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AMTRAK REAUTHORIZATION

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HEARING

BEFORE THE

SUBCOMMITTEE ON

RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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May 12, 2008

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Railroads, Pipelines, and Hazardous Materials

FROM: Subcommittee on Railroads, Pipelines, and Hazardous Materials Staff

SUBJECT: Hearing on Amtrak Reauthorization

PURPOSE OF HEARING

The Subcommittee on Railroads, Pipelines, and Hazardous Materials is scheduled to meet on Wednesday, May 14, 2008, at 10:00 a.m., in 2167 Rayburn House Office Building to receive testimony on Amtrak reauthorization.

BACKGROUND

The National Rail Passenger Corporation, better known as "Amtrak", was created with the signing of the Rail Passenger Service Act of 1970 by President Richard Nixon. The congressionally-chartered, non-governmental, public corporation was created to relieve private railroads of their legal obligations to operate money-losing passenger trains and to preserve and reinvigorate intercity passenger rail service throughout the country. Amtrak began operations on May 1, 1971, using equipment obtained from former passenger train-operating private railroads, and has been the nation's sole provider of regularly scheduled intercity passenger rail service since 1981. Today, all of Amtrak's preferred stock is controlled by the U.S. Department of Transportation ("DOT"), which reflects the Federal Government's role as its creator.

In fiscal year 2007, Amtrak carried more than 25.8 million passengers, the fifth straight fiscal year of record ridership. Increases in ridership were posted across all of Amtrak's services in both corridor and long-distance routes. On average, more than 70,000 passengers ride on up to 300 Amtrak trains per day. Like its ridership gains, Amtrak's financial performance has improved in recent years as the railroad improves its service and operations. In FY 2007, the railroad posted

approximately $1.5 billion in ticket revenue, a gain of 10.8 percent over FY 2006 ticket revenues and the third consecutive year that ticket revenues increased.

Amtrak is governed by a seven voting-member Board of Directors which approves the railroad's annual budget and grant request that is submitted to Congress each year. The Board also hires a President and Chief Executive Officer ("CEO") to run the Corporation on a daily basis. The Board is made up of the U.S. Secretary of Transportation, or her designee, the President and CEO of Amtrak, who serves as an ex-officio member, and five additional members appointed by the President of the United States and confirmed by the Senate. Currently, the Amtrak Board of Directors has one vacancy and is chaired by Ms. Donna McLean.

Destinations and Services Offered. Amtrak currently operates approximately 44 routes over 21,000 miles of track with approximately 19,000 employees that operate trains and maintain its infrastructure. Amtrak serves over 500 destinations in 46 states, with service not offered in Hawaii, Alaska, South Dakota, or Wyoming. Seventy percent of the track miles that Amtrak covers are owned by private railroads and access rights ensured by the Rail Passenger Service Act of 1970 grant Amtrak preferred access over these lines. Amtrak owns 658 miles of track primarily between Boston, Massachusetts, and Washington, DC on the Northeast Corridor ("NEC"), and in the State of Michigan. The remainder of track is owned by state and local government agencies, or small businesses.

There are two types of Amtrak passenger rail transportation services offered: corridor service and long-distance service. These services are generally distinguished based on length and frequency. Corridor services are generally less than 500 miles in length while long-distance services are generally more than 500 miles in length. Corridor services typically serve major business and urban areas with frequent service while long-distance service may occur daily or less and is geared toward the end-point user.

Corridor Service. Corridor service focuses on shorter distance markets where intercity passenger rail can offer a reasonable travel time transportation option. The NEC is the busiest corridor on the Amtrak system, carrying more than 10 million passengers in FY 2007. Five other corridors had ridership in excess of 500,000 passengers: the Keystone Corridor (Philadelphia-Harrisburg, PA), Empire Service (New York-Albany-Buffalo, NY), the San Joaquins (Oakland-Fresno-Bakersfield, CA), Amtrak Cascades (Eugene-Portland, OR-Seattle, WA-Vancouver, BC), and the Hiawatha (Chicago, IL-Milwaukee,WI). Amtrak corridor service operates over 6,000 miles of track with state financial support coming from 14 of the 23 states that these corridors serve.

Intercity passenger rail offers several advantages for corridor markets, including:

- Direct service to and from densely developed central cities, which may otherwise involve travel on congested highways and parking challenges or long, unreliable trips to and from airports located in suburban areas;
- Service to and from communities not served by air;
- Use of existing rail rights-of-way; and

- Scalable capacity that can more quickly respond to growth and better match seasonal and day-of-week fluctuations in demand when equipment is available to provide additional service.

Long-Distance Service. When Amtrak was created in 1970, Congress directed Amtrak to create a system of long-distance passenger train routes. This route system, designated by the U.S. Department of Transportation, was largely based on routes previously operated by the freight railroads at a significant loss. The operation of these routes was made possible by Amtrak's statutory access to the freight railroads at incremental costs. Many of the routes created in 1971 remain today, with 15 long-distance trains currently operating as part of Amtrak's national network. These routes have become the subject of debate concerning cost, performance, and value as an effective long-distance transportation alternative to air and highway travel. In FY 2008, operation of these trains is anticipated to require federal funding of approximately $300 million to $350 million, out of total Amtrak federal funding of $1.35 billion.

Today, Amtrak's long-distance rail network covers more than 18,500 route miles serving 39 states and the District of Columbia. In FY 2007, these trains carried 3.8 million passengers accounting for 2.5 billion passenger miles – 44 percent of Amtrak's total – and produced ticket revenues of $376 million. Amtrak's long-distance trains travel as far as 2,800 miles and pass through as many as 12 states over tracks that are owned and maintained by private freight railroads.

Long-distance service serves three unique roles in our national transportation framework:

- *National connectivity* – Collectively, long-distance trains form most of the national network that links different intercity passenger rail services and markets throughout the United States. The preservation of a national network of intercity passenger train service was one of the key reasons for Amtrak's creation. Unfortunately, service elimination/reductions and declining on-time performance outside the NEC have reduced the effectiveness of this national network in recent years;

- *Essential services* - Many long-distance trains serve small communities with limited or no significant air or bus service, especially in remote or isolated areas such as northern Montana and central West Virginia. As a result, rail transportation may provide the only affordable public transportation in such communities. For example, the Texas Eagle, which operates between San Antonio, Texas, and Chicago, Illinois, makes 13 stops a day in each direction in Texas and carries more than 170,000 riders in Texas per year. Many of these travelers do not have viable travel alternatives by other modes of transportation;

- *Redundancy within the multimodal transportation system* – Long-distance trains provide an alternative form of travel during periods of severe weather conditions or emergencies that affect other modes of transportation.

Amtrak's Sunset Limited service, currently operating from Los Angeles, California, to New Orleans, Louisiana, is often singled out as a conspicuous example of the high subsidies needed for the operation of long-distance passenger trains. However, the fully allocated per-passenger costs, touted as proof that long-distance routes are big money-losers, include allocation of corporate overhead, some NEC-related costs, and other expenses. This allocation generally exaggerates the

actual direct operating loss of any long-distance train and is often misinterpreted to mean that the elimination of such a train will result in a savings equal to the fully allocated loss. In fact, discontinuing long-distance trains will not result in a savings of these overhead costs and will require the allocation of more of the total allocated system costs onto the remaining trains, significantly increasing their per-passenger costs. Furthermore, labor-management collective bargaining agreements require that Amtrak continue wage and benefit payments for up to five years for certain employees who are displaced because of train eliminations. Thus, Amtrak will be required to continue paying the largest cost of operating a long-distance train – wages and benefits for the associated employees – once the train is eliminated, without the benefit of any offsetting revenue from that train's operation.

AMTRAK AS A NATIONAL TRANSPORTATION SYSTEM SOLUTION

Over the next 50 years, the population of the Untied States will grow by some 120 million people, greatly intensifying the demand for transportation services by private individuals and by businesses. Intercity passenger rail growth and investment will provide the following benefits for the public good:

- *Reduces highway congestion:* Traffic congestion is a growing problem in our interstate highway system. Since 1982, the average delay per highway rush hour traveler has grown from 16 hours to 47 hours per year. Amtrak already removes eight million cars from the road today – a significant impact on traffic. However, despite the increase of infrastructure construction, congestion on roads will continue to strain our transportation systems if alternative options are not further explored.

