

Statement of
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Chairman Oberstar, Ranking Member Mica, and members of the Committee: I am honored to appear before you today to discuss the Federal Railroad Administration's (FRA) progress in implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act). In addition to creating jobs, putting people back to work and addressing long-overdue infrastructure investment needs, the Recovery Act also sets the stage for one of the most significant new initiatives of President Obama, Vice President Biden, and Secretary of Transportation LaHood – the development of high-speed rail transportation in America. To supplement this testimony, I wish to incorporate by reference two recent publications of the FRA: *Vision for High-Speed Rail in America* (April 2009) and *High-Speed Intercity Passenger Rail (HSIPR) Program Notice of Funding Availability, Issuance of Interim Program Guidance*. (June 2009). Both documents are available on FRA's website: www.FRA.DOT.GOV.

FRA's total appropriation in Fiscal Year (FY) 2008 was approximately \$1.5 billion. The Recovery Act appropriated \$9.3 billion in addition to the \$1.7 billion appropriation FRA received for FY 2009. Despite this significant increase, FRA takes great pride in that we have met or exceeded every one of the aggressive milestones set in the Recovery Act.

The first significant Recovery Act milestone for FRA was the obligation of \$1.3 billion in capital funds to Amtrak within 30 days of enactment. This was done on March 17, 2009. Beyond the obligation of funds, FRA has approved specific projects, including providing the necessary clearances under the National Environmental Policy Act and related laws and regulations, totaling approximately \$1.1 billion. The bulk of the funding awaiting final approval involves security investments. The Department of Homeland Security is

assisting FRA in the review of these projects and we anticipate these reviews will be concluded and the remaining projects covering the entire \$1.3 billion will be approved within 3 weeks. In addition to working closely with Amtrak to identify and approve projects for Recovery Act funding that met all of the Recovery Act requirements, FRA and Amtrak have entered into a grant agreement that outlines Amtrak's responsibilities to assure that the funds are expended in accordance with all applicable requirements, including the Recovery Act reporting requirements, the need for fixed price contracts selected through competitive bids, and the objective of completing projects by February 17, 2011. Over the next two years, FRA will oversee Amtrak's implementation of individual projects and expenditure of Recovery Act dollars through program reviews, on-site inspections and the grant agreement's extensive reporting requirements. Amtrak is now turning approved projects into orders for materials and supplies and work rebuilding its railroad. I note that Amtrak's President Joseph Boardman is also a witness at this hearing. I will leave it to him to talk about the great progress Amtrak is making. I would like to use the balance of my time to talk about the President's High-Speed Intercity Passenger Rail Initiative.

High-Speed Rail

America faces a new set of transportation challenges - creating a foundation for economic growth in a more complex global economy, promoting energy independence and efficiency, addressing global climate change and environmental quality, and fostering livable communities connected by safe and efficient modes of travel. The existing transportation system requires significant investment simply to rebuild and maintain critical infrastructure and modernize aging technologies. Meeting our 21st century challenges will require new transportation solutions as well.

The Obama Administration believes that our transportation investment strategy must address several strategic goals in the coming years:

- Ensure safe and efficient transportation choices. Promote the safest possible movement of goods and people, and optimize the use of existing and new transportation infrastructure.

- Build a foundation for economic competitiveness. Lay the groundwork for near-term and ongoing economic growth by facilitating efficient movement of people and goods, while renewing critical domestic manufacturing and supply industries.
- Promote energy efficiency and environmental quality. Reinforce efforts to foster energy independence and renewable energy, and reduce pollutants and greenhouse gas emissions.
- Support interconnected livable communities. Improve quality of life in local communities by promoting affordable, convenient, and sustainable housing, energy, and transportation options.

A New Transportation Vision. President Obama proposes to help address the Nation's transportation challenges by investing in an efficient, high-speed passenger rail network of 100-600 mile intercity corridors that connect communities across America. High-speed intercity passenger rail (HSIPR) is well positioned to address many of the nation's strategic transportation goals listed above:

Safe and efficient transportation options. Rail is a cost-effective means for serving transportation needs in congested intercity corridors. In many cases, modest investment on existing rights-of-way can result in HSIPR service with highly competitive trip times, while also providing ancillary benefits to energy-efficient freight rail service. HSIPR also has a strong track record of safety in the United States and overseas. In Japan, for instance, the Tokaido Shinkansen trains have operated without a derailment or collision since the inception of operations in 1964.

Foundation for economic competitiveness. America's transportation system is the lifeblood of the economy. Providing a robust rail network can help serve the needs of national and regional commerce in a cost-effective, resource-efficient manner, by

offering travelers and freight convenient access to economic centers. Moreover, investments in HSIPR will not only generate high-skilled construction and operation jobs, but provide a steady market for revitalized domestic industries producing such essential components as rail, control systems, locomotives, and passenger cars.

Energy efficiency and environment quality. Rail is already among the cleanest and most energy-efficient of the passenger transportation modes. A future HSIPR network using new clean diesel and electric power can further enhance rail's advantages.

Interconnected livable communities. Rail transport has generally been associated with "smart growth" because it can foster higher-density development than has typically been associated with highways and airports. Rail is uniquely capable of providing both high-speed intercity transportation and its own efficient local access and egress system. For example, in the Boston region, Amtrak's Acela serves two downtown stations connected to public transit – South Station and Back Bay – as well as a suburban station near Route 128. Yet just a few miles down the line to the west, Acela achieves speeds up to 150 miles per hour.

