TESTIMONY OF

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PRESIDENT & CHIEF EXECUTIVE OFFICER

ASSOCIATION OF AMERICAN RAILROADS

BEFORE THE

UNITED STATES SENATE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

SUBCOMMITTEE ON SURFACE TRANSPORTATION, FREIGHT, PIPELINES, AND SAFETY

HEARING ON "ON THE RIGHT TRACK: MODERNIZING AMERCA'S RAIL NETWORK"

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On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to discuss the reauthorization of federal surface transportation legislation. AAR freight railroad members account for some 84 percent of U.S. freight railroad mileage, 93 percent employees, and 97 percent of revenue. The major freight railroads in Canada and Mexico are AAR members, as are Amtrak and several commuter rail systems.

For those who may be less familiar with the AAR, we've been around for 90 years, though our predecessors date back to the early days of railroading in the 19th century. We advocate for policies that promote the economic and operational health of the freight rail industry and that allow railroads to better serve their customers, the communities in which they operate, and the broader economy.

AAR's members are committed to working cooperatively with their employees, their customers, policymakers, and others to help railroads meet the freight transportation needs of our country safely and efficiently.

America Benefits Greatly When Freight Moves by Rail

America's freight rail network is the best in the world, spanning more than 135,000 route-miles.[1] By linking businesses to each other domestically and abroad, freight railroads have played an essential role in America's economic development for nearly 200 years.

[1] Route-miles refers to the length of a single rail route even if the track is double or triple-tracked in some sections. Including parallel tracks, rail yards, and sidings adds tens of thousands of miles to the rail mileage total.

Freight railroads remain indispensable today, serving nearly every industrial, wholesale, retail, and resource-based sector of our economy. They carry enormous amounts of corn, wheat, soybeans, and other farm products; fertilizers, plastic resins, and a vast array of other chemicals; coal to generate electricity; cement, sand, and crushed stone to build our highways; lumber and drywall to build our homes; animal feed, canned goods, corn syrup, frozen chickens, beer, and countless other food products; steel and other metal products; newsprint and other paper products; autos and auto parts; iron ore for steelmaking; wind turbines; airplane fuselages; machinery and other industrial equipment; and much more.

North America's Freight Rail Network

Meanwhile, rail intermodal — the transport of shipping containers and truck trailers on railroad flatcars — has grown tremendously over the past 30 years. Today, just about everything found on a retailer's shelves may have traveled on an intermodal train. Large amounts of industrial goods, such as auto parts, are transported by intermodal trains as well.

Each year, railroads move more than 1.5 billion tons of freight and 28 million carloads and intermodal units nearly 1,000 miles on average per shipment, underscoring their critical role in the U.S. economy. However, freight railroads contribute to our nation in many other ways and help explain why supporting freight rail is sound public policy:

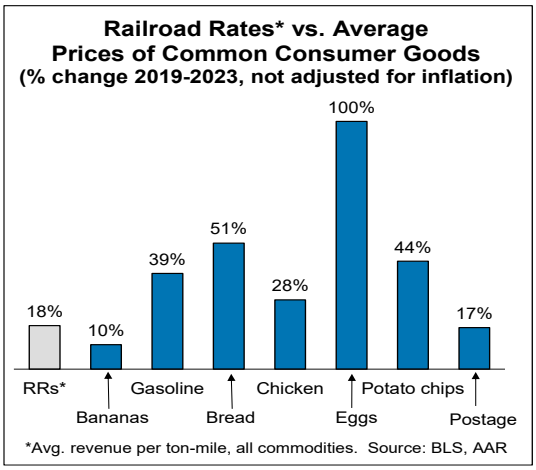
- *Safety.* Safety is the top priority for railroads, and the industry is steadfast in its commitment to reducing accident frequency and severity and enhancing safety measures. While any train accident is one too many, data from the Federal Railroad Administration (FRA) indicate moving freight by rail is extremely safe. Between 2005 and 2024, the train accident rate decreased by 32% and the employee injury rate dropped by 26%. Railroads today have lower employee injury rates than most other major industries, including trucking, airlines, agriculture, mining, manufacturing, and construction — even grocery stores. By these and other measures, the past decade has been the safest in rail

history thanks to continuous improvements through investments in technology, infrastructure and training.

