Statement Of
The Honorable Corrine Brown, Chairwoman
Subcommittee on Railroads, Pipelines, and Hazardous Materials
Hearing on
"The Railroad Rehabilitation & Improvement Financing Program"
April 22, 2009

The Subcommittee is meeting today to hear testimony on the Railroad Rehabilitation & Improvement Financing Program ("RRIF").

It is clear that adequate investment in passenger and freight rail infrastructure is crucial to our nation's economic growth, our global competitiveness, and the quality of life in our communities. Recent studies show that an investment of $148 billion for rail infrastructure expansion over the next 28 years is required to meet the Department of Transportation's projected demand. Without this investment, 30 percent of rail miles in primary corridors will be operating above capacity by 2035, causing severe congestion that will affect every region of the country and potentially shift freight to an already heavily congested highway system.

However, the ability of the railroads, shippers, and States to meet those rail infrastructure investment needs is becoming increasingly difficult in the current economic climate.

According to the Association of American Railroads, U.S. railroad carloadings are down 24.5 percent from 2008. Intermodal volume is down 21.6 percent; grain shipments down 28 percent; coal shipments down 10.8 percent; chemical shipments down 22.2 percent; and auto shipments are down 54.8 percent from last year. One railroad reports that there are more than 2,300 auto racks stored in Ohio because the auto traffic volumes are down so low. That equates to more than 37 miles of auto racks that are not being used. Railroad revenues are also down. A major Class I railroad just announced that first quarter earnings had dropped from $351 million in 2008 to $246 million in 2009. They have already cut employment and more job losses are anticipated.

The RRIF program can help the railroads, shippers, and the States finance the development of railroad infrastructure during this difficult time. It can also help put people back to work. Since 2002, the Federal Railroad Administration has executed 23 agreements with 19 railroads for a total of $778.62 million in loans. To date, no recipient of a RRIF loan or loan guarantee has defaulted on a loan or is delinquent in making payments. Additionally, three loans have been re-paid in full.

While I'm pleased to see those numbers, I remain concerned about how the program has been implemented. In the past, the OMB has tried time and again to derail the program, which I hope will not be repeated in this administration. What we need to do now, given the current economic climate, is see how we can encourage more utilization and efficiency of the program, and reauthorization of the surface transportation program will provides us with that opportunity.

With that, I want to welcome today's panelists and thank them for joining us. I look forward to hearing their testimony.

###