

STATEMENT OF  
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BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT  
MARINE INFRASTRUCTURE, SAFETY, AND SECURITY  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION  
U.S. SENATE

HEARING ON

*Passenger Rail: Investing in our Nation's Future*  
December 10, 2014

Chairman Blumenthal, Ranking Member Blunt, Members of the Subcommittee:

Thank you for inviting me here today to discuss intercity passenger rail and our comprehensive multimodal surface transportation reauthorization plan – GROW AMERICA.

The GROW AMERICA Act is a \$302 billion, four-year transportation reauthorization proposal built around the policy imperatives presented by the fact that the decennial census tells us that our nation will see an additional 100 million citizens by the year 2050 – 100 million citizens that will put dramatically increased demands on our surface transportation system, both in moving people and freight. The legislation was formally transmitted to the House and Senate by Secretary Foxx in April of this year.

The GROW AMERICA Act takes an integrated systems approach to meet those transportation challenges facing the country today. As the demands presented by this population growth increase every day, our transportation system is forced to become more connected—from highways and transit, to freight and passenger rail—to adapt.

Our intercity passenger rail system carries more than 30 million passengers to more than 500 American cities each year. Over the last 35 years, travel by passenger rail alone has increased by 62 percent. In forecasting growth over the next 35 years, investment in America's passenger rail system is essential. The GROW AMERICA Act authorizes \$19 billion over four years to invest in a National High-Performance Rail System. One of the hallmarks of this proposal is the creation of a new rail account within the transportation trust fund to provide predictable, dedicated funding for rail.

**State Support for Passenger Rail**

Supporting the nation's intercity passenger rail system has not just been a solely Federal commitment or Amtrak endeavor, but it is a priority that has also ranked high for States in recent years. Since 2009, 32 states and their partners have invested more than \$4 billion in matching funds against the FRA's primary intercity passenger program, the High-Speed Intercity

Passenger Rail (HSIPR) Program, including Connecticut DOT contributing \$175 million for improvements to the New Haven-Hartford-Springfield project and Illinois DOT pledging more the \$120 million for the Chicago-St. Louis Corridor Program. Altogether, 80 percent of the HSIPR Program did not require a state match, yet despite the absence of a match requirement, states have invested over \$3 billion into the system. We have included a detailed summary, in the form of an attachment, of these investments, organized by state and the supporting governors who applied for these Federal dollars.

Also, 18 states have demonstrated their commitment to intercity passenger rail by contributing approximately \$280 million annually to continue operating Amtrak's 29 state-supported short-distance routes—services that carry nearly half of Amtrak's annual riders and provide viable transportation choices to the communities they serve.

### **Predictable, Dedicated Funding for Rail**

Highways, transit, aviation, inland waterways, ports and harbors all benefit from dedicated trust funds. Rail is unique in that it lacks a committed source of federal revenue. As a result, passenger rail capital investments have generally failed to keep up with the needs of existing fleet and infrastructure, leading to a backlog of state of good repair and other basic infrastructure needs. There is currently a multi-billion dollar backlog of projects required to maintain a state of good repair on our Nation's rails, as well as a significant deficit in the capital funding available for maintaining assets and adding capacity for anticipated increases in demand. The Northeast Corridor alone requires investments of nearly \$2 billion per year to maintain good repair.<sup>1</sup> By providing predictable, dedicated funding for rail and placing rail on par with other modes of transportation, GROW AMERICA gives States and localities the certainty they need to effectively plan and execute projects that will improve transportation infrastructure, allow regions and States to achieve their long-term visions for rail transportation, provide accessibility to destinations near and far, and support economic growth.

