



November 13, 2018

Dear Newly Elected Members of Congress:

Congratulations on your recent election to Congress. As you transition from campaigning to governing, the nation's private freight railroad industry – the linchpin of our integrated national infrastructure system – wants to provide key facts surrounding our business and outline some key policy positions.

Congress will examine the nation's infrastructure next year, including through surface transportation reauthorization, needed by the end of fiscal year 2020. Freight railroads, which provide safe and efficient transportation for nearly every industrial, wholesale, retail, and resource-based sector of the economy, are central to this discussion. We play a crucial role in maintaining Americans' quality of life: moving the fertilizers used to grow crops, cars that move workers and families, materials to build homes and businesses, and chemicals used to purify drinking water.

In 2017 alone, the sector generated roughly \$219 billion in economic activity while supporting 1.1 million jobs. Our industry is fueled by private investment, averaging \$27 billion in recent years. We stand in stark contrast to publicly funded infrastructure systems such as highways, which face a backlog of \$740 billion in repairs, or the infrastructure crises plaguing our country's transit systems.

Facts about the freight rail industry, which operates on a 140,000-mile network it owns and maintains:

- **Safe**: Based on federal data for 2017 across key measures – including train accident rate and employee safety – recent years have been the safest in the industry's nearly 200-year history. Last year marked the lowest rate of track-caused accidents ever, while the overall train accident rate is down 23% since 2008. The industry transports critical hazardous materials – including plastics, fertilizers, and other chemicals – to their destination without release due to accident 99.999% of the time. All the while, railroads train 20,000 first responders annually and make the [AskRail](#) mobile application available to first responders and law enforcement officials who need to access information on rail contents traversing their territory.
- **Future-focused**: Private freight carriers are implementing [Positive Train Control](#) (PTC), which will help stop a train before certain types of human-caused accidents occur. A host of innovations, such as unmanned drones and a nationwide network of wayside detectors using technology like radar and ultrasound, allow railroads to evaluate infrastructure conditions and inspect equipment with greater precision and frequency. Technologies increasingly enable the industry to identify problems before they arise, ultimately improving the safety and efficiency of the rail system.
- **Economically critical**: One job in the rail sector supports eight others across the economy, as the industry is tethered to essential job creators – logistics, warehousing, farming, and manufacturing – through reliable and affordable transportation. Adjusted for inflation, average U.S. freight rail rates were 46% lower in 2017 than in 1981.
- **Environmentally friendly**: The most sustainable way to move goods on land, a freight train moves a ton of freight 479 miles on one gallon of fuel on average. Moving goods by rail instead of truck reduces greenhouse gas emissions by an average of 75%.

- **Trade enabler**: Global commerce is tied to 42% of rail traffic and 50,000 domestic rail jobs, worth \$5.5 billion in annual wages and benefits. Railroads haul roughly 33% of U.S. exports, allowing U.S. industries to compete abroad. Together with trucks and barges, freight trains help move an average 54 tons of goods per American each year.
- **Committed to its workforce**: In 2017, private freight railroads employed roughly 170,000 people – 82% of which are unionized – earning \$125,400 per year on average in total compensation. Through collective bargaining, the industry works with labor to forge healthcare, retirement, and compensation packages ranked in the top 5% of U.S. industries.

Policy recommendations:

- **Sensible economic regulation**: Congress partially deregulated the private freight railroad industry in 1980 after years of discord, allowing the industry more freedom to make routing and pricing decisions dictated by market conditions. Strong gains in private investment have followed, correlating with marked improvements in safety, service, and competitive rail rates. The Surface Transportation Board (STB), the independent agency with oversight of rail economic dealings granted by Congress – including mediation and adjudication with rail shippers – remains critical in ensuring the health and viability of the freight rail network. The STB must maintain the current regulatory framework, which balances the needs of both railroads and shippers, and not implement wholesale changes that would compromise the ability of railroads to earn the revenue needed to reinvest in the network and meet customer demand. Congress, which reauthorized the STB in 2015 and avoided major policy changes in doing so, should maintain proper oversight to ensure its critical directive is not circumvented.
- **User-funded infrastructure**: Commercial trucking is the biggest customer of the private freight rail industry and its biggest competitor. Ample research shows large trucks fail to pay for the damage they inflict on roads, bridges, and highways. This underpayment puts the rail sector – which fully covers its costs, reduces emissions, and lessens traffic – at a competitive disadvantage, but also contributes significantly to the insolvency of the Highway Trust Fund, which has required \$143 billion in general taxpayer funds in the last 10 years. Federal infrastructure policy should remedy this fundamental imbalance by ensuring users of infrastructure pay for their use, which could be done through a host of mechanisms, such as a Vehicles Miles Traveled (VMT) fee. This could be applied to commercial vehicles to account for distance traveled and the weight of freight-carrying trucks.
- **Pro-innovation policy**: Freight railroads increasingly test and deploy new technologies to bolster safety and efficiency. Ideal oversight in this area should be federal to avoid a patchwork of state directives – thus hindering interstate commerce – and should position railroads on equal footing with their transportation peers. Regulations from the U.S. Department of Transportation and laws from Congress should favor technological improvements and center on demonstrated outcomes – such as improving safety in a specific area. Lawmakers should avoid one-size-fits-all policies that hinder modernization destined to improve safety, including policies that mandate specific operating models.

We thank you for your time and consideration and look forward to future discussions.

Sincerely,



Ian Jefferies

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