American Short Line and Regional Railroad Association

July 19, 2022

The Honorable Brian Schatz
Chair
Subcommittee on Transportation, Housing,
Urban Development and Related Agencies
U.S. Senate Committee on Appropriations
S-146A, The Capitol
Washington, DC 20510

The Honorable Susan Collins
Ranking Member
Subcommittee on Transportation, Housing,
Urban Development and Related Agencies
U.S. Senate Committee on Appropriations
S-128, The Capitol
Washington, DC 20510

Dear Chair Schatz and Ranking Member Collins:

On behalf of the 600+ short line freight railroads nationwide, I write urging you to build on the momentum established in the recent infrastructure legislation and fund the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program at the fully authorized $1 billion level in the FY2023 transportation appropriations bill.

Ensuring that vital, robust resources are available for short line freight rail through CRISI will help achieve important goals like supporting sustainability, spurring economic growth, reducing supply chain inefficiencies, and ensuring a safe rail network for all who rely on it.[1]

We urge you to provide robust CRISI funding in the Fiscal Year 2023 appropriations bill

Short line freight railroads are tied to 478,000 jobs nationwide, $26.1 billion in labor income, $56.2 billion in economic value-add, and provide a service that 10,000+ businesses nationwide rely upon to get goods and products to and from market daily.[2] We are critical to the nation's supply chain, serving as the first and last mile between suppliers and customers and the global economy. Without the link we provide, our country's supply chain would see significant snarls, and the many industries we serve – manufacturing, agriculture, energy, chemicals, minerals, metals, and timber among them – would endure dramatic disruptions.

Short line freight railroads are all small businesses that operate on track and rely on bridges and tunnels that were at risk of being abandoned and were largely outdated when they were acquired from larger railroads, often decades ago. This backlog requires extensive investments to address, making short line railroading one of the most capital-intensive industries in the country, requiring short lines to invest on average 25% to 33% of their annual revenue in upkeep.

[1] A similar version of this letter was sent in June 2022 to leaders of the transportation and housing subcommittee of the House Committee on Appropriations; as a spending bill is drafted in the Senate, ASLRRA is conveying these key points to this panel as well.
[2] The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, prepared by PWC for the American Short Line and Regional Railroad Associations (ASLRRA) (2018).

In 2015, Congress recognized these needs and took action, creating CRISI and making Class II and Class III short line railroads directly eligible recipients of competitive funds. Since the first grants were awarded in 2017, short lines have used program resources to upgrade ties, siding, ballast, and track so that industry-standard 286,000-lb railcars can move safely and efficiently. Short lines have revitalized vast sections of the rail network and allowed for greater volume of service, eliminating bottlenecks, and reducing congestion – as well as harnessing the enormous environmental and safety benefits of moving goods and freight by rail.[3]

Even with these smart, sensible investments, our industry estimates more than $12 billion is necessary to allow short line railroads to modernize and meet the country's freight needs.[4] In 2021, Congress passed the Infrastructure Investment and Jobs Act (IIJA), recognizing so many unmet needs facing our national rail network, dramatically expanding CRISI's scale, providing advance appropriations of $1 billion per year for five years, and authorizing an additional $1 billion per year. Eligibility for upgrading locomotives to achieve significant reductions in emissions was also added.

In the recent FY2022 omnibus bill, due to your leadership, Congress provided $625 million for CRISI pursuant to the new, heightened authorization level. The Biden administration, in its FY2023 transportation request, sought $500 million. While a sizeable amount and a statement of support for the program, the budget request effectively – and perhaps inadvertently due to the inverted timing of the FY22 omnibus and the FY23 budget – cuts federal funding for this vital economic incubator. Nevertheless, when this discrepancy was noted to the administrator of the Federal Railroad Administration (FRA), Amit Bose, on June 14, 2022 at a hearing before the House Committee on Transportation and Infrastructure, Administrator Bose noted how he wanted to make sure the program continued "robustly." Earlier in the hearing, he noted, "Short lines play such an important role in the railroad network that we have, and we want to do everything possible to make sure that they are robust and have the funding to make the improvements that they need…the CRISI program is such a great tool to do that."

We urge you to fund CRISI at the fully authorized $1 billion level in the FY2023 Transportation, Housing and Urban Development spending bill. An appropriation at the full authorization level – coupled with the advance appropriations – will help improve the environment by moving freight off the road to the greener, more sustainable rail alternative. Funding at the full authorization level will also allow more railroads to double down on safety enhancements and bolster network fluidity, helping countless rural and urban communities get goods to and from market. This imperative – to realize the forward-looking, freight-focused promise of the IIJA – is reflected in the 16-member request letter led by Sen. Bob Casey to this subcommittee in May (attached).

We urge you to ensure there is a level playing field in the CRISI competitive process

With a level playing field in the competitive process, short line projects have fared well in many recent rounds. In the recent FY2021 awards announced in early June 2022, for example, 24 short line freight railroads were beneficiaries out of a total of 46 awards. This momentum should be sustained, with continued flexibility in granting awards and a focus on the good CRISI can bring to both rural and urban communities. Many short line railroads have a diverse and varied set of freight-moving projects in the pipeline waiting for a chance to compete.

