



American Short Line and Regional Railroad Association

June 4, 2024

Chair Brian Schatz
Subcommittee on Transportation, Housing
Urban Development, and Related Agencies
Senate Committee on Appropriations
S-128, The Capitol
Washington, DC 20510

Ranking Member Cindy Hyde-Smith
Subcommittee on Transportation, Housing
Urban Development, and Related Agencies
Senate Committee on Appropriations
S-146, The Capitol
Washington, DC 20510

Dear Chair Schatz and Ranking Member Hyde-Smith:

I write on behalf of the more than 600 Class II and III freight railroads (commonly known as short line railroads or short lines) and the hundreds of suppliers that support the country's short line freight rail economy. **We urge the subcommittee to provide full authorized funding of \$1 billion for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program in the Fiscal Year 2025 Transportation, Housing and Urban Development appropriations bill.** While we recognize the competing priorities you face, we urge you to only advance a bill that ensures this vital program continues to make the investments in our supply chain that are so critical to the communities you represent. In addition, we have other suggestions for policies that could further enhance the bill you are drafting.

The short line freight rail industry

Short lines are tremendously proud of their efforts in creating jobs in Arkansas, Illinois and each state represented on the subcommittee. Our members are critical links in the nation's freight supply chain, and all are vital engines of economic activity, tied to 478,000 jobs nationwide, \$26 billion in labor income and \$56 billion in economic value-add. More than 10,000 businesses nationwide rely on our railroads to get goods and products to market.¹ We typically serve as the first and final link between suppliers and customers, providing a critical connection in the manufacturing, agricultural, mining, energy and chemical sectors. For areas of rural and small-town America, we are typically the only connection to the national rail network. Our members provide their customers with a low-carbon freight logistics option that is more environmentally friendly than competing forms of transportation over land, preventing costly damage to pavement that would be borne by often cash-strapped state and local agencies. We are proud of how we relieve traffic congestion, cutting emissions of harmful pollutants while reducing deadly crashes.

Our industry was spurred to new life in the early 1980s when smart deregulatory action allowed larger Class I railroads to spin off moribund rail lines. Short line railroads acquired and revived these marginal lines, that were often in very poor condition, managing to turn them into thriving enterprises while preserving freight rail service for thousands of customers. But even after decades of investment by short lines—often a third to 40 percent of their annual revenue—the backlog of repairs still looms large. More than \$12 billion is still needed to allow short lines to fully modernize and meet

¹ The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, prepared by PWC for ASLRRRA (2018) (PWC Report).

the country's freight needs, seemingly worsened by the hard-hitting impact of inflation on construction costs in recent years and new state mandates for expensive upgraded locomotives.²

The importance of full authorized CRISI funding to short lines, safety, sustainability and the supply chain

In 2015, Congress recognized the significant rebuilding needs of short line freight railroads and the rail industry, creating the CRISI program, making Class II and III railroads directly eligible recipients. Since 2017, CRISI has invested \$2.9 billion in projects across 48 states and the District of Columbia.³ Short lines have used CRISI resources to replace track and crossties, add and extend sidings, rehabilitate and replace bridges, improve roadbeds, invest in technology, upgrade locomotives, and modernize lines to handle industry-standard 286,000-pound railcars, enhancing network interoperability and supply chain fluidity (or sustainability). Most important, CRISI has allowed short lines to improve safety, as upgrading track helps prevent top causes of derailments: old, worn-out rail and poor crosstie and roadbed conditions. A small CRISI investment can be transformational to a railroad's operations and the safety and quality of service to shippers throughout any region.

This record of success led Congress to substantially increase CRISI's funding levels in the Infrastructure Investment and Jobs Act (IIJA) in 2021, providing \$1 billion per year in advance appropriations and allowing for an additional \$1 billion per year in authorizations for five years through Fiscal Year 2026.

Fiscal Year 2022's appropriations bill brought the first year of IIJA's implementation—and, with it, significant new investments in short line freight rail projects. Congress provided \$625 million (with some \$300 million in set-asides), and the FRA wisely targeted much of those dollars toward a number of sound, competitive investments, including 47 projects that were advanced by short line railroads or short line partners. Of these, 13 projects included grade crossing safety and trespassing mitigation elements, 14 projects invested \$300 million to upgrade track to move industry-standard railcars, 20 projects upgraded or repaired bridges, and six short line projects upgraded or replaced more than 30 locomotives, which will result in significant reductions in emissions.

