



**Committee on Transportation and Infrastructure
U.S. House of Representatives**

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March 1, 2013

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SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials
RE: Subcommittee Hearing on “Freight and Passenger Rail in America’s
Transportation System”

PURPOSE

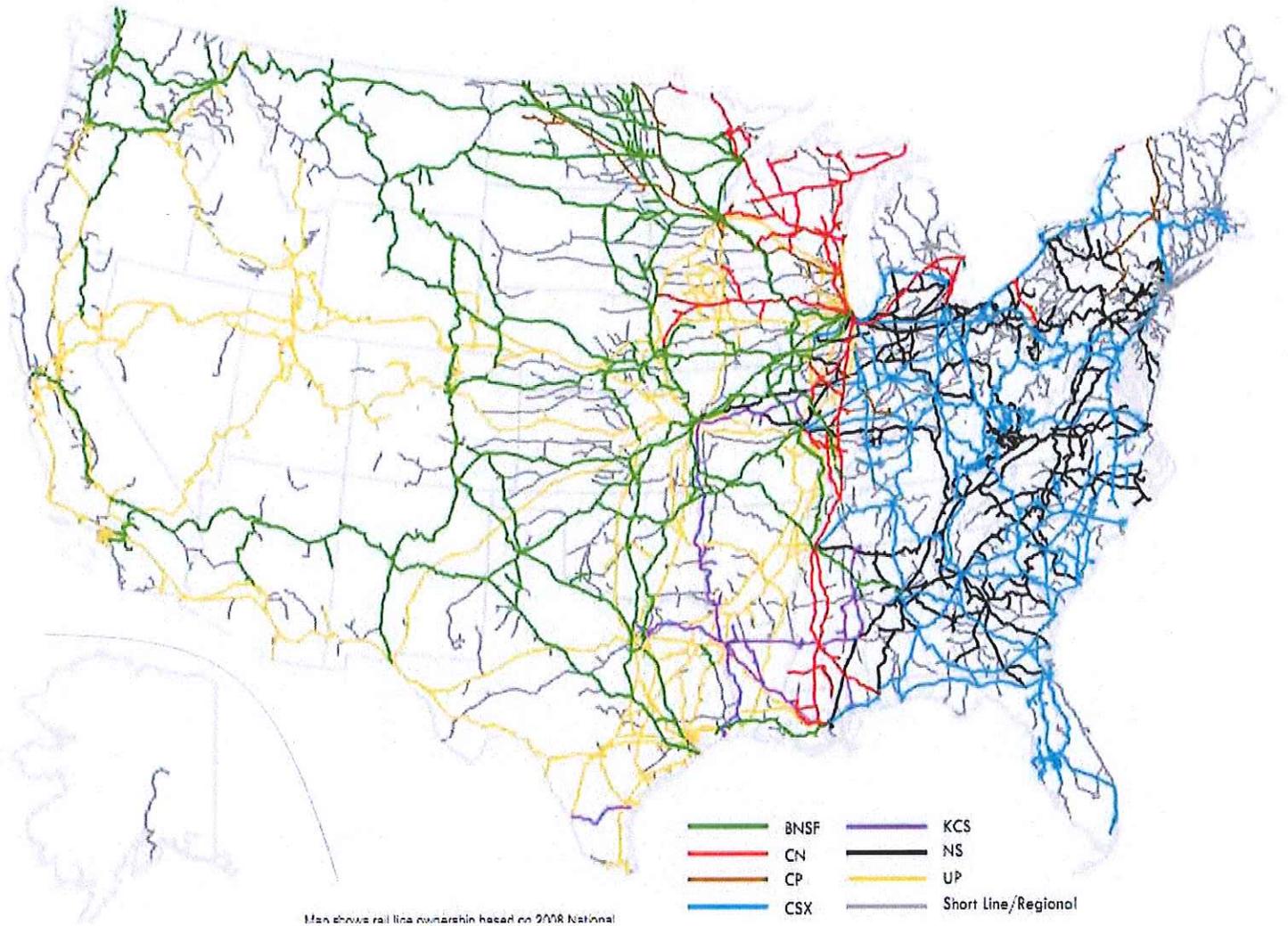
The Subcommittee on Railroads, Pipelines, and Hazardous Materials will meet on Tuesday, March 5, 2013, at 11:00 a.m. in Room 2167 of the Rayburn House Office Building to receive testimony related to the role of railroads in America’s transportation network. At this hearing, the Committee will explore the importance of railroads to the U.S. economy and introduce Members to the roles of the Federal government in rail. The Committee will hear from the Chair of the States for Passenger Rail Coalition, Chair of the American Association of State Highway and Transportation Officials’ (AASHTO) High Speed & Intercity Passenger Rail Leadership Group, and Secretary of Transportation for Washington State, Paula J. Hammond, P.E.; President and CEO of the Association of American Railroads, Edward R. Hamberger; National Legislative Director for the United Transportation Union, James Stem; and President and CEO of Amtrak, Joseph H. Boardman.

