



Highlights of [GAO-10-625](#), a report to congressional committees

Why GAO Did This Study

The American Recovery and Reinvestment Act (Recovery Act) and subsequent appropriations have dramatically increased federal funds available for high speed intercity passenger rail from \$120 million in fiscal year 2008 and fiscal year 2009 combined to \$10.5 billion available in fiscal year 2010. Other issues, such as developing industry capacity to supply rail equipment and fostering multiyear public support for such systems must be resolved.

As part of its efforts to assess Recovery Act initiatives, GAO reviewed (1) how states started or improved passenger rail services in the recent past, (2) rail industry plans to accommodate the increased passenger rail investments, and (3) Federal Railroad Administration (FRA) plans to oversee the use of federal intercity passenger rail funds. GAO reviewed federal legislation; interviewed state, industry and federal officials; and reviewed selected literature.

GAO is not making any recommendations. The Department of Transportation did not express an overall opinion on a draft of this report. It did provide technical and clarifying comments, which GAO incorporated.

View [GAO-10-625](#) or [key components](#). For more information, contact Susan Fleming at (202) 512-2834 or flemings@gao.gov.

HIGH SPEED RAIL

Learning From Service Start-ups, Prospects for Increased Industry Investment, and Federal Oversight Plans

What GAO Found

State successes to initiate or improve intercity passenger rail services in the recent past (the last 15 years), hinged largely on their abilities to build public and political support, secure funding, obtain equipment, and manage their services. Public and political support and funding provided a foundation for these services. States acquired equipment by using collaborative and cost-saving approaches. Further, states managed their rail services by building consensus with stakeholders, borrowing expertise, and developing state capacity. All of these activities will be important for states that seek to initiate or improve services in the future, including developing conventional passenger rail (operating at speeds up to 79 miles per hour), higher speed passenger rail (operating at speeds up to 150 miles per hour), and even high speed rail services (operating at speeds of 150 miles per hour or more).

Rail industry stakeholders are optimistic that they can meet increased public investment in intercity passenger rail; however, they are looking for (1) federal leadership in setting safety standards for high speed rail and in promoting interstate cooperation for service across state lines, among other things, and (2) stable funding to create a structure for developing a passenger rail marketplace. Additionally, stakeholders said that a stable federal funding stream would encourage firms to enter and invest in the intercity passenger rail marketplace. However, even with strong federal leadership and funding it could take several years to provide the necessary infrastructure, such as for building new passenger rail cars, potentially making it difficult to spend some Recovery Act high speed rail funds by 2017, as required by law.

As a result of Recovery Act funding and the Passenger Rail Investment and Improvement Act of 2008, FRA has had to develop a rail program and an oversight approach. Among other things, FRA had to quickly draft a preliminary national rail plan and a high speed rail strategic vision, as well as develop a program to distribute Recovery Act funds. As a result, FRA officials stated that they concentrated their efforts on meeting these requirements and they are currently designing their oversight program. FRA is in its early stages of setting up agreements with its state grantees and hiring both FRA and contractor personnel to oversee how the federal funds are used. FRA is planning to release another version of its national rail plan in September 2010 which it expects to discuss issues such as the roles of federal, state, and local governments in rail transportation and public and private funding sources. The strategic vision did not define the goals, stakeholder roles, or objectives for federal involvement in high speed intercity passenger rail and the preliminary national rail plan did not have any recommendations for future action. While states will be the recipients of Recovery Act funds, many states do not have state rail plans that would establish strategies and priorities, capital investments, and public benefits of rail investments in the state. To try to stimulate the economy quickly, Congress exempted projects funded by the Recovery Act and recent appropriations from being in state rail plans.