### **National High-Performance Rail System**

Our nation has not shied away from doing big things to move people and goods, and our rail system should be the envy of the world. In GROW AMERICA, \$19 billion is proposed to address the backlog of disrepair, as well as maintain, expand and improve America's passenger rail network. In addition to making necessary infrastructure investments, these programs improve safety and provide accessibility to disabled Americans, as well as invest heavily in long distance routes, linking Americans in rural and suburban communities to urban areas. Our National High-Performance Rail System proposal allocates funds to two new programs aimed at promoting market-based investments to enhance and grow rail:

- **Current Passenger Rail Service Program** – Over four years, the Act will provide \$9.5 billion to maintain the current rail network in a state of good repair and continue existing services. A significant portion of these funds is intended for “Fix-It First” projects, a

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<sup>1</sup> Amtrak. “Northeast Corridor State of Good Repair Spend Plan.” April 2009

multi-modal GROW AMERICA initiative directed at reducing and eliminating the massive investment backlog caused by years of deferred maintenance on our nation's transportation infrastructure. The Current Passenger Rail Service Program will also fully fund Amtrak and organizes grants around Amtrak's main lines of business: the Northeast Corridor, State Corridors, Long-Distance Routes, and National Assets. This includes:

- \$2.6 billion to bring Northeast Corridor infrastructure and equipment into a state of good repair, thus enabling future growth and service improvements;
  - \$600 million to replace obsolete equipment on State-supported corridors and to facilitate efficient transition to financial control for these corridors to States, as required by Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA);
  - \$3.1 billion to continue operations of the Nation's important long-distance routes, which provide a vital transportation alternative to both urban and rural communities;
  - \$1.8 billion to improve efficiency of the Nation's "backbone" rail facilities, make payments on Amtrak's legacy debt, and implement Positive Train Control (PTC) on Amtrak routes; and
  - \$1.4 billion to bring stations into compliance with the Americans with Disabilities Act (ADA).
- **Rail Service Improvement Program** – The Act provides an additional \$9.5 billion to expand and improve America's rail network to accommodate growing travel demand, which includes:
    - \$6.4 billion to develop high-performance passenger rail networks through construction of new corridors, substantial improvements to existing corridors, and mitigation of passenger train congestion at critical chokepoints;
    - \$2.4 billion to assist commuter rail lines in implementing positive train control (PTC) systems;
    - \$500 million to help mitigate the negative impacts of rail in local communities through rail line relocation, grade crossing enhancements, and investments in short line railroad infrastructure; and
    - \$300 million to develop comprehensive plans that will guide future investments in the Nation's rail system and to develop the workforce and technology necessary for advancing America's rail industry.

### **Transparency, Accountability, and Engagement**

GROW AMERICA proposes additional measures to build upon transparency, accountability, and engagement efforts under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Under PRIIA, Congress sought to improve stakeholder collaboration and the methods for appropriately allocating costs on the Northeast Corridor and State-supported routes, develop standards for the next-generation of passenger locomotives and rail cars, and apply Buy America requirements to the High-Speed Intercity Passenger Rail (HSIPR) Program. In addition to continuing these key initiatives GROW AMERICA proposes to undertake new efforts to improve transparency, accountability, and engagement, including:

- **Amtrak Business Line Structure** – As stated, GROW AMERICA organizes financial support for Amtrak’s existing passenger rail services by “business lines.” This structure improves transparency and accountability for taxpayer investments by aligning costs, revenues, and federal grants to business lines to better ensure that our investments are advancing the nation's goals and objectives for rail services.
- **Amtrak Business Line Planning** – GROW AMERICA also requires Amtrak to engage in annual five-year operating and capital planning to focus on the long-term needs of its business lines. Capital asset plans will describe investment priorities and implementation strategies and identify specific projects to address the backlog of state of good repair needs, recapitalization/ongoing maintenance needs, upgrades to support service enhancements, and business initiatives with a defined return on investment.
- **Regional Planning** – Planning at regional level facilitates will consider the integration of rail projects with other modes, promotes greater stakeholder involvement, and can yield more cost-effective priorities for a limited pool of federal dollars. GROW AMERICA authorizes DOT to establish Regional Rail Development Authorities (in consultation with state governors) to undertake and coordinate these important planning initiatives.
- **Buy America** – GROW AMERICA will strengthen Buy America requirements in current law by ensuring uniform applicability to all of the Federal Railroad Administration’s financial assistance programs.
- **ADA Compliance** – GROW AMERICA authorizes \$1.4 billion to bring all Amtrak-served rail stations into compliance with the ADA. The Obama Administration is strongly committed to making the Nation’s rail system accessible and comfortable for all Americans.
- **Platforms** – GROW AMERICA standardizes passenger equipment and platform heights to increase interoperability of services and equipment, as well as better provide for safe boarding and alighting.
- **Commuter Rail PTC Implementation** – DOT recognizes the significant technical and programmatic challenges facing commuter railroads in meeting the December 31, 2015 deadline for PTC implementation, as well as the limited capital resources available to commuter railroads to fund these costs. GROW AMERICA authorizes \$2.4 billion to assist commuter rail lines in implementing PTC systems. Commuter railroads play a vital role in our nation’s transportation network, carrying over 1.7 million passengers per day, and it is important that Congress provide the resources necessary to meet this safety mandate.

