

# **Transportation Development Association**



Issue Paper #9

## Freight Rail Moves Wisconsin's Economy

*This is the ninth in a series of issue papers on key  
transportation topics facing the state of Wisconsin*

Everyday, massive amounts of products and commodities are transported across the state and nation in order to provide manufacturers with raw materials, to get agricultural and, finished products to market, and provide fuel for energy generation plants. These materials are transported affordably and efficiently, and largely unseen, by rail. While truck traffic is the dominant mode of freight transportation in Wisconsin and the most recognizable to the general public, freight rail continues to play a vital role in the movement of products, economic development and congestion relief.

### Freight Rail in Wisconsin

Wisconsin's freight railroad network is comprised of more than 3600 miles of track and is served by four major (Class I) railroads, three regional railroads, and four local railroads. These companies transport a number of different products, the major categories of which include: coal, pulp and paper products, food and farm products, and lumber. Commodity forecasts produced for the Wisconsin Department of Transportation show Wisconsin's freight rail tonnage is expected to grow by more than 50% by 2020. Major growth categories include: intermodal shipments (126%), concrete, glass, and stone (94%), food products (91%), and pulp and paper products (72%). These products provide our manufacturing base with the materials they need to meet consumer and business demand. In turn, rail companies provide a reliable and affordable service to transport bulk goods and to get finished products to market.



Not only do rail companies provide a valuable service, they create and sustain good paying jobs. According to data from the American Association of Railroads, rail employees are among the nation's most highly paid workers. In 2001, the average freight employee in Wisconsin earned approximately \$54,000 in wages, along with fringe benefits of \$20,000 – a compensation package totaling approximately \$74,000. This compares to an average compensation package for full time employees in the U.S. of \$47,200 (according to U.S Bureau of Economic Analysis data). In Wisconsin alone, the rail sector employs more than 4,000 people, who earn more than \$210 million in wages.

### Fuel Efficiency and Environmental Impacts

Freight rail continues to demonstrate that it is a highly efficient means of moving bulk materials. According to US DOT, trains are three times more fuel-efficient than trucks, and overall fuel efficiency has increased approximately 72% over the last twenty years. In 2002, railroads moved a ton of freight an average of 404 miles per gallon of diesel, up from 235 miles in 1980. In addition, freight rail produces less pollution than highway traffic and other modes of transportation. The American Society of Engineers estimates that 2.5 million fewer tons of carbon dioxide would be emitted into the air each year, if just 10 percent of intercity freight now moving by highway were diverted to rail. The Environmental Protection Agency also points out that rail accounts for just 9% of total transportation related nitrogen oxide emissions and 4% of transportation related particulate emissions.

## Congestion Implications

State and federal statistics continue to demonstrate that highway congestion is on the rise and that added delays cost businesses and the traveling public in lost time, productivity, and fuel and maintenance costs. According to the Texas Transportation Institute's Urban Mobility study, highway congestion costs have increased approximately 400 percent since 1982 when adjusted for inflation. Some of these costs could be reduced with an increased emphasis on freight rail.

Data shows that a single intermodal train could take as many as 280 trucks off of the road, while trains carrying other types of freight could

remove nearly 500 trucks from the highway system. In addition, an analysis

conducted by US DOT demonstrates that as many as 200 million gallons of fuel could be saved if just 10 percent of the nation's highway freight were diverted to rail.

The state currently operates three programs that can be used to improve rail infrastructure and service. The Freight Rail Preservation Program (FRPP) provides financial assistance to railroads and local units of government to help preserve or improve service which might otherwise be lost. FRPP grant money can be used to rehabilitate infrastructure, purchase abandoned lines or to preserve lines for future use. The Freight Rail Infrastructure Improvement Program (FRIIP) provides loans for projects including connecting industry to the national rail system, improving or enhancing transportation efficiency and safety,

line rehabilitation, or economic development. The Transportation Economic Assistance Program (TEA) is not a rail specific program but does provide grant funding for road, rail, aviation and harbor projects that help attract employers or encourage businesses to expand in the state. While these programs do offer much needed assistance and support to specific businesses, the programs do not fund improvements that benefit the system as a whole.

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## What can we do?

If Wisconsin is going to meet projected freight demand, we must support and fund a rail infrastructure development plan similar to, but separate from, the state highway system. Rail provides a reliable, low cost solution for transporting products and raw materials, and provides good-paying jobs for Wisconsin residents. This compliments efforts by state leaders to make the state competitive in national and global marketplaces and to grow the state's economy. Beyond the economic benefits of the freight rail network are the social and environmental benefits. Freight rail is one of the most fuel-efficient modes of transporting cargo, it produces less emissions than other modes, and it has the potential to reduce congestion by diverting freight traffic from our highways to rail.



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#3 Transportation Funding: How Does Wisconsin Compare?

#4 Public Transit Critical to Balanced Transportation

#5 Warning: Traffic Congestion Ahead

#6 Moving Forward: The Benefits of Commuter Rail

#7 Local Roads: Wisconsin's Everyday Connection

#8 Gas Tax Indexing Works for Wisconsin

The Transportation Development Association of Wisconsin is a statewide, nonprofit organization working for an efficient transportation system for Wisconsin that addresses safe mobility and economic growth. To receive a copy of previous issue papers or for further information, please contact the TDA office:

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