U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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October 9, 2009

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Railroads, Pipelines, and Hazardous Materials

FROM: Subcommittee on Railroads, Pipelines, and Hazardous Materials Staff

SUBJECT: Hearing on "High-Speed Rail in the United States: Opportunities and Challenges"

PURPOSE OF HEARING

The Subcommittee on Railroads, Pipelines, and Hazardous Materials will meet on Wednesday, October 14, 2009, at 2:00 p.m., in room 2167 of the Rayburn House Office Building to receive testimony on the opportunities and challenges of developing high-speed rail in the United States.

BACKGROUND

Over the last 50 years, the United States has planned and built a national Interstate highway system that transformed the nation. The Federal-Aid Highway Act of 1956 (P.L. 84-627) provided Federal investment that launched the development of our nation's first Interstate System. Despite continued Federal investment since that time, significant economic and demographic growth has brought many parts of our national transportation system to capacity. Today, many segments of the Interstate System handle volumes of traffic that exceed their design standards and have reached or exceeded their useful design life. It is critical that this existing infrastructure be rebuilt and maintained. However, competitive and convenient alternatives, such as passenger rail, must also be expanded.

The discrepancy in historical Federal investment between highways, aviation, and intercity passenger rail is staggering. Between 1958 and 2008, nearly $1.3 trillion has been invested in our nation's highways and over $473 billion in aviation.[1] Federal investment in passenger rail began in 1971 with the creation of the National Railroad Passenger Corporation (Amtrak). Between 1971 and 2008, only $53 billion dollars have been invested in passenger rail.[2]

While the current economic climate has reduced highway and air travel, future projections show that intercity travel will increase and mobility will be constrained by existing transportation capacity limitations.[3] The DOT estimates that by 2035 significant congestion will be experienced on several intercity highways of urban areas.[4] The costs of congestion have already increased more than 50 percent from the previous decade.[5] In 2007, traffic congestion cost $87.2 billion in our nation's urban areas, including 4.2 billion hours of delay and 2.8 billion gallons of wasted fuel.[6] The Federal Aviation Administration forecasts that the U.S. commercial aviation industry will carry one billion passengers by 2021, increasing from approximately 741 million in 2008, further adding to traffic congestion.[7]

One major deficiency in our national transportation system is the absence of high-speed rail. High-speed rail offers a safe, efficient, and convenient passenger transportation alternative that promotes economic competitiveness and environmental quality.[8] Despite wide recognition that high-speed rail can significantly reduce congestion on highways and airways, decrease our dependence on foreign oil, and reduce greenhouse emissions, the United States offers no high-speed passenger rail service unlike other major industrialized nations. Moreover, the United States invests only a fraction of what European and Asian countries have invested in the development of high-speed rail operations.

Forty-five years ago, Japan became the first nation to develop a high-speed rail operation. Since the inception of its network in 1964, Japan has developed a high-speed rail network of 1,360 miles with trains reaching speeds of up to 188 miles per hour.[9] In fiscal year (FY) 2006, ridership reached 300 million.[10] In 1981, France first developed high-speed rail lines in a network that now spans 1,180 miles with trains reaching speeds of 199 miles per hour.[11] In FY 2007, ridership reached 100 million.[12] In 1992, Spain launched its high-speed rail system and has continued to expand its network over 981 miles with trains reaching speeds of 186 miles per hour.[13] In 2007, ridership reached nine million.

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[1] U.S. Department of Transportation (DOT), *Historical Federal Investment in Transportation* (2009).
[2] *Id.*
[3] Government Accountability Office (GAO), *High Speed Passenger Rail: Future Development Will Depend on Addressing Financial and Other Challenges and Establishing a Clear Federal Role* (March 2009) at 1.
[4] *Id.*
[5] Texas Transportation Institute, *Urban Mobility Report 2009* (July 2009) at 1.
[6] *Id.*
[7] *DOT, FAA Aerospace Forecast Fiscal Years 2009-2025* (2009) at 5.
[8] *Id.* The average intercity passenger train produces significantly less emissions than other forms of transportation.
[9] GAO, *supra* note 3 at 86.
[10] *Id.*
[11] *Id.*, at 84.
[12] *Id.*
[13] *Id.*, at 87.