BACKGROUND

From the outset of the Nation’s founding, the facilitation of commerce has been the role of the Federal government. Specifically, the Constitution grants Congress the power to regulate commerce among the States. Integral to interstate commerce is a robust infrastructure network that connects the country for trade and travel. Railroads are an integral part of North America’s infrastructure network and, in turn, our economic competitiveness. From the building of the Nation’s first railroad in 1828 – the 13-mile Baltimore and Ohio Railroad – through the driving of the Golden Spike in 1869 until now, both passenger and freight railroads have played a central role in our Nation’s development.

Freight Rail

America's freight railroad network is the envy of the world. There are approximately 565 freight railroads in the country employing nearly 180,000 workers. These are privately owned companies that operate over more than 200,000 miles of track throughout the Nation. Freight railroads are divided into three groups, called classes, based upon their annual revenues. Generally, a Class I railroad is defined as having an annual carrier operating revenue of \$250 million or more; a Class II railroad is defined as having an annual carrier operating revenue between \$20 million and \$250 million; and a Class III railroad is defined as having an annual carrier operating revenue of less than \$20 million. In accordance with Federal regulations, the annual carrier operating revenue is measured in 1991 dollars. There are seven Class I railroads: BNSF Railway; CSX Transportation; Canadian National; Canadian Pacific; Kansas City Southern; Norfolk Southern; and Union Pacific. The majority of railroads, however, are Class II and III railroads, known generally as regional or shortline railroads. The map below provides a visual overview of the freight railroads.



While Class I railroads generally provide long-haul services, the Class II and III railroads often provide the first and last mile of rail freight movements. The products moved by rail, include everything from automobiles, agricultural goods, and consumer products to chemicals, lumber, and energy resources. In all, freight rail carries 43 percent of intercity freight, which is more than any other mode, and for every one rail job, 4.5 other jobs are supported elsewhere in the economy.

Unlike other modes, the freight railroads own the infrastructure over which they operate, meaning they also invest heavily in those networks. In 2012, the freight railroads spent over \$13.8 billion in capital expenditures to improve and expand their networks. This investment is due in large part to the movement toward de-regulation of the freight railroads beginning in the 1970s through the Staggers Rail Act of 1980 (P.L. 96-448), and culminating in the Interstate Commerce Commission Termination Act of 1995 (P.L. 104-88). Deregulation allowed the freight railroads to price competitively and respond to market forces, which has increased productivity, enhanced safety, lowered average rates, and freed over \$500 billion for private investment back into the freight network. Furthermore, particular to the Class II and III railroads, deregulation has grown that industry from 8,000 miles of track in 1980 to over 51,000 miles today. Class II and III railroads are now the feeder and distribution lines for the network, reaching into small town, rural America to preserve those areas' connection to the national network.

Passenger Rail

Intercity passenger rail service in the U.S. is primarily provided by Amtrak, a corporation established by Congress in 1970, to take over passenger rail services that private railroad companies were previously required to operate. Today, Amtrak runs approximately 300 weekday trains over 21,100 route-miles, mostly in collaboration with other railroads – 70 percent of train-miles run on other railroads, while Amtrak owns 363 miles of the 457-mile Northeast Corridor (NEC) and 97 miles of track in Michigan. Amtrak serves 46 states and 3 Canadian provinces, carrying over 31 million riders in 2012, 3.5 percent more than in 2011. Amtrak made \$2.3 billion from private sources such as ticket revenue while the Federal government provided \$466 million in operating subsidies and \$952 million in Capital and Debt Service grants.

Amtrak currently runs three major operating lines of business: NEC Operations, State Supported Services and Long Distance Services. Trains run on the NEC between Washington and Boston, and carried more than 11.4 million passengers in fiscal year (FY) 2012. Specifically, ridership on the Northeast Regional service (lower speeds with more stops) was 8.0 million and the Acela Express (faster speeds with less stops) was nearly 3.4 million.

The State Supported Services are routes where Amtrak partners with state and regional agencies to provide travel between points less than 750 miles apart. Continued operation of these state-supported routes is subject to annual contracts and state legislative appropriations. State-supported and other short distance routes carried 15.1 million passengers in FY 2012.