Fiscal Year 2023's omnibus appropriations bill continued this momentum and brought more opportunities for investment: Congress provided \$535 million (with \$215 million in set-asides). Eager to see a continuation of this commitment, 28 Senate offices signed a letter showing strong support specifically for this program as decisions for Fiscal Year 2024 were being made. The ultimate Fiscal Year 2024 measure provided \$198 million (with \$98 million in set asides). This was an appreciated show of support for CRISI, though less than provided in prior years.

Fiscal Year 2025 is a chance to build on the momentum established in Fiscal Years 2022 and 2023, providing the full, authorized investments Congress intended and our economy requires. An ever-expanding, ever-growing bipartisan contingent of your colleagues—now 31 members of the Senate—stepped forward earlier this year to endorse this smart approach (their letter is attached). We appreciate their leadership and add to their efforts by emphasizing how important it is that resources be available as new state rules have emerged in recent months that mandate dramatic locomotive upgrades in the short line space. Considering how economically out-of-reach these emissions mandates are, and the fact that CRISI can help upgrade locomotives to achieve significant reductions in emissions, it is an undeniable win-win to provide full-authorized funding for CRISI. This could allow short lines to continue their maintenance work and robust environmental efforts while also ensuring they can stay in business so that our freight supply chain remains strong and is not encumbered by short lines going out of business forcing freight onto less safe, less environmentally friendly modes.

² PWC report.

³ The 48 states that have benefited from one of 278 CRISI awards include Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

Ensure the structure of the program and administration of grants remain capable of bolstering short line freight rail

In addition to meeting the full authorized funding level, we urge you to ensure that any bill includes safeguards to ensure that CRISI remains capable of providing investments consistent with Congress' intent in creating the program. Accordingly, we ask the subcommittee to:

- **Avoid set asides for passenger rail projects or any alteration of the program that includes major new eligible applicants such as commuter railroads.** With so many challenges facing our supply chain, short lines ought to remain viable competitors for these limited funds. While we have no opposition to passenger rail, IIJA already provides Amtrak and passenger rail applicants with a massive amount of funding, well beyond what is available through CRISI. Likewise, commuter rail already has access to substantial, well-established, and dedicated funding programs administered through the Federal Transit Administration (FTA), such as formula funding and the Capital Investment Grant (CIG) program. Commuter entities are also eligible for department-wide competitive grant programs, like Mega and RAISE, and federal loan programs such as RRIF, another federal funding source used in the past to support Amtrak service. It would be unfair, unnecessary and against Congressional intent reflected in the FAST Act and IIJA to divert limited funds that would otherwise be open to small business short lines toward passenger and commuter rail activities that have so many other federal programs that they may access. While we are aware of challenges faced by the commuter rail industry, Congress was aware at the time of similar challenges when it created the program but nonetheless explicitly chose to exclude commuter railroads from eligibility for CRISI. Lawmakers limited CRISI funding eligibility to projects on intercity passenger rail lines, such as those operated by Amtrak, and to freight rail projects and specifically to projects on Class II and Class III short line railroads. The effects of this wise policy choice can be seen in the revitalized freight economy nationwide—particularly in rural and small towns that short lines serve, and in the strength and efficiency of the short line freight rail network.
- **Encourage flexibility in size of awards.** ASLRRRA urges the subcommittee to encourage FRA to recognize that a series of smaller awards spread across a diversity of smaller railroad projects can have the same, if not more, positive impact as an award to a single major corridor. Larger projects understandably may appear to be an easier way to deploy CRISI funding, but this needs to be balanced with the realization that small railroads will put forward smaller, but transformational projects no less important to the communities they serve. We recommend the committee include language where appropriate to encourage FRA to continue its past wise practice of supporting many small project awards.
- **Ensure realistic match requirements.** We understand there may appear to be rationale at times to favor grant applications that “over-match,” or that pay more of their cost share than necessary, but this could come at the detriment of important short line projects that simply cannot provide an overmatch in funds. We appreciate committee efforts to support projects that may need a significant federal cost share, especially smaller projects in rural areas and with severely limited resources. We request again the following bill or report language:

Provided further, That for any awards made from Fiscal Year 2025 funding, or unobligated Fiscal Year 2023 or 2024 funding, for projects carried out on Class II and III railroads, the federal share of project costs shall not exceed 90%.

In addition, we ask that bill language again direct FRA to disregard 49 USC 22907(e)(1)(A), which requires that projects be given preference for selection for which the proposed Federal share of project costs does not exceed 50 percent. This language, which has been included in prior years, should be incorporated again and apply to both Fiscal Year 2025 advance and annual appropriations, as well as to unobligated prior fiscal year resources. The current language in 22907(e)(1)(A) competitively disadvantages smaller and economically weaker applicants seeking CRISI funding.

