



Surface Transportation Board

Washington, D.C. 20423-0001

February 1, 2010

Office of the Chairman

The Honorable David R. Obey
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Obey:

The fiscal year (FY) 2011 budget estimates for the Surface Transportation Board are enclosed. In accordance with the ICC Termination Act of 1995, P.L. 104-88, I am transmitting this budget estimate and appropriation request to Congress.

Specifically, the Board is requesting \$31.249 million, which is an increase of \$2.183 million over the Board's FY 2010 budgetary authority. The funding level requested reflects the agency's higher rental payments to the General Services Administration due to the annual lease escalators, higher building security payments to the Department of Homeland Security, funds to cover salary and employee benefit costs associated with the FY 2010 and the FY 2011 pay increases, and increases in the Board's share of employee benefits associated with retirement, Thrift Savings Plan, and health benefits contributions. The Board is requesting \$1,000,000 to continue a multi-year review of its Uniform Railroad Costing System (URCS), the Board's general purpose costing system. The Board also is requesting the continued funding to implement the Board's expanded jurisdiction with respect to regulation of passenger rail service under the Passenger Rail Investment and Improvement Act of 2008, P.L. No. 110-432.

The overall budget request reflects the workload that is expected, the statutory and regulatory deadlines associated with the resolution of the cases filed, and highlights the staffing and funding resources needed to accomplish this goal.

The Board is sending an identical letter to the Senate Appropriations Committee.

Sincerely

Daniel R. Elliott III

Chairman

Enclosure

cc: Chairman John W. Olver

Surface Transportation Board

Budget Request

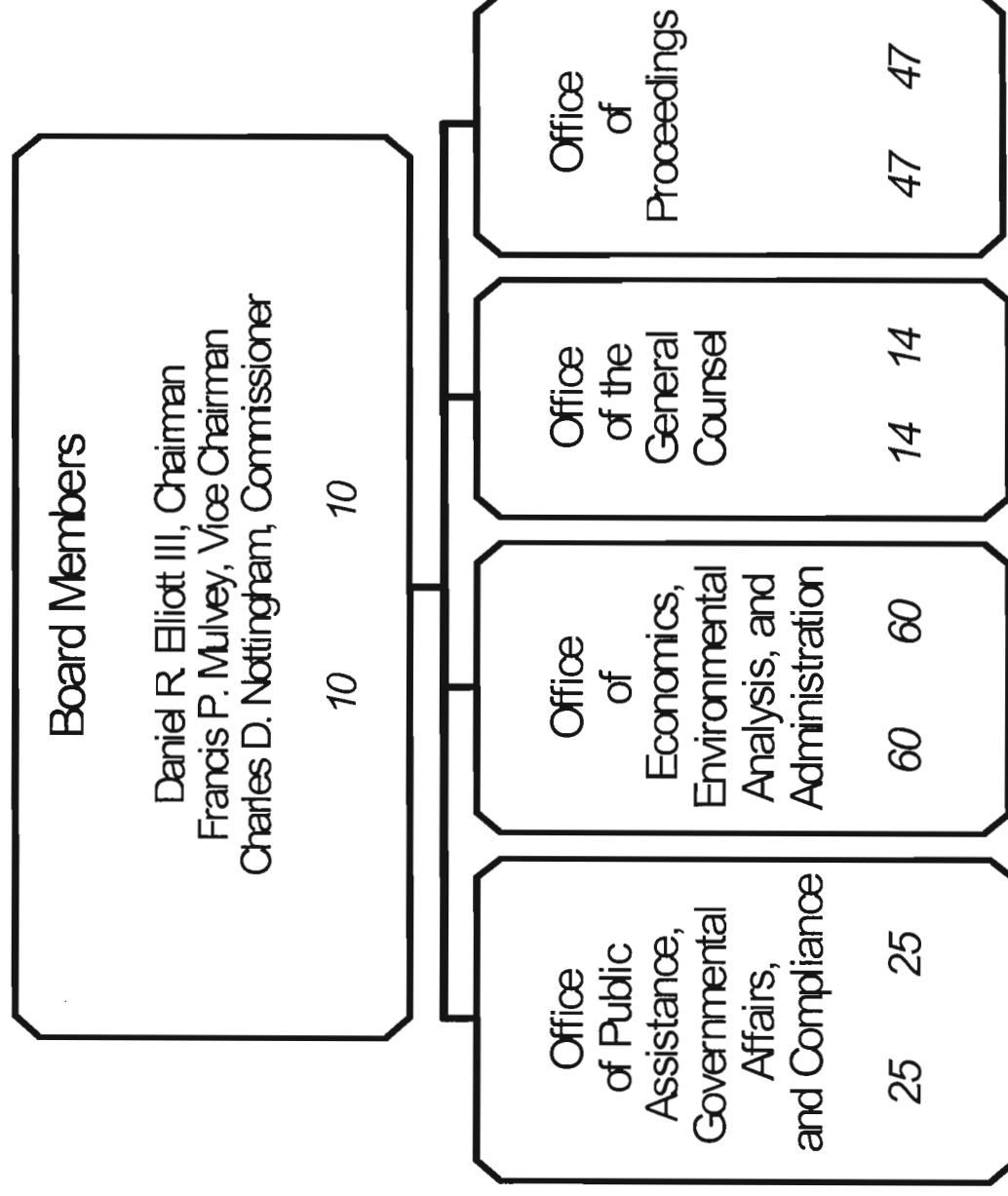
FY 2011



February 2010

Surface Transportation Board

FTEs for FY 2011 Budget



The above numbers to the left represent FY 2010 FTEs; numbers to the right represent FY 2011 FTEs. The number of Full-Time Permanent positions and FTEs are the same. The total number of FTEs for the Surface Transportation Board is 156 for FY 2010 and 156 for FY 2011.

SURFACE TRANSPORTATION BOARD

OVERVIEW OF BOARD AND BUDGET REQUEST

Introduction

The budget request submitted by the Surface Transportation Board (Board) for fiscal year (FY) 2011 reflects its FY 2010 budget, with an increase in funding for salary increases due to the FY 2010/2011 mandated pay increases. For FY 2011, the Board is requesting \$1,000,000 to continue the multi-year periodic review of the Uniform Railroad Costing System (URCS), the Board's general purpose costing system. The Board will complete a scoping study in FY 2010, which will determine the approach and funding required to complete the URCS review. The Board's request also includes the additional full time equivalents (FTEs) provided in Congress' approval of the FY 2010 budget to implement the Board's expanded jurisdiction with respect to regulation of passenger rail service under the Passenger Rail Investment and Improvement Act of 2008, P.L. No. 110-432 (the Passenger Act). Operationally, the Board requests budget resources of \$31,249,000 and authority to continue to operate at 156 FTEs as provided by the FY 2010 appropriations act.

Background on the Board

The Board is a three-member, bipartisan, decisionally independent adjudicatory body organizationally housed within the Department of Transportation (DOT). The Board has jurisdiction over certain economic regulatory matters relating to surface transportation.

The rail oversight of the Board encompasses rate reasonableness, car service and interchange, mergers, line acquisitions, line constructions, abandonments, and certain matters involving rail passenger carriers. The jurisdiction of the Board also includes certain oversight of the intercity bus industry; pipeline carriers; and rate regulation involving noncontiguous domestic water transportation, household goods carriers, and collectively determined motor carrier rates. The Board is statutorily empowered, through its exemption authority, to relax regulatory requirements where it is appropriate to do so.