Developing a comprehensive high-speed intercity passenger rail network will require a long-term commitment at both the Federal and State levels. The President proposes to jump-start the process with the \$8 billion down payment provided in the Recovery Act and a high-speed rail grant program of \$1 billion per year (proposed in his fiscal year (FY) 2010 budget).

A major reshaping of the Nation's transportation system is not without significant challenges. After decades of relatively modest investment in passenger rail, the United States has a small pool of expertise in the field and a lack of manufacturing capacity. Federal and State Governments face a difficult fiscal environment in which to balance critical investments priorities, and many will have to ramp up their program management infrastructure. The country's success in creating a sustainable transportation future, however, demands that we work to overcome these challenges through strong new

partnerships among State and local governments, railroads, manufacturers, and other stakeholders, along with the renewed Federal commitment discussed here.

In the near term, this proposal lays the foundation for the network by investing in intercity rail infrastructure, equipment and intermodal connections. The near-term investment strategy seeks to:

- Advance new express high-speed corridor services (operating speeds above 150 mph on primarily dedicated track) in select corridors of 200-600 miles.
- Develop emerging and regional high-speed corridor services (operating speeds up to 90–110 mph and 110-150 mph respectively on shared and dedicated track) in corridors of 100-500 miles.
- Upgrade reliability and service on conventional intercity rail services (operating speeds up to 79-90 mph).

This near-term strategy emphasizes making investments that yield tangible results within the next several years, while also creating a “pipeline” that enables ongoing corridor development.

Proposed Funding Approach. In order to meet the goals of the Recovery Act while initiating a transformational new program, we propose to advance four funding “tracks”:

- *Projects.* Provide grants to complete individual projects that are “ready to go” with preliminary engineering and environmental work completed.
- *Corridor programs.* Enter into cooperative agreements to develop entire phases or geographic sections of corridor programs that have completed corridor plans and service level environmental documentation, and have a

- *Planning.* Enter into cooperative agreements for planning activities using FY 2009 appropriations funds, in order to create the corridor program and project pipeline needed to fully develop a high-speed rail network.
- *FY 2009 Appropriations Funded Projects.* As an alternative for projects that would otherwise fit under Track 1, but for State applicants offering at least a 50 percent non-Federal share of total project financing, enter into grants with more simplified terms, including more time to complete the project, than required under Track 1.

As President Obama outlined in his March 20, 2009, memorandum, *Ensuring Responsible Spending of Recovery Act Funds*, program evaluation will be based on “transparent, merit-based selection criteria.” Criteria will include:

- *Public Benefits.* The extent to which the project or corridor program provides specific, measurable, achievable benefits in a timely and cost-effective manner, including: (1) contributing to economic recovery efforts, (2) advancing strategic transportation goals (outlined above), and (3) furthering other passenger rail goals articulated in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).
- *Risk Mitigation.* The extent to which the project or corridor program addresses critical success factors, including: (1) fiscal and institutional capacity to carry out projects, (2) realistic financial plans for covering capital and operating costs, (3) formal commitments from key stakeholders (e.g., railroads and participating States), and (4) adequate project management oversight experience and procedures.

As provided for in the Recovery Act and PRIIA, the universe of potential applicants is limited to States, groups of States, and under some circumstances, Amtrak. The focus on State-based passenger rail investment decisions is new for FRA. It is abundantly clear that success, which I take to mean a sustainable program delivering true transportation benefits in a cost-effective, environmentally positive and energy efficient manner, can only be achieved through the development of new partnerships between FRA and the States and regions.

Finally, the President's high-speed rail initiative will transform FRA as an agency in many ways. In the more than 25 years that I have known of FRA, it has been a safety agency that also gave Amtrak its annual grant. In my mind, safety will always be FRA's top priority. But we now have a new, and very important financial assistance mission with a new set of partners and stakeholders. While high-speed rail is an important part of this new mission, so too are our expanded relationship with Amtrak, new grant programs authorized over the last couple of years and our credit assistance program.

FRA's financial assistance staff today is sized for that earlier, quieter era. Even though PRIIA added a number of responsibilities in the areas of passenger rail and financial assistance to FRA, that Act did not authorize an expansion of FRA's financial assistance staff. That they have produced high quality products in response to the aggressive schedule in the Recovery Act is a testament to the knowledge, skill and dedication of that small staff. Having said that, we cannot successfully manage the high-speed rail program envisioned by the President and implement the provisions of PRIIA and undertake our other new and expanded financial assistance functions contained in other recent Acts with the present levels of staff and other resources. The President's FY 2010 budget begins to address FRA's financial assistance staff and resource needs. I urge members of this Committee to support this request. I will also note that successful implementation of the Recovery Act, including oversight of the expenditure of \$8 billion, will require that the amount of the funds available for use by the Secretary in project oversight be consistent with the 1% authorized in 49 U.S.C. 24403(b)(1) and not the one quarter of one percent authorized in the Recovery Act.

In closing, let me restate the obvious, these are exciting times at FRA and the Department of Transportation. Long-serving staff at FRA has told me that they have never before seen the level of Administration support for rail programs that they see today from President Obama, Vice President Biden and Secretary LaHood. But if our efforts are to be successful, we will need Congressional support too. In this regard, I cannot help but note the legislative proposal by the leadership of this Committee to fund the development of high-speed rail at \$50 billion over the next six years. The Obama Administration has not had an opportunity to review this legislative proposal and thus I am not in a position to comment formally on it. My unofficial personal observation is; “wow!”

I look forward to working with the members of the Congress in general and this Committee in particular, to help this nation reap the numerous benefits offered by high-speed rail. I would be happy to answer any questions you might have on FRA’s Recovery Act program.

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