

**WRITTEN STATEMENT OF
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**BEFORE THE
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS
MATERIALS,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
U.S. HOUSE OF REPRESENTATIVES**

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Chairman Denham, Ranking Member Brown, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Administration's fiscal year (FY) 2014 budget proposal and reauthorization of rail policy and investment programs. 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 preliminary reauthorization proposals.

OVERVIEW OF 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 and incidents 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 Administration's FY 2014 budget – released yesterday – 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; bottlenecks often hinder the efficient movement of intercity, commuter, and freight trains.

This proposal, 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.

The proposal'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. Maintaining and modernizing these assets will lower long-term costs and result in a safer, more reliable rail system.
- **Meeting the growing market demand.** With 100 million more Americans expected 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 incorporates market-based investments in building or improving passenger rail corridors, eliminating rail bottlenecks, adding freight capacity; and conducting comprehensive planning.
- **Promoting innovation.** FRA's vision is for the domestic rail industry to be again world-leading – we want 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 these programs 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.

An overarching issue that runs across all of these priorities is the need for sustained and long-term funding, similar to enacted legislation currently in place for highways, transit, and aviation. It is difficult and inefficient to make large-scale infrastructure investments on a year-to-year basis. Every rail system in the world has been planned and developed through a predictable multi-year funding program. The Administration is proposing to offset the cost of the program described below from the savings generated by capping the Overseas Contingency Operations activities; however, beyond the five year reauthorization window, we look forward to working with Congress to identify other creative solutions to this important challenge.

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.
- To improve grade crossing safety, FRA 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 conductor certification, as well as 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 (C3RS) program. The Budget proposes expanding it from a limited pilot project to a nation-wide rollout.

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.

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 more than \$10 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. Interest in this program is strong: 39 States, the District of Columbia, and Amtrak have submitted more than \$75 billion worth of applications – well in excess of the available funding. 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 PROPOSALS

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

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. The NHPRS is the centerpiece of this reauthorization vision.

The President’s FY 2014 Budget requests \$6.4 billion—and \$40 billion over the next five years—for the NHPRS program. The Administration proposes Congress fund the program through mandatory authorizations from a new Rail Account of the Transportation Trust Fund.

The trust fund would initially be funded through the General Fund transfers that are offset from savings generated by capping Overseas Contingency Operations activities and would not require new taxes or fees.

**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
Research & Development	35	37	37	37	37	183
TOTAL	6,450	8,125	7,780	8,625	9,020	40,000

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.* • Replacement of legacy/obsolete equipment.* 	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 (ADA)</i> .	<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 bottlenecks 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 bottlenecks 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 Rehabilitation and Improvement Financing Program (RRIF)

The FY 2014 Budget does not propose changes to the RRIF program. However, as FRA looks forward to reauthorization, the agency is exploring program ways to improve project and program administration, as well as to better integrate the program with the goals and objectives of the NHPRS program. FRA works to ensure that all financial assistance programs (both grants and loans) work together in a cohesive and comprehensive manner to improve the Nation’s passenger and freight rail networks through an integrated investment portfolio. FRA is ensuring borrowers can more readily take advantage of the RRIF program by reviewing eligibility requirements, application processes, administrative provisions, technical assistance, or other program elements, consistent with the priorities set forth in Section 502(c) of Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended.

Rail Safety

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. For the last four years, FRA has focused on establishing and implementing the structures and regulations required by RSIA. Looking ahead, FRA is poised to begin fully implementing these regulations in an effort to drive safety rates to further record lows. FRA is exploring options for addressing several important safety regulatory issues, including the following:

- **PTC**— RSIA mandates that PTC be implemented across a significant portion of the Nation’s rail network by December 31, 2015. With limited exceptions and exclusions, PTC is required to be installed and implemented on Class I railroad main lines (i.e., lines with over 5 million gross tons annually), lines over which any poisonous- or toxic-inhalation hazard commodities are transported; and, on any railroad’s main lines over which regularly scheduled intercity passenger or commuter operations are operated. In all, approximately 70,000 miles of track and 20,000 locomotives will have to be equipped with interoperable PTC technology. While some railroads will meet the deadline, many are likely to be challenged by technological and programmatic barriers. In a report to Congress last year, FRA detailed obstacles faced by the industry and outlined mitigation strategies for Congressional consideration, including the extension of the PTC implementation deadline and alternative methods of mitigating the risks prevented by

PTC systems. FRA's report also highlighted radio frequency spectrum challenges that could impact timely PTC system implementation.