- *Reduces airport congestion:* Airport congestion is a growing problem. The American Association of State Highway and Transportation Officials ("AASHTO") reports that in 1993, 23 commercial airports in the United States experienced at least 20,000 annual hours of air carrier delays. In 2003, 32 commercial airports had over 20,000 annual hours of air carrier delays, a one-third increase. Further, in March 2007, only 72 percent of all U.S. flights had on-time arrivals. The Federal Aviation Administration expects air travel congestion only to get worse, reporting that the 63 million take-offs and landings in 2007 will increase to 81.1 million by 2012. Amtrak currently controls 56 percent of the market between Washington, DC, and New York, New York. Strategic investment into corridors of 100 to 500 miles to bring rail infrastructure to a state-of-good-repair can help alleviate airport congestion and help accommodate the country's growing transportation needs.

- *Reduces transportation pollution:* One-third of U.S. carbon dioxide ("CO_2") emissions originate from the transportation sector. Current Amtrak trains are 27 percent more efficient per passenger-mile than automobile travel, and 20 percent more efficient per passenger-mile than domestic airline travel. In fact, each full Amtrak train carrying 400 or more passengers removes the equivalent of 250-350 cars from the road, creating a significant reduction in CO_2 emissions and reducing congestion.

- *Creates additional economic benefits:* Significant economic development can be gained from enhanced passenger rail service. An economic impact analysis of the 3,000-mile Midwest

Regional Rail System proposed by nine Midwestern states identified 58,000 new permanent jobs, $1.1 billion in increased household income, and $4.0 billion in increased property values around 102 stations served by the system. Washington, DC's Union Station illustrates the potential economic benefits of such stations. Union Station is the most visited site in the city, attracting 23.5 million visitors per year. The station hosts a nine-screen movie theater complex, 125 stores, and numerous options for sit-down dining and fast food. Annual sales at Union Station in 2000 exceeded $105 million and the station's occupancy rate was over 96 percent.

- *Creates modal redundancy:* In the case of a national emergency, Amtrak provides modal redundancy, which provides greater ability to evacuate populations or bring aid to severely impacted emergency areas.

AMTRAK INVESTMENT NEEDS

Amtrak is emerging from years of system-wide deferred investment and operational turmoil stemming from major construction projects and the introduction of the Acela high speed train service in the Northeast Corridor in the late 1990s and early part of this decade. Former Amtrak President and CEO, David Gunn, helped to restore Amtrak management capability and credibility and began an aggressive process to return Amtrak's equipment and infrastructure to a state-of-good-repair. Current Amtrak President and CEO, Alexander Kummant, continues these efforts today.

Amtrak's improved physical state and recent focus on customer service, along with growing state investment in passenger rail corridors, increasing highway and airport congestion, rising gas prices, and environmental concerns, have made intercity passenger rail an increasingly attractive option.

Capital Needs. Many years of Federal funding at levels below Amtrak's $1.5 billion average annual operating and capital subsidy needs led Amtrak to curtail capital investments and maintenance spending. In the first half of this decade, the impacts of such deferred investments led to serious Amtrak reliability and availability problems with rolling stock and infrastructure. These problems undermined Amtrak's service performance, downwardly affecting the company's revenue and moderating ridership growth. Over the past several years, Federal funding levels more closely matched to Amtrak's capital and operating needs have helped to eliminate some of the backlog of deferred maintenance and capital projects and the effects on Amtrak's revenues and ridership has been predictably positive. The process of returning the railroad's infrastructure and equipment to a state-of-good-repair has led to the renewal of some Amtrak assets to service and reliability levels not seen in more than 20 years.

In 2005, Amtrak completed a comprehensive catalog of its capital needs, entitled *Engineering State of Good Repair*. The analysis shows a $4.2 billion backlog of investment (in 2005 dollars) to bring the Amtrak engineering infrastructure system to a state-of-good-repair, excluding some major bridge and tunnel work. With the backlog of major bridge and tunnel work, the backlog approaches an estimated $6 billion. After a state-of-good-repair is achieved, there is a corresponding annual incremental investment needed to maintain the infrastructure.

Even with adequate funding, resources, and additional equipment however, Amtrak estimates the backlog of work will take 15 years to complete, including maintenance once the construction is complete.

Debt Reduction. In recent years, Amtrak has taken great steps to reduce its debt load despite recurring Federal underinvestment. Since 2002, Amtrak has reduced its debt load almost $600 million to $3.17 billion. Amtrak has prioritized the reduction of its debt load by cutting expenses and not taking on additional debt since FY 2003. In its FY 2009 grant request, Amtrak requested $345 million for debt service, which is approximately 20 percent of Amtrak's total $1.671 grant request for the fiscal year.

Americans with Disabilities Act Compliance. The Americans with Disabilities Act ("ADA") required that Amtrak make several changes to its stations, cars, and operations to become accessible to people with disabilities by 2010. According to the September 2007 Government Accountability Office study entitled "Transportation Accessibility", Amtrak is keeping pace with compliance for its vehicles and equipment, but has fallen short in bringing stations up to compliance by the prescribed deadline. According to Amtrak, as of June 2007, 45 percent of the 479 stations that Amtrak serves that are required to be accessible were fully accessible to people in wheelchairs.

In February 2006, DOT released a proposed rule, based on recommendations from the U.S. Access Board, that updated ADA regulations to require commuter and intercity passenger rail to provide level boarding. Level boarding minimizes gaps between train platforms and trains so that disabled passengers can board trains without special equipment at all rail platforms and trains. These new requirements are expected to come at a significant additional cost of $950 million to $1.1 billion.

Choke Points. Capacity-constrained corridors, or "choke points", outside the NEC hamper Amtrak's service reliability, thereby hurting its ability to retain ridership and be a consistent alternative to highway and air travel. Choke points exist throughout the entire national rail network, including along both corridor and long-distance service.

Choke points are a key contributor to Amtrak's on-time performance. Inconsistency in arrival times due to over-capacity places further strain on Amtrak as it reduces ridership and in turn, depletes revenue. A recent Department of Transportation Inspector General study reported that if Amtrak achieved an 85-percent on-time performance outside the NEC in FY 2006, its operating loss would be reduced by 30 percent, or $136.6 million. Previous authorizations have not taken into account the increased financial and operational performance benefits from choke point alleviation, so these inefficiencies have only expanded their drag on the entire network.

Aging Fleet. Amtrak's passenger cars and locomotives are reaching the end of their useful life. In July 2007, Amtrak reported that the average age of the railroad's passenger cars was 23 years old, with some cars having been in use for as many as 59 years, creating an immediate need for re-investment in passenger rail cars. The average age of locomotives is 16 years and many locomotives are at the end of their useful life of 25 to 30 years. This advanced age, paired with the heightened strain placed on the equipment in comparison to most commuter and freight rail rolling stock, creates a further need for a fleet replacement strategy. Failure to procure new equipment will eventually lead to greatly increased operating costs and lost revenues as failure rates affect service

and decrease equipment availability, generating a correspondingly unfavorable effect on revenues as travelers respond to delays and discomfort.

AMTRAK REAUTHORIZATION

The Amtrak Reform and Accountability Act of 1997 (P.L. 105-134; 111 Stat. 2570) authorized Amtrak for the period FY 1997 through FY 2002 at a total funding level of $5.16 billion. This authorization provided only enough funding for Amtrak to continue operations, but little to improve and invest in infrastructure and bringing the network to a state-of-good-repair – where each asset (e.g., rail, rolling stock, bridges, ties, cable, transformers) is maintained and replaced within its design life.

Since the last authorization expired in 2002, numerous bills were introduced in the 107th, 108th, and 109th Congresses to reauthorize Amtrak. The Committee on Transportation and Infrastructure reported several bills to reauthorize Amtrak. Despite strong bipartisan support in the Committee on Transportation & Infrastructure for Amtrak reauthorization, none of the bills were considered by the full House of Representatives.

Since the last authorization expired, Amtrak has continued to operate based on annual appropriations, with no long-term authorization in place. The Consolidated Appropriations Act, 2008 (P.L. 110-161) provides $1.325 billion in grants to Amtrak and $30 million to States for an intercity passenger rail capital grants program. In recent years, President Bush has repeatedly requested reduced funding for Amtrak, or its complete elimination, but the administration has been consistently rebuffed by Congress.

Since the authorization expired in 2002, the Subcommittee on Railroads, Pipelines, and Hazardous Materials, and its predecessor subcommittees, has held 11 hearings on Amtrak.

On May 8, 2008, Chairman James L. Oberstar introduced H.R. 6003, the "Passenger Rail Investment and Improvement Act of 2008". The bill authorizes $14.4 billion for Amtrak capital and operating grants, state intercity passenger grants, and high-speed rail over the next five years.