The Board has kept up with its steady workload, and issued 1,166 decisions and court-related matters in FY 2009, with new cases being filed even as pending cases are resolved. In recent years, the Board experienced an increase in the number of rail rate

disputes and work related to these disputes. As of December 31, 2009, the Board had two large rail rate cases and three small rail rate cases pending. The Board also defended its decisions in court in a number of rate cases. These cases remain costly and time consuming for the Board and its staff despite recent successful efforts to streamline these cases.

The Board has taken a number of actions in the past year that have promoted, where appropriate, substantive and procedural regulatory reform in the economic regulation of surface transportation to provide an efficient and effective forum for the resolution of disputes. In this regard, during FY 2009, the Board held public meetings, hearings, and oral arguments; processed rulemakings streamlining or otherwise improving the regulatory process; handled several pending rail rate reasonableness complaints; processed rail restructuring cases; handled proposed rail construction cases; and took action on a number of non-rail matters.

The Board's Section of Environmental Analysis also has performed environmental reviews on the Board's construction, abandonment, and merger matters as required by the National Environmental Policy Act. As these reviews have become more controversial and complex, they have consumed an increasing amount of Board resources.

Board's Budget Request

In FY 2011, the Board requests budget resources totaling \$31,249,000. This budget level reflects the current resources provided by Congress in recent years with additional funds for the Board's higher rental and building security payments and the salary increases due to the FY 2010/2011 mandated pay increases. The Board also seeks resources and authority to continue to operate at 156 FTEs, the current staffing provided by the congressional committees in the FY 2010 budget.

The Board is requesting \$1,000,000 to continue the multi-year periodic review of URCS. URCS is an important tool the Board uses to carry out its regulatory mission. Yet, the regression analyses that underlie URCS have not been updated since 1987, and some of the underlying studies on which URCS relies were conducted over 50 years ago. Reviewing and potentially updating URCS would be a substantial process; major revisions to URCS may take 3-4 years to complete. At this time, we cannot predict the actual expenditures required to finish the project by FY 2013.

The Board's request includes the additional FTEs and funds already authorized to handle new responsibilities under both the 2008 Passenger Act and the Clean Railroads Act of 2008. Under the 2008 Passenger Act, the Board's jurisdiction has expanded with respect to regulation of passenger rail service. Among the many responsibilities it assigns to the Board, the Passenger Act authorizes the Board to investigate failure to meet on-time passenger train performance standards or service quality standards. Based on such an investigation, the Board may award damages against the host rail carrier or provide other relief. A section of the Passenger Act provides access to Amtrak equipment and services by a state when the state selects an entity other than Amtrak for operation of intercity passenger train routes. The Passenger Act also authorizes the Board to direct Amtrak to make its facilities and equipment available to the state entity, and provides for the Board to determine the reasonable compensation, liability, and services for use of the equipment and facilities and the provision of service. In addition to the Passenger Act, in FY 2008, Congress enacted the Clean Railroads Act of 2008, limiting the Board's authority with regard to solid waste rail transfer facilities to the issuance of land-use-exemption permits. The Board is seeking sufficient staffing and funds to allow the Board to carry out these new statutory responsibilities.

The Board's request also includes additional resources to address increases in rental and building security payments to GSA and DHS due to the annual lease escalators for the Board's leased space and estimates provided by DHS. Additional funds also are requested to cover salary and employee benefit costs associated with the FY 2010 and FY 2011 pay increases and increases in the agency's share of employee benefits associated with retirement, Thrift Savings Plan, and health benefits contributions. As more of the Board's staff who are covered by the old Civil Service Retirement System (CSRS) retire, new hires with higher employee benefits costs fill their vacancies. Unlike many agencies, there is little room in the Board's budget to absorb a pay increase and an increase in employee benefit contributions without additional resources. Fixed costs, including salary, rent, and other mandatory Governmental interagency payments, comprise about 95% of the agency's expenses. Absorbing even a small amount of the pay and benefit increases could impair the Board's ability to perform its statutory mission.

The requested funding for 156 FTEs also will provide the Board with the discretion to hire staff to replace retirement-eligible staff prior to their anticipated retirement date. Currently, 55 employees, or 38% of the Board staff, are retirement-eligible. Several retirements are expected in FY 2010 and FY 2011, and having the

flexibility to hire qualified people when they are available is particularly important for an agency that must obtain highly skilled economic, legal, and technical staff.

Consistent with appropriation acts for past fiscal years, the Board requests a provision allowing user fee collections to be credited to the appropriation as offsetting collections and used for necessary and authorized expenses to the extent that they are collected. The overall budget request reflects the workload that is expected and the statutory and regulatory deadlines associated with the resolution of the cases filed.

CHAIRMAN ELLIOTT, commenting on the budget request:

Our FY 2011 budget request seeks a 4% increase from the FY 2010 enacted appropriated level of \$29.066 million to cover mandatory pay increases and to fund the increase in fixed expenses, such as our lease. It then includes an additional request for \$1 million to complete a review of the agency's costing model, which has not been meaningfully updated for two decades and is a backbone to the regulation of the railroad industry. \$350,000 has already been budgeted in 2010 for the scoping of this project

I am aware of the President's pledge to freeze total discretionary spending in FY 2011. Reports indicate that the President intends to use a scalpel rather than a hatchet, adopting a tailored approach where overall totals are frozen but individual programs go up and down. I believe the modest increase sought here, plus the funding to complete our review of URCS, represents a proper use of public funds that will serve the public well.

The demands on this agency, with a baseload of regulatory duties, grow each year. As just one example, the Board has recently created an extremely successful public assistance and outreach program, the Rail Customer and Public Assistance Program (RCPA). When RCPA is successful at resolving stakeholder problems, it eliminates the need for the parties to file a formal complaint for the Board to process and adjudicate, resulting in a significant conservation of agency resources. The program started in 2000 with a staff of three. The program handled only 32 cases that year. Over time, the public began to avail themselves of the program. In 2008, our staff had grown to five employees, and handled 873 cases. However, in 2008, the Board began for the first time to market the program to the public and stakeholders. With just modest marketing, in 2009 the use of the program exploded, with over 1,400 cases handled in 2009 with the same small staff. The program receives accolades from all

stakeholders, and another marketing campaign is under way. The Board anticipates the program will handle over 2,000 cases in 2010, and into 2011.

In summary, the proposed 4% increase merely takes into account mandatory pay increases and other inflationary increases. Without this increase, the Board's mission and useful public programs like RCAP would be jeopardized. And the remainder of the FY 2011 request is to fund an important project already in progress.

COMMENTS OF VICE CHAIRMAN MULVEY ON PROPOSED BUDGET FOR FY 2011

Commissioner Nottingham's dissent from the Board's Fiscal Year 2011 budget request to Congress is misguided. The Commissioner believes the Board can meet its core regulatory and dispute resolution responsibilities without an increase in appropriations next year. I do not agree.

The Commissioner's suggestion that the Board's budget be flat-lined would mean that the Board would need to furlough agency employees even though Congress recently gave the Board increased responsibilities with regard to solid waste rail transfer facilities and passenger rail. Commissioner Nottingham's position, if adopted, would also mean that the Board would not receive funding to conduct the comprehensive review of its Uniform Railroad Costing System (URCS), a system that is at the heart of the Board's regulatory procedures. Congress has already recognized the significance of URCS by directing the Board to report on possible options for its update, by May 30, 2010. See Transportation and Housing and Urban Development, and Related Agencies Appropriations Bill, 2010, Report, S.Rep. No. 111-69, at 108-09 (2009). In September 2009, Commissioner Nottingham voted in favor of a budget request for FY 2011 that included an increased budget request specifically for the URCS review. And, he recently recognized the importance of this review to the Board's rate reasonableness caseload. U.S. Magnesium, L.L.C. v. Union Pacific Railroad Company, STB Docket 42114, slip op. at 22 (STB served Jan. 29, 2010) (Comm'r Nottingham, dissenting).