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[3]Since 2017, there have been 230 CRISI awards totaling more than $1.5 billion, benefiting 47 states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.
[4] ASLRRA's capital investment needs estimate based on compendium of studies from the Federal Railroad Administration, Kansas State University, American Association of State Highway Transportation Officials (AASHTO), and ZETA-TECH Associates.

We discourage set-asides within CRISI for passenger rail projects or expansions to include major new eligible applicants such as commuter railroads. With so many forces challenging our supply chain, short lines ought to remain viable competitors for all of these limited funds. While we have no opposition to passenger rail, as the committee knows well, IIJA already provides Amtrak and passenger rail applicants with $16.4 billion in authorized and emergency for FY2023 alone; it would be unfair and unnecessary to create a set-aside and divert limited funds that would otherwise be open to short lines toward passenger rail activities already flush with resources.[5]

We urge you to ensure directed-spending does not result in steering limited funds away from a pool of competitive projects

ASLRRA understands the subcommittee intends to earmark from out of the CRISI program. While we do not oppose earmarking and we respect the Senate's efforts to ensure a transparent and conflict-free process, we have concerns about the extent to which earmarking might undermine CRISI's competitive structure. Similar to our request last year, we offer the following suggestions:

- First, limit the percentage of CRISI funding that you earmark to an overall amount that is substantially less than the amount available for competitive awards. In this vein, a viable option could be to gross up the CRISI appropriations overall funding level so that the committee can accommodate Senators' earmark requests while also ensuring that the level of funding for FRA to award competitive grants is reflective of the significantly increased levels in IIJA.

- Second, direct spending in lieu of creating set-asides. We encourage your panel to insist that the final FY23 legislation abandon the practice of set asides within CRISI; instead, we encourage you to earmark those amounts and then leave the rest of the program open for full and flexible merit-based competition.

- Third, direct spending in a way that provides opportunities for short lines. While private for-profit short lines are directly eligible applicants under CRISI, we understand that they cannot be directly eligible recipients of directed spending. However, there are still opportunities to direct spending to projects that can help short lines serve our communities, whether by directing spending to public entity applicants that will work with short lines to carry out critical projects or directing spending to public entities that own short lines.

We urge you to also fund other key discretionary programs at robust levels

IIJA also provides substantial funding levels for several other programs, including the Local and Regional Project Assistance Program (RAISE), the Nationally Significant Freight and Highway Projects Program (INFRA), the new Railroad Crossing Elimination Program, and the Port Infrastructure Development Program (PIDP). We support robust funding for these programs in the next appropriations bill because they play a critical role in keeping goods and freight moving swiftly and efficiently, and because short line projects are among the dozens of types of projects eligible for resources.

We urge you to fund SLSI and Operation Lifesaver accounts at robust levels

The Short Line Safety Institute (SLSI) has been instrumental in improving safety culture at short line railroads nationwide. SLSI provides critical training, education, research, and assessments, and its staff undertake other

[5] FY2023 passenger rail funding includes funds for Amtrak and the Northeast Corridor ($1.1 billion authorized, $1.2 billion in advance appropriations), which could benefit commuter rail; Amtrak's national network ($2.2 billion authorized, $3.2 billion in advance appropriations), and the Federal-State Partnership for Intercity Passenger Rail Grant Program ($1.5 billion authorized and $7.2 billion in advance appropriations).

activities that lead to enhanced safety practices throughout the rail industry. SLSI has seen tremendous success in improving safety awareness and preventing injuries and accidents, having assessed almost 100 railroads and interacted with more than 10,000 railroad workers in recent years. SLSI enhances the industry's safety culture with published research and value-added work and insight. SLSI's training programs for the safe and compliant transportation of hazardous materials are critical for communities and railroad worker safety, and they continue to be in high demand for rail stakeholders. Operation Lifesaver (OLI), similarly, is an entity that advances safety on the nation's railroads, focusing vigorously on efforts to prevent collision, injuries and fatalities on tracks and at highway-rail grade crossings.

We recommend funding SLSI at $3 million for FY2023 and continuing to support funding SLSI and OLI through the FRA's R&D accounts, which were bolstered by IIJA. Continuing to fund these safety efforts from the traditional sources allows CRISI and other FRA accounts to remain available for critical projects that will bolster the rail network and help break up bottlenecks – while also advancing safety and sustainability.

Finally, we urge you to continue to exclude any language allowing longer or heavier trucks on our roads.

Oversize and overweight trucks can harm roads and bridges, require undue maintenance expense, and jeopardize the safety and well-being of motorists. We greatly appreciate your continued efforts, as reflected in the FY2022 omnibus bill, to include language that ensures that policy decisions concerning truck size and weight limits are guided by proper science and research to ensure trucks and other commercial vehicles minimize damage to our road network, pay their fair share for road use, and present no undue safety hazard to others on our roadways.

Conclusion

We appreciate your close attention to these matters and your efforts to advance policies that keep heavy freight on the rail network (instead of on other modes, like trucks), which is safer, more environmentally friendly, and helps lessen the deterioration of publicly-funded roadways.

We stand ready to answer questions or discuss these items further.

Sincerely,

Chuck Baker
President
American Short Line and Regional Railroad Association (ASLRRA)