

**Federal Railroad Administrator Joseph C. Szabo
Prepared Remarks
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Hello everyone – and thank you for this invitation.

On behalf of President Obama and Secretary LaHood, it's a pleasure to join you.

I'm here today to talk about FRA's vision to build the rail network our economy needs and that our citizens deserve – one that moves both people and goods safely, efficiently, and reliably.

We presented this vision for the next era of American rail to Congress just last week.

So today, let me focus on how our Fiscal Year 2014 Budget Request would successfully build upon the amazing progress made these past four years, particularly transforming Midwest rail. And more importantly, let me focus on how it would empower the talents and energy of the many transportation leaders here in this room today.

With our two core rail authorizations set to expire – the Passenger Rail Investment and Improvement Act and the Rail Safety Improvement Act – our budget request proposes a comprehensive blueprint for moving forward.

By that, I mean a holistic rail development strategy that addresses safety; passenger and freight service improvements; and strong planning.

Our budget requests \$6.6 billion for rail safety and investment programs. And it's the first of a five-year, \$40 billion rail authorization.

This includes \$6.4 billion for a National High Performance Rail System program focused on two connecting priorities: modernizing our existing rail network, while building an enhanced network to meet future demand.

To fund this proposal, we are proposing to establish a new Rail Account of the Transportation Trust Fund that will serve to put rail on par with other modes, which for decades have benefitted from a sustained federal funding strategy.

And, in presenting this to Congress, the point we made clear is that this vision reflects the emerging consensus that rail is the mode of opportunity.

In the next few decades, our Nation's transportation network will be responsible for moving an additional 100 million people and 4 billion more annual tons of freight.

And it will need to do it safely, reliably, and efficiently.

But today, we know our highways and airports are stretched to their limits.

Highway congestion alone now costs our economy more than \$120 billion annually.

And this underscores the need to invest in more under-utilized transportation alternatives such as rail, which can be the cost-effective, least oil-reliant, and most environmentally friendly mode to move both people and freight.

Two railroad tracks can carry as many travelers in an hour as 16 lanes of freeway.

And, one double-stacked train can replace 300 trucks – saving nearly 80,000 gallons of fuel over the course of a cross-country haul.

In addition, we can't ignore the fact that Americans' travel habits are evolving.

It's an old myth that America has too much of a car culture to embrace trains.

Amtrak is now America's fastest-growing major travel mode, with ridership spiking nearly 50% the past decade.

15 years ago, in regional markets like Washington-New York or Seattle-Portland, travelers overwhelmingly chose air over rail.

Today, those numbers are completely reversed – as rail increasingly claims its sweet spot for trips in the 400- to 600-mile range.

And here in the Midwest, the Chicago-St. Louis, Chicago-Detroit, and Chicago-Milwaukee intercity routes have all claimed increasingly higher market share during this period.

But here's the back story.

Since June 2005, Americans have decreased vehicle miles traveled by nearly 9 percent – while increasing rail and transit rides in record numbers.

Last year, Americans took 10.5 billion trips using public transportation, the second highest ridership since 1957.

And these changes are happening fastest among young people.

According to a recent study by the U.S. PIRG and Frontier Group – which used DOT data – between 2001 and 2009, the average annual miles driven by 16- to 34-year-olds dropped 23 percent.

And in that time, their use of rail and transit increased a whopping 40 percent.

But it's not just the next generation.

AARP has made it clear that more seniors are seeking communities that embrace walkability and provide public transportation and rail options, allowing them to remain active and independent as they age. Compared to a decade prior, in 2009, seniors made 328 million more trips by rail and transit.

So this is the future we must prepare for. And as we look to 2014 and beyond, the next fiscal year brings us to a critical juncture.

Earlier I mentioned that our two core rail authorizations – the Passenger Rail Investment and Improvement Act and the Rail Safety Improvement Act – expire at the end of this fiscal year.

Both acts have had a game-changing effect on the railroad industry.

By virtually all measures, 2012 was the safest year in industry history – and we've seen total accidents drop for five straight years.

Amtrak's on-time performance, its ridership, and revenues are at all-time highs, while intermodal freight traffic has surged near record levels.

Meanwhile, the freight rail industry is re-investing in capacity expansion like at no other time since the 19th Century – inspiring the Wall Street Journal to recently declare a revival of the railroad age.

Since 2009, as a result of this Administration's public investments, 6,000 corridor miles are being improved; 30 stations are being upgraded; hundreds of new passenger rail cars and locomotives are being procured; and States are completing more than 100 different planning, engineering, and environmental efforts.

Our High-Speed and Intercity Passenger Rail program has allowed us to invest in more than 150 projects in 32 states.

And looking ahead, 42 projects representing \$3.5 billion in federal funding are currently under construction or will be soon in 13 states – as the program enters into its two busiest construction seasons yet.

But much more needs to be done to rebalance the Nation's transportation system – and to make up for decades of federal under-investment in rail.