Commissioner Nottingham states that the Board's FY 2011 budget request is 7.51% above our FY 2010 enacted appropriation level. But in fact, our FY 2011 budget request is only 4.86% above that level the Board *requested* for FY 2010 – a budget request submitted to Congress when I was Acting Chairman and agreed to by then-

Vice Chairman Nottingham. (And, it is only a 1.51% increase over our FY 2010 submission if the monies requested for the review of URCS were excluded.)

While I recognize the importance of controlling spending in times of growing budget deficits, I do not agree that the Board can continue to meet its increased statutory responsibilities without a small increase in its appropriations for FY 2011.

DISSENT OF COMMISSIONER NOTTINGHAM ON PROPOSED STB BUDGET FOR FY 2011

I respectfully dissent from the Board's Fiscal Year (FY) 2011 budget request to Congress.

The Board's FY 2011 request of \$31,249,000 (including offsetting collections) represents a 7.51% increase from the FY 2010 enacted appropriation level of \$29,066,000. I note that the President's proposed FY 2011 budget request to Congress would reduce the Board's total annual appropriation to \$25,988,000. My colleagues' budget request represents a 20.24% increase above the President's request.

The President's FY 2011 budget anticipates that the nation's annual budget deficit will reach a record high of approximately \$1.6 trillion this year. He proposes to reduce this deficit by more than half by the year 2013 by freezing discretionary, non-security spending (the exact type of spending that is used to fund the Board) beginning on October 1, 2010.

The alarming growth in the federal deficit, left unchecked, raises the prospect of higher inflation, higher taxes and more unemployment—threatening our entire economy, including the sectors that the Board regulates. In keeping with the President's pledge to freeze discretionary, non-security spending beginning in Fiscal Year 2011, I suggest that the Board begin preparing for a budget freeze in the next fiscal year.

I believe that we can meet our core regulatory and dispute resolution responsibilities without receiving increased appropriations next year. Specifically, we can use existing staff and resources to begin to advance the Uniform Railroad Costing System (URCS) update project. Also, by beginning to manage existing and future staff vacancies and by reducing non-essential expenses we can protect all of our employees from any adverse financial consequences of a budget freeze.

I disagree with the severe budget reduction for the Board proposed by the President, but I believe that the Board must participate in our government's efforts to control spending. Accordingly, I support freezing the Board's budget at FY 2010 levels, and I oppose my colleagues' decision to seek an increase in our budget in FY 2011 by 7.51%.

I respectfully dissent from the Board's Fiscal Year 2011 budget request to Congress. The Board's FY 2011 request of \$31,249,000 (including offsetting collections) represents a 7.51% increase from the FY 2010 enacted appropriation level of \$29,066,000. In keeping with the President's pledge to freeze discretionary, non-security spending beginning in Fiscal Year 2011, I suggest that the Board begin preparing for a budget freeze in the next fiscal year. I believe that we can meet our core regulatory and dispute resolution responsibilities without receiving increased appropriations next year.

PERFORMANCE GOALS

In the performance of its functions, the Board's objective is to ensure that, where regulatory oversight is necessary, it is exercised efficiently and effectively, integrating market forces and private-sector resolutions, where possible, into the overall regulatory framework.

In particular, the Board seeks to resolve matters brought before it fairly and expeditiously. Through use of its regulatory exemption authority, streamlining of its decisional process and the regulations applicable thereto, and consistent application of legal and equitable principles, the Board seeks to facilitate commerce by providing an effective forum for efficient dispute resolution and facilitation of appropriate business transactions. The Board continues to strive to develop, through rulemakings and case disposition, new and better ways to analyze unique and complex problems, to reach fully justified decisions more quickly, and to reduce the costs associated with regulatory oversight. The resources that the Board requests would be used to further these initiatives.

ACHIEVEMENT OF THE BOARD'S GOALS

To be more responsive to the surface transportation community by fostering governmental efficiency, innovation in dispute resolution, and private-sector solutions to problems where appropriate, the Board will continue to:

- strive for a more streamlined process for the expeditious handling of rail rate reasonableness and other complaint cases in an effort to provide additional regulatory predictability to shippers and carriers;
- diligently process cases before the Board and ensure that appropriate market-based activities in the public interest are facilitated;
- adhere to all statutory deadlines for the resolution of matters pending before the Board;
- encourage new opportunities for the various sectors of the transportation community to work cooperatively with the Board and with one another to find

creative solutions to industry and/or regulatory problems involving carriers, shippers, employees, and local communities;

- work to ensure the provision of rail service that is responsive to the needs of customers; and
- ensure that the Board's processes are open and transparent to the public.

ACCOMPLISHMENTS AND WORKLOAD

Attached is a table showing workload trends and accomplishments, which provides the basis for the Board's budget request for FY 2011. As the table indicates, the Board believes that the number of decisions it issues and court-related matters it handles are the best measure of workload and performance. In accordance with its continued commitment to resolving matters before it expeditiously, the Board anticipates a relatively constant or slightly increased overall output in each year through the end of FY 2011. If, however, Congress were to make changes in the statute that the Board administers or vest the Board with additional responsibilities, then such actions could have an impact on the Board's resources.

Fiscal Year 2009

The Board's workload for FY 2009 included 1,166 decisions and court-related matters that involved adjudications and rulemakings dealing with rail and non-rail transportation issues. This work pertained to rail carrier consolidations, review of rail labor arbitral decisions, rail rates and service, rail line sales, rail line constructions, terms and conditions for continued rail service, and abandonments. It also involved intercity bus merger and pooling matters, and other non-rail matters such as water carrier and pipeline rate cases.

Regarding rate complaint cases, the Board completed three large rate cases in FY 2009. The Board issued a decision in STB Docket No. 41191 (Sub-No. 1), *AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company* that denied reconsideration, ending the administrative proceeding. The Board also issued a final decision in STB Docket No. 42088, *Western Fuels Association, Inc., and Basin Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company*, finding the transportation rates that BNSF charged the shipper utilities, which were roughly six times the variable cost of providing service, to be unlawfully high and granting the utilities an estimated \$345 million in reparations and rate reductions. The Board also issued a decision in STB Docket No. 42111, *Oklahoma Gas & Electric Company v. Union Pacific Railroad Company*, granting an estimated \$100 million in reparations and rate reductions over the next decade on rates charged for the shipment of roughly 6 million tons of coal from the Powder River Basin to the utility.

The Board also issued decisions in three small rate cases, STB Docket Nos. 42099, 42100, 42101, *E.I. du Pont de Nemours and Company v. CSX Transportation, Inc.*, that found that the rates charged were unreasonable pursuant to the three-benchmark methodology established in STB Ex Parte No. 646 (Sub-No. 1). These decisions were challenged in court but were subsequently brought back to the agency for further administrative proceedings before the parties reached a negotiated settlement.

In STB Docket No. 42112, *E.I. du Pont de Nemours & Company v. CSX Transportation, Inc.*, DuPont challenged the reasonableness of rates established by CSXT for the transportation of 38 commodities and alleged that CSXT possessed market dominance. Subsequent to the filing, the parties agreed to mediate their issues through the Board's processes and reached a voluntary settlement in May 2009.

