



American Short Line and Regional Railroad Association

February 8, 2023

The Honorable Pete Buttigieg
U.S. Department of Transportation
1200 New Jersey Ave., SE
Washington, DC 20590

The Honorable Shalanda Young
Executive Office of the President
Office of Management and Budget
Washington, DC 20503

Dear Secretary Buttigieg and Director Young:

It has been a little over a year since President Joe Biden signed into law the Bipartisan Infrastructure Law (BIL), or Infrastructure Investment and Jobs Act (IIJA). As President Biden mentioned in his State of the Union address yesterday, over the past 15 months, communities nationwide have harnessed the critical resources of this important new law and expanded economic opportunities. This is especially true of the short line freight railroad members of the American Short Line and Regional Railroad Association (ASLRRA). The 600 small business railroads that ASLRRA represents are on the front lines of many pivotal battles, like fighting congestion in the supply chain, mitigating climate change and ensuring safety on the freight rail network. As you prepare the U.S. Department of Transportation's Fiscal Year 2024 budget proposal for submission to Congress, we ask you to ensure your proposal provides appropriate, robust funding for the key programs that short line railroads rely upon to serve customers and sustain our country's economic vitality.

ASLRRA's freight railroad members are small businesses that have an outsized impact on the communities they serve. Together, our members are tied to 478,820 jobs nationwide, \$26.1 billion in labor income and \$56.2 billion in economic value-add – providing a service that 10,000 businesses nationwide rely upon to get goods and products to market daily.¹ Many of these businesses represent industries critical to our country's economy, including the manufacturing, agricultural, energy, chemical, minerals, and metals sectors.

The transformative projects made possible by the BIL are easily apparent after only a year, but to fully unlock the law's potential, your budget proposal should demonstrate to Congress this administration's whole-hearted support for funding programs to the fullest extent authorized.

First, we urge you to propose CRISI funding at the full authorized \$1 billion amount. Class II and Class III short line and regional railroads are directly eligible recipients of Consolidated Rail Infrastructure and Safety Improvements (CRISI) program grants, and since 2017 they have used well over a billion dollars in grant awards to replace centuries' old bridges, build and upgrade thousands of miles of track and undertake other projects to ensure rural and urban communities have better access to the global marketplace. These advancements make shipping by rail even safer, reduce supply chain bottlenecks, ease roadway congestion by shifting the movement of freight from truck to rail, and allow railroads to offer customers a more environmentally friendly shipping option. Moreover, shipping by rail can be an important tool in the fight against inflation, as moving goods and freight by rail is a comparatively less expensive surface transportation option than other modes.

¹ The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, prepared by PWC for ASLRRA (2018).

Short lines will need extensive additional resources to continue to improve their networks. We estimate more than \$12 billion in investments are necessary to ensure the short line freight rail industry can modernize and meet the needs of our country's economic base.²

As we heard Secretary Buttigieg say during his July 19, 2022 testimony on the BIL, "Short line railroads are more important than ever, [and] we need to make sure we're supporting them."³ His testimony highlights the CRISI program as a "very important source of support for all railroads." We are confident that demand for Fiscal Year 2022 CRISI resources reflected a vigorous level of need and enthusiasm for the program, which will certainly be repeated for Fiscal Year 2023. Thankfully, the BIL provides robust CRISI funding levels to help meet railroads' needs. The legislation provides advance appropriations of \$1 billion per year, which will help to progress many critical projects. Beyond that, however, the BIL also authorizes up to \$1 billion per year, which Congress has the option to provide. **It is imperative that you urge Congress to provide the full, authorized amount to meet our shared goals for rail and the safety, economic prosperity and environmental sustainability it represents.**

These resources will help short line railroads continue to play a key role in your efforts to achieve transportation decarbonization by 2050. As you know, a December 2022 report on carbon dioxide emissions in the transportation sector by the Congressional Budget Office shows that while freight rail accounts for 29 percent of the total share of ton-miles of freight, it emits only 0.05 pounds of carbon dioxide per ton-mile. That is compared to 0.40 pounds of carbon dioxide emitted per ton-mile by trucks.⁴ With short line railroads able to use CRISI funding to make a variety of improvements that increase efficiency, including procurement of more environmentally friendly locomotives, this grant program is a particularly powerful tool in the fight against climate change.

Second, we urge you to propose funding other key programs like RAISE, INFRA, RCE and PIDP at their full authorized amounts. The BIL also authorizes robust 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 Railroad Crossing Elimination Program (RCE), the Port Infrastructure Development Program (PIDP), in addition to advance appropriations for those programs. RAISE, INFRA, RCE and PIDP can also play a critical role in helping short line freight rail keep goods and freight moving swiftly and efficiently while advancing sustainability and safety.

Finally, we urge you to propose funding SLSI and Operation Lifesaver accounts at a robust level. The Short Line Safety Institute (SLSI) has been instrumental in improving safety culture at short line railroads nationwide. SLSI provides critical training, education, research, assessments, and its staff undertake other 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 completed 121 railroad safety assessments and reached 11,896 railroaders. 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 focuses on advancing safety on the nation's railroads, focused vigorously on efforts to prevent collision, injuries and fatalities on tracks and at highway-rail grade crossings. We continue to support funding SLSI and OLI through the Federal Railroad Administration (FRA)'s Research and Development (R&D) and Safety and Operations (S&O) accounts, respectively.

² ASLRRRA'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.

³ Testimony of Secretary Pete Buttigieg, U.S House Committee on Transportation & Infrastructure, July 19, 2022.

⁴ Congressional Budget Office, "Emissions of Carbon Dioxide in the Transportation Sector," December 2022.

In conclusion, we look forward to continuing to work with you to ensure the successful implementation of the BIL. We appreciate your close attention to this matter and stand ready to answer questions or discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Baker', written in a cursive style.

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