American Short Line and Regional Railroad Association

March 25, 2025

Chairman Steve Womack
Subcommittee on Transportation, Housing, Urban Development, and Related Agencies
House Committee on Appropriations
2358-A Rayburn House Office Building
Washington, DC 20515

Ranking Member James E. Clyburn
Subcommittee on Transportation, Housing, Urban Development, and Related Agencies
House Committee on Appropriations
1036 Longworth House Office Building
Washington, DC 20515

Dear Chairman Womack and Ranking Member Clyburn:

I write on behalf of the more than 600 Class II and III freight railroads (known as short line railroads) that support our nation's economy, families and communities. **As you develop the Fiscal Year 2026 Transportation, Housing and Urban Development appropriations bill, we urge the subcommittee to provide the full authorized funding of $1 billion for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program.** It is important that this vital program continues to make the investments in our supply chain that are critical to the communities and workers that you represent. In addition, we have other suggestions for policies that could further enhance the bill you are drafting.

<u>The short line freight rail industry</u>

Short lines are proud of their activity in each state represented on the subcommittee. Our members are critical links in the nation's freight supply chain, and vital engines of economic activity, tied to 478,000 jobs nationwide, $26 billion in labor income and $56 billion in economic value-add. More than 10,000 shippers rely on our railroads to bring their goods and products to market.[1] We typically serve as the first and last link of the national freight rail network, providing critical connections for components of the economy that are key to America's economic success, including the manufacturing, agriculture, energy, chemical, mining and metals sectors. For areas of rural and small-town America, we are typically the only connection to the national rail network. Using rails instead of trucks to move freight helps avoid damage to roads and bridges, sparing local, state and federal road budgets, while reducing congestion and accidents. Short lines also provide their customers with a freight logistics option that is more cost effective and energy efficient than trucking.

Our industry was spurred to new life in the early 1980s when Congress took action to restructure the nation's struggling freight rail system, including allowing the large railroads to spin off moribund rail

---

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

lines. Entrepreneurs acquired and revived these marginal lines, typically in very poor condition, preserving freight rail service for thousands of customers in small town and rural America. Unfortunately, even after decades of investment by short lines—often a quarter to a third of their annual revenue—the backlog of repairs is still dramatic. We estimate that more than $12 billion is needed to allow short lines to fully modernize and meet the country's freight needs.[2]

Importance to safety, competitiveness, and production

In 2015, Congress, responding in part to the needs of short lines, created the CRISI program, making Class II and III railroads directly eligible recipients. Since 2017, CRISI has invested $5.2 billion in projects across 48 states and the District of Columbia, of which roughly $2.7 billion has been for short line projects.[3] Short lines have used CRISI funds to replace track and crossties, add and extend sidings, rehabilitate and replace bridges, invest in technology systems, and upgrade locomotives. These investments have helped short lines handle today's industry-standard 286,000-pound railcars, enhancing network interoperability and supply chain efficiency. Importantly, CRISI has allowed short lines to improve safety, as upgrading track helps prevent the top causes of derailments on short lines: broken rail accidents caused by old, worn-out rail and wide gauge accidents caused by poor crosstie and roadbed conditions.

This record of success led Congress to substantially increase CRISI's funding levels in the last surface transportation authorizing package, providing $1 billion per year in advance appropriations and authorizing up to $1 billion per year through FY 2026. In recent years, Congress provided $535 and $199 million respectively in the FY 2023 and 2024 annual appropriations bills. Eager to see a continuation of this commitment, 140 House offices signed a letter in 2025 showing strong support for funding the CRISI program. The FY 2025 House bill would have provided $298 million for CRISI while the Senate bill would have provided $375 million.

Ensure the program remains capable of bolstering short line freight rail

We request your bill include safeguards to ensure that CRISI remains capable of providing investments consistent with Congress' intent to support short line networks.

- **Avoid set-asides for passenger rail projects or expansion of eligibility to commuter railroads**. With so many challenges facing our supply chain, short lines ought to remain viable competitors for these limited funds. Congress provides Amtrak and passenger rail applicants with massive funding, far beyond what is available through CRISI. Commuter rail transit has access to substantial dedicated funding programs administered through the Federal Transit Administration, such as formula funding and the Capital Investment Grant program. Commuter entities are eligible for department-wide competitive grant programs, like Mega and RAISE, and federal loan programs such as RRIF. It would be unfair, unnecessary and against Congressional intent to divert limited funds that would otherwise be open to small freight railroads instead to passenger

[2] Ibid. PwC.

[3] Forty-nine out of fifty states and the District of Columbia have benefitted from 383 CRISI awards.

and commuter rail. We are aware of challenges faced by the commuter rail industry, but Congress was aware of similar challenges when it created the program and nonetheless explicitly chose to exclude commuter railroads from eligibility for CRISI. Lawmakers specifically limited CRISI funding eligibility to projects on intercity passenger rail lines, such as those operated by Amtrak, and to freight rail projects and specifically made Class II and Class III short line railroads a directly eligible applicant. The effects of this wise policy choice can be seen in the growing strength and efficiency of the short line freight rail network, particularly in the rural areas and small towns that most short lines serve.

- **Encourage flexibility in size of awards.** ASLRRA urges the subcommittee to include report language to encourage FRA to recognize that a series of smaller awards spread across a diversity of smaller railroad projects can have the same, if not more, positive impact as an award to a single major corridor.