During FY 2009, the Board issued a final decision in STB Ex Parte No. 664 (Sub-No. 1), *Use of a Multi-Stage Discounted Cash Flow Model in Determining the Railroad Industry's Cost of Capital*, adopting the average of its Capital Asset Pricing Model and the Morningstar/Ibbotson multi-stage Discounted Cash Flow model to determine the railroad industry's current cost of capital. Determining the railroad industry's cost of capital is part of the annual evaluation of the adequacy of railroad revenues. The cost-of-capital determination may also be utilized in other Board proceedings, including, but not necessarily limited to, those involving the prescription of maximum reasonable rate levels.

The Board instituted a proceeding in STB Ex Parte No. 676, *Rail Transportation Contracts Under 49 U.S.C. 10709*, to amend its rules to provide a clear demarcation between rail tariffs and contracts that are outside of the Board's jurisdiction. In January 2010, the proceeding was discontinued based on the comments received.

The Board issued interim rules in Ex Parte No. 684, *Solid Waste Rail Transfer Facilities*, to implement the Clean Railroads Act of 2008. The rulemaking addresses what solid waste transfer facilities must do to comply with the Act, the Board's role under the Act, and the effects of the Act on land-use-exemption permits.

The Board held a hearing in STB Ex Parte No. 690, *Twenty-Five Years of Rail Banking: A Review and Look Ahead*, to give interested persons the opportunity to discuss issues related to the impact, effectiveness, and future of rail banking under

Section 8(d) of the National Trails System Act. The Trails Act and the Board's implementing regulations give interested parties the opportunity to negotiate agreements to use as recreational trails railroad rights-of-way that would otherwise be abandoned. The Board has issued many decisions authorizing trail use over the years, and the Board has authorized rail banked lines for restoration of rail service. However, over the years various issues have arisen surrounding the rail banking program, which the Board and members of the public discussed at this hearing.

With respect to rail carrier consolidations, the Board considered several merger or control applications during the fiscal year. The Board issued a decision approving the acquisition of control in STB Finance Docket No. 35087, *Canadian National Railway Corp. and Grand Trunk Corp.—Control—EJ&E West Company*. In this proceeding, the Board performed extensive environmental review to address issues relating to diverting traffic from congested Canadian National rail lines in Chicago to less congested lines of the Elgin, Joliet and Eastern Railway Company (EJ&E), a Class II railroad with operations over 198 miles of track in Illinois and Indiana over a belt around Chicago. The Board conducted 14 scoping meetings, issued a Draft EIS to over 5,000 parties, and held 8 public meetings to receive comments on the Draft EIS. While successfully defending against two preliminary court challenges, the Board issued the *CN/EJ&E* decision authorizing the transaction (and establishing a 5-year oversight and monitoring process that will continue to consume substantial staff resources in FY 2010). The Board also issued a decision in STB Docket No. 35147, *Norfolk Southern Railway Company, Pan Am Railways, Inc., et al.—Joint Control and Operating/Pooling Agreements—Pan Am Southern LLC (NS/PanAm)*, under which Norfolk Southern and Pan Am Railways and its subsidiaries could acquire the joint control and operation of Pan Am Southern (PAS) railroad lines, enter into operating and pooling agreements for the operation and the establishment of rates for the lines of PAS, and enter into related trackage rights arrangements.

The Board issued a decision in STB Finance Docket No. 42104, *Entergy Arkansas, Inc. and Entergy Services, Inc. v. Union Pacific Railroad Company and Missouri & Northern Arkansas Railroad Company, Inc.*, in which Entergy challenged limitations on the Missouri & Northern Arkansas Railroad's interchange of Entergy's traffic with rail carriers other than Union Pacific. The Board did not entertain Entergy's request that the Board take remedial action to prevent the continued enforcement of certain provisions of the lease between the carriers, or that the Board find that these provisions constitute a pooling and/or traffic division agreement for which agency authority was not properly obtained. Instead, the Board gave Entergy the opportunity to focus on whether the carrier has exploited market power to such an

extent to warrant a Board order under 49 U.S.C. 10705 directing the carrier to open another route. In response, Entergy filed an amended complaint, which is pending.

Rail abandonments continue at a consistent pace in FY 2009 as the major railroads continue to shed their unprofitable lines. Sometimes abandonment proceedings result in line sales to shortlines and non-rail entities through offers of financial assistance or to public or non-profit entities for interim trail use under the National Trails System Act. Other line transactions, which have been chiefly acquisitions by purchase or lease, continue to be a significant portion of the case load, typically involving small lines of major carriers acquired by other small or mid-sized carriers or by noncarriers.

Regarding other rail matters, the Board handled a small number of labor arbitration appeals associated with previously approved major rail transactions; and it issued 394 rail abandonment decisions, 49 rail line construction decisions, and 153 shortline and noncarrier acquisition decisions.

The Board issued a decision in STB Docket No. AB-515 (Sub-No. 2), *Central Oregon & Pacific Railroad, Inc.—Abandonment and Discontinuance of Service—in Coos, Douglas, and Lane Counties*, and the related application in STB Docket No. 35160, *Oregon International Port of Coos Bay—Feeder Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.*, to order the forced sale of the 111-mile rail line to Oregon International Port. The Board earlier held a public field hearing early in FY 2009 in these proceedings that focused on the economic impact to the community of losing rail service and options that shippers may pursue to have rail service continued or taken over by another railroad.

The Board entertained a large number of railroad line construction proposals, which have entailed considerable environmental review work. The 35 rail construction cases that were pending during FY 2009 varied in size and scope, ranging from less than a mile to 319 miles of new rail line. Some of those cases include: STB Finance Docket No. 33407, *Dakota, Minnesota & Eastern Railroad Corporation Construction Into The Powder River Basin* (environmental compliance associated with DM&E to complete prior to constructing and operating its new 280-mile line into Wyoming's Powder River Basin); STB Finance Docket No. 34075, *Six County Association of Governments—Construction and Operation Exemption—Rail Line Between Levan and Salina, Utah* (wetlands issues associated with construction and operation of a 43-mile line to provide rail service to local industries and coal mines in Utah that currently must rely on truck); STB Finance Docket No. 30186 (Sub No. 3), *Tongue River*

Railroad Company, Inc.—Construction and Operation—Western Alignment (court challenge of decision regarding construction of a new 17.3-mile line to access coal mines in Montana to promote efficiency and safety concerns); STB Finance Docket No. 34284, *Southwest Gulf Railroad Company—Construction and Operation exemption—Medina County, TX* (approving the construction of a 7-mile rail line to provide rail service to a limestone quarry); STB Finance Docket No. 34936, *Port of Moses Lake—Construction Exemption—Moses Lake, Washington* (construction of an 11.5-mile rail line); STB Finance Docket No. 34658, *Alaska Railroad Corporation—Construction and Operations Exemption* (environmental review in case involving the construction and operation of an 80-mile rail line near Eielson Air Force Base, Alaska, to support both military and civilian activities); and STB Finance Docket No. 35095, *Alaska Railroad Corporation—Petition for Exemption to Construct and Operate a Rail Line Extension to Port MacKenzie, Alaska* (environmental review in proceeding involving construction and operation of a 45-mile rail line for transport of bulk materials, intermodal containers, and other freight from a port facility to the Alaskan interior).

