



**STATEMENT OF
THOMAS D. SIMPSON
PRESIDENT
RAILWAY SUPPLY INSTITUTE, INC.**

**BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON RAILROADS**

**HEARING ON
RAILROAD AND HAZARDOUS MATERIALS TRANSPORTATION PROGRAMS:
REFORMS AND IMPROVEMENTS TO REDUCE REGULATORY BURDENS
THURSDAY, APRIL 7, 2011**

Good morning, Mr. Chairman and distinguished Members of the Subcommittee. Thank you for this opportunity to testify and provide this committee with our suggestions on reforms and improvements to reduce regulatory burdens as part of the reauthorization of our nation's surface transportation programs. My name is Tom Simpson, and I am the President of the Railway Supply Institute (RSI). It is a privilege to appear before you today on behalf of our 250 members.

RSI is a national trade association representing the companies involved in the manufacture of products and services in the freight car, locomotive, maintenance-of-way, communications and signaling, and passenger rail industries. Since its founding in 1908, RSI and its predecessor organizations have delivered comprehensive marketing, government relations, business development, and standards and technology services to its membership and advocated exclusively on behalf of supplier interests in multiple industry coalitions, legislative bodies and regulatory organizations.

RSI continually advocates safe, sensible and efficient solutions that work for rail, rail suppliers, and the people who depend on them. RSI serves as the supplier industry voice and works tirelessly in Washington, DC to represent its membership and to promote the primary interests of the industry.

The economic downturn has hit the railway supply industry hard. While railroads maintained their investment in capital projects through the downturn benefiting our members who provide communication and signaling technologies and maintenance of way products, the economic downturn severely hit the new freight car and locomotive building industries. The component suppliers to these industries – companies that provide wheels, axles, brakes and other freight car and locomotive parts were hit especially hard. This segment of the industry is

enjoying a modest, yet tenuous rebound. Recent federal investment in Amtrak and high speed rail has provided a spark to passenger rail suppliers.

Decisions made during the debate of reauthorizing The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA – LU) will have a profound impact on the rail supply industry.

GRADE CROSSING SAFETY - SECTION 130 GRADE CROSSING PROGRAM

Since 1973 Congress has provided dedicated funding for states through the Section 130 highway-rail grade crossing safety program to implement safety improvements projects at grade crossings. Such improvements include flashing lights, gates or other warning devices and even upgraded surfacing material. Combined with Operation Lifesaver's safety message of "look, listen and live" at highway rail grade crossings, fatalities and injuries have been reduced dramatically. The Section 130 program has provided funds allowing states, localities and railroads to implement this simple strategy: close unnecessary crossings, upgrade the remaining crossings with the most modern warning devices available and, with Operation Lifesaver, educate the public on the dangers at these unique intersections.

With rail freight traffic beginning to rebound, the promise of more and faster passenger trains in the next few years and increased highway traffic, now is not the time to turn our back on this program. We believe that, given the alternative, states will use federal safety funds on other projects and not on grade crossing projects. RSI often meets with states to discuss Section 130 issues and we have found that states do use this modestly funded program. They often suggest that they could use even more money if Congress would provide it to them.

RSI supports H.R. 825, the Surface Transportation Safety Act of 2011 which, among other safety initiatives, would help preserve the Section 130 program in the next surface transportation bill at \$220 million per fiscal year.

OPERATION LIFESAVER

When the National Safety Council stopped its support of a national operation lifesaver program in the mid 1980s, RSI, Amtrak and the Association of American Railroads stepped in and created Operation Lifesaver, Inc. (OLI) to oversee the nationwide volunteer education organization. Recognizing the importance of a coordinated nationwide safety message, Congress, beginning in 1988, provided an annual \$250,000 set aside for OLI through the Surface Transportation and Uniform Relocation Assistance Act of 1987. Congress has continued to fund OLI and increased the set aside to \$500,000 per year in the late 1990s.

OLI has developed into a prototypical public private partnership as railroads and others in private industry provide volunteers and additional funding for OLI's programs. I am pleased that members of my organization have provided over \$250,000 in donations to OLI over the years and have allowed employees to spend thousands of hours volunteering for this worthwhile organization. The U.S. OLI program has provided encouragement and a model for other countries to use. Indeed OLI is recognized worldwide for the successful program it is.

Funding for this important program should not be eliminated nor should OLI have to compete with others in the uncertainty of the appropriations process. This nationwide highway – rail crossing education and safety program should continue to receive federal funding at the modest level of \$500,000 per year.