- *The Environment.* Moving freight by rail meaningfully reduces greenhouse gas emissions while helping the economy. On average, railroads move one ton of freight nearly 500 miles per gallon of fuel, making them three to four times more fuel efficient than trucks. This means that moving freight by rail instead of truck reduces greenhouse gas emissions by up to 75 percent.

- *Re-Investments*. Unlike trucks, barges, and airlines, America's privately-owned freight railroads operate overwhelmingly on infrastructure they own, build, maintain, and pay for themselves. From 1980 to 2024, America's freight railroads spent more than $830 billion ($1.3 *trillion* in today's dollars) of their own funds on capital expenditures and upkeep expenses related to locomotives, freight cars, tracks, bridges, tunnels and other infrastructure and equipment. "Crumbling" might describe some U.S. infrastructure, but not freight rail. The American Society of Civil Engineers has consistently recognized these achievements, awarding rail one of the highest grades of all American infrastructure.[2] Freight rail infrastructure is in better overall condition than ever before.

- *Affordability.* The affordability of freight rail saves rail customers billions of dollars each year, enhances the global competitiveness of U.S. products, and helps American consumers. Average rail rates (measured by inflation-adjusted revenue per ton-mile) were 44 percent lower in 2024 than in 1981. Millions of Americans work in industries that are more competitive in the tough global economy thanks to the affordability and productivity of America's freight railroads. Changes in rail rates over time compare extremely favorably to changes in the prices of goods we buy every day.



- *Appealing Jobs*. The approximately 150,000 freight rail employees are among America's most highly compensated workers. In 2023, the average U.S. Class I freight rail employee earned wages of $112,600 and fringe benefits of $36,300, for total compensation of $149,000. By contrast, the average wage per full-time equivalent U.S. employee in 2023 was $80,300 (71 percent of the rail figure) and average total compensation was $97,200 (65 percent of the rail figure). Finally, the median tenure of railroad employees is 13 years, compared to 3.9 years for private sector workers.

- *Broad Economic Impact*. Railroads drive $233.4 billion in total economic output. And for every $1 invested in rail transportation, an additional $2.50 is generated, which highlights

[2] *See* American Society of Civil Engineers*, 2025 Report Card for America's Infrastructure* (available at: https://infrastructurereportcard.org/).

the powerful ripple effect of railroads throughout the economy and across a multitude of sectors.[3]

- *Fighting Highway Congestion*. Because a single train can replace several hundred trucks, railroads reduce highway gridlock and the need to spend taxpayer dollars on highways.
- *Passenger rail*. Freight railroads provide a crucial foundation for passenger rail. More than 70 percent of the miles traveled by Amtrak trains are on tracks owned by other railroads — mainly freight railroads. In addition, approximately half of America's commuter railroads operate at least partially on right-of-way owned by freight railroads.

Looking Ahead to Surface Transportation Reauthorization

The rail industry respectfully suggests that a series of overarching principles should guide surface transportation reauthorization. Adherence to these principles would enhance our nation's ability to transport people and goods safely, efficiently, and cost-effectively.

1. Improve Safety by Allowing Railroads to Innovate and Deploy Safety Technologies

New technologies are changing transportation. For example, widespread efforts are underway today to develop autonomous motor vehicles, including autonomous trucks that would compete directly with railroads. Autonomous vehicle technologies and other technologies impacting transportation vary in their stage of development, presenting challenges and opportunities that railroads must be able to address.

This means railroads must themselves look to new technologies to make their operations safer and more efficient. The use of technology to improve safety and efficiency is nothing new for railroads, but it's taken on a new urgency as transportation markets have evolved.

The further use of emerging technologies to enhance rail safety and operations, however, will be needlessly stunted if regulators at the FRA and elsewhere in DOT fail to embrace

[3] *See* Association of American Railroads, *Rail Transportation and the U.S. Economy: Fueling Growth, Trade, and Opportunity* (available at: https://www.aar.org/wp-content/uploads/2025/02/AAR-PE-Economic-Impact-Report-2025-FINAL.pdf).

technological change, or if they lock in existing technologies and processes so that new innovations and new technologies that could improve safety and improve efficiency are stifled.