As part of its continuing emphasis on ensuring that rail service is responsive to the needs of customers and that related disputes are resolved effectively and expeditiously, the Board continued to take a number of actions to foster informal resolution of service-related issues and provide public informational assistance during FY 2009. Through its Rail Customer and Public Assistance Program, the Board provides an informal venue for the private-sector resolution of shipper-railroad disputes and assists Board stakeholders seeking guidance in complying with Board decisions and regulations. During FY 2009, the Board addressed more than 1,400 shipper-railroad disputes and rail consumer issues and inquiries for information through the program. In these matters, Board staff receives requests for assistance with rail transportation complaints through a special toll-free telephone number or a fill-in form on the Board's website. All matters are then expeditiously handled on an informal basis, with issues involving rates and other charges; car supply; claims for damages; labor concerns; safety; land disputes; and service-related problems.

During FY 2009, the Board participated in numerous public outreach activities with Board stakeholders to explain and address concerns about Board policies and programs. These activities took the form of public meetings and workshops, including the Chicago-area mayors meeting on the CN-EJ&E acquisition, the Caliente Line field hearing in Las Vegas, NV, the Coos Bay workshop and Board field hearing in Eugene, Oregon, and public meetings in Ayer, MA on the Board's environmental review

process involved in *NS/PanAm*, which involves Pan Am Southern's subsequent plans to expand an intermodal facility and create a new automotive facility.

The Board hosted meetings for many of the transportation advisory councils of which it is a member. The Rail Energy Transportation Advisory Committee provides advice and guidance to the agency and serves as a forum for discussion of emerging issues regarding the railroad transportation of energy resources including coal, ethanol, and other biofuels. The National Grain Car Council is comprised of a balanced representation of executives knowledgeable in the transportation of grain, and includes members from the Class I railroads, representatives from the Class II and Class III railroads, members representing grain shippers and receivers, and members representing private rail car owners and rail car manufacturers. The Council meets to allow the members to discuss openly the issues affecting the grain transport industry.

The Railroad-Shipper Transportation Advisory Council was established by ICCTA as a council of rail advocates with the common goal of strengthening the national rail industry, improving service levels, and fostering mutually beneficial relations between large and small railroads and shippers across all commodity groups. This Council advises the Board, the Secretary of Transportation, and the congressional committees on transportation with respect to significant rail transportation policy issues, and reports recommendations for improvements and policy statements affecting the rail industry.

On other non-rail matters, in FY 2009, the Board issued decisions dealing with intercity bus merger and pooling cases and motor carrier pooling cases.

In November 2008, in response to a recommendation by the Government Accountability Office, the Board received its contracted funded report prepared by Christensen Associates providing a comprehensive independent analysis and study of the current state of competition in the freight railroad industry. Christensen's study addressed and examined regulatory policy alternatives on a wide range of issues, including competition, capacity, and the interplay between the two. Christensen also performed a follow-up supplemental study on capacity and infrastructure investment, which was delivered in FY 2009. During FY 2009, the Board contracted with Christensen Associates to update its data sets in the original study and report to include the 2007 and 2008 Waybill data (update completed near the end of calendar year 2009).

Fiscal Years 2010 and 2011

During FY 2010 and 2011, the Board will continue to look for ways to streamline or otherwise improve applicable regulations and the regulatory process and to promote private-sector resolution of disputes, as it has done for rate and environmental cases. And it will continue to use its processes to encourage private-sector dispute resolution. The Board may have to request additional resources if given significant additional mandates in FY 2010/2011.

The Board is working on a periodic review of URCS. During FY 2010, the Board will complete the URCS scoping study that will determine the approach and future funding required to complete the project.

As noted, the Passenger Act imposes numerous responsibilities on the Board. The Act authorizes the Board to investigate substandard intercity passenger train performance under certain circumstances. If, after investigation, the Board determines that delays or failures to achieve minimum standards are attributable to a rail carrier's failure to provide "preference" to Amtrak, the Board may award damages to Amtrak or an entity for which Amtrak operates intercity passenger service. Another section of the Act authorizes the Board to provide non-binding mediation for access disputes between commuter rail providers and rail carriers regarding access to railroad-owned track, rights-of-way, or facilities. The Act provides access to Amtrak equipment and services by a state when a state selects an entity other than Amtrak for operation of intercity passenger train routes. The Act authorizes the Board to direct Amtrak to make its facilities and equipment available to the state entity and for the Board to determine the reasonable compensation, liability, and services for use of the equipment and facilities and the provision of services, if the parties cannot agree. The Act requires Amtrak and the states to establish a methodology that allocates to each route the costs incurred for the common benefit of more than one route and requires that the Board determine and implement an appropriate methodology if Amtrak and the states do not develop and implement the required methodology within 2 years. The Act provides that metrics and standards for measuring performance and service quality of intercity passenger train operations will be developed by Amtrak and the Federal Railroad Administration (FRA). The Board has identified a cross-disciplinary team of employees to prepare for the implementation of the Act. Additional staff will be required once the metrics and standards for measuring performance and service quality have been developed. The Act authorizes the Board up to 15 additional FTEs to implement the Board's expanded responsibilities under the Act. The budget request

for FY 2011 includes continued funding for the 6 additional FTEs for which was provided by Congress in the FY 2010 Appropriations Act.

The workload involving rail rates and services is expected to remain somewhat stable through FY 2011, although an increase in the number of smaller rate cases under the Board's simplified procedures is possible. The Board currently has two large rate complaint cases and three small rail rate cases at various states of adjudication. These proceedings will require significant staff attention and resources, given the complex nature of the cases and the substantial efforts that will need to be devoted to matters such as motions and discovery resolution in the adjudications. The Board's large rate cases include: STB Docket No. 42110, *Seminole Electric Cooperative, Inc. v. CSX Transportation, Inc.*; and STB Docket No. 42113, *Arizona Electric Power Cooperative, Inc. v. BNSF Railway Company and Union Pacific Railroad Company*. Rate case resolutions continue to strive for a balance between the railroads' need to earn adequate returns and shippers' need for fair and reasonable rates.

The Board has a number of new rulemakings that will be before it during FY 2010. The Board will continue to work on these new proceedings as well as other rulemaking proceedings that are currently in various stages of the process. Other rail cases of broad interest that will continue to require considerable resources involve declaratory orders addressing the responsibility for dealing with "coal dust," the extent to which federal preemption applies to particular activities connected to rail transportation, and a variety of matters referred to the Board by the courts.

With respect to rail carrier consolidations, no "major" (as defined by statute and regulation) rail mergers are currently pending. Nevertheless, the workload in this category is expected to remain stable through FY 2011 because the Board is seeing a shift to, or an increase in, the number of smaller rail mergers and control filings. Of course, it is impossible to know whether a major merger may be proposed during FY 2010 or FY 2011. The Board continues to resolve issues related to past Class I rail mergers, including issues involved with the interpretation of conditions imposed or rulings issued in approving those prior mergers. The Board also will be involved in the 5-year oversight and monitoring process it established when it authorized the *CN/EJ&E* transaction. The Board is seeking feedback from Chicago-area communities affected by the *CN/EJ&E* merger about train noise and vibration, train blockages and street blockages, vehicle delays and traffic congestion at grade crossings, operational accidents, and identification signs at crossings.

Although some filings have declined during the economic downturn, rail abandonment decisions are expected to remain stable or increase slightly through FY 2011. The Board continues to see a high volume of “post abandonment” activity relating to (1) trail use, as proponents avail themselves of opportunities under the National Trails System Act, and (2) offers of financial assistance, whereby shippers and others seek to acquire rail lines approved for abandonment at a price negotiated with the abandoning railroad or set by the Board to continue rail freight service.