Major provisions of the bill include:

- **Increases Capital and Operating Grants to Amtrak.** The bill authorizes $6.7 billion (an average of $1.34 billion per year) to Amtrak for capital grants and $3.0 billion (an average of $606 million per year) for operating grants. Past inconsistent Federal support has hampered Amtrak's ability to replace catenaries, passenger cars, bridges, ties, and other equipment necessary for Amtrak to provide service. These capital grants will help Amtrak bring the Northeast Corridor to a state-of-good-repair, procure new rolling stock, rehabilitate existing bridges, as well as make additional capital improvements and maintenance over its entire network. In addition, the operating grants authorized under the bill will help Amtrak pay salaries, health costs, overtime pay, fuel costs, facilities, and train maintenance and operations. These operating grants will also ensure that Amtrak can meet its obligations under its recently negotiated labor contract.

- **Develops State Passenger Corridors.** In an effort to encourage the development of new and improved intercity passenger rail services, the bill creates a new State Capital Grant program for intercity passenger rail capital projects, and based on the New Starts transit capital program administered by the Federal Transit Administration. The bill provides $2.5 billion ($500 million per year) for grants to States to pay for the capital costs of facilities and equipment necessary to provide new or improved intercity passenger rail. The Federal share of the grants is up to 80 percent. The Secretary of Transportation would award these grants on a competitive basis for projects based on economic performance, expected ridership, and other factors.

- **Provides Funding for High-Speed Rail Corridors.** The National Surface Transportation Policy and Revenue Study Commission, established to develop a national transportation vision to address surface transportation needs for the next 50 years, recommends that the United States establish a high-speed rail network that spans the entire country. The bill authorizes $1.75 billion ($350 million per year) for grants to States and/or Amtrak to finance the construction and equipment for 11 authorized high-speed rail corridors. The Federal share of the grants is up to 80 percent. The Secretary of Transportation would award these grants on a competitive basis for projects based on economic performance, expected ridership, and other factors.

- **Alleviates Rail "Choke Points".** Many of Amtrak's service routes outside the Northeast Corridor suffer from poor service reliability and on-time performance because of freight traffic congestion. This congestion prevents Amtrak from retaining and attracting new ridership, and increases Amtrak's operating costs. The Department of Transportation Inspector General recently reported that if Amtrak achieved an 85 percent on-time performance outside the Northeast Corridor in fiscal year 2006, it would have saved Amtrak $136.6 million, or almost one-third of its operating budget. Amtrak is required by law to have preferred access on freight corridors; however, freight railroads do not always comply with Amtrak's access rights. The bill addresses this problem by providing congestion grants to Amtrak and the States for high-priority rail corridors in order to reduce congestion and facilitate ridership growth.

- **Reduces Amtrak's Debt.** Federal support of Amtrak was cut drastically in fiscal year 2000 and 2001, forcing Amtrak to assume a large amount of debt to stay in operation. Amtrak has aggressively targeted this debt, paying down $600 million from 2002 through 2007. Our bill helps Amtrak to take further steps to reduce its debt, authorizing $345 million each year for debt service through FY2013. This funding will allow Amtrak to focus its resources on improving existing services and making additional capital and operational improvements.

- **Establishes a Northeast Corridor Request for High-Speed Rail Proposals.** Section 502 of H.R. 6003 directs the Secretary of Transportation to issue a request for proposals for projects for the financing, design, construction, and operation of an initial high-speed rail system operating between Washington, DC, and New York, New York. Proposals would need to meet certain financial, labor, and planning criteria, as well as a detailed description to account for any impacts on existing passenger, commuter, and freight rail traffic to be considered. If the Secretary receives a cost-effective proposal, she establishes a commission to study the proposal. Finally, the Secretary would issue a report to the Congress on the

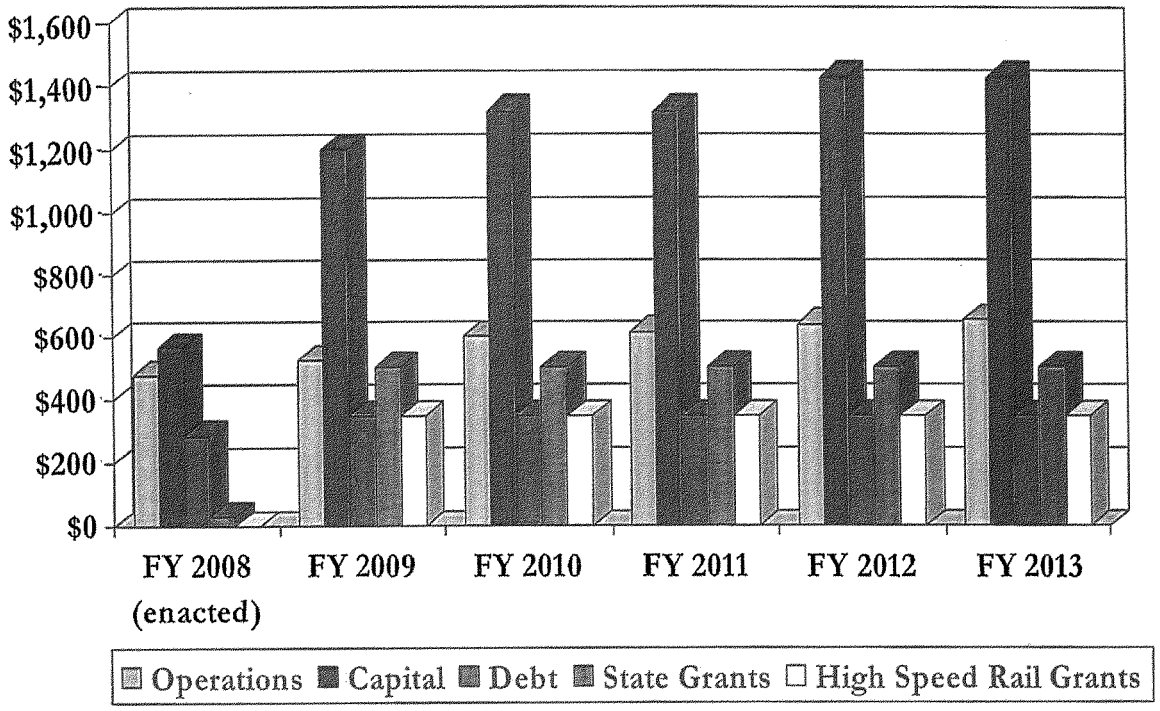
Commission's findings. Any further action on a proposal would need legislative approval by the Congress.

- **Resolves Disputes between Commuter and Freight Railroads.** Currently, no Federal guidelines exist to mediate disputes between commuter rail providers and freight railroads over use of freight rail tracks or rights-of-way, nor is there a standard forum for negotiating commuter rail operating agreements. The bill establishes a forum at the STB to help complete stalled commuter rail negotiations, helping our rail network operate as efficiently as possible. This section is identical to what was included in H.R. 2701, the "Transportation Energy Security and Climate Change Mitigation Act of 2007", as ordered reported by the Committee on Transportation and Infrastructure on June 20, 2007.

Attached is a chart illustrating the funding levels authorized under H.R. 6003.

Funding Levels of H.R. 6003, the "Passenger Rail Investment and Improvement Act of 2008"

(in millions)



WITNESSES

The Honorable Frank Busalacchi
Secretary
Wisconsin Department of Transportation

Mr. Kevin Corbett
Vice President
DMJM Harris-AECOM

Mr. Jed Dodd
General Chairman
Brotherhood of Maintenance of Way Employes

Mr. Alexander Kummant
President & CEO
Amtrak

Mr. Ed Wytkind
President
Transportation Trades Department, AFL-CIO

HEARING ON AMTRAK REAUTHORIZATION

Wednesday, May 14, 2008

HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2167, Rayburn House Office Building, the Honorable Corrine Brown [Chairwoman of the Subcommittee] presiding.

Ms. BROWN OF FLORIDA. Would the Subcommittee on Railroads, Pipelines, and Hazardous Materials come to order?

Good morning. The Subcommittee meeting today is a hearing on Amtrak reauthorization. Amtrak was last authorized in Congress in 1997. Fifty years ago, President Eisenhower created the national highway system, which changed the way we travel in this Country. Today, we need to do the same thing with passenger rail, to make the level of investment necessary for it to become even more successful for the 21st century. That is why I am so excited about H.R. 6003, the Passenger Rail Investment and Improvement Act, which was recently introduced by Chairman Oberstar, Ranking Member Mica, Subcommittee Ranking Member Shuster, and myself. It provides $2 billion per year for capital and operational grants, $500 million per year for developing State passenger corridors, $345 million per year to pay down debt, $345 million per year for high-speed rail projects, $60 million to start work on constructing a new tunnel through Baltimore, and it requires a plan for restoring service to the Sunset, limited from New Orleans to Sanford, Florida, which is in my district, Mr. Mica's also.