- **Hours of service**—FRA recently issued fatigue-science-based hours of service regulations for passenger train employees under new authority granted by RSIA. FRA would like to evaluate the benefits and costs of continuing on this course and focus on addressing other fatigue issues with expanded authority to regulate the hours of service of other train employees, signal employees, and dispatching service employees based on sound science.
- **Grade crossing analyses**—FRA would welcome the opportunity to work with Congress to establish an appropriate framework for addressing grade crossing issues related to blocked crossings and commercial motor vehicle accidents and incidents at crossings.
- **Harmonize operating rules**—FRA plans to evaluate the benefits and costs of harmonizing operating rules. Each railroad has its own set of operating rules that may differ significantly from one division to another and from one railroad to another. Many operating crew employees are required to learn multiple different operating rules in order to operate safely in a single tour of duty. Harmonizing operating rules will likely reduce unnecessary confusion and create a safer working environment.
- **Improve protection of Risk Reduction and System Safety analyses with respect to property damage claims**—For a risk reduction program to be effective, FRA must have confidence that railroads are conducting robust analyses to accurately identify risks present. FRA will continue to work to balance the interests of safety and the public interest with respect to the litigation protection afforded the railroads in conducting these analyses.
- **Modernize statutory requirements**—FRA would also like to modernize certain existing statutory requirements to better reflect current and future innovations and technologies. For instance, statutory requirements related to the movement of defective equipment could be updated to provide greater flexibility to FRA in handling such issues. Similarly, existing statutory language related to locomotives could be revised to account for modern locomotive and locomotive tender design and allow FRA to more readily tackle the safety issues related to the industry's recently expressed desire to achieve fuel efficiencies through use of liquefied natural gas-powered locomotives.
- **Encourage noise mitigation**—Current Environmental Protection Agency rules for railroad noise emissions do not consider the use of noise mitigation technologies and may be an obstacle to the deployment of high-speed passenger rail. Alternative rules may encourage railroads to reduce the impact of noise emissions on communities surrounding rail operations.

Other Issues

A comprehensive rail reauthorization should address several topics in addition to the investment programs and safety issues discussed above. FRA looks forward to working with Congress to evaluate policy options in the following areas:

- **Northeast Corridor governance**—The Northeast Corridor (NEC) is one of the most important transportation assets in the nation, carrying more than 250 million people per year and an average of 50 freight trains per day. As the backbone to the highest concentration of population and economic activity in the country, there is naturally a large number of stakeholders with a vested interest in the future of the corridor, including the states, Amtrak, local commuter authorities, freight railroads, local governments, business, and others. Through the Northeast Corridor Infrastructure and Operations Advisory Commission established under PRIIA, the FRA has worked with these varied stakeholders to develop an inclusive planning process to establish the framework for future investment in the corridor. Moving forward, FRA will continue working with all stakeholders to develop policy ideas for addressing NEC governance issues.
- **Next generation rail equipment**—With FRA’s participation, the Next Generation Equipment Committee has developed and approved specifications for single- and bi-level passenger cars, diesel locomotives, train sets and diesel multiple units. In turn, these specifications have been or will be used in several procurements by States and Amtrak that will result in increased interoperability and lower unit costs. FRA is committed to continuing to explore options to pool equipment in order to improve flexibility and performance of passenger rail services, further lower costs, and ultimately stimulate domestic manufacturing and supply industries.
- **Multi-state rail development**—The Administration’s goal for a modern passenger rail system that connects communities within America’s “megaregions” will inevitably require corridors to cross several state boundaries. Development and implementation of these corridors can be a challenge due to the number of state and local jurisdictions involved in the process. FRA, in consultation with key stakeholders, is exploring various institutional options for efficiently planning and coordinating the implementation of multi-state corridors. Additionally, FRA will encourage groups of States to develop unified plans for rail networks that connect and integrate their regions.
- **Buy America**—FRA seeks to strengthen the Buy America requirements in current law by ensuring uniform applicability to all of FRA’s financial assistance programs.
- **Platform heights**—FRA would like to study the feasibility, including the benefits and costs, of standardizing passenger station platform heights to better enable level-boarding platforms.

- **Disadvantaged business enterprises**—FRA would like to conduct a nationwide disparity and availability study to establish the availability and utilization of disadvantaged business enterprises in publically funded railroad projects.
- **Project delivery**—FRA will continue discussions with Congress and rail stakeholders on other potential legislative authorizations that could streamline project delivery.

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 and reauthorization proposal 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.

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