the Nation’s intermodal freight rail by upgrading facilities, adding capacity, and implementing community mitigation strategies.
- **Planning:** develop comprehensive plans that will guide future investments.

RAIL SERVICE IMPROVEMENT PROGRAM (FY 2014 Request - \$3.66 billion)			
Program Area and FY 2014 Request	Objective	Eligible Activities	Eligible Recipients
Passenger Corridors \$3,250 million	Build regional networks of passenger rail corridors through construction of new corridors or substantial improvements to existing corridors; support implementation of positive train control (PTC) on commuter railroads.	<ul style="list-style-type: none"> • Environmental studies • Right-of-way acquisition • Preliminary engineering • Design and construction • Rolling stock acquisition • Support implementation of PTC on commuter railroads. * 	<ul style="list-style-type: none"> • States and multi-State entities • Amtrak • Equipment entity • Commuter railroads **
Congestion Mitigation \$150 million	Address major chokepoints and congestion issues that reduce freight and passenger train reliability on shared-use infrastructure.	<ul style="list-style-type: none"> • Capital for addressing congestion projects identified by the Surface Transportation Board or DOT • Capital for improving infrastructure in shared-use terminal areas 	<ul style="list-style-type: none"> • States and multi-State entities • Amtrak • Freight railroads • Rail terminal companies
Freight Capacity \$190 million	Improve the competitiveness of the Nation’s intermodal freight rail system by upgrading facilities and adding capacity.	<ul style="list-style-type: none"> • Capital upgrades to intermodal freight corridors and connection points • Capital upgrades to short-line freight railroads • Rail line relocation and community mitigation 	<ul style="list-style-type: none"> • States and multi-State entities • Freight railroads • Rail terminal companies • Ports • Local governments ±
Planning \$70 million	Develop comprehensive plans that will guide future investments in the Nation’s passenger and freight rail systems.	<ul style="list-style-type: none"> • National, multi-state, and state rail planning • Corridor and terminal area planning/environmental analyses • Northeast Corridor FUTURE* 	<ul style="list-style-type: none"> • States and multi-State entities • Metropolitan planning organizations • FRA

Notes:

* Temporary activities that will phase-out upon completion.

** For PTC implementation only.

± For rail line relocation only.

Research, Development, and Technology (RD&T): The RD&T program goes beyond the safety benefits delivered by FRA’s existing R&D program. It prepares the Nation for high-performance rail by developing new technologies and testing facilities. It also supports the DOT “Buy America” policy to ensure growth in the railroad industry is supplied through domestic sources and jobs, strengthens collaboration with universities and others working on research projects, and helps address the future demands for an educated and qualified railroad workforce. \$54.7 million is requested in FY 2014 to support these critical activities.

Railroad Research and Development: The President’s Budget requests \$35.3 million to continue research and development activities to mitigate railroad operations safety risk. Funding included in this request will advance technology with railroad operators for system integration, interoperability standards, and prototypes for positive train control communications.

CONCLUSION

Thank you for the opportunity to appear before you to begin a dialogue on the future of rail in America. The President’s FY 2014 budget charts a bold new course for transportation infrastructure investment in the United States. We look forward to working with the Congress to put people back to work building a balanced transportation system that is the envy of the world – and a Nation that is built to last. I will be happy to respond to your questions.

###