Our National High Performance Rail System program would make competitive grants to develop new passenger rail services and to substantially upgrade existing corridors.

It's about achieving a state of good repair for Amtrak systems: improving safety, efficiency and reliability, while also allowing the development of new markets where passenger rail hits its sweet spot.

But there is more.

The program would provide grants for a portion of the Positive Train Control costs for the nation's 27 commuter railroads.

To improve reliability for intercity passenger rail, commuter rail and freight trains, we would look to fund congestion mitigation projects addressing major chokepoints.

And freight rail projects with clear public benefits would be eligible. Projects like:

- Capital upgrades to critical intermodal corridors and connection points that will help shift long-haul intercity trucks to rail;
- Upgrades to the short line railroads that provide those critical links between the large Class I railroads to local industries, farms, factories, ports, and waterways;
- And projects that mitigate the negative impact that rail can have on communities, like rail line re-location efforts or overpasses and underpasses.

But the heart of the program is its support for national, multi-state, and state planning activities.

Quality transportation planning that advances good rail projects is critical to our success.

We see ourselves as a federal funding partner who works with states and regions to understand their transportation challenges and plan for efficient transportation alternatives.

This will often require coordinated passenger and freight rail planning, and partnerships among a variety of stakeholders.

And with that planning foundation in place, regional networks can be developed according to a market-based approach, with service types and levels tailored precisely to regional needs.

Here in the Midwest, strong planning has already born fruit.

Last year, 110 MPH service – the fastest trains outside the Northeast Corridor – was introduced on both the Chicago-St. Louis and Chicago-Detroit lines.

By 2015, these speeds will be sustained throughout the majority of both routes – with a new fleet of high-performance coaches and locomotives – cutting total trip times by close to one hour.

And this progress is directly attributable to the Midwest Regional Rail Initiative – a multi-state planning effort that dates back to the mid 1990s.

Long before any funding materialized, state DOTs worked together planning to connect the region's 40 largest cities with fast, frequent, reliable service – combined with station projects allowing for seamless connections to other transportation modes – vastly improving regional connectivity.

And ultimately, their efforts paid off: When our High Speed and Intercity Passenger Rail Program was announced, the Midwest was able to compete successfully for grants and begin construction within eight months of receiving funding.

Late last year, the planning effort for the next phase for the Chicago-St. Louis corridor was completed – improvements that will nearly double the number of roundtrips and bring trip times under four hours.

With our proposed FRA budget, Illinois, Michigan and other states could compete for the federal funding they need to continue making progress.

And we've already seen how these investments unleash private sector growth.

In Normal, Illinois the new DOT-funded Uptown Station and the prospect of a connection to 110 MPH service incentivized private investors to spend more than \$200 million in the downtown area – including a new hotel and conference center.

And earlier this week, I joined Secretary LaHood in Rochelle at Nippon Sharyo's new rail car manufacturing plant, its first in America.

Through our High-Speed and Intercity Passenger Rail program, Nippon Sharyo won a contract to build 130 new rail cars for the California and the Midwest.

To ensure they meet DOT's strict Buy America standards, the company recently broke ground on a new 330,000 square foot facility that will create 80 additional jobs on top of the 250 created by its initial opening.

Already, Nippon Sharyo has identified more than 200 potential suppliers and vendors in the Midwest alone that could benefit from this rail car order.

Recognizing rail's growing role, our budget proposal addresses another critical need: a diverse, highly qualified workforce who can lead the next era of American rail.

Through the National Cooperative Rail Research Program we are working on tools for workforce development to ensure rail carriers, local agencies, and state and federal government have the workforce they need to plan for and execute high-quality rail projects – and to maintain and operate high-quality rail systems.

We've also requested funding for rail-based university transportation centers similar to what we started back in 2011 with the University of Illinois at Urbana-Champaign, and

for rail technical assistance and training, which would position us to train at least 300 rail professionals in coming years.

And to ensure gender diversity, US DOT has expanded its Women's Internship program, which is now administered through the department's Small Transportation Resource Centers that work with all 50 states.

For rail to fully achieve its role as the mode of opportunity, sustained and predictable funding is a necessity.

For decades, Congress has funded highway, transit, and aviation programs through multi-year authorizations that provide guaranteed funding.

This enabled state, local governments, and the private sector to plan for and make investments.

It is time to put rail on parity with the other transportation modes, rebalance our transportation network, and allow each mode to do what it is most efficient at doing.

Most of the transportation infrastructure we rely on today was built by past generations of Americans who acted boldly on our behalf – the transcontinental railroad, the Interstate Highway System, our aviation network.

The time has come for our generation – for the sake of our own children and grandchildren – to recapture that visionary spirit and build the rail network our economy needs and that our citizens deserve.

This rail renaissance is ours for the making. It is now up to us.

Thank you for being a part of this new chapter in transportation history.