  Ensure realistic match requirements. We understand there may appear to be rationale at times to favor grant applications that "over-match," or that pay more of their cost share than required. This could come at the detriment of important short line projects that simply cannot provide an overmatch in funds. We appreciate committee efforts to support projects that may need a significant federal cost share, especially smaller projects in rural areas and with severely limited resources. We ask that bill language again direct FRA to disregard 49 USC 22907(e)(1)(A), which requires that projects be given preference for selection for which the proposed Federal share of project costs does not exceed 50 percent. This language, which has been included in prior years, should be incorporated again and apply to both FY 2026 advance and annual appropriations, as well as to unobligated prior fiscal year resources. The current language in 22907(e)(1)(A) competitively disadvantages smaller and economically weaker applicants seeking CRISI funding.

- **Increase transparency**.
  - In recent appropriations laws, Congress directed FRA to provide reports on the status of grant agreements and obligations, from FY 2017 forward for CRISI and other discretionary grant programs. These reports provide valuable transparency for stakeholders in FRA's grants programs and support agency accountability to the taxpayers. We request that you direct those reports to continue.
  - Congress has required that DOT publish basic information on applications for discretionary grant programs for each cycle, such as for RAISE and INFRA. We encourage the committee to direct FRA to do so in a similar manner for the CRISI program, including retroactively for FY 2022 through 2024.

- **Consider effective administration of grant programs when evaluating agency resource reductions**. The federal government is undertaking a broad drive to improve efficiency that has reduced staff and contract support resources at many agencies, including FRA, with further cuts proposed. A stable core of permanent and experienced staff is needed to support CRISI program administration. As the program grew rapidly with substantial additional resources from Congress, we observed that understaffing, use of inexperienced staff, or the aggressive use of contract resources were all variables that could negatively impact program delivery. Environmental clearance and grant agreement negotiation are particularly sensitive processes. Agency capacity is important for smaller grant recipients who do not have extra resources that can mitigate limitations at the agency. It takes several years for a new staffer to develop domain expertise in the rail industry and grant administration. As this process proceeds, we encourage careful consideration of the FRA's workforce needs to effectively administer the agency's grant programs.

- **Restrict agency requirements that lack a statutory basis.** Since the first CRISI competition, the program notice of funding opportunity (NOFO) has more than doubled in length. Some of these elaborations provided enhanced guidance to applicants that improved communication of the program, application form and content requirements. However, NOFOs have seen the growing imposition of post-selection requirements that are described as mandatory ("...projects must...as a condition of receiving construction funds..."). This is notable within the NOFO section on *Administrative and National Policy Requirements*, but not exclusive to this section. These may mandate studies and preparation of complex planning documents. Making these requirements a condition of grant funding post-selection may violate federal law. There is potential for the agency to use such "shadow" requirements to bypass the evaluation criteria specified for the program by Congress. These additional requirements confuse applicants as to how to write their narratives and can cause them to provide significant additional material in appendices to their applications. We encourage Congress to reassert its authority over the program in this area through statutory language in the bill.

<u>Fund SLSI and Operation Lifesaver accounts at a robust level</u>

Since 2015 the Short Line Safety Institute (SLSI) has worked with short line railroads to identify and close gaps in safety culture and to train railroad personnel and first responders on the safe transportation and handling of hazardous materials. USDOT's Volpe Center recently found that for railroads evaluated by SLSI and that had a follow-up evaluation, "each railroad in the sample demonstrated evidence of safety culture growth" in all areas measured. 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.

Due to your leadership and that of your counterparts in the Senate, the Fiscal Year 2024 omnibus appropriations bill provided additional resources for SLSI to acquire safety trains to facilitate on-site field training. The total funding level for last year was $5 million, half of which covers new safety trains. We recommend the committee direct funding for SLSI for Fiscal Year 2026 at $2.75 million, which will continue the annual $2.5 million level you have wisely directed to SLSI in previous years, as well as $250,000, which would help address the small additional costs associated with new trains, including administrative costs, insurance, maintenance and repairs.

In addition, we recommend continuing to support funding SLSI and OLI through the FRA's Research & Development accounts. Continuing to fund these safety efforts from this traditional source allows CRISI and other FRA accounts to remain available for critical projects that will bolster the rail network while also advancing safety and sustainability.

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. Allowing longer or heavier trucks shifts freight from more efficient rail onto roads.

We appreciate your close attention to these points and your strong leadership on transportation policy.

Sincerely yours,

Chuck Baker
President, ASLRRA

Cc:

Rep. Pete Aguilar (CA-33)
Rep. Stephanie Bice (OK-05)
Rep. Juan Ciscomani (AZ-06)
Rep. Tom Cole (OK-04)
Rep. Rosa DeLauro (CT-03)
Rep. Adriano Espaillat (NY-13)
Rep. Tony Gonzales (TX-23)
Rep. Dave Joyce (OH-14)
Rep. Mike Quigley (IL-05)
Rep. Hal Rogers (KY-05)
Rep. John Rutherford (FL-05)
Rep. Dale Strong (AL-05)
Rep. Norma Torres (CA-35)
Rep. Bonnie Watson Coleman (NJ-12)
Rep. Ryan Zinke (MT-01)