- **Advance transparency wherever possible.** We encourage efforts to make more of the application process open to ensure applicants—including future potential applicants—gain clarity that can improve project development and future application efforts.
- **Support FRA staffing needs.** ASLRRA appreciates FRA’s efforts to engage with stakeholders like our members. These efforts throughout the grant process lifecycle greatly improve the project development process, and allow for better projects to come forward for application. We appreciate these efforts and the time they require. We strongly support providing permanent staffing at stable, reliable funding levels for all levels of program managers, administrators, and other experts, especially on complicated environmental matters. FRA requires a stable core permanent and experienced staff to effectively administer the CRISI program. In the pre-award stage, such a staff facilitates an efficient and well-documented selection process. Upon selection, staff are needed to efficiently reach obligation and then for effective administration and oversight as the project is executed through closeout. We have seen that understaffing, use of inexperienced staff or the aggressive use of contract resources by the FRA do not result in optimal outcomes for the process. In particular, environmental clearance and grant agreement negotiation require strong, skilled staffing. This is particularly important for smaller grant recipients who do not have the resources to offset limited administrative capacity at the agency. It takes several years for a new staffer to develop domain expertise in the rail industry and grant administration. We encourage the committee to support a workforce equipped to effectively administer grants programs that have grown in size.
- **Restrict agency requirements that lack a statutory basis.** Since the first CRISI competition, the program notice of funding opportunity (NOFO) has more than doubled in length. Some of this elaboration is welcome and provides enhanced guidance to applicants that has improved communication of program, application form and content requirements. However, NOFOs have seen the growing imposition of post-selection requirements that are described as mandatory (“...projects must...as a condition of receiving construction funds...”). This is notable within the NOFO section on *Administrative and National Policy Requirements*, but not exclusive to this section. Some of these requirements do not appear to be based in statute. They can require significant planning exercises and the preparation of complex documents. Exercising these requirements post-selection may be violations of the Impoundment Control Act and the Paperwork Reduction Act. There is a potential for the agency to use such “shadow” requirements to bypass the evaluation criteria specified by Congress. We strongly encourage Congress to reassert its authority over the program in this area. Bill language should reassert statutory primacy and direct that any such requirements conditioning funding on burdensome activities satisfying policy objectives must be clearly traceable to statutory authority.

Fund SLSI and Operation Lifesaver accounts at a robust level

Since 2015 the Short Line Safety Institute (SLSI) has worked with short line railroads to identify and close gaps in safety culture and to train railroad personnel and first responders on the safe transportation and handling of hazardous materials. USDOT’s Volpe Center recently found that for railroads evaluated by SLSI and that had a follow-up evaluation, “each railroad in the sample demonstrated evidence of safety culture growth” in all areas measured. Operation Lifesaver (OLI), similarly, is an entity that advances safety on the nation’s railroads, focusing vigorously on efforts to prevent collision, injuries, and fatalities on tracks and at highway-rail grade crossings.

Due to your leadership and that of your counterparts in the House, the Fiscal Year 2024 omnibus appropriations bill provided additional robust resources for SLSI to acquire safety trains to facilitate on-site field training. The total funding level for last year was \$5 million, half of which covers new safety trains. We recommend the committee direct funding for SLSI for Fiscal Year 2025 at \$2.75 million, which will continue the annual \$2.5 million level you have wisely directed to SLSI in recent years, as well as \$250,000, which could help address additional costs associated with new trains, including administrative costs, insurance, maintenance and repairs.

In addition, we recommend continuing to support funding SLSI and OLI through the FRA's R&D accounts, which were bolstered by IIJA. Continuing to fund these safety efforts from the traditional sources allows CRISI and other FRA accounts to remain available for critical projects that will bolster the rail network while also advancing safety and sustainability.

Continue to exclude any language allowing longer or heavier trucks on our roads

Oversize and overweight trucks can harm roads and bridges, require undue maintenance expense, and jeopardize the safety and well-being of motorists. Allowing longer or heavier trucks shifts freight from more efficient and environmentally friendlier rail onto roads.

We appreciate your close attention to these points and your strong leadership on transportation policy.

Sincerely yours,



Chuck Baker
President, ASLRRRA

Enclosure (bipartisan letter of support for full authorized funding)

Cc:	Sen. Patty Murray	Sen. Susan Collins
	Sen. Dick Durbin	Sen. John Boozman
	Sen. Jack Reed	Sen. Shelley Moore Capito
	Sen. Chris Coons	Sen. Lindsey Graham
	Sen. Chris Murphy	Sen. John Hoeven
	Sen. Joe Manchin	Sen. John Kennedy
	Sen. Chris Van Hollen	Sen. Jerry Moran
	Sen. Kyrsten Sinema	