The Board projects a slight decrease in the number of line construction decisions; there are currently 22 rail line construction proposals, and additional applications are anticipated during FY 2010 and 2011, all of which can implicate significant environmental review issues. The complexity of the environmental reviews the Board must conduct continues to grow, and the environmental matters require an increasing amount of resources. With respect to construction matters in FY 2010 and FY 2011, the Board expects to be issuing a number of Environmental Impact Statements (EISs) and environmental assessments in pending and new construction cases. Construction proceedings on which the Board will continue work include: the proposed construction of a 190-mile high-speed rail line from Victorville, CA, to Las Vegas, NV (DesertXpress); a 31-mile rail line construction to the proposed Toquop Energy Project in Nevada; and a 20-mile rail line construction and operation project in Pennsylvania to provide rail service to a landfill, quarry, and industrial park. During the first part of FY 2010, the Board issued a decision allowing the Alaska Railroad to construct and operate a 80-mile rail line extension, subject to extensive environmental-mitigation conditions, to provide reliable year-round freight and passenger service to the region of North Pole, AK. Additionally, the Board’s environmental staff will continue its environmental review of the remaining Alaska Railroad proposals to construct and operate a rail line extension to Port MacKenzie, Alaska to provide transport of bulk materials, intermodal containers, and other freight to the Alaskan interior.

Other line transaction activity is expected to increase in FY 2010 and FY 2011 as carriers announce intentions to continue to sell unprofitable or marginally profitable lines as an alternative to service abandonment. These line sales can be beneficial in light of the desirability of preserving rail service for shippers. In the past few years, the Board has seen a fairly steady number of line acquisitions by both small carriers and noncarriers as rail carriers restructure their rail systems.

Regarding non-rail matters, we are projecting that pipeline work will remain minimal absent an unforeseen filing. The workload related to intercity bus mergers and

motor carrier pooling is projected to decrease through FY 2011. Some noncontiguous domestic water trade rate-and-practice case activity and workload is anticipated through FY 2011, although at this time no major new water carrier maximum rate cases are pending.

The Board will continue to devote resources to defend the various agency decisions that have been challenged, including its decisions in the control and acquisition cases in STB Finance Docket No. 35081, *Canadian Pacific Railway Company, et al.—Control—Dakota, Minnesota & Eastern Railroad Corporation, et al.*, and in the *CN/EJ&E* matter; its construction authorization in the *Medina County* case; and its rate decisions in the *AEP Texas North* case and the *Western Fuels* case (challenge brought by BNSF Railway).

**FY 2011 Congressional Budget Justification
Workload Summary¹**

Workload Category	Actual² FY 2009 Board Decisions and Court-related Work	Estimated² FY 2010 Board Decisions and Court-related Work	Estimated² FY 2011 Board Decisions and Court-related Work
Rail Carrier Control Cases	66	82	82
Rail Rates and Service	78	89	95
Rail Abandonments and Constructions	443	559	559
Other Line Transactions	153	180	180
Other Rail Activities	79	86	86
Non-Rail Activities	29	29	29
Activities Under Non- Transportation Statutes ³	318	318	318
Total	1,166	1,343	1,349

¹ The Table reports the number of decisions, court-related work, and activities to comply with non-transportation-related statutes as the measure of workload at the Board. Certain activities performed at the Board that provide direct and indirect support for rulemakings and decisions in specific cases are not reflected in these workload numbers. Such activities not reflected include: enforcement activities; rail audits and rail carrier reporting oversight; administration of the rail waybill sample and development of the Uniform Railroad Costing System; and case-related correspondence and informal public assistance.

² Estimated workloads for FY 2010 and 2011 are based on historical information regarding actual filings and best estimates of probable future filings by parties. Because the Board is principally an adjudicatory body, it does not directly control the level or timing of actual case filings.

³ In recent years, these activities, involving statutes such as the Freedom of Information Act and the laws governing ethical conduct of Federal employees, were included in this Summary as Non-Rail Activities.

SALARIES AND EXPENSES
(Dollars in thousands)

	<u>FY 2009 Actual</u>	<u>FY 2010 Estimate</u>	<u>FY 2011 Request</u>	<u>Difference from Estimate</u>
Permanent Positions	151	156	156	0
Full-time Equivalents	141	156	156	0
Personnel Compensation and Benefits	\$20,493	\$22,669	\$23,591	\$ 922
Travel	151	171	171	0
Other Costs	<u>6,181</u>	<u>6,226</u>	<u>7,487</u>	<u>1,261</u>
TOTAL BUDGET RESOURCES	\$26,825	\$29,066	\$31,249	\$2,183

Changes in Resources:

The Board seeks a budget increase of \$2,183,000 for FY 2011 for the 156 FTEs that Congress has authorized in the past fiscal year. A significant portion of this increase includes \$1,000,000 to continue the multi-year periodic review of URCS. The remainder of the increase includes higher rental payments to the General Services Administration (GSA), salary increases due to the FY 2010/2011 pay increases, and an increase in the agency's share of employee benefits contributions.

For personnel compensation and benefits, \$23,591,000 is requested to support the Board's 156 authorized FTEs. Included in this request is \$112,000 to fund the annual cost of the January 2010 general schedule pay raise and \$343,000 for the January 2011 pay raise. For many of the past years, Board employees were predominately CSRS retirement system participants and with the recent retirements and the hiring of their FERS participants replacements, the agency retirement costs have escalated and increased the employee benefit costs. The request also includes \$80,000 for lump-sum leave payments to retiring employees.

A travel budget of \$171,000 is requested primarily for on-site visits to railroads to finalize audits and review public accountants' workpapers, physically inspect proposed rail

abandonment and construction sites, gather and verify environmental data provided by parties to proceedings, conduct operational reviews, meet with shippers regarding rail service issues and compliance, defend the Board's decisions in courts across the country, and generally provide presentations, upon request, on issues within the Board's jurisdiction. Due to the increased number of environmental reviews associated with new rail construction cases and attendance at field hearings on high-profiled cases as well as a Board policy of being open and accessible to stakeholders, agency travel has increased and is expected to increase through FY 2011. A significant portion of the environmental travel increase is associated with the Board's environmental review associated with the 45-mile rail line construction to Port MacKenzie, Alaska; and other environmental reviews in the western U.S.

Funding to cover other costs is requested at \$7,487,000. The Board is requesting \$1,000,000 to continue the multi-year periodic review of URCS, which sets the threshold for the Board's rate jurisdiction, feeder line decisions, etc. The Board uses URCS in determining railroad revenue adequacy and is an important tool the Board uses to carry out its regulatory mission. The Board does not employ any industrial or cost engineers who could develop and oversee the implementation of these studies; therefore it must rely on contractual services to provide this subject matter expertise. Also included in this number are rental payments to GSA, building security payments to the Department of Homeland Security (DHS), and payments for employee training, telephone service, postage, information technology systems support and equipment, miscellaneous services and supplies, and reimbursable services acquired from other DOT agencies and other Federal agencies. These costs also include the Board's share of e-Gov initiatives and CIO/CFO Council funding. A payment to the DOT Working Capital Fund of \$192,000 is included in these costs. The Board continues to evaluate its level of physical security in light of the building's Security Committee and DHS guidelines and has implemented a Business Continuity Plan along with sheltering-in-place procedures to provide for the physical security of its employees and the continuity planning and continuance of its statutory mission.

