

## Achieving Results for High-Speed Rail (HSR) with Federal Money

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Currently, the Federal Railroad Administration (FRA) is distributing over \$8 billion of Federal money for specific projects across the country<sup>1</sup>, a new task for FRA which, recently, the US Department of Transportation Inspector General reviewed. The IG indicated that FRA is overwhelmed, saying "each new mandate carries a unique set of challenges for FRA, especially (for) the HSR program".<sup>2</sup>

In this case, the IG is correct. FRA has for years been a safety organization. So the IG is correct that FRA does not have the ability to effectively manage the level of grant making needed now. But ultimately that's a non-issue; because (these days especially) more money can just be moved into FRA and they can hire whatever number of people they need (where money is going, more money can be given to figure out how to spend it). I digress. But, the point is that the IG carefully makes everyone's point for them. Yes, FRA doesn't have adequate resources. And so, FRA will simply use the report to get said resources.

The more important point, still missing, is **how do you actually achieve results?** And even more specifically, results on the ground; because, please, anyone can spread money around.

### How to Achieve Results

Based on meetings I have attended discussing HSR, I concluded that momentum to complete specific HSR projects (in any state) is going to be difficult to generate *at the State level* in cases where the Federal government is choosing to fund only a selected project or corridor.

Florida is a good example of this problem. The Obama Administration and FRA have set aside \$1.25 billion for Florida to build HSR from Tampa to Orlando. There are reasonable differences of opinion about the need for that segment and whether it can be successful. Certainly, one positive aspect of the project is that the right-of-way currently exists to get the project moving right away. Tampa to Orlando is as close to "shovel ready" as there is in the U.S. for a new HSR line, and with true high speeds at that.

In Florida, since the Federal government has not put up enough money to pay for the entire project (and certainly nor should it!), this means the State must pay the remaining portion of the project—or someone must pay for it—in order to start construction. And, the problem at the State level is that Tampa-to-Orlando is just one small part of the state. **Why would citizens** living in the south from Miami to Fort Myers and in the north from Jacksonville to Pensacola **feel the need to pony up their tax dollars** to pay for a Tampa-to-Orlando project in central Florida?<sup>3</sup>

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<sup>1</sup> Whether or not Federal money should be used for the expansion of High Speed Rail (HSR) is another topic. For purposes of this analysis, I work under the current policy in which Federal money is being used for HSR projects.

<sup>2</sup> <http://www.oig.dot.gov/sites/dot/files/DOT%20OIG%20Testimony%204-29-10.pdf>

<sup>3</sup> Not to mention that even within the Tampa-to-Orlando area not everyone supports the project.

Therefore, if States are going to be asked to pony up more money, than **the State is going to need more control over how to spend the money**. In other words, just as President Obama can justify distributing \$8 billion by ‘spreading it around’ nationally; within the State, to generate support, it also needs to be spread around. Picking projects in California, Florida, Chicago, etc seems spread around from the perch of Washington, DC but it doesn’t generate support throughout a state.

What this means is that maybe the FRA and Administration shouldn’t select the projects they will fund. This may sound a bit radical. However, **this is how the FHWA has functioned for decades and decades**. The FHWA literally just gives the money to the States without telling them exactly how to spend it. FHWA has many rules and eligibilities for which States need to fit their projects within. However, FHWA doesn’t specify every road the State builds. Moreover, to ensure that the Federal objective is reached, the FHWA only requires a 10% or 20% matching requirement for using the Federal money.

This is how rail can be successful: 1) give the money to the States; 2) draft rules on the targets that selected projects within the State should meet; and then 3) require the States to put up money they can readily afford. Right now, FRA has given Florida \$1.25 billion dollars for a project with unknown total costs. The State may need to find a way to fund more than \$1 billion of the project (or more) themselves. Now imagine if FRA would have given Florida \$900 million and said you need to come up with the last \$100 million (10% match) and then you can proceed on improving rail services throughout your state as you see fit. In this way, there would already be work going on this very minute improving rail service throughout the State.

High Speed Rail advocates may fear this decentralization of decision making which might risk not reaching true high speeds. However, let’s all be straight with the facts. Most of the money in President Obama’s FRA grants is allocated to projects that won’t get speeds past 110 MPH. This is NOT “high speed”, period! And in the case of Ohio, the HSR money is aimed at projects to increase speeds to just 79 MPH. Frankly, thus far, not surprisingly, the goal of the grant money is swing states and vote gathering. Keep in mind, Tampa-to-Orlando is the part of the state actually in play between the 2 major parties, north of Tampa-Orlando is for one party and south of that is primarily for the other major party. Ohio, we all know about Ohio’s role as a “swing state”.

We need to put together a formula to divide the money among the states. Establish rules, such as meeting certain criteria to expand viable service (ie. where there is likelihood of attaining revenue to at least offset operating expenses) and reach a defined “high speed” such as *at least* 110 MPH. Frankly, I’m surprised HSR advocates are happy with FRA’s plans to crawl forward when trains in China are already cruising between cities at over 200 MPH. Let the FRA formulate the national plan (which they are doing) and then craft a national network objective and define the eligibilities and target criteria. Then, radically, the Federal government can just grant the money to the states FHWA-style, with a 15% match. This is a proven way to make real progress. For me, it is disconcerting that people in other States across the country are paying to build HSR in Florida and California. Let all the States incrementally upgrade their rail services! And, from there, then let’s work with the private sector, and especially with other countries willing to help that already have proven success, and identify routes we can take to true top speeds!