Most recently, China has announced a plan to expand its high-speed rail network to 16,000 miles by the year 2020.[14] In 2009, China invested $50 billion in its new high-speed passenger rail system.[15] By 2020, it is expected that China will have invested $300 billion in the project.[16]

The United States has only one rail line that can currently support high-speed rail, Amtrak's Acela service between Washington, D.C. and Boston, Massachusetts; however, operational and infrastructure obstacles prevent the line from running at authorized speeds.[17] In 1970, Congress created Amtrak, charging it with providing nationwide passenger rail services. Today, Amtrak operates a rail network across 46 states, serving more than 500 destinations on 21,000 miles of routes across the United States.[18] In its sixth straight year of increased ridership, Amtrak served around 78,000 passengers per day on it 300 trains, totaling more than 28.7 million passengers nationwide during FY 2008.[19] However, Amtrak service is limited; it does not always offer a service that is competitive with other travel modes and does not reach many highly traveled corridors. Expanding passenger rail service is a way to address concerns over-congestion and our dependence on foreign oil, rising gas prices, and greenhouse gas emissions.

Investment in a high-speed rail system will also yield important economic benefits. Since the recession began in December 2007, the unemployment rate has doubled to 9.8 percent representing an increase from 7.6 million to 15.1 million unemployed persons.[20] Since this time, employment in manufacturing has fallen by 2.1 million.[21] According to the Bureau of Labor Statistics, since 1998, the U.S. has lost more than 5.9 million manufacturing jobs.[22]

The current economic, environmental, and transportation challenges facing our nation require continued efforts to expand and invest in high-speed rail services. Development and maintenance of a reliable and effective nationwide high-speed system requires significant investment. According to an estimate developed by the National Surface Transportation Policy and Revenue Study Commission, the total capital cost estimate of re-establishing the national intercity passenger rail network by 2050 is approximately $357.2 billion or $8.1 billion annually.[23] This estimate incorporates only limited cost assumptions for new high-speed rail corridors.

LEGISLATION

The establishment of a national high-speed rail system poses many unique opportunities as well as challenges to the United States. The President and Congress have recognized that the development of a comprehensive high-speed rail network requires long-term planning and investment. To this end, recent legislation has provided funding for high-speed rail.

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[14] Bill Powell, *China's Amazing New Bullet Train*, CNN Money (August 6, 2009).
[15] *Id.*
[16] *Id.*
[17] The Acela is capable of achieving speeds of up to 135 m.p.h. between Washington, D.C. and New York and 150 m.p.h. between New York and Boston. However, Amtrak averages 82 m.p.h. between Washington, D.C. and New York and 66 m.p.h. between New York and Boston due to congestion, track, and other infrastructure conditions.
[18] Amtrak, *National Fact Sheet: FY 2008* (February 2009).
[19] *Id.*
[20] Bureau of Labor Statistics, *The Employment Situation – September 2009* (October 2, 2009).
[21] *Id.*
[22] Bureau of Labor Statistics, *Current Employment Statistics Survey* (October 7, 2009).
[23] National Surface Transportation Policy and Revenue Study Commission, *Vision for the Future, U.S. Intercity Passenger Rail Network Through 2050* (December 2007) at 36.

I. Passenger Rail Investment and Improvement Act (P.L. 110-432)

On October 16, 2008, the Passenger Rail Investment and Improvement Act (P.L. 110-432) (PRIIA) was signed into law. PRIIA authorized a total of $13.06 billion over five years to support Amtrak's ongoing capital and operating needs, help bring the Northeast Corridor to a state-of-good-repair, and encourage the development of new and improved intercity passenger rail service through an 80-20 Federal/State matching grant programs.