The state-supported routes are:

State	Route	City Pairs
California	Capitol Corridor Pacific Surfliner San Joaquins	San Jose–Sacramento/Auburn San Luis Obispo–San Diego Bakersfield–Sacramento/San Francisco/Oakland
Connecticut	Knowledge Corridor	New Haven–Springfield
Illinois	Lincoln Service Illini & Saluki Illinois Zephyr & Carl Sandberg	Chicago–St. Louis Chicago–Carbondale Chicago–Quincy
Indiana	Hoosier State	Chicago–Indianapolis
Maine/Massachusetts/New Hampshire	Downeaster	Portland –Boston
Michigan/Indiana	Blue Water Père Marquette Wolverine	Chicago–East Lansing–Port Huron Chicago–Grand Rapids Chicago–Pontiac
Missouri	Missouri River Runner	Kansas City–St. Louis
New York	Adirondack Empire Service Maple Leaf	New York–Montreal New York–Niagara Falls New York–Toronto
North Carolina	Carolinian Piedmont	Charlotte–New York Charlotte–Raleigh
Oklahoma/Texas	Heartland Flyer	Oklahoma City–Fort Worth
Oregon/Washington	Cascades	Eugene–Seattle–Vancouver, BC
Pennsylvania	Keystone Corridor Pennsylvanian	New York–Harrisburg New York–Pittsburgh
Vermont/Maine/New Hampshire	Vermontier	Washington, D.C.–St. Albans
Vermont	Ethan Allen Express	New York–Rutland
Virginia	Mid-Atlantic Regional	Washington, D.C.– Lynchburg/Richmond/Newport News/Norfolk
Wisconsin	Hiawatha Service	Chicago–Milwaukee

Amtrak's Long-Distance Services consist of 15 interstate routes of 750 miles or more. This service carried more than 4.7 million passengers in FY 2012. The long-distance routes are:

Route	City Pairs	Route	City Pairs
Silver Star	New York - Miami	Texas Eagle	Chicago - Los Angeles
Cardinal	Chicago - New York	Sunset Limited	Los Angeles – Orlando
Silver Meteor	New York – Miami	Coast Starlight	Seattle - Los Angeles
Empire Builder	Seattle – Chicago	Lake Shore Limited	Chicago - New York/Boston
Capitol Limited	Chicago - Washington D.C.	Palmetto	New York – Savannah
California Zephyr	San Francisco – Chicago	Crescent	New York - New Orleans
Southwest Chief	Los Angeles – Chicago	AutoTrain	Lorton, VA - Sanford, FL
City of New Orleans	Chicago - New Orleans		

Railroad Labor

As noted above, the U.S. freight railroad industry employs nearly 180,000 workers. More than 160,000 are employed by the seven Class I freight railroads, which are the largest U.S. railroads; another 20,000 are employed by the 558 short line and regional freight railroads. Amtrak, which is also a Class I railroad, employs approximately 19,000 workers, while commuter railroads operating on freight- and Amtrak-owned infrastructure employ an additional 29,985 workers.

The U.S. rail industry is heavily unionized. Approximately 83 percent of Class I employees and around 60 percent of non-Class I employees belong to a union and thus are subject to collective bargaining agreements. Collective bargaining agreements between railroads and their employees are governed by the Railway Labor Act (RLA), which was first passed in 1926. Collective bargaining for most other industries is governed by the National Labor Relations Act.

Most Class I railroads and a number of non-Class I railroads bargain on a “national handling” basis. National handling covers more than 90 percent of the Nation’s unionized rail employees. Under national handling, a group of railroads acting as a unit negotiates with a union or group of unions for an agreement that applies to all those who participate in the bargaining. Amtrak also negotiates on a national handling basis. The members of each union, however, must ratify their contracts on an individual basis once a tentative agreement is in place. There are currently 13 major unions that represent rail workers.¹

¹ The 13 major rail unions are: the American Train Dispatchers Association, the Brotherhood of Railroad Signalmen, the International Association of Machinists and Aerospace Workers, the International Brotherhood of Boilermakers, Blacksmiths, Forgers and Helpers, the International Brotherhood of Electrical Workers, the National Conference of Firemen and Oilers - SEIU, the Sheet Metal Workers International Association, the Transportation Communications International Union, the Transport Workers Union of America, the United Transportation Union, UNITE-HERE, the Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters, and the Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters.

Federal Roles

The Federal government currently plays several key roles within the railroad industry. Through the Federal Railroad Administration, a modal administration within the U.S. Department of Transportation (DOT), the government oversees railroad safety and manages rail infrastructure programs. Independent of DOT, there are three Federal government boards: the Surface Transportation Board, which administers economic regulation of the railroads; the Railroad Retirement Board, which manages railroad retirement and unemployment programs; and the National Mediation Board, which administers the RLA to ensure interstate commerce is not interrupted by railroad-labor disputes. In addition to these governmental agencies, Congress also provides support to Amtrak through annual appropriations.

INVITED WITNESSES

The Honorable Paula J. Hammond, P.E.
Secretary of Transportation, Washington State
Chair, States for Passenger Rail Coalition
Chair, AASHTO's High Speed & Intercity Passenger Rail Leadership Group

Edward R. Hamberger
President and Chief Executive Officer
Association of American Railroads

James Stem
National Legislative Director
United Transportation Union - SMART

The Honorable Joseph H. Boardman
President and Chief Executive Officer
Amtrak