

Statement of
The Honorable Joseph C. Szabo
Federal Railroad Administrator
before the
Subcommittee on Transportation, Housing and Urban Development, and Related
Agencies
Committee on Appropriations
United States Senate

April 29, 2010

Chairwoman Murray, Ranking Member Bond, and Members of the Subcommittee: Thank you for the opportunity to appear before you today to discuss the Federal Railroad Administration's (FRA) Fiscal Year (FY) 2011 budget request.

This request, which totals \$2.9 billion, reflects the Administration's commitment toward keeping the Nation's rail transportation systems safe, secure, and efficient. In addition, this request supports the Administration's pledge to provide the traveling public with a practical, energy efficient, and environmentally sound alternative to flying or driving, particularly where there is congestion in the air or on the roads, through strategic investments in high-speed rail.

As you know, in April 2009, I was appointed as the FRA Administrator. I arrived to find FRA in the midst of a grand realignment. The entire organization was focused not only on the effective implementation of the Rail Safety Improvement Act (RSIA) and the Passenger Rail Improvement and Investment Act (PRIIA) that were enacted in October 2008, but on the requirements of the American Reinvestment and Recovery Act (ARRA), which was passed in February 2009. The impact of these mandates on FRA has been significant. RSIA and PRIIA mandated new and expanded safety mission responsibilities and programs, while ARRA appropriated an unprecedented \$9.3 billion in resources for intercity passenger rail programs.

Over the past year, FRA has executed its rail safety regulatory mission, while simultaneously implementing an entirely new line of business — the design and management of a multibillion-dollar, discretionary high-speed rail grant program. As expected, this transformation has not come without obstacles, challenges, and lessons learned. However, the support this Committee has given to FRA has enabled our agency to acquire the staff and resources to fortify our continued success. In fact, we are making good progress in building our workforce. We have hired and/or made offers to nearly half of the 20 new positions that were funded in FY 2010 and have active recruitments for the remaining positions. I expect within a few months, FRA will have the majority of the new staff in place.

In considering FRA's FY 2011 budget request, I hope the Committee recognizes the great care that was taken to present a request that fully supports the heart of our mission—rail safety—while continuing to enhance our capacity to manage the comprehensive management and oversight requirements of the high-speed rail grant program.

Railroad Safety

For FY 2011, we are proposing a strong blend of safety program enhancements and technical budget changes.

Currently, all of FRA's administrative and operational expenditures (i.e., salaries, benefits, GSA rent, Working Capital Fund contributions, etc.) and several safety-related programs (Automated Track Inspection Program (ATIP) and Railroad Safety Information System (RSIS)) are funded under a single account titled "Safety and Operations." In FY 2011, the major technical change proposed is the elimination of the overarching Safety and Operations account and the establishment of two new, more targeted accounts (1) **Railroad Safety** and (2) **Federal Railroad Operations**. The proposed new account structure is more transparent and provides insight into the cost of FRA's safety-specific program activities, as well as FRA's internal administrative operations. The new structure will allow FRA to be more precise in its reporting and accountability and directly supports the Administration's transparency initiatives.

Programmatically, under the new Railroad Safety account, a total of \$49.5 million is requested to carry out FRA's mission-critical railroad safety functions and activities. This new account captures the costs associated with FRA's major rail safety program activities, which were previously funded under Safety and Operations. Activities proposed to be funded under the new Railroad Safety account include: Automated Track Inspection Program (ATIP), the Risk Reduction Program (RRP), and FRA's safety inspector-related travel.

FRA Management and Administration

A total of \$153.8 million and 948 full-time equivalents (FTE)/979 positions are requested under the new **Federal Railroad Operations** account to fund (1) FRA's administrative activities such as: payroll, information technology infrastructure, and other shared costs and (2) provide the necessary human resources needed to accomplish a myriad of priorities and to ensure the sound stewardship of FRA rail safety compliance, research and development, and financial assistance programs.