PASSENGER RAIL FUNDING AND BUY AMERICA

The United States has underinvested in intercity passenger service since the 1950s. A once vibrant intercity passenger rail supply community virtually disappeared in the 1970s. Uneven investment in Amtrak over the last 40 years has not allowed for a strong intercity passenger supply industry to reemerge. However, what has survived has been supported by Buy America regulations requiring that a portion of federally funded purchases have 50 percent domestic content. Recent recognition by the federal government and states that passenger rail is a viable transportation alternative has led to increased funding providing some optimism that the passenger supply sector is poised for growth. The administration's strong support of high speed rail has increased that optimism.

One reason highways and transit have continued to prosper is that these modes enjoy a dedicated source of funding – missing in intercity passenger rail. RSI realizes that funding passenger rail is problematic. We would like to work with the committee to develop a dedicated, multi-year passenger rail funding proposal that will work.

We have been strong supporters of Buy America regulations and believe they have promoted the development of a passenger rail car building industry in this country, but separate programs for high speed, intercity passenger rail and transit are confusing. We believe Buy America could be improved by implementing the following recommendations:

- Clarification of Buy America standards by streamlining the particular differences among provisions specific to Buy American, Federal Transit Administration, Federal Railroad Administration and under the American Recovery and Reinvestment Act.
- Improve transparency and accountability of domestic content requirements and introduce incentives to increase domestic content.

- DOT's National Rail Plan should support development of a renewed U.S. passenger rail equipment manufacturing industry through a vision of sustained equipment purchases and equipment lifecycle policies that avoid "boom or bust" procurement cycles.

TRUCK SIZES AND WEIGHTS

While others can debate the safety and pavement damage that heavier trucks bring to our highways, freight diversion of traffic from our nation's railroads to trucks will adversely affect railway suppliers. With freight diversion comes less demand for freight cars. RSI has 11 companies that own and provide for lease more than 700,000 freight cars – over half the freight car fleet. Many of these cars are directly competitive with long haul trucks traffic that may be lost if heavier trucks are allowed. RSI also has six companies that build new railroad freight cars. As noted earlier, they and their component suppliers were hit hard during the recent economic downturn as plants were shut down and employees were laid off. They are beginning to enjoy a modest recovery but are wary of the future. Our country needs a strong domestic freight car building industry and traffic lost to bigger trucks would especially hit freight car manufacturers hard. Now is not the time to raise truck sizes and weights.

Thank you again for this opportunity to testify on behalf of the Railway Supply Institute. We look forward to working with this subcommittee to help establish more balance in the nation's transportation system and address the critical needs of the freight and passenger railroad industry and its suppliers.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Thomas D. Simpson

(2) Other than yourself, name of entity you are representing:

Railway Supply Institute, Inc.

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

None


Signature

4/5/11
Date

Thomas D. Simpson

Tom Simpson is currently President of the Railway Supply Institute. RSI is a trade association that represents the railway supply industry in Washington, DC. He joined RSI's predecessor organization, the Railway Progress Institute (RPI), as Vice President in January 1988 and helped negotiate the consolidation of RPI and the Railway Supply Association in 2002.

Mr. Simpson serves as spokesman and oversees the day to day operations of RSI. In that position, he develops and implements RSI's legislative and regulatory goals and strategies, coordinates the activities of RSI's eight program committees, manages RSI's annual trade show and serves as RSI's representative on the Federal Railroad Administration's Rail Safety Advisory Committee.

He currently serves on the Operation Lifesaver, Inc. (OLI) Board of Directors. He has variously served as that organization's Secretary Treasurer (1998-2000; 2007 - present), Vice President (1988-1992), and President (1992-1996). OLI is a nationwide volunteer highway-rail grade crossing safety organization. He is also the Chairman of the E.H. Harriman Awards Institute, the organization that administers annual safety awards for the railroad industry.

Prior to joining RPI, Mr. Simpson was deputy director of the Federal Railroad Administration's Office of Public Affairs. In that position he served as spokesman for the FRA on a variety of topics including rail safety, Amtrak, and the sale of Conrail. He also served as FRA's liaison to Capitol Hill.

A graduate of Lafayette College in Easton, PA, Mr. Simpson holds a Masters Degree in Public Administration from American University. He currently resides in Arlington, VA with his wife Ann.