## **Opportunity for Investment**

The programs and policies set forth in the GROW AMERICA Act position intercity passenger rail to play a key role in addressing the 21<sup>st</sup> century transportation challenges facing the United States, which include:

- **Population Growth** – As stated, an additional 100 million people are projected to reside in the United States by 2050. The vast majority of this growth will be concentrated in a small number of “megaregions.”
- **Congestion and Mobility** – Highway and aviation congestion continues to rise, with an estimated economic impact growing from \$24 billion in 1982 to \$121 billion in 2011 in lost time, productivity, and fuel.<sup>2</sup> In many places with the worst congestion, expanding airports and highways is difficult, as land is limited and environmental/community impacts are significant.
- **Energy consumption** – In 2010, the United States used more than 13 million barrels of oil every day for transportation. U.S. citizens consume nearly twice the oil per capita as citizens of Organization for Economic Cooperation and Development (OECD) member nations.<sup>3</sup>
- **Energy costs** – The inflation-adjusted cost of oil increased 129 percent from 1990 to 2010. As a result, Americans spent \$630 million more *per day* on oil for transportation than they did 20 years earlier—an average annual increase of nearly \$750 for every American. The Energy Information Administration expects crude oil prices to rise an additional 50 percent between 2011 and 2035.<sup>4</sup>
- **Environmental Protection** – In April of 2014, the Inventory of U.S. Greenhouse Gas Emissions and Sinks found that the U.S. emitted 7.6 percent more greenhouse gases in 2010 than it did in 1990.<sup>5</sup> In addition, 27.3 percent of all greenhouse gas emissions are from the transportation sector. Many of these emissions have serious public health implications, which can have substantial impacts on quality of life and the economy.

While intercity passenger rail and the GROW AMERICA Act are uniquely well-suited to help address these transportation challenges, there has also been a clear demonstration that the American people want rail in their suite of transportation options:

- **Ridership** – Demand for passenger rail continues to climb across the United States. In FY 2014, Amtrak carried 30.9 million passengers and set a new ridership record on the NEC with 11.6 million passengers. These ridership levels are being achieved even before the substantial service improvements funded in recent years begin to come online. Once

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<sup>2</sup> Texas Transportation Institute, [2012 Urban Mobility Report](#), December 2012.

<sup>3</sup> U.S. Central Intelligence Agency, [World Factbook: United States](#), August 1, 2012.

<sup>4</sup> U.S. Energy Information Administration, [AEO2012 Early Release Overview](#), January 23, 2012.

<sup>5</sup> U.S. Environmental Protection Agency, [Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2012](#), April 15, 2014.

new trains are added and trip times and delays are reduced, the system will attract even higher levels of ridership.

- **Changing Demographics** – As the U.S. population grows, it is also changing. A large number of Americans are entering their retirement years and are choosing to drive less often, particularly over longer distances. Only 15% of Americans older than 65 drive regularly, and that rate declines to just 6% for those older than 75.<sup>6</sup> At the same time, younger generations of Americans are choosing to drive both less often and for fewer miles than previous generations, and are obtaining driver’s licenses at record low rates.<sup>7</sup> This cohort uses public transportation more frequently than older Americans and has different expectations for the composition of their transportation system.
- **Funding Demand** – Nearly every region in the U.S. has demonstrated demand for investments in passenger rail services. Between August 2009 and April 2011, FRA evaluated nearly 500 HSIPR Program applications submitted by 39 States, the District of Columbia, and Amtrak, requesting more than \$75 billion for rail projects. In the absence of recent HSIPR appropriations, prospective applicants have also turned to the Transportation Investment Generating Economic Recovery (TIGER) program, which has awarded more than \$300 million for intercity passenger rail projects since the passage of the Recovery Act.
- **Pipeline of Projects** – Since 2009, investment among stakeholders has reached approximately \$75 million in planning studies to establish a pipeline of much-needed, future rail projects. The GROW AMERICA Act authorizes the funding required to make market-based investments to turn these studies into improved and new services.