Amtrak is extremely valuable to our Country. It takes cars off our already congested highways, it reduces congestion in the sky, and it is better for the environment. In many areas of the Country, Amtrak is the only mode of transportation available. Let me repeat that. In many areas of our Country, Amtrak is the only mode of transportation available. They have shown major increases in ridership, as ridership has increased in eight of the nine last year and reached a record level of 25.8 million passengers this year. And with the cost of gas potentially rising $4.00, $5.00, $6.00 a gallon, there will be even more riders lining up for Amtrak.

Unfortunately, for many years Amtrak has been given just enough money to limp along, never given the necessary funding to make serious improvements in the system. The high voltage electric system is over 70 years old. Sixty-five percent of the bridges

were built in the 1920s, and several tunnels that trains travel through every day were built in the 1800s.

In 2005, Amtrak conducted a comprehensive review of the capital needs, and because of the request of Congress. The review determined that Amtrak should invest $4.2 billion to bring the infrastructure to a state of good repair. Today, with the backlog of major bridges and tunnel work, the necessary investment capital has approached an estimated $6 billion.

As other countries continue to invest tens of billions of dollars each year to improve their passenger rail systems, we have fallen further and further behind in our deferring the much needed improvements to our system. We must find ways to speed up Amtrak backlogs of repair work and bring its assets to a state of good repair so that Amtrak can concentrate on increasing capacity, increasing speed, developing new facilities, and planning for the future. These major infrastructure improvements are also necessary to improve the safety and security of the system and its passengers and workers.

Amtrak has and will continue to play a critical role in evacuation and transporting citizens during national emergencies. Unfortunately, it is also a prime target for those who wish to harm us, and we must provide resources to make the system less vulnerable.

I am looking forward to working with my colleagues in the House and Senate to pass this legislation. The United States used to have a strong passenger rail service. Now, we are the caboose. And they don't even have cabooses any more. The American people deserve better, and I believe that the Amtrak reauthorization bill will go a long way to bring the United States to its rightful place as the world's leader in passenger rail.

With that, I want to welcome today's panelists and thank you for joining us. I look forward to hearing your testimony.

Before I yield to Mr. Shuster, I ask that the Members be given 14 days to revise and extend their remarks, and to permit the submission of additional statements and material by Members and witnesses. Without objection, so ordered.

I yield to Mr. Shuster for his opening remarks.

Mr. SHUSTER. Thank you, Madam Chairwoman.

Welcome to those who are going to be testifying today. I have to give you notice up front, I have a markup going on in Armed Services, so I will probably be in and out of here this morning. But that doesn't diminish my interest at all in what the hearing is about today.

Last week, I joined with our leader, Mr. Mica, and Chairman Oberstar and Chairwoman Brown in co-sponsoring H.R. 6003, which reauthorizes and reforms Amtrak. Amtrak has not been reauthorized since 1997 and there has certainly been a lot of change occurring in this Nation in transportation since then.

In 1997, the average gas price was about $1.27, and today we are moving up towards $4.00 a gallon. We thought highway traffic was bad in the late 1990s, but I don't think we really envisioned the level of congestion that exists out there today on the roadways. And the same could be said of the airlines; delays have increased significantly since 1997 and there doesn't appear to be any relief

in sight. One way to address this congestion is by expanding our passenger rail system, especially high-speed rail.

Our Amtrak reauthorization bill directs the Department of Transportation to solicit high-speed rail proposals for the Northeast Corridor and other lines around the U.S., which I think is one of the highlights of this reauthorization bill. Companion bill H.R. 6004, also known as RIDE-21, which was introduced in the previous Congress, will provide $24 billion in bond funding to begin construction of these high-speed rail projects.

But we cannot focus just on passenger rail. Amtrak trains, as we all know, operate on our Nation's freight tracks, and these lines have become also increasingly congested over the past five years. That is why I also have co-sponsored H.R. 2116, the Freight Rail Infrastructure Capacity Expansion Act. This legislation promotes investment in new rail capacity which will help not only shippers, but rail passengers at the same time.

Madam Chairwoman, I am looking forward to our hearing this morning and, again, excuse me when I have to depart for this other markup. But I am sure I will be in and out, as I said. Thank you very much and I yield back.

Ms. BROWN OF FLORIDA. Thank you.

Now, Mr. Mica.

Mr. MICA. Thank you. I am pleased to join Chairman Brown, Chairman Oberstar, Mr. Shuster, our Ranking Member, in support Amtrak reauthorization. I know several people in the audience just fell over and croaked, but we did reach what I consider an historic agreement. What we did was partner our interest in moving passenger rail service forward in the United States. What we will have is authorization of funding and projects for Amtrak in a bipartisan fashion from the House for the first time, and incorporated in that is, I think, again an historic proposal to advance high-speed rail.

One of the things that I have advocated is development of the Northeast Corridor, at least on a preliminary basis, and this bill contains that provision. It provides for the Department of Transportation to take proposals from the private sector to develop, finance, construct, and operate a high-speed rail corridor initially from Washington to New York. We chose that because Amtrak owns that entire corridor 100 percent. They own most of the track and right-of-way above New York to Boston, but not all of it. However, we do not preclude other proposals from coming forward to DOT in corridors that make sense for high-speed rail.

The only caveat we have on the Washington-New York service is that it be door-to-door in two hours. That would revolutionize transportation, I believe, in the Northeast Corridor. People would be able to go to Union Station and get to downtown New York in less than two hours. The dramatic impact on congestion in that corridor, just for aviation alone, as you may know, in excess of 70 percent of the delays for our entire system begin in New York City air space area and that northeast region, and this gives people an alternative.

Obviously, this is going to be a very expensive proposition—it will be many billions of dollars—but we think that we can have the Federal Government partner with the private sector for developing and separating out that traffic. I think it will be a dramatic boost

to commuter service in that corridor because, in separation, you will be able to have better commuter service, better utilize the corridor for freight service.

Then, we also request that we look at the development of that corridor. I said it is time that we stop sitting our assets. When you have a corridor from Washington to New York, one of the most densely populated urban areas and most valuable real estate, and we are not fully utilizing that asset, we are in fact sitting on our assets and not maximizing their potential.

Another beneficiary of this will be labor. Mr. Oberstar and Ms. Brown made certain that there are good labor protections in. No matter who runs the service, labor will prevail and be a partner. The history of Amtrak, as you know, they had some 28,000 employees when I came to the Committee. They are now down to—Mr. Kummant will tell us—what, 17,000? What is it? Nineteen thousand. In any event, we think that we can reverse that and actually, through increased development of these corridors, dramatically increase employment opportunities for the future.

Pretty exciting proposal and pretty dramatic agreement. I thank Mr. Oberstar and Ms. Brown for their vision in this. I think, if you look at the bill, there are also, as Ms. Brown has pointed out, opportunities for public-private partnership and expansion of service, partnerships with States and other entities, and developing with other partners passenger rail service where we need that service and where there is the desire for additional partnerships.

So pretty exciting proposal. I look forward to working with the Chair of the full Committee and Ms. Brown getting this passed, and working with our Senate partners and educating them as to the potential we have for an exciting new era in passenger rail service in America.

Thank you. I yield back.

Ms. BROWN OF FLORIDA. Thank you.

Now our full Committee Chair, Mr. Oberstar.

Mr. OBERSTAR. Thank you, Madam Chair.

Last Thursday there were rumblings and shakings on the foundation of Fort Rayburn as four Members of Congress reached across the aisle, held hands, and agreed on the Amtrak legislation before the Committee this morning. It was a transformational moment in the history of passenger rail service in America. The first began in the 1850s; the second began in 1970, when passenger rail service was all but abandoned by the freight rails and converted into Amtrak. This will be the third transformational moment. I think we will look back in time and say this was a moment when a new birth of energy and new opportunity for intercity passenger rail, for America to take its place among first world countries in passenger rail service. For that, I am most appreciative to Ms. Brown, who, like Harry Truman, actually took Amtrak rights, advocating two or three years ago for continuation of Amtrak service, which was proposed to be bankrupted by the previous Administration—current Administration, I should say—and to Mr. Mica, who has been a continuing vigorous advocate for high-speed passenger rail; Mr. Shuster, who has been a continuous strong advocate for high-speed intercity passenger rail service.