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

OBJECT CLASSIFICATIONS
(in thousands of dollars)

OBJECT CLASS	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 REQUEST
PERSONNEL COMPENSATION			
11.10 FULL TIME PERMANENT APPT.	14,450.0	16,121.0	16,682.0
11.30 OTHER THAN FULL-TIME PERMANENT	775.0	785.0	800.0
11.50 OTHER PERSONNEL COMPENSATION	599.0	442.0	621.0
11.90 TOTAL PERSONNEL COMPENSATION	15,824.0	17,348.0	18,103.0
12.10 CIVILIAN PERSONNEL BENEFITS	3,651.0	4,071.0	4,238.0
13.00 BENEFITS FOR FORMER PERSONNEL	0.0	0.0	0.0
21.00 TRAVEL AND TRANSPORTATION OF PERSONS	151.0	171.0	171.0
22.00 TRANSPORTATION OF THINGS	16.0	8.0	11.0
23.10 RENTAL PAYMENTS TO GSA	3,583.0	3,726.0	3,794.0
23.30 COMMUNICATIONS, UTILITIES, MISCELLANEOUS CHARGES	182.0	190.0	197.0
24.00 PRINTING AND PRODUCTION	11.0	3.0	5.0
25.20 OTHER SERVICES	421.0	347.0	1,376.0
25.30 PURCHASES OF GOODS FROM GOVERNMENT ACCOUNTS	1,463.0	1,458.0	1,566.0
26.00 SUPPLIES AND MATERIALS	364.0	342.0	361.0
31.00 EQUIPMENT	139.0	152.0	177.0
42.00 INDEMNITIES-OTHER PAYMENTS	2.0	0.0	0.0
99.00 SUBTOTAL, DIRECT OBLIGATIONS:	25,807.0	27,816.0	29,999.0
REIMBURSABLE OBLIGATIONS:			
11.10 REIMBURSABLE FULL TIME PERMANENT APPT.	829.0	1,005.0	1,004.0
12.10 REIMBURSABLE PERSONNEL BENEFITS	189.0	245.0	246.0
99.00 SUBTOTAL, REIMBURSABLE OBLIGATIONS	1,018.0	1,250.0	1,250.0
99.90 TOTAL OBLIGATIONS	26,825.0	29,066.0	31,249.0

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

PERSONNEL SUMMARY

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 REQUEST
1001 FULL-TIME EQUIVALENT-DIRECT	132	147	147
2001 FULL-TIME EQUIVALENT-REIMBURSABLE	9	9	9
FULL-TIME EQUIVALENT (FTE) TOTAL	141	156	156

SURFACE TRANSPORTATION BOARD
COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
(in thousands of dollars)

BUDGET AUTHORITY

<u>ACCOUNT NAME</u>	<u>FY 2009 ACTUAL</u>	<u>FY 2010 ENACTED</u>	<u>FY 2011 BOARD'S REQUEST</u>
SALARIES & EXPENSES	25,575	27,816	29,999
TOTALS	<u>25,575</u>	<u>27,816</u>	<u>29,999</u>
OFFSETTING COLLECTIONS	1,250	1,250	1,250

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The FY 2011 request includes \$1.0 million to continue the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions.

SURFACE TRANSPORTATION BOARD
FY 2011 BUDGET REQUEST BY APPROPRIATION ACCOUNT
(in thousands of dollars)

APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS

ACCOUNT TITLE	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 BOARD'S REQUEST
SALARIES & EXPENSES	25,575	27,816	29,999
OFFSETTING COLLECTIONS:			
Users Fees Credited to Appropriation	1,250	1,250	1,250
TOTALS	26,825	29,066	31,249

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The FY 2010 request includes \$1.0 million to continue the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions.

**SURFACE TRANSPORTATION BOARD
FY 2011 BUDGET REQUEST BY ACCOUNT**
(in thousands of dollars)

BUDGET AUTHORITY

<u>ACCOUNT TITLE</u>	<u>Mandatory/ Discretionary</u>	<u>FY 2009 ACTUAL</u>	<u>FY 2010 ENACTED</u>	<u>FY 2011 BOARD'S REQUEST</u>
SALARIES & EXPENSES	D	25,575	27,816	29,999
OFFSETTING COLLECTIONS: Users Fees Credited to Appropriation		1,250	1,250	1,250
TOTALS		<u>26,825</u>	<u>29,066</u>	<u>31,249</u>

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The FY 2010 request includes \$1.0 million to continue the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions.

SURFACE TRANSPORTATION BOARD
FY 2011 BUDGET REQUEST BY APPROPRIATION ACCOUNT
(in thousands of dollars)

OUTLAYS

<u>ACCOUNT TITLE</u>	<u>FY 2009 ACTUAL</u>	<u>FY 2010 ENACTED</u>	<u>FY 2011 BOARD'S REQUEST</u>
SALARIES & EXPENSES	26,848	28,787	29,781
OFFSETTING COLLECTIONS:			
Users Fees Credited to Appropriation	1,018	1,250	1,250
TOTALS	<u>27,866</u>	<u>30,037</u>	<u>31,031</u>

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
SURFACE TRANSPORTATION BOARD**
Appropriations, Obligation Limitations, and Exempt Obligations
(in thousands of dollars)

Baseline Changes											
	2010 Enacted	2010 PC&B By Program	2010 # FTE Per Program	Annualization of 2010 Pay Raises	2011 Pay Raises	GSA Rent	WCF Increase/ Decrease	Inflation/ Deflation	FY 2011 Adjusted Base	Program Increases/ Decreases	FY 2011 Request
<u>DIRECT:</u>											
<u>PERSONNEL</u>											
<u>RESOURCES</u>	147								147	0	147
Direct FTE	147								147	0	147
<u>FINANCIAL</u>											
Salaries and Benefits	\$21,419		147		\$112	\$343			\$21,874	\$467	\$22,341
Travel	\$171								\$171	\$0	\$171
Transportation	\$8								\$8	\$3	\$11
GSA Rent	\$3,726					\$68			\$3,794	\$0	\$3,794
Communications, Rent &											
Utilities	\$190								\$190	\$7	\$197
Printing	\$3								\$3	\$2	\$5
Other Services:											
-WCF	\$152						\$40		\$192	\$0	\$192
-Other	\$1,653							\$20	\$1,673	\$1,077	\$2,750
Supplies	\$342							\$10	\$352	\$9	\$361
Equipment	\$152								\$152	\$25	\$177
Subtotal	\$27,816		147		\$112	\$343	\$40	\$30	\$28,409	\$1,590	\$29,999
<u>REIMBURSABLE:</u>											
<u>PERSONNEL</u>											
<u>RESOURCES</u>	9								9	0	9
Direct FTE	9								9	0	9
<u>FINANCIAL</u>											
<u>RESOURCES</u>											
Salaries and Benefits	\$1,250		9		\$0	\$0			\$1,250	\$0	\$1,250
Programs Subtotal	\$1,250		9		\$0	\$0	\$0	\$0	\$1,250	\$0	\$1,250
TOTAL	\$29,066		156		\$112	\$343	\$40	\$30	\$29,659	\$1,590	\$31,249
<u>EXPLANATION:</u>											

The FY 2011 request includes \$1.0 million to continue the multi-year review of URCS.

