America’s freight rail industry is one of the most efficient and cost-effective transportation networks in the world. Fueled by billions of dollars in annual private investment — averaging about $25 billion the past five years — railroads maintain and modernize the nation’s nearly 140,000-mile rail network to provide safe and efficient transportation for nearly every industrial, wholesale, retail and resource-based sector of the economy.

**Economically Critical:** An October 2018 study from Towson University’s Regional Economic Studies Institute found that, in 2017 alone, the operations and capital investment of America’s major freight railroads supported approximately 1.1 million jobs (nearly eight jobs for every railroad job), $219 billion in economic output, and $71 billion in wages. Railroads also generated nearly $26 billion in tax revenues. In addition, 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.

**Safe & Getting Safer:** The train accident rate in 2019 was down 33% from 2000; the employee injury rate in 2019 was down 46% from 2000; and the grade crossing collision rate in 2019 was down 32% from 2000. Railroads today have lower employee injury rates than most other major industries, including trucking, airlines, agriculture, mining, manufacturing, and construction — even lower than food stores. By all these measures, the most recent decade has been the safest in history.

**Future Focused:** Innovative technologies like ultrasound and drones allow railroads to inspect infrastructure and equipment with greater precision and frequency. America’s freight railroads continue to meet all Positive Train Control (PTC) deadlines.

**Sustainable:** As the one of the most sustainable way to move goods over land, a freight train, on average, moves one ton of freight more than 470 miles on one gallon of fuel. Moving goods by rail instead of truck reduces greenhouse gas emissions up to 75%, on average. AAR analysis of federal data finds: If 25% of the truck traffic moving at least 750 miles went by rail instead, annual greenhouse gas emissions would fall by approximately 13.1 million tons; If 50% of the truck traffic moving at least 750 miles went by rail instead, greenhouse gas emissions would fall by approximately 26.2 million tons.

**Trade Connector:** Global commerce is directly 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 while providing consumers access to a greater variety of goods.

**Vital Employer:** The approximately 150,000 freight railroad employees are among America’s most highly compensated workers. In 2018, the average U.S. Class I freight rail employee earned wages of $92,300 and fringe benefits of $37,900, for total compensation of $130,200. By contrast, the average wage per full-time equivalent U.S. employee in 2018 was $64,100 (just 69% of the rail figure) and average total compensation was $78,800 (61% of the rail figure).
Smart Policies Work for America

To continue the safe and efficient operations that move America forward, railroads must have smart policies that allow them to invest, innovate and compete.

Maintaining railroads’ existing economic regulatory framework benefits the economy.

Partial economic deregulation for private freight railroads nearly 40 years ago saved the industry from ruin. This balanced framework — overseen by the Surface Transportation Board (STB) — allows freight railroads to manage assets and pricing without overt government intervention while also providing a venue for shippers to address rail service concerns. This market-based framework helps the industry serve customers while still earning reasonable revenues that correlate strongly with investment, safety improvements and productivity gains.

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 necessary to reinvest in the network and their employees to meet customer demand.

Establishing sensible operational regulations will spur innovation and make a safe network safer.

An increasingly technological freight rail industry is innovating to improve safety and efficiency. Through private investment in future-focused solutions, the rail sector continues to set new safety benchmarks, including increasing employee safety and decreasing train accident rates and overall fatalities. Ensuring continued progress requires sensible operational regulations that do not impede industry transformation and innovation.

Policymakers should embrace performance-based regulations that hold railroads accountable for safety performance while also enabling and incentivizing railroads to develop safer, more efficient practices and technology. Lawmakers should also avoid one-size-fits-all policies that hinder modernization, including policies that mandate specific operating models, such as measures that mandate two people be in a locomotive cab at all times in the future. There is simply no safety justification for a crew size mandate, and these decisions are best handled through collective bargaining.

Re-establishing equality among transportation modes will help create a solvent HTF.

Commercial trucking is freight railroads’ biggest customer and its biggest competitor. At current configurations, large trucks only pay for 80% of the damage they inflict on crumbling public infrastructure. This underpayment puts the rail sector — which fully covers its costs — at a competitive disadvantage and is symptomatic of the insolvency of the Highway Trust Fund (HTF), which has required $143 billion in general taxpayer funds since 2008.

In the near term, Congress must reject overtures to allow for bigger and heavier trucks on roads, bridges and highways. No such proposal can be taken seriously until the HTF imbalance is fairly and sustainably addressed. Looking forward, federal infrastructure policy should remedy this fundamental imbalance by ensuring commercial users of infrastructure pay for their use, which could be done through a host of mechanisms, such as a vehicle miles traveled (VMT) fee. This approach could be applied to commercial vehicles to account for distance traveled and the weight of freight-carrying trucks.