While there were differences of approach, I can truly say that this legislation incorporates the best of the ideas on both sides. We all had to make compromises, and that is in the best interest of the legislative process. I think we have an extraordinary opportunity to move forward with a solid, strong bill, substantial funding. Instead of keeping Amtrak on life support, as it has been from year to year, instead of a budget in which the former Secretary of Transportation said our purpose is to bankrupt Amtrak, we have a proposal here that will give vigorous life to Amtrak and to invite opportunities from the private sector, public-private partnerships, alliances of States to participate with each other, with Amtrak in combinations we haven't even thought of yet. And the idea here is to initiate new energy, new ideas, and new investment opportunities from the private sector.

I will just close by saying a week ago I had the great privilege of being invited to address the meeting of the European transport ministers in Slovenia, all 27 transport ministers, unveiling the second phase of their $350 billion surface transportation investment plan for the European Union. A cornerstone of that plan was substantial investment in additional high-speed passenger intercity rail service for Europe, truck routes, passenger car routes, and port development, as well as an extraordinary linkage by canal of the Atlantic Ocean, English Channel, Sienne River, the Rhine, the Danube, to the Black Sea. That is big picture visioning. That is serious investment in a vigorous transportation future. It is one that we must match and exceed.

Yes, the price tag of $14 billion plus sounds big, but that is what France invested in its TGV to get it launched, and Denmark is investing about half as much—little Denmark, 4 million people investing that much—in upgrading its high-speed passenger rail service; and on with other countries. I won't recite the litany. This is a transformational moment. Yes, we are going to have differences of viewpoints from the various witnesses we will hear today, but the cornerstone package we have here is a solid beginning on a new future for our intercity passenger rail for America.

Thank you, Madam Chair.

Ms. BROWN OF FLORIDA. Thank you, Mr. Chairman.

Mr. Boswell.

Mr. BOSWELL. Thank you, Madam Chairman. Thank you for your leadership and bringing this to the point we are at now. I would like to relate myself with everything that has been said. It is good. I appreciate it very much.

I would just like to make a point that the outstanding men and women, the very professional people that have and will devote their working lives to efficient, safe, and faster rail. They are folks that we ought to recognize.

I agree, we have to do something about the east coast, west coast, the congestion. The need is so prevalent and we have to do it. We have to connect the Country, too. We are the United States; we have to connect the Country, and I think there is need and demand for doing that. So we all understand and I certainly know that our full Committee Chair understands; I have heard him speak of it many, many times. The congestion, the air congestion, the costs, the delays, consolidations, things going on, it is a big con-

cern and we have ways to make relief, and I think we are talking about it right here.

I remember many years ago returning after a four-year deployment, if you will, to Europe, and came back and they were building and expanding rail. We got here and they were doing just the opposite. I said then I think I know who has got it wrong. I said I thought so then. Well, now I have to correct it; I know so. We really screwed up, and it is going to have to be fixed, and we have to get this back on track.

Lastly, one time not so many years ago I went from Lisbon to Brussels. It has been a few years ago. And we went clickety-clack, slow, rocking along getting out of Portugal and across parts of Spain, and all of a sudden we hit France and I couldn't believe it. I turned to my wife and I said, my gosh, what has happened here? And there was no noise and all of a sudden you could tell, I mean, the trees were flying by and we found out that we were moving on. And we got into Belgium and Germany, and other times I had opportunity to travel and so on.

So this is way overdue, we know that. I am speaking to the choir here. But I just appreciate that finally we are coming to grips and we have to do it. We don't really have a choice. It is kind of like Chairman Oberstar working on our infrastructure, the other part of transportation that is, of course, important too, the highways and bridges. We have to do it. That is nothing we are going to sit around and talk about, we have go do it.

And we talk about stimulation and I would defer to you, Mr. Chairman or Madam Chairman, but I think when we spill a billion bucks in transportation, the number of jobs are in the multi-thousands, it is 47,000—something like that—and they are high paying jobs and, guess what, they are not exportable. And we are going to have to do it anyway, so let's get on with it.

Thank you very much for your time. I yield back.

Ms. BROWN OF FLORIDA. Mr. Boswell, let me just say that recently the Committee took a trip to Spain, and I went from Barcelona to Madrid, 300 miles, two hours and a half, and we felt nothing. So they have straightened out their system.

Mrs. NAPOLITANO. Thank you, Madam Chair. I too associate myself with the remarks in support of this great reauthorization and thank you for holding this hearing.

To us in California, this is really not only a needed investment, but a dramatic, critical investment in our infrastructure that is long coming. It creates our new State program, which, of course, is desperately needed in California. As you know, we have three of the five top busiest rail corridors with Pacific Sunliner in the Capitol Corridor in San Joaquin Corridors, and those choke points will be hopefully alleviated with the investment granted by this bill. It really will be very much an incentive for a lot of people to leave their cars at home, which is sorely needed in many of the areas to improve the environment, and the investment will put people to work; and there are so many other things that this will create.

So, again, thank you. I am glad to be part of it, and I yield back.

Ms. BROWN OF FLORIDA. Thank you.

Let me just introduce our first panel. Recently elected to Congress, Mr. Andre Carson is here to testify today. Mr. Carson now

serves in the seat held by the former Transportation Infrastructure Committee colleague, Congresswoman Julia Carlson. I am pleased to have you here with us this morning.

Recently, I spent a day in your district in Indiana, so I welcome you and we await your testimony.

STATEMENT OF ANDRE CARSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. CARSON. Thank you, Madam Chairwoman. I want to first thank Chairwoman Brown and Ranking Member Shuster for holding this timely hearing on Amtrak reauthorization. As you know, my grandmother was a Member of this distinguished Subcommittee and, like her, I hold it and its Members in the highest regard. I truly thank you for giving me the opportunity to briefly testify today. I also want to inform the Committee that I will have to leave after this testimony to attend another hearing on Financial Services.

Madam Chairwoman, as this Country's sole provider of regularly scheduled intercity passenger rail service, Amtrak's importance and necessity to all Americans is clear. In the face of continually rising gas prices, overloaded highways and congested airports, many Americans are being forced to make difficult financial decisions regarding their modes of travel. Amtrak has become an ever more viable transportation option at such a time, and continues to be a practical option for many of those people searching for an efficient and economic travel alternative.

Amtrak has many hurdles to overcome, the biggest of which is her $3.17 billion worth of debt. Although Amtrak has taken great steps in reducing this debt, by almost $600 million since 2002, it still has a long way to go. As a result, it is extremely important that Amtrak makes business decisions that maximizes her current resources, while maintaining the highest quality of services and facilities.

Madam Chairwoman, the maximization of Amtrak's facilities is an issue that particularly hits home with constituents from the 7th Congressional District of Indiana. As you know, I have the Beach Grove Amtrak maintenance facility located within my district, which is the largest Amtrak maintenance facility in the Country. I am also proud to say that Chairwoman Brown came to this facility personally, and I thank you again for that.

Approximately 550 experienced employees at this facility perform a number of train maintenance, from wheel work to painting. A lot of these people have 10 years or more experience on the job and really take pride in what they do. But, recently, many of these employees at the facility have been notified that a lot of the work that they do will be transferred to other facilities and that they will have to either move or lose their jobs.

In speaking with many of these employees, I was told that in the past there had been repeated attempts to close and move this facility. They also mentioned Amtrak has continually increased the amount of work being outsourced and that this facility has been forced to downscale its entire workforce.

Madam Chairwoman, I would be the first to understand if Amtrak simply did not have enough work to keep this facility open.

Everyone understands that industries change and, therefore, a company's labor needs must be realized. However, this is not the case for this facility. Amtrak has a backlog of cars waiting to be fixed. As you know, many freight companies have locomotives that need maintenance, as well as insourcing this work, that would give Amtrak an amazing opportunity to grow her profits. If Amtrak could be incentivized to lessen its practice of outsourcing and begin to insource more work and find viable ways to do maintenance work for freight companies, Amtrak would raise her revenue and the facility in the Beach Grove would thrive. The Beach Grove facility needs more work, and it already has all of the equipment necessary to fix Amtrak cars.

Finally, the Beach Grove is already up and running, with a highly experienced and knowledgeable labor force. For example, last year the California Department of Labor asked the Beach Grove maintenance facility to rebuild two of its damaged Superliner cars. After receiving the completed work, the California Department of Transportation then wrote a letter to Mr. Kummant praising the professionalism and quality of their final product.

Madam Chairwoman, we all want Amtrak to do well and be profitable, and I believe the need to incentivize the insourcing of their own maintenance work and having the opportunity to do maintenance work from rail companies can greatly impact Amtrak's profits and aid to ensure its financial solvency and give hardworking Americans like those at the Beach Grove facility a fair chance to aid in the reinvestment of our Nation's infrastructure.

Madam Chairwoman, I ask unanimous consent that a letter from the California Department of Transportation be inserted with my testimony for the record. Thank you, ma'am.

