

The Economic Impact of America's Freight Railroads

Every year, railroads save consumers billions of dollars while reducing energy consumption and pollution, lowering greenhouse gas emissions, cutting highway gridlock and reducing the high costs to taxpayers of highway construction and maintenance.

Key Takeaway

Freight railroads in the United States are the best in the world and are a crucial national economic resource.

Freight railroads mean more jobs and a stronger economy.

By linking businesses to each other here and abroad, freight railroads have played a crucial role in America's economic development for nearly 200 years. They remain critical today, serving nearly every industrial, wholesale, retail and resource-based sector of our economy:

- **Jobs:** The approximately 140,000 freight railroad employees are among America's most highly compensated workers. In 2019, the average U.S. Class I freight rail employee earned wages of \$94,400 and fringe benefits of \$38,500, for total compensation of \$132,900. By contrast, the average wage per full-time equivalent U.S. employee in 2019 was \$66,100 (just 70% of the rail figure) and average total compensation was \$81,200 (61% of the rail figure). Rail industry employees are covered by the Railroad Retirement System, which is funded by railroads and their employees. In fiscal year 2018, some 540,000 beneficiaries received retirement and survivor benefits totaling \$12.7 billion from the system.
- **Economic Impact:** An October 2018 study from Towson University's Regional Economic Studies Institute found that, in 2017 alone, the operations and capital investment of America's major freight railroads supported approximately 1.1 million jobs (nearly eight jobs for every railroad job), nearly \$219 billion in economic output, and \$71 billion in wages. Railroads also generated nearly \$26 billion in tax revenues. In addition, millions of Americans work in industries that are more competitive in the tough global economy thanks to the affordability and productivity of America's freight railroads.
- **International Trade:** Railroads account for around one-third of U.S. exports by volume. Without railroads, American firms and consumers would be unable to participate in the global economy anywhere near as fully as they do today. International trade accounts for approximately 35% of U.S. rail revenue and 42% of the carloads and intermodal units that U.S. railroads carry.

Freight railroads save America money.

Railroads help their customers control their prices, saving them (and, ultimately, U.S. consumers) billions of dollars each year, enhancing the global competitiveness of U.S. goods, and improving our standard of living.

- **Low Rail Rates:** Average U.S. freight rail rates (measured by inflation-adjusted revenue per ton-mile) were 43% lower in 2019 than in 1981. This means the average rail shipper can move much more freight for the same price it paid more than 35 years ago.
- **Saving Taxpayers Money:** From 1980 to 2019, America's freight railroads, the vast majority of which are privately owned, spent more than \$710 billion — averaging approximately \$26 billion a year over the past five years — on capital expenditures and maintenance expenses related to locomotives, freight cars, tracks, bridges, tunnels and other infrastructure and equipment. These investments help freight railroads save taxpayers billions of dollars each year since America's freight railroads operate overwhelmingly on infrastructure that they own, build, maintain and pay for themselves. The American Association of State Highway and Transportation Officials estimated a few years ago that if all freight rail traffic were shifted to trucks, rail shippers would have to pay an additional \$69 billion per year. Adjusted for increased freight volume and inflation, that figure is probably close to \$100 billion today.



\$ 710 BILLION

IN PRIVATE INVESTMENT

Since 1980 to modernize equipment, maintain infrastructure and implement technology.

INTO OUR

WHICH REQUIRES



ALMOST

\$ 220 BILLION IN ECONOMIC ACTIVITY*



NEARLY **\$26 BILLION** IN FEDERAL, STATE & LOCAL TAX REVENUE*

GENERATING

1.1 MILLION JOBS*



*In 2017



140,000 MILE NETWORK



EQUIVALENT TO **5.6 TRIPS** AROUND THE EARTH

SUPPORTING