## Conclusion

Thank you for inviting me to appear before this committee and discuss the future of intercity passenger rail in the United States. Between the passage of PRIIA and the Recovery Act, as well as the creation of the high-speed program and TIGER programs, the last six years have been a busy time for intercity passenger rail. The Administration is encouraged that Congress is continuing to contemplate how to best advance the next phase of our country’s network. Coupled with investments in our highways, bridges, transit system and freight network, we believe GROW AMERICA represents an opportunity to strengthen the safety, efficiency and reliability of intercity passenger travel across the country.

This plan will increase capacity to move people and goods. It will connect Americans to centers of employment, education and services, supporting millions of well-paying jobs. Finally, it will enable our partners to invest in transformative transportation projects that improve our global competitiveness, connectivity, and safety for all modes of transportation.

Thank you and I am happy to respond to your questions.

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<sup>6</sup> AARP, [Travel Behavior by Age](#), 2012.

<sup>7</sup> Dutzik, Tony; Inglis, Jeff; Baxandall, Phineas, [Millennials in Motion](#), Frontier Group/U.S. PIRG Education Fund, October 2014.

## ATTACHMENT

**HSIPR Program Matching Funds By State**

<b>State</b>	<b>Governor</b>	<b>Affiliation</b>	<b>State/Partner Match</b>
AL	Robert Bentley	Republican	\$ 100,000
CA	Arnold Schwarzenegger	Republican	\$ 2,840,490,031
	Jerry Brown	Democrat	\$ 530,773,600
CO	Bill Ritter	Democrat	\$ 377,848
	John Hickenlooper	Democrat	\$ 1,500,000
CT	Dannel Malloy	Democrat	\$ 174,702,904
DC	N/A	N/A	\$ 4,370,500
DE	Jack Markell	Democrat	\$ 3,892,942
GA	George Perdue	Republican	\$ 752,000
	Nathan Deal	Republican	\$ 1,025,000
IA	Terry Branstad	Republican	\$ 2,325,503
ID	Butch Otter	Republican	\$ 50,000
IL	Pat Quinn	Democrat	\$ 177,452,082
KS	Mark Parkinson	Democrat	\$ 450,000
	Sam Brownback	Republican	\$ 25,000
MA	Deval Patrick	Democrat	\$ 17,955,423
MD	Martin O'Malley	Democrat	\$ 1,500,000
ME	Paul LePage	Republican	\$ 150,000
MI	Rick Snyder	Republican	\$ 54,873,092
MN	Mark Dayton	Democrat	\$ 11,600,000
MO	Jay Nixon	Democrat	\$ 19,484,835
NC	Beverly Perdue	Democrat	\$ 22,878,420
NH	John Lynch	Democrat	\$ 500,000
NJ	Chris Christie	Republican	\$ 16,500,000
NM	Bill Richardson	Democrat	\$ 100,000
NV	Brian Sandoval	Republican	\$ 358,631
NY	David Paterson	Democrat	\$ 4,100,000
	Andrew Cuomo	Democrat	\$ 111,470,610
OK	Mary Fallin	Republican	\$ 1,986,359
OR	Ted Kulongoski	Democrat	\$ 5,924
	John Kitzhaber	Democrat	\$ 6,991,808
PA	Tom Corbett	Republican	\$ 4,988,000
RI	Lincoln Chafee	Independent	\$ 750,000
TX	Rick Perry	Republican	\$ 1,400,000
VA	Bob McDonnell	Republican	\$ 11,077,000
VT	Jim Douglas	Republican	\$ 20,462,455
WA	Christine Gregoire	Democrat	\$ 74,710,052
WV	Earl Ray Tomblin	Democrat	\$ 666,662
<b>Total</b>			<b>\$ 4,122,796,680</b>