Ms. BROWN OF FLORIDA. Without objection.

I appreciate Mr. Carson has taken the opportunity to speak on this issue. This is an important issue for his constituents and also for the people of this Country.

My staff have spoken with Amtrak's inspector generals regarding the Beach Grove facility. The inspector general has told staff that a number of concerns that have been raised with the facility have been addressed. However, I would like Mr. Carson to please inform me of the outstanding matters needing our attention, and I would be happy to follow up with the Amtrak IG.

Thank you very much for your testimony.

Mr. Oberstar, do you want to——

Mr. OBERSTAR. Madam Chair, I would just like to compliment Mr. Carson on his advocacy for the Beach Grove facility and thank you for taking the time to visit. I did a tour with Ms. Carson three, four years ago. I was really overwhelmed with what I saw. The level of skill, the ability to take these seriously damaged cars—you look at them and say how are they ever going to fix them, and then you see the completed product. It is an exceptional tribute to their skill, devotion, dedication to service, and the Beach Grove facility really could do outsourcing for the freight rails in repairing their freight cars as a supplemental opportunity for jobs and business at Beach Grove. So I join with Ms. Brown in saying we will do all we can to help you with that and come to an understanding or, as Lyn-

don Johnson used to say, we will bring you together with Amtrak and we will reason together, in the words of the prophet Elijah.

Mr. CARSON. Thank you, Mr. Oberstar.

Ms. BROWN OF FLORIDA. Thank you.

Would the next panel please take their seats?

Evidently, we are not sitting in the order that we are supposed to. We have Mr. Kummant and then the Secretary from Wisconsin, and then Mr. Ed Wytkind, and then Mr. Jed Dodd. Is that right? And Mr. Corbett is last. I am sorry, but that threw us off.

Let me welcome the panel and introduce the second panel.

Our first witness is Mr. Alexander Kummant, President & CEO of Amtrak. Welcome. Our second witness is Mr. Frank Busalacchi, Secretary of Wisconsin Department of Transportation; our third witness is Mr. Ed Wytkind, President of the Transportation Trades Department, AFL-CIO; our fourth witness is Mr. Jed Dodd, General Chairman of the Brotherhood of Maintenance of Way Employes; and our fifth witness is Mr. Kevin Corbett.

Let me remind the witnesses that, under our Committee rules, oral statements must be limited to five minutes, but the entire statement will appear in the record. We will also allow the entire panel to testify before questioning the witnesses.

It is my pleasure to have with us here this morning the Chairman of Amtrak, Mr. Kummant, for his testimony. Thank you.

TESTIMONY OF ALEXANDER KUMMANT, PRESIDENT & CEO, AMTRAK; FRANK BUSALACCHI, SECRETARY, WISCONSIN DEPARTMENT OF TRANSPORTATION; ED WYTKIND, PRESIDENT, TRANSPORTATION TRADES DEPARTMENT, AFL-CIO; JED DODD, GENERAL CHAIRMAN, BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES; AND KEVIN CORBETT, VICE PRESIDENT, DMJM HARRIS-AECOM

Mr. KUMMANT. Good morning, Madam Chair, Mr. Shuster, distinguished Members of the Committee. Thank you for the opportunity to testify today.

Recently, we celebrated Amtrak's 37th anniversary. We opened our doors for business on May 1, 1971, as was referenced earlier, and took over the vast majority of the Nation's existing intercity rail passenger services from 20 Class I carriers. At the time, this was widely viewed as a nice farewell gesture to passenger trains, which were not expected to survive the decade.

Today, as you know, we are seeing record numbers of Americans choosing Amtrak for its convenience, its comfort, and its environmentally friendly qualities. I think we can take a little justified pride in the work we have done over the years to make sure that the trains keep coming, and it is a tribute to the many people who worked for Amtrak over the years and our front-line employees who deliver the product every day. For our part, we appreciate the strong support we have enjoyed from the general public, the Congress, and this Committee.

I am very pleased that your Committee has decided to consider the question of reauthorization for Amtrak, a measure that is timely and important; and I will speak directly to the bill you have introduced. But, first, I want to make the point that a lot has changed since our last reauthorization was enacted in 1997. A gal-

lon of unleaded cost about $1.24 in October 1997, and it costs almost $4.00 per gallon today. Congestion, as was well noted earlier, is increasing and the highway infrastructure is showing signs of fatigue.

I think we all agree that we need a strong national transportation policy that recognizes the role rail can play in our national life. Our transportation policy needs to evolve, and I think it will evolve, and this authorization must eventually become a part of an integrated national policy where rail will play its meaningful role.

To that end, I think we need to work harder at using our existing resources and infrastructure to make better policy. In the last 10 years, State governments have redefined rail service: as a congestion mitigator, an engine of development, and an environmentally friendly way of providing for travel needs on existing networks, and this is an example of a creative and successful use of existing resources and infrastructure. We need to find transportation solutions that will build system connectivity, allow consumers a range of relevant choices, and develop the funding streams that will allow us to plan, build, and operate our services without the turmoil of the annual funding cycle. I am pleased that this bill recognizes that need and incorporates, both in spirit and intent, measures that will allow us not just to pursue and extend successful policies, but to begin the larger national debate about the future of transportation in America.

I would like to touch on a few examples of services we think are successful. Amtrak just finished a year of record ridership and is on its way to another. There are a number of great examples of the kind of growth we want to see. I will confine myself to two that are geographically and demographically distinct, but that together give us a sense of how we hope the system of the future will look.

The first is our Keystone Corridor between Harrisburg, Philadelphia, and New York City. Together with the Pennsylvania DOT, we put $145 million into much-needed improvements. This allowed us speeds up to 110 miles an hour, and we got more frequencies out of the same equipment. We restored electrified service in 2006 and our ridership grew by 20 percent in 2007. Our growth was so strong that last month a U.S. Airways carrier providing service between Harrisburg and La Guardia canceled its service on that route because it couldn't compete with Amtrak. City center to city center access is a tremendous selling point and a natural enhancer of connectivity.

Our partnership with California has also been a success. We have built a network of three major passenger rail corridors. Eighty-six percent of the stations in California have some kind of intermodal connectivity, and the result has been a very strong system built on the range of choices we can offer travelers. The Pacific Surfliner between San Luis Obispo, Los Angeles, and San Diego is our second largest corridor operation after the Northeast Corridor, and the Capitol Corridor between San Jose and Sacramento was one of the 10 fastest growing corridors on the system last year.

While our focus will be on corridors, my view is that there will always be a place for long distance trains. They provide basic transportation to communities that lack transportation choices and they will continue to connect corridors. But I believe the real oppor-

tunity for growth lies in those corridors a few hundred miles long that use shared rights-of-way to provide people a real transportation service. We have some very real challenges and the next few years are going to be important if we are going to meet them: in terms of our relations with the States, our ability to procure new equipment so that we can grow our ridership, and in finding a more reliable source of funding so that we can develop and execute programs without trying to keep things moving under a continuing resolution.

With that in mind, I will comment on the bill. I think the timing is right, the national transportation crisis is upon us, as many of you have commented on, and Congress and the Nation will have to address it in the next couple of years. I think the bill that has been introduced in the House is a strong statement of support not just for Amtrak, but for the cause of passenger rail service generally. I think the Committee recognizes certain basic realities and the bill is a ringing endorsement of the need for corridor service. The authorization of a Federal-State partnership program is the single most important aspect of the bill. The 80-20 matching program will do a lot to level the modal playing field and help States to pursue passenger rail projects. The investment grants for congestion mitigation measures will also benefit many of our existing services. The increases in the authorization of funding levels are going to be essential if we are to realize these visionary proposals. We are seeing inflation in costs of fuel, basic materials, and health care expenses, and these will directly translate into higher operating and capital costs.

As I mentioned in our fiscal year 2009 grant request, I do not believe Amtrak will be able to comply with all of the provisions of the Americans With Disabilities Act by the July 26, 2010 deadline. Ownership and responsibility questions complicate compliance, since we don't own all of the 527 stations we serve, and in many cases we are not responsible for altering parts of the station that we do not own. In addition, the question of whether DOT will implement its proposed new rules regarding full-length level boarding of trains from rail platforms is adding to the delay in achieving compliance.

I want to close by thanking you for taking up this matter. While it is certainly vital for Amtrak, I think Amtrak is vital for the Country. I look forward to working with you on a collaborative effort to develop our reauthorization, which will, I hope, become the first step towards a comprehensive, integrated, and balanced national ground transportation policy. Thank you very much.

Ms. BROWN OF FLORIDA. Yes, sir.