For example, automated track inspection can improve detection of defects and dramatically reduce response time leading to fewer track-related accidents. Safety data collected from automated track inspection programs clearly support further deployment of this important technology. Unfortunately, due to the existing regulatory framework, the railroad industry is prevented from using the optimal combination of automated track inspections and manual inspections that would yield significant safety benefits.

As a result, this regulatory framework creates disincentives for the development and use of emerging technologies that would ultimately enhance rail safety and efficiency. Railroads will continue to develop and implement new technologies, but achieving maximum benefit will require regulatory flexibility that allows railroads to find what works best and encourages railroads to keep investing in those technologies.

2. Provide Robust Funding For and Streamline Safety-Enhancing Grant Programs

Collisions at highway-rail crossings remain a serious safety concern. Since 2005, the grade crossing collision rate has gone down only 4 percent despite significant investments from both the railroads and our private sector partners over that same period. And according to the FRA, in 2024 the 2,252 grade crossing collisions were associated with more than 260 fatalities and 750 injuries. These accidents can also involve significant property damage, clean-up costs, and costs associated with motorist and train delays while the accident is investigated

and cleared. We should also remember the forgotten victims of grade crossing accidents: train crews, who are usually helpless (and blameless) in terms of preventing an accident but who have a front and center view of the tragedy and must live forever with its memory. Grade crossing incidents typically arise from factors outside railroad control, and highway-rail crossing warning devices are there for the benefit of motorists, not trains. Nevertheless, railroads are committed to reducing the frequency of crossing incidents.

The safest grade crossing is the crossing that is not there. That's why the elimination of grade crossings yields the biggest safety benefit, and why railroads strongly support the Railroad Crossing Elimination Grant Program (RCE). This competitive grant program, run by the FRA and created by the IIJA, provides more than $500 million per year through 2026 to local and state governments and other public entities for grade separation or closure, track relocation, and the improvement or installation of grade crossing warning devices. Earlier this year, the FRA announced the most recent RCE grants, which total more than $1.1 billion and will fund 123 projects associated with more than 1,000 grade crossings nationwide. Railroads commend policymakers for creating and funding this important program and respectfully suggest the program should be expanded to further improve grade crossing safety.

Additionally, Section 130 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 provides HTF money to states and local governments to eliminate or reduce hazards at highway-rail crossings. The Section 130 program has been retained under subsequent legislation. Most recently, the Infrastructure Investment and Jobs Act (IIJA) allocates $245 million in Section 130 funds each year through 2026 for installing new and upgraded warning devices and for improving grade crossing surfaces. The program has helped prevent tens

of thousands of fatalities and injuries associated with crossing accidents. Section 130 funding should continue at current or higher levels.

3. Support Funding Public Entities Partnering with Host Freight Railroads

The freight rail industry supports funding for grant programs that enable the public sector, including state and local governments, to partner with freight railroads and others to advance projects of mutual interest that improve the overall fluidity of supply chains, reduce highway and port congestion, improve safety, facilitate passenger rail, and improve the quality of life for communities. To that end, the following U.S. DOT programs should continue to be authorized at existing or increased levels:

- *The Infrastructure for Rebuilding America (INFRA) grant program*. INFRA funds projects that address significant challenges in U.S. transportation infrastructure, particularly highways, bridges, railroads, and ports. INFRA encourages the use of private investments, state and local funding, and innovative financing to maximize the impact of federal dollars. INFRA prioritizes projects that demonstrate a significant regional or national impact, alignment with national and economic priorities, and readiness for implementation.
- *The National Infrastructure Project Assistance grant program*. Often referred to as the "Mega" grant program, this federal initiative is designed to support transformational infrastructure projects that have significant national or regional impact and are too large or complex to be funded by other federal programs alone. Examples include large highway expansions, major bridge replacements, and multimodal freight and passenger transportation projects. Mega grants prioritize projects that combine federal support with state, local, and private sector funding, ensuring a shared commitment.
- *The Rebuilding American Infrastructure with Sustainability and Equity program.* Formerly known as TIGER (Transportation Investment Generating Economic Recovery) and later BUILD (Better Utilizing Investments to Leverage Development), RAISE is a discretionary funding initiative that provides competitive grants to support infrastructure projects with a focus on sustainability, equity, and innovation. By prioritizing projects that align with national and local priorities, RAISE contributes to the development of modern, resilient, and equitable transportation infrastructure across the country.
- *The Consolidated Rail Infrastructure and Safety Improvements (CRISI) program*. CRISI grants are designed to enhance the safety, efficiency, and reliability of U.S. freight and passenger rail systems. Program goals include improving safety through projects that improve rail infrastructure and reduce accidents and fatalities; modernizing aging rail infrastructure to enhance reliability and capacity; supporting efficient goods movement;

and bolstering local and regional economies. Emphasis is placed on projects that provide public benefits, particularly in rural areas and for smaller railroads.