**SURFACE TRANSPORTATION BOARD
WORKING CAPITAL FUND**
(in thousands of dollars)

**APPROPRIATIONS, OBLIGATION LIMITATIONS, EXEMPT OBLIGATIONS
AND REIMBURSABLE OBLIGATIONS**

<u>ACCOUNT NAME</u>	<u>FY 2010 ENACTED</u>	<u>FY 2011 BOARD'S REQUEST</u>	<u>CHANGE</u>
DIRECT:			
SALARIES & EXPENSES	152	192	40
 TOTALS	 <u>152</u>	 <u>192</u>	 <u>40</u>

**SURFACE TRANSPORTATION BOARD
PERSONNEL RESOURCE - SUMMARY
TOTAL FULL-TIME EQUIVALENTS**

	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 BOARD'S REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES			
Civilian	<u>132</u>	<u>147</u>	<u>147</u>
SUBTOTAL, DIRECT FUNDED	132	147	147
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	<u>9</u>	<u>9</u>	<u>9</u>
SUBTOTAL, REIMBURSEMENTS/ OFFSETTING COLLECTIONS	9	9	9
TOTAL FTE	<u>141</u>	<u>156</u>	<u>156</u>

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

**SURFACE TRANSPORTATION BOARD
RESOURCE SUMMARY -- STAFFING
FULL-TIME PERMANENT POSITIONS**

	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 BOARD'S REQUEST
<u>DIRECT FUNDED BY APPROPRIATION</u>			
SALARIES & EXPENSES			
Civilian	<u>132</u>	<u>147</u>	<u>147</u>
SUBTOTAL, DIRECT FUNDED	132	147	147
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
OFFSETTING COLLECTIONS			
Civilian	<u>9</u>	<u>9</u>	<u>9</u>
SUBTOTAL, REIMBURSEMENTS/ OFFSETTING COLLECTIONS	9	9	9
TOTAL FTE	<u>141</u>	<u>156</u>	<u>156</u>

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

**SURFACE TRANSPORTATION BOARD
SUMMARY BY PROGRAM ACTIVITY**
(in thousands of dollars)

APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS

PROGRAM ACTIVITIES	FY 2009 ACTUAL	FY 2010 ENACTED	FY 2011 BOARD'S REQUEST	CHANGE FY 2010-2011
SALARIES & EXPENSES	25,575	27,816	29,999	2,183
OFFSETTING COLLECTIONS	1,250	1,250	1,250	0
TOTALS	<u>26,825</u>	<u>29,066</u>	<u>31,249</u>	<u>2,183</u>
FTEs:				
FTE (direct funded)	132	147	147	0
FTE (reimbursable funded)	9	9	9	0
TOTALS	<u>141</u>	<u>156</u>	<u>156</u>	<u>0</u>

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The FY 2010 request includes \$1.0 million to continue the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions.

SURFACE TRANSPORTATION BOARD
SUMMARY ANALYSIS OF CHANGE FROM FY 2010 TO FY 2011
APPROPRIATIONS, OBLIGATION LIMITATIONS, AND EXEMPT OBLIGATIONS
(in thousands of dollars)

	<u>Change from FY 2010 to FY 2011</u>
FY 2010 Base (Enacted)	\$27,816
Salaries and Expenses	
Adjustment to Base:	
Annualization of FY 2010 Pay Raise	\$112
FY 2011 Pay Raise	\$343
Inflation	\$30
GSA Rent Increase	\$68
WCF Increase	<u>\$40</u>
Subtotal, Adjustments to Base	\$593
New or Expanded Programs	
Program Increases/Decreases:	
Update of URCS	\$1,000
Program Cost Increases	<u>\$590</u>
Subtotal, New or Expanded Programs	\$1,590
Program Increases/Decreases	
Reimbursable-Offset Collections	<u><u>\$1,250</u></u>
TOTAL FY 2011 REQUEST	\$31,249

EXPLANATION:

Past fiscal years' appropriation acts have included a provision allowing user fee collections to be credited to the appropriation as offsetting collections thereby reducing the amount appropriated and the budget authority.

The FY 2010 request includes \$1.0 million to continue the multi-year process of updating the Uniform Railroad Costing System (URCS), a tool that underlies many of the Board's regulatory functions.

SURFACE TRANSPORTATION BOARD

SALARIES AND EXPENSES

10-YEAR TABLE

<u>ESTIMATES</u>		<u>APPROPRIATIONS</u>	
2001.....	¹ (17,954,000)	2001.....	³ 17,916,481
2002.....	⁴ 18,457,000	2002.....	⁵ 18,435,000
2003.....	⁶ 20,651,300	2003.....	⁷ 19,320,075
2004.....	⁸ 20,516,000	2004.....	⁹ 19,395,599
2005.....	¹⁰ 21,283,000	2005.....	¹¹ 21,069,400
2006.....	¹⁰ 26,622,000	2006.....	¹² 26,198,000
2007.....	¹⁰ 25,618,000	2007.....	¹⁰ 26,324,501
2008.....	¹⁰ 26,495,000	2008.....	¹⁰ 26,324,500
2009.....	¹⁰ 26,847,000	2009.....	¹⁰ 26,847,000
2010.....	¹³ 29,800,000	2010.....	¹⁰ 29,066,000
2011.....	¹⁴ 31,249,000		

¹ To be derived from offsetting collections.

² Reflects reduction of \$12,000 for TASC (P.L. 106-69, sec. 319). Reflects reduction of \$58,000 (0.38 percent) (Sec. 301, title III, Appendix E-HR 3425, P.L. 106-113). Includes \$1,600,000 from offsetting collections as a credit to the appropriation.

³ Reflects reduction of \$37,519 (0.22 percent) (Sec. 1403 of Chapter 14, Division A, Appendix D of P.L. 106-554). Includes \$900,000 from offsetting collections as a credit to the appropriation.

⁴ Includes \$950,000 from offsetting collections as a credit to the appropriation.

⁵ Reflects reduction of \$5,000 for TASC (P.L. 107-87, sec. 349), an additional reduction of \$4,000 for TASC (P.L. 107-117, sec. 1106), and reduction of \$13,000 for across-the-board rescission (P.L. 107-206). Includes \$950,000 from offsetting collections as a credit to the appropriation.

⁶ Includes \$1,180,200 for CSRS/FEHB accrual. Includes \$1,000,000 from offsetting collections as a credit to the appropriation.

⁷ Reflects reduction of \$10,000 for TASC (P.L. 108-7, sec. 362) and reduction of \$119,925 for across-the-board rescission (P.L. 108-7, sec. 601). Includes \$1,000,000 from offsetting collections as a credit to the appropriation.

⁸ Includes \$1,050,000 from offsetting collections as a credit to the appropriation.

⁹ Reflects reduction of \$16,422 for TASC (P.L. 108-199, Div. F, Title V, sec. 317) and reduction of \$108,979 for across-the-board rescission (P.L. 108-199, Div. H, sec. 168(b)). Includes \$1,050,000 from offsetting collections as a credit to the appropriation.

¹⁰ Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

¹¹ Reflects reduction of \$19,000 for TASC (P.L. 108-447, Div. H, Title I, sec. 197) and reduction of \$161,600 for across-the-board rescission (P.L. 108-447, Div. J, Title I, sec. 122). Includes \$1,050,000 from offsetting collections as a credit to the appropriation.

¹² Reflects reduction of \$252,000 for across-the-board rescission (P.L. 109-148, Title III, Chap. 8, sec. 3801). Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

¹³ Includes \$500,000 for the update of URCS and \$746,000 to implement the Board's expanded jurisdiction with respect to regulation of passenger rail service under the Passenger Rail Investment and Improvement Act of 2008, P.L. 110-432. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.

¹⁴ Includes \$1,000,000 for the continue the multi-year review of URCS. Includes \$1,250,000 from offsetting collections as a credit to the appropriation.