Mr. BUSALACCHI. Chairman Oberstar, Chairwoman Brown, Ranking Member Shuster, Members of the Committee, my name is Frank Busalacchi. I am Secretary of the Wisconsin Department of Transportation, Chair of the States for Passenger Rail Coalition, and I served on the National Surface Transportation Policy and Revenue Study Commission.

As a Member of the Commission, I was able to share my perspective and goal for a new direction in national transportation policy, one that includes a Federal-State funding partnership for intercity

passenger rail, similar to the partnerships that exist for highways, transit, and aviation.

The Commission submitted its report to Congress in 2007. The report provides a new multi-modal 50-year transportation vision for the United States, with recommendations for passenger rail expansion based on an 80-20 Federal-State cost share program.

The bills before you today are critically important. H.R. 6003, the Passenger Rail Investment and Improvement Act of 2008, does much more than reauthorize Amtrak; it begins the process of investing in passenger rail, a mobility option that our citizens are choosing in record numbers.

Since 2002, Amtrak has not had a dependable revenue stream. The Administration has shown a lack of leadership on rail finance, starving Amtrak each year in its budget bill. Yet, people are flocking to trains. Reauthorizing Amtrak will end the year-to-year cobbling together of the finances of a major corporation. The bill funds State investment in rail, providing stable funding for Amtrak and policy provisions to assure its expansion and financial accountability. It aligns Federal policy with demand at a time when gas prices are approaching $4.00 a gallon.

At a recent campaign stop in Indiana, Senator Barack Obama remarked, "The irony is, with gas prices what they are, we should be expanding rail service. We are going to be having a lot of conversations this summer about gas prices, and it is a perfect time to start talking about why we don't have better rail service."

H.R. 6004, the Rail Infrastructure Development and Expansion Act for the 21st Century, or RIDE-21, provides $12 billion in Federal tax credit bonds over 10 years, the equivalent of 60-40 Federal-State grants for infrastructure and equipment on high speed rail lines. For 50 years our Federal policy and funding approaches have led to disinvestment in passenger rail. H.R. 6003 puts passenger rail on equal footing with other transportation modes. Its 80-20 grant program for capital investment will help the States implement their passenger rail service plans. Despite the Federal Government's focus on targeted congestion relief, congestion grows. Expanding urban highway capacity is extremely expensive and is often difficult to accomplish. Funding for passenger rail gives transportation officials another option for solving their transportation problems.

The expansion of intercity passenger rail can help address the Nation's global warming challenge. Intercity trains generate 60 percent fewer CO2 emissions per passenger mile than cars and half the emissions of airplanes. Since 1990, carbon dioxide, or CO2, emissions grew 1.2 percent annually in the U.S., and the transportation sector contributed to one-third of those emissions. The projected population growth will only exacerbate this problem.

As Secretary of the Wisconsin DOT, I know firsthand that the public wants more train service. Wisconsin works in partnership with Illinois to provide financial support to Amtrak's Hiawatha service in the Milwaukee to Chicago corridor. Wisconsin has committed over $100 million to improving our rail stations and service, and has invested $7 million in the Milwaukee to Madison corridor for future rail service.

'The Federal funding authorized by H.R. 6003 over five years will fund Amtrak partnership with States in regional corridors, operations in the Northeast Corridor, and long-distance trains. A new emphasis on Federal-State Amtrak partnerships is reflected throughout the bill. Three billion is authorized over five years for Amtrak operating grants, eliminating the annual uncertainty of whether Amtrak services will be cut. H.R. 6003 recognizes the need for new equipment by providing capital funds to address equipment shortages on Amtrak routes, including State-supported corridors. Funding is also provided for compliance with the Americans with Disabilities Act at our train stations.

Most importantly from a State perspective, the bill recognizes the need for a Federal-State capital program to expand and improve the current Amtrak system. The legislation authorizes $2.5 billion in 80-20 Federal-State grants for infrastructure and equipment, and another $1.75 billion in 80-20 grants to authorize high-speed rail corridors. The 80-20 cost share will finally put Federal investment in passenger rail on an equal footing with aviation, highway, and transit programs.

I respectfully ask the Committee to continue its efforts to provide a dedicated passenger rail capital program to fund the Nation's intercity passenger rail needs. Thank you.

Mr. WYTKIND. Madam Chair, thank you for inviting me to appear before you on behalf of the Nation's Transportation Unions; to Chairman Oberstar, as always, he is the leader, in fact, the conscience of this Congress on transportation issues; and to Mr. Shuster and I know Mr. Mica, who has departed the hearing room, for their leadership and for allowing us to participate in this discussion and debate leading to this hearing.

The debate over Amtrak and the question of how to achieve a first-class national passenger rail system is not occurring in a vacuum. A collapsed bridge in Minneapolis, failed levies in New Orleans, a steam pipe explosion under New York City and so many other examples of disaster in our infrastructure and our transportation system all drive home the point that our Nation's infrastructure is indeed collapsing. Our historic failure to invest in a national passenger rail system and this Administration's refusal to lead on the subject is a product of that national failure.

Amtrak has never been more vital to our Nation, nor more in need of a significant long-term investment plan. Performance, ridership, and revenue are all rising. Employee productivity has increased dramatically and Americans are riding passenger rail at record levels. We need to change the way we look at and fund Amtrak. Forcing the carrier to limp from one financial crisis to the next with no long-term finance plan is a recipe for assured failure. For too long, Amtrak has been known for its deferred maintenance, lost expansion opportunities, unmet security needs, outdated cars and equipment, and an unfairly treated workforce that until recently went eight years without general wage increases. American can do better if Congress and our Government give Amtrak and its employees the resources they need to deliver the world's best passenger rail service. Shut-down budgets from this Administration and wildly unrealistic privatization and contracting out initiatives should be scrapped in favor of a long-term multi-year authorization

of Amtrak that places the company on a glide path to financial stability and long-term success.

I commend the Committee—led, of course, by Mr. Oberstar, Ms. Brown, and others—for introducing the Passenger Rail Investment Act and, of course, RIDE-21. These bills provide the foundation to bring an end to the era of under-funding and neglect that has defined America's national Amtrak network for too long. H.R. 6003 will provide over $14 billion during the next five years. This commitment to Amtrak is indeed historic. It is recognition of the deteriorating state of the Nation's transportation system and infrastructure, and it makes an important downpayment towards reversing four decades of neglect of Amtrak at a time that American's want more and better transportation choices.

Funding levels in this bill must be adequate to cover Amtrak's obligations in new collective bargaining agreements recently agreed to by Amtrak and its union. Paying Amtrak workers a fair and reasonable wage constitutes a basic cost of doing business, akin to maintaining tracks or paying fuel costs. We must also ensure that the back pay awarded to Amtrak workers after they went eight years without a wage increase is funded at the earliest opportunity between now and spring of 2009.

While we understand and appreciate that this bill makes a significant multi-year commitment to Amtrak and, indeed, this bill is historic, we are concerned with provisions that appear to promote privatization of parts of the system. There are still those who believe Amtrak could somehow turn a profit. Others believe private companies can offer better service by cherry-picking the most attractive assets in Amtrak's system like the Northeast Corridor.

The story of British Rail privatization, of course, underscores the threats of that model, and, of course, rail privatization has hardly been a success generally where it has been tried. British passengers during that experiment were saddled with increased fair, shoddy maintenance practices, and dangerous cost-cutting, including excessive job reductions. This resulted in higher accident rates, deteriorated service, and coordination problems within a maze—and, indeed, it was a maze—of poorly managed providers.

Amtrak was created in 1970 because Congress recognized that private passenger rail was going bankrupt and disappearing across the Country. It would be a mistake to ignore this history and assume that today private operators will magically offer a better way to deliver the service. We are specifically opposed to the provision requiring a request for proposals for a high-speed route between D.C. and New York City. Obviously, Amtrak already operates several routes on this corridor, including its highly successful and growing Acela service. While this service can and should be improved and expanded, we do not understand how the public will benefit by allowing a private operator to take over one of the most successful routes and prized assets in Amtrak's network. It is unclear how and if the winning bidder will be held accountable for the promises made in the application.

Those of us in labor know that this, of course, wouldn't be the first time that a private company seeking to win a government contract over-promised, but then under-delivered. The applicants are required to achieve two-hour express service from D.C. to New

York. What happens if the winning bidder, in all likelihood a foreign corporation, makes promises about achieving the two-hour objective but then predictably falls short? And what if the Northeast Corridor express service requires certain stops to be curtailed or abandoned altogether? And if the promises made by private interests are not met, will America recreate the British Rail disaster right here in America? And will Congress and the Administration face a multi-billion dollar price tag, as they did in Great Britain, to unravel a failed privatization experiment?