Included in this request are 62 new positions that will enable FRA to continue to make measured progress on accomplishing the responsibilities mandated by RSIA, PRIIA, and the Administration's high-speed rail initiative. These new positions minimize FRA's operational risk and will allow the agency to hire additional staff with the specialized skills and experience (e.g., civil and mechanical engineers, environmental specialists, and financial analysts) necessary to fully support FRA expanding programs and mission-essential activities.

Finally, FRA's FY 2011 budget includes a rail safety user fee. The rationale for this fee is consistent with that of other DOT Modal Administrations that have a fee structure to help finance, in whole or in part, costs associated with safety mission programs and activities. This user fee is modeled after a rail safety user fee FRA administered between 1991 and 1995. As proposed, in FY 2011, FRA estimates \$50 million in collections could be generated for use in defraying the salary and benefit costs of up to 330 rail safety inspectors across the country.

Rail Research and Development

A total of \$40 million is requested to support FRA's **railroad research and development** program and agenda. Specifically in FY 2011, FRA will focus added resources in the areas of railroad systems safety, train control testing and evaluations, and the newly authorized "Rail Cooperative Research Program." This new initiative will enable FRA to efficiently gather input from stakeholders to identify and validate rail research priorities and accelerate the real-world impact of FRA's research and development program by strengthening the academic and industrial railroad technical communities.

High-Speed Rail

In less than two years, we have witnessed the notion of intercity transportation change across the country. Although the foundation for a Federal-State partnership to focus on the development of high-speed rail began with the passage of PRIIA, it was the \$8 billion provided in the ARRA that has truly advanced this initiative. Delivering on the Administration's vision and realizing the benefits of high-speed rail requires a long-term commitment at both the Federal and State levels. For this reason, last year, the Administration proposed a multiyear initiative to invest \$5 billion over the next five years to leverage resources at the State and local levels, as well as in the private sector. This initiative will fund strategic investments that yield tangible benefits to intercity rail infrastructure, equipment, performance, and intermodal connections over the next several years, while building capacity for future corridor development. This particular program is also expected to have a positive impact on the Nation's rail-related manufacturing sector, which has declined over the past two to three decades. As the major corridor projects are awarded, the steel and rolling stock necessary to build and operate the infrastructure can be supported by our country's factories and a talented workforce.

The \$1 billion requested in the 2011 Budget is the second year of the Administration's 5-year high-speed rail initiative. These resources will continue support of the Administration's vision to provide a sustainable 21st-century rail transportation solution that is energy-efficient, environmentally sound, and leverages State, local, and private sector resources and partnerships. This request continues funding to advance the high-speed rail infrastructure capacity across the Nation and includes up to \$50 million for program administration and oversight activities, \$50 million for planning grants and activities, and \$30 million for high-speed rail research and development activities.

National Passenger Rail Corporation (Amtrak)

FRA and Amtrak have shared a strong partnership for decades, and we continue to successfully collaborate on critical issues such as: (1) ensuring rail safety; (2) promoting environmental quality; and (3) addressing national passenger rail transportation priorities and policies. The FY 2011 budget request for Amtrak, which totals \$1.637 billion, is a reflection of this Administration's continuing support of this partnership.

Within the overall request, \$563 million is requested for Amtrak operations and to support Amtrak's ongoing efforts to advance its mandate to reshape the company by undertaking meaningful reforms and controlling spending. This Federal assistance will supplement Amtrak's traditional corporate revenues, which are generated through passenger revenue (ticket, food and

beverage sales), State-supported revenues (State contracts related to route performance), and its ancillary business revenue.

A total of \$1.052 billion is requested for Amtrak's capital needs and debt service. Included in this funding level is \$281 million to finance Amtrak's FY 2011 Americans with Disabilities Act (ADA) requirements. Finally, \$22 million is requested for a direct grant to the Amtrak Office of Inspector General.

Conclusion

The past 18 months have been filled with exciting challenges for FRA. We have continued to enhance the safety of our citizens and communities that live and use the Nation's freight and passenger rail systems, while designing the policies, programs, and infrastructure necessary to advance the vision and investment of high-speed passenger rail across our country. With this, I am happy to respond to your questions and concerns.

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