1. Amtrak

Of the $13.06 billion, PRIIA authorized $5.315 billion (an average of $1.063 billion per year) to Amtrak for capital grants and $2.949 billion (an average of $589.8 million per year) for operating grants. These capital grants will help bring the Northeast Corridor to a state-of-good-repair, and allow Amtrak to procure new rolling stock, rehabilitate existing bridges, and make additional capital improvements on its entire network. In addition, the operating grants authorized under the bill will help Amtrak pay salaries, health costs, overtime pay, fuel costs, facilities, and train maintenance and operations. These operating grants will also ensure that Amtrak can meet its obligations under its recently negotiated labor contract.

2. Section 301: Capital Assistance For Intercity Passenger Rail Service

Section 301 authorized $1.9 billion (average $380 million per year) for a new State Capital Grant program for intercity passenger rail projects. This program includes $325 million for "congestion grants" to Amtrak and the States for high-priority rail corridors to increase capacity along certain lines to reduce congestion and facilitate ridership. The Federal share of the grants cannot exceed 80 percent of project costs.

3. Section 501: High-Speed Rail Corridor Development

PRIAA also authorizes $1.5 billion ($300 million per year) for grants to States and/or Amtrak to finance the construction of, and equipment for, 11 authorized high-speed rail corridors. The Federal share of the grants cannot exceed 80 percent of the project costs. The Secretary of Transportation awards these grants on a competitive basis for projects based on grant criteria including economic performance and expected ridership outlined in section 501. Ten of the 11 high-speed rail corridors have been designated by the Secretary of Transportation as follows:

- **California Corridor**: The California Corridor runs from Sacramento to San Diego, California, to Las Vegas, Nevada. The Corridor travels south from Sacramento to Stockton, where it branches into two lines, one running west to the Bay Area (San Francisco, Oakland, and San Jose) before running south to Los Angeles. The second line runs south from Stockton through the Central Valley cities of Fresno and Bakersfield to Los Angeles. From Los Angeles, the line runs south to San Diego, and then east to Las Vegas, Nevada. There is also a line that connects the Bay Area to some point north of Fresno.

- **Pacific Northwest Corridor**: The Pacific Northwest Corridor runs from Vancouver, British Columbia, to Eugene, Oregon. The Corridor travels south from Vancouver to the

- **South Central Corridor**: The South Central Corridor runs from San Antonio, Texas, to Tulsa, Oklahoma, and Little Rock, Arkansas. The Corridor begins in San Antonio traveling north to Austin and then branches into two separate lines at Dallas/Ft. Worth, Texas. One line runs north to Oklahoma City and Tulsa, Oklahoma. The second line runs from Dallas/Ft. Worth through Texarkana, Texas, to Little Rock.

- **Gulf Coast Corridor**: The Gulf Coast Corridor runs from Houston, Texas, to Atlanta, Georgia. The Corridor travels east through Baton Rouge, Louisiana, to New Orleans, Louisiana, Biloxi, Mississippi, and finally Mobile, Alabama. A line runs north from New Orleans to Meridian, Mississippi, before veering northeast to Birmingham, Alabama, and Atlanta.

- **Chicago Hub Network**: The Chicago Hub is a hub-spoke model that runs out of Chicago, Illinois. One line runs north to Milwaukee, Wisconsin, before veering northwest to Minneapolis/St. Paul, Minnesota. A second line runs south from Chicago to Springfield, Illinois, and St. Louis, Missouri, before veering west to Kansas City, Missouri. A third line runs south to Indianapolis, Indiana, where it branches into two lines, one running south to Louisville, Kentucky, and another running to Cincinnati, Ohio. A fourth line runs east from Chicago to Toledo and Cleveland, Ohio. That line then runs south to Columbus, Ohio, before joining the third line at Cincinnati, Ohio. Finally, a fifth line runs east from Chicago to Kalamazoo and Detroit, Michigan.

- **Florida Corridor**: The Florida Corridor runs from Miami to Tampa, Florida. The Corridor travels north from Miami through West Broward and West Palm Beach before turning southwest at Orlando to Lakeland and Tampa.