These essential programs are partnerships that solve critical transportation challenges by combining federal and non-federal resources for specific projects. Without these partnerships, many projects that promise substantial public benefits (such as reduced highway congestion or increased rail capacity for use by passenger trains) in addition to private benefits (such as enabling faster freight trains) are likely to be delayed or never started because none of the involved parties can justify the full investment needed to complete them by themselves.

4. Restore the Highway Trust Fund (HTF) to a True User-Based System

The United States has historically relied on a user-pays system to fund investments in highway infrastructure. Unfortunately, revenues into the HTF have failed to keep pace with spending needs. According to the Congressional Budget Office (CBO), balances in both the highway and transit accounts of the HTF will be exhausted in 2028. The CBO says that if the taxes that are currently credited to the trust fund remained in place and if funding for highway and transit programs increased annually at the rate of inflation, the shortfalls accumulated in the HTF highway and transit accounts from 2024 to 2033 would total $241 billion.[4]

This shortfall has previously been covered by transfers from the general fund, but general fund transfers to the HTF distort the freight transportation marketplace in favor of trucking and put other transportation modes at an unfair competitive disadvantage. This is especially problematic for railroads, which build, maintain, and pay for their own infrastructure.

[4] Testimony of Chad Shirley, Principal Analyst Microeconomic Studies Division, Congressional Budget Office, Before the U.S. House of Representatives Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, October 18, 2023.

Studies indicate that trucks cause the overwhelming majority of the damage to our nation's roads and bridges as compared to other vehicles, and the fuel taxes and other fees heavy trucks pay do not come close to covering the costs of that damage.[5] The taxes and fees trucks pay to help maintain our nation's roads and bridges have not been substantially changed since 1993, resulting in a multi-billion-dollar annual underpayment compared to the damage they cause.

Congress should remedy this modal inequity by either increasing the fuel tax or imposing a vehicle-miles traveled fee or a weight-distance fee for motor carriers. An appropriate user fee would be self-sustaining; would not increase taxes or fees for non-highway transportation modes; and would create a competitive tax environment across modes.

5. Streamline the Environmental Permitting Process

While efforts to cut red tape associated with infrastructure project approval and construction have borne some fruit in recent years, more can still be done to fast-track routine rail construction projects without ignoring environmental or historical preservation concerns.

For example, policymakers could codify that, for rail projects whose purpose is to replace existing infrastructure on existing operating railroad right-of-way, a categorical exclusion and a finding of no significant impact are the only NEPA documentations necessary.[6] In addition, policymakers could convert to statute select executive orders on streamlining the permitting

[5] Congress should require that the Federal Highway Administration finalize the highway cost allocation study required in the last surface transportation reauthorization. This would provide needed precision regarding the damage to our nation's roadways caused by each highway user class.

[6] The National Environmental Policy Act (NEPA) requires federal agencies to assess the environmental impacts of their proposed actions before making decisions. A categorical exclusion is a category of actions determined not to have significant environmental impacts, allowing them to bypass detailed reviews like Environmental Assessments (EA) or Environmental Impact Statements (EIS). A finding of no significant impact (FONSI) is a determination that a proposed project, based on an EA, will not significantly impact the environment, eliminating the need for a more detailed EIS. A FONSI ensures environmental oversight while allowing projects with minimal impacts to proceed efficiently.

process, such as timeclocks, intermediate deadlines, and One Decision.[7] Policymakers could also continue to streamline the "Section 106" historic preservation process for projects needed to enhance or maintain rail infrastructure.[8]

These approaches to environmental review would expedite projects that would enhance supply chain fluidity while ensuring comprehensive and effective environmental reviews are maintained. The environment would still be protected, while supply chains would benefit from greater efficiency and more environmentally friendly performance.

