

## True cost may derail high-speed push

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*EDITOR'S NOTE: This is the last of three parts on progress in getting high-speed railroad service in Illinois.*

Is high-speed rail a runaway locomotive for American taxpayers? Some opponents believe so.

In a report by the Illinois Policy Institute entitled "Taking Illinoisans for a Ride," Randall O'Toole, a senior fellow of The Cato Institute, attempts to reveal what he deems as the false promises of high-speed rail.

In February 2009, Congress dedicated \$8 billion of stimulus funds to high-speed rail projects. In April, President Barack Obama released his high-speed rail "vision" for the United States that included more than 8,500 miles that the Federal Railroad Administration identified as potential high-speed rail routes in 2001. In June, the FRA announced its criteria for states to apply for high-speed rail grants out of the stimulus funds.

Despite all this, O'Toole said, the Federal Railroad Administration has no estimates how much high-speed rail ultimately will cost, or who will ride it, pay for it, and whether the benefits can justify the costs.

A realistic review, he said, shows that high-speed rail will be extremely costly and will add little to American mobility or environmental quality.

"I think proponents of high-speed rail are being very vague about the cost," O'Toole said in a recent interview with The Telegraph. "Right now, the estimated cost of moderate-speed rail averages about \$3.5 million per mile."

The Cato Institute for which he works is a nonprofit public policy research foundation.

The best data available indicates the FRA plan will cost about \$90 billion, or roughly one-fifth the inflation-adjusted cost of the interstate highway system, O'Toole said in his report. The plan would provide trains with average speeds of 140 to 150 mph in California, 75 to 85 mph in Florida and moderate-speed trains averaging 55 to 75 mph in Illinois and 30 other states.

A true high-speed rail system, with average speeds of 140 to 150 mph, connecting major cities in 33 states, would cost well over \$500 billion, the report says.

To close gaps in the system could bring the cost close to \$1 trillion. At twice the cost of the interstate highway system, such a true-high-speed rail system still would provide less than one-tenth the mobility offered by the interstates, the report says.

O'Toole cited in his report that these costs include only the projected capital costs. States that decide to build moderate- or high-speed rail also may be responsible for cost overruns, operating losses, and the costs of maintaining, replacing and rehabilitating equipment every 19 years.

Upgrading the 360 miles of Illinois tracks in the FRA plan to run trains at 110 mph would cost taxpayers more than \$1.2 billion, or nearly \$100 for every Illinois resident. Subsidizing passenger

trains on those routes will cost more than \$80 million per year, yet the average Illinoisan will take a round trip on such trains about once in every nine years.

O'Toole's report noted that supporters of high-speed rail predict that when the FRA plan is completed, it will carry Americans 58 miles per year, yet cost every American federal income taxpayer \$1,000 per person for the \$90 billion high-speed rail plan.

"The reality is that there is very little data on the actual cost of high-speed rail," O'Toole said recently. "And getting the available data out to the American public is an uphill battle. There is a lot of momentum behind high-speed rail, and most states are hoping for a 'free ride,' as the federal government has said they will pay 100 percent on some high-speed rail lines."

Unfortunately, O'Toole said, people don't seem to be aware that the government only will pay 100 percent of capital cost, and states will be responsible for the tens of millions of dollars per year for operating costs. In states like California, which sold bonds for its high-speed rail, when the bonds are paid off in 30 years, bonds will have to be sold again to continue upgrading equipment and lines.

With Illinois facing a multibillion-dollar budget deficit, O'Toole said, the state hardly can afford to take on the new obligation that would result from a commitment to high-speed rail.

"For those opposed to high-speed rail, the good news is we are out of money," O'Toole said. "So, after the \$8 billion stimulus money, where will President Obama find the \$80 billion to \$90 billion needed to finish the system? I don't think he will be able to find it."

O'Toole said he hopes the U.S. public and elected officials will start asking critical questions about the high-speed rail plan, including: How much will it cost to build? How much will it cost to operate? Who will ride it? And what share of operating and capital costs will be recovered by passenger fares?

To date, he said, the Obama administration's "vision" for high-speed rail makes no attempt to answer any of the questions, but instead designates high-speed rail corridors and leaves up to the states the job of doing cost and financial forecasts.

"Right now, I see two reasons it is difficult to find adequate data on potential cost of high-speed rail," O'Toole said. "One is strategic manipulation of data, where proponents of high-speed rail present only data that will attract people to the high-speed rail plan and omit data that would turn people away from the plan. The second is what I call optimistic bias - people who are actually fooling themselves based on an over-estimation of the benefits of high-speed rail and underestimation of the cost."

Late in July, the U.S. House passed its housing and transportation bill, which will provide funds for fiscal year 2010. Approved mostly by members of the majority Democratic Party, the bill would allocate \$4 billion to high-speed rail programs - if the U.S. Senate's version, likely to be considered after the August recess, includes the same provision. If a planned infrastructure bank is authorized by Congress later this year, \$2 billion of the included funds would be shifted there and could be devoted to non-rail projects, although that prospect appears unlikely at this time.

In the president's budget, released earlier this year, Obama asked Congress to devote \$1 billion for the next five years for high-speed rail, along with the \$8 billion already marked for the program under the stimulus bill. The House's decision to increase that number to \$4 billion is a direct reaction to the huge response from states and the private sphere for stimulus-based federal rail

grants. The FRA revealed that 40 states had applied for more than \$103 billion.

U.S. Rep. Tom Latham, R-Iowa, attempted to block the inclusion of so much money for rail, arguing that the government shouldn't embark on what he argued would be a \$100 billion endeavor. Yet his amendment was rejected by a vote of 284-136, with 40 Republicans voting against his measure - compared to only 16 members of the GOP voting for the bill as a whole. This indicates strong bipartisan support in Congress for high-speed rail investment and bodes well for similar action in the more conservative Senate.

About \$2 billion of the allocated dollars would be transferred to an infrastructure bank if that agency is established later in the year. The bank would extend low-interest loans to valuable projects contributing to the well-being of the nation as a whole, including appropriate private investments. At this point, however, the infrastructure bank has yet to materialize. Even if it does, it likely would focus at least initially on rail projects, because they've achieved prominence this year in the national discourse.

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