- **Southeast Corridor**: The Southeast Corridor runs from Washington, DC, to Jacksonville, Florida. The Corridor travels south from Washington, DC, through Richmond, Virginia, to Raleigh, North Carolina. At Richmond, a branch line runs east to Hampton Roads, Virginia. At Raleigh, North Carolina, the line branches into two lines. One line runs west through Durham and Greensboro, North Carolina, then veers south to Charlotte, North Carolina, before running through Greenville, South Carolina, to Atlanta, Georgia, where it runs east through Macon, Georgia, then south to Jacksonville, Florida. The second line runs south from Raleigh to Columbia, South Carolina, Savannah, Georgia, and Jacksonville.

- **Keystone Corridor**: The Keystone Corridor runs from Philadelphia, Pennsylvania, east through Harrisburg to Pittsburgh, Pennsylvania.

- **Empire Corridor**: The Empire Corridor runs north from New York, New York, to Albany before running west through Utica, Syracuse, and Rochester, to Buffalo, New York.

- **Northeast Corridor**: Although the Northeast Corridor main line is not a "designated high-speed rail corridor", it is eligible for intercity passenger rail funding under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) (Recovery Act).

- **Northern New England Corridor**: The Northern New England Corridor has two lines. One line runs north from Boston, Massachusetts, to Montreal, Canada. The second line runs from Boston, Massachusetts, to Portland and Auburn, Maine.

4. Section 502: Additional High-Speed Rail Projects

Section 502 directs the Secretary of Transportation to issue a request for proposals for projects for the financing, design, construction, and operation of 11 federally-designated high-speed rail corridors. Proposals need to meet certain financial, labor, and planning criteria, as well as a detailed description to account for any impacts on existing passenger, commuter, and freight rail traffic to be considered. Upon receipt of qualifying proposals, the Secretary is directed to form a Commission of local stakeholders to study the submissions. The Secretary is required to issue a report to the Congress on the Commission's findings and recommendations.

II. American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

Signed on February 17, 2009, the Recovery Act provides $64.1 billion of infrastructure investment, of which $9.3 billion is dedicated for passenger rail. This includes $8 billion in grants to States for development of intercity passenger and high-speed rail, in accordance with sections 301 and 501 of PRIIA. Funds are available through September 30, 2012. The remaining $1.3 billion was provided to Amtrak for capital and safety/security improvements. Those funds are available through September 30, 2010.

Following enactment of the Recovery Act, the President released FY 2010 budget outline that proposed additional funding for each of the next five years for the advancement and development of high-speed rail throughout the United States.

On April 16, 2009, the President released a strategic plan for a new vision for high-speed intercity passenger rail to help reduce dependence on cars and planes and encourage economic development of a "clean, energy-efficient option for travelers."[24] The plan, which was developed in accordance with the Recovery Act, proposes a long-term strategy intended to build an efficient, high-speed passenger rail network of 100- to 600-mile intercity corridors, as one element of a modernized transportation system. In the near term, the proposal laid the foundation for that network by investing in intercity rail infrastructure, equipment, and intermodal connections, beginning with an $8 billion "down payment" provided under the Recovery Act, and continuing with a longer-term high-speed rail program. According to the plan, the near-term investment strategy seeks to: (1) advance new express high-speed corridor services (operating speeds above 150 mph on primarily dedicated track) in select corridors of 200-600 miles; (2) 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; and (3) upgrade reliability and service on conventional intercity rail services (operating speeds up to 79-90 mph).

[24] DOT, *President Obama, Vice President Biden, Secretary LaHood Call for U.S. High-Speed Passenger Trains* (April 16, 2009).

On June 23, 2009, the Federal Railroad Administration (FRA) issued High-Speed Intercity Passenger Rail Interim Program Guidance and Application Forms, which was also required by the Recovery Act.[25] FRA's interim guidance was designed to build on President Obama's "Vision for High-Speed Rail" by outlining the application requirements for obtaining funding for high-speed rail projects made available through the Recovery Act and the DOT Appropriations Acts of FY 2008 and FY 2009.