6. Oppose Policies that Harm Railroads' Ability to Operate Safely and Efficiently

Railroads respectfully urge members of this committee and other policymakers to reject policy riders to surface transportation legislation that would hinder railroads' ability to operate safely and efficiently.

Minimum Crew Size

For example, policymakers should oppose proposals mandating two crew members in freight locomotive cabs. There is no quantitative evidence that a two-person crew mandate would enhance safety. Moreover, a two-person mandate could stifle the adoption of new technologies that would enhance safety. Railroads aren't seeking the ability to impose one-person crews haphazardly or unilaterally. Rather, they seek flexibility to continue to work with rail labor under the existing collective bargaining framework — as they have for decades — to identify when conditions allow a reduction in the number of crewmembers without jeopardizing safety.

[7] "One Decision" in the context of permitting for large projects refers to a streamlined approach where a designated lead agency coordinates all necessary reviews and approvals from multiple entities to deliver a single, consolidated decision within a clear timeframe. This method reduces duplication, ensures regulatory certainty, and accelerates project timelines by aligning agency efforts and eliminating conflicting requirements.

[8] Section 106 of the National Historic Preservation Act requires federal agencies to assess the impact of their projects on historic properties. Streamlining this process means making the review and consultation more efficient, potentially speeding up decisions without sacrificing protections for historic sites.

Technology Mandates

Likewise, technology mandates should be avoided. Flexible, technology-driven solutions are preferable to rigid regulatory requirements. For example, advances in on-board monitoring systems and automated data collection are likely to be just as effective, or more so, in detecting potential problems without the need for fixed wayside detectors at prescribed distances. Regulatory flexibility regarding technology allows for better allocation of resources, focusing on specific track conditions and areas with higher risks instead of adherence to arbitrary rules. More broadly, any new operational restrictions should be science-based and data-driven, designed to correct a specific problem, and incorporate solutions to address that deficiency as efficiently as possible. Otherwise, the nation's freight supply chain would be needlessly weakened.

Access to Railroad Rights-of-Way

Legislative or regulatory actions aimed at granting access to railroad rights of way to non-railroad entities, such as telecommunications companies, must be carefully proscribed. Safety must be the top priority. Railroads must have sufficient time and information to process applications for access, and railroads should be given fair and complete reimbursement, including reimbursement of any out-of-pocket costs associated with facilitating that access and work associated with it. To prevent a hodgepodge of conflicting state requirements, laws governing access to the right-of-way should be uniform across the country. Finally, the U.S. DOT, not the FCC nor any state or local entities, must be the primary overseer of these agreements.

Truck Size and Weight Restrictions

Congress should reject calls to increase federal truck size and weight limits until, at a minimum, trucks pay the full cost of the damage they cause to our roads and bridges. The multi-

billion-dollar annual underpayment would become even greater if truck length and weight limits were increased. Raising truck size and weight limits would also artificially shift freight from rail to truck. Given rail's inherent environmental advantages and the many other benefits of moving freight by rail, imposing artificial impediments to rail, such as increasing federal truck size and weight limits, is not sound policy.

Marijuana Reclassification

Finally, as the Drug Enforcement Agency continues to analyze a proposal to reschedule marijuana from a Schedule I to a Schedule III drug, Congress should ensure that employers whose employees conduct safety-sensitive activities each day, like the railroads, maintain the ability to drug test employees for marijuana usage and treat positive tests as proof of unacceptable employee conduct.

Conclusion

America's freight railroads are a vital national resource. With highway congestion becoming more acute and with public pressure growing to combat climate change, conserve fuel, and promote safety, railroads are well positioned to take on a larger role in meeting these challenges, given their substantial advantages in these areas over other transportation modes. Demands for use of freight-owned track by passenger trains are mounting and will probably continue to grow. And, of course, as our economy evolves, railroads will continue to be called upon to make additional investments in their networks to provide the efficient, reliable, and cost-effective freight transportation service that their customers, and our nation, need to prosper.

For that to happen, members of this committee and others must craft appropriate policies. Freight railroads stand ready to work with you to ensure that our nation's transportation needs are met in a responsible, environmentally sound, and safe manner.