To accommodate the expected variety of applicant goals and stages of project development, the FRA designed four funding tracks under which applications can be submitted by States (or Amtrak).

- Track 1 provides for intercity passenger rail projects to improve existing services that are "ready-to-go" and can be completed within two years of award.[26] Track 1 projects are funded by the Recovery Act.

- Track 2 is for projects aimed at the development of "new High-Speed Rail corridors and Intercity Passenger Rail services." In addition, Track 2 is available for substantial upgrades to existing corridor services for projects eligible under PRIIA Section 501 (High-Speed Rail Corridor Development) and Section 301 (Intercity Passenger Rail Corridor Capital Assistance).[27] They are longer-term projects that must be completed by September 17, 2017. Track 2 projects are funded by Recovery Act.

- Track 3 is reserved for planning activities for the development of future high-speed rail projects.[28] Track 3 projects are funded through DOT FY 2008 and 2009 appropriations which require a 50 percent non-Federal match. The planning activities must be completed within two years.

- Track 4 is designed for high-speed rail projects that are eligible for Track 1 funding, but where the applicants are providing a 50 percent non-Federal match of financing.[29] The projects must be completed within five years of obligation. Track 4 projects are funded by FY 2009 Appropriations.

Pre-applications for high-speed rail projects for all tracks were due to the FRA on July 10, 2009. The FRA received 278 pre-applications for $103 billion in projects. Final applications for Tracks 1, 3, and 4 projects were due on August 24, 2009. FRA received 214 applications from 34 states totaling $7 billion for these corridor projects.[30] Final applications for Track 2 projects were due on October 2, 2009. FRA received 45 applications from 24 states for approximately $50 billion to advance these high-speed rail corridor programs.[31] On October 6, 2009, the FRA announced that awards will be made in the winter of 2009/2010 and "selections will be merit-based and will reflect President Obama's vision to remake America's transportation landscape."[32]

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[25] *High-Speed Intercity Passenger Rail ("HSIPR") Program*, 74 Fed. Reg. 29,900 (June 23, 2009).
[26] *Id.*, at 29904.
[27] *Id.*
[28] *Id.*
[29] *Id.*
[30] FRA, Statement of Federal Railroad Administration Administrator Joseph Szabo, (October 6, 2009).
[31] *Id.*
[32] *Id.*

III. Surface Transportation Authorization Act

The Surface Transportation Authorization Act (STAA), a bill that will reauthorize the Federal highway, transit, and highway safety programs for the next six years, provides $50 billion to develop the 11 authorized high-speed rail corridors linking major metropolitan regions throughout the United States. The STAA will create a long-term investment program for developing high-speed rail nationwide, which will advance the President's agenda and vision. Greater consideration will be given to projects that encourage intermodal connectivity; create new jobs; promote energy efficiency, environmental, and other public benefits; and leverage contributions from state and private sources. In addition, FRA will conduct an evaluation of the proposals' impact on the preservation or expansion of domestic manufacturing capabilities as well as new or expanded business opportunities in the United States.

The STAA also makes high-speed rail development projects eligible for financing through the National Infrastructure Bank, and creates a research, development, and demonstration program for high-speed rail technologies. This new program generates an opportunity to create jobs through the establishment of high-speed rail locomotive and car manufacturing facilities in the United States. Finally, the STAA provides funding for high-speed rail corridor planning activities, including environmental work.

WITNESSES

Mr. Robert Baugh
Executive Director of the Industrial Union Council
AFL-CIO

The Honorable Frank Busalacchi
Secretary, Wisconsin Department of Transportation and
Chair, States for Passenger Rail Coalition

Mr. Thomas Carper
Chairman of the Board
National Railroad Passenger Corporation (Amtrak)

Ms. Susan Fleming
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Mr. Ed Hamberger
President
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On behalf of American Association of State Highway and Transportation Officials

The Honorable Joseph C. Szabo
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