We think these questions deserve an answer. And while we understand this to be the intent of the bill, we urge the Committee to state explicitly in the legislation that the Section 502 RFP process shall not move on to final implementation until Congress has expressly authorized it through legislation. It also must be assured that any provider of rail service is covered as a rail carrier for all applicable rail and labor laws, and that the jobs and the rights of workers are adequately protected. The transformation of the Nation's passenger rail system should not come at the expense of important statutory requirements and any worker protection such as, for example, railroad retirement, which this Committee has championed throughout its history.

We have spelled out in our testimony our support for very important reforms included in this bill, and I won't go into those today, including, however, the composition and makeup of Amtrak's board and the IG reforms that you have placed in the bill. I would just add if the Committee would consider that a board seat representing Amtrak's employees should be mandated in this legislation.

I want to again thank Chairman Oberstar, Chairwoman Brown, Mr. Shuster, and Mr. Mica for bringing H.R. 6003 forward, because we think it is a radical departure from the past. After years of shut-down budgets, it provides a capital and operational assistance so desperately needed to make Amtrak a success. But we ask the Committee and the Congress to embrace this new blueprint, but at the same time to reject any ill-advised privatization measures that we think will undermine Amtrak, potentially undermine safety, and harm Amtrak's employees.

We again thank you for the opportunity to testify.

Ms. BROWN OF FLORIDA. Thank you.

Mr. Dodd?

Mr. DODD. The Brotherhood of Maintenance of Way Employes Division-International Brotherhood of Teamsters (BMWED) thanks the Committee for being given the opportunity to present its views on the proposed reauthorization of Amtrak as proposed in H.R. 6003——

Ms. BROWN OF FLORIDA. Excuse me, sir. Would you please bring your mic up just a little bit? Thank you.

Mr. DODD. Our union is te labor union that represents the men and women who build and maintain the railroad track, bridges, buildings and overhead catenary system for Amtrak. Our members are highly skilled and include heavy equipment operators, welders, carpenters, plumbers, foremen, linemen, electricians, repairmen, and a host of other crafts. We work night and day, seven days a week, performing tough, dangerous work in all weather conditions. We build and maintain a complex infrastructure so that Amtrak

can ensure that their passengers can arrive safely and on time to their destinations.

My name is Jed Dodd, and I was hired into the Maintenance of Way Department of Amtrak on the Northeast Corridor as a trackman in early 1977. In September 1983, I was elected to the position of General Chairman of the Pennsylvania Federation. My office is elected by the membership and I have been re-elected every four years since 1983. One of my duties as General Chairman of the Pennsylvania Federation is to chair the BMWED bargaining committee on Amtrak, and I have done this for the last 25 years.

The BMWED supports the core mission of Amtrak: providing safe, reliable, and environmentally-friendly intercity passenger transportation. Despite Amtrak's uncertain beginning, the men and women who worked for Amtrak held the system together, to the point that today ridership and revenue levels for Amtrak are at its highest in history. The rate of return for the investment in Amtrak by the American taxpayer has been huge. There is an enormous environmental benefit to intercity rail service, as Amtrak's service significantly reduces congestion on the highways and in the airports on the Northeast Corridor. Our reliance on foreign oil is less because of passenger rail service.

In addition, Amtrak workers are among the most productive passenger rail workers in the world. Amtrak covers 78 percent of its operating needs at the fare box, as opposed to a national average of 47 percent for commuter railroads and a national average of 58 percent for heavy transit systems. This success story was achieved in the face of, at times, hostility from the Executive and Legislative Branches, and what seemed like a revolving door of top Amtrak management who, with minor exception, have fostered a labor relations climate on Amtrak that treats its dedicated workforce like an unwanted annoyance. Despite the sometimes annual changes in Amtrak management, the workers at Amtrak are the constant that has served America by going to work every day and producing one of the finest intercity passenger railroads anywhere in the world.

In the early years, worker safety on Amtrak suffered as well. Many good men and women sacrificed their lives working for Amtrak to keep intercity rail passenger service available to the people of this country. In Union Station, in Washington, D.C., there is a plaque that lists the names of 72 men and women who have been killed at work while on duty. Our union represents about 10 percent of all Amtrak workers. However, more than one-third of the names on that list were members of our union whose lives had been cut short because they were hit by a train, electrocuted on the high voltage wire, or crushed to death by the machinery. Next time you are hurrying to catch your train at Union Station, please take a moment at this plaque and reflect a little on te sacrifices that have been made in sweat and blood to ensure that Amtrak is successful. Railroading is hard and dangerous work, and no one should ever underestimate or denigrate the courage, dedication, and effort Amtrak workers expend to ensure this Country's rail passengers get to their destination safely and on time.

The BMWED is delighted that H.R. 6003 contains a multi-year reauthorization of appropriations for Amtrak. Amtrak's infrastructure on the Northeast Corridor includes tunnels from the 19th cen-

tury and a number of major, movable bridges that date from the early 20th century. The renovation of these parts of the infrastructure requires a dedicated, multi-year source of authorized appropriations in the manner proposed by this Committee. We are happy to see this Committee step forward with a strong commitment to the long-term success of Amtrak and thank Ms. Brown and Mr. Oberstar for their tireless efforts and work in support for Amtrak.

Nevertheless, we are compelled to mention a note of caution. BMWED's support for a single, national intercity rail passenger carrier in the form of Amtrak should not be considered unquestioning support for Amtrak management, and especially Amtrak's Labor Relations Department.

BMWED's support for the operating and capital monies which Amtrak claims is sufficient for its needs during the fiscal years 2009 through 2013 is conditioned on a commitment that Amtrak will come to the bargaining table on January 1st, 2010 and begin to bargain a fair and equitable extension to our collective agreement in good faith. They must abandon their style of labor relations which seeks to starve the employees into submission. The dedicated employees of Amtrak must never again be subject to the type of labor relations policies that permit eight years to go by without a reasonable raise. Amtrak Labor Relations must not be permitted to interpose a complaint that congressionally authorized appropriations are insufficient for them to bargain a fair and equitable agreement. We respectfully ask this Committee to require such an assurance from Amtrak management and specifically its Vice President of Labor Relations.

Finally, we must comment on a portion of H.R. 6003 that troubles the BMWED very much. While much of the bill demonstrates continued support for Amtrak and a strong support for the development of new intercity rail passenger service that complements the Amtrak operations; Title V of the bill contains a provision that could well be the Trojan horse for the demise of Amtrak.

Section 502 of the proposed legislation makes almost the first order of business a command that the Secretary of Transportation issue an RFP for the "financing, design, construction and operation of an initial high-speed rail system" between Washington and New York. That relatively innocuous phrase is, in BMWED's opinion, an opening to privatize Amtrak's operations on the Northeast Corridor. As I said earlier, Congress has invested substantial sums in rehabilitating the Northeast Corridor and this proposed legislation will ensure that Amtrak puts the Corridor in a state of good repair. However, all of that investment and hard work performed by Amtrak employees will be lost if the corridor is handed over to a private operator to cherry pick the assets as part of a plan to provide two hour service between Washington and New York.

The BMWED thanks the Committee for the opportunity to share its views on this subject.

Mrs. NAPOLITANO. [Presiding] Thank you, Mr. Dodd.

Next we have Mr. Kevin Corbett.

Mr. CORBETT. Thank you, Congresswoman Napolitano and Ranking Member Shuster and Members of the Subcommittee for allowing me to give testimony today.

My name is Kevin Corbett. I am Vice President of Corporate Development at DMJM Harris-AECOM, and a board member of New York's Regional Plan Association, a private, independent planning group. I am here today representing the Business Alliance for Northeast Mobility, a coalition of over 30 chambers of commerce, civic, and business associations from Boston to Washington which have come together to advocate for bringing Amtrak's Northeast Corridor back to a state of good repair and improving the frequency, speed, and reliability of intercity and regional rail service in the Northeast.

We met with some of you on April 2nd, when the Business Alliance came to the Capitol to show our support for Amtrak authorization and appropriations. The meeting was attended by Representatives Nadler, Gerlach, DeLauro, Senators Carper and Specter, and Amtrak President Kummant.

Our goal is to protect and enhance the economic competitiveness and sustainability of the Northeast, which is currently threatened by congested, aging infrastructure that limits the ability of the Northeast megaregion to attract jobs and compete in the global economy. As business leaders, we recognize the that expanded and reliable funding for Amtrak will provide the cities and regions in the Northeast with vital, economic mobility and environmental benefits. We intend to work with our respective governors, Amtrak, and leadership in Washington to secure the funds necessary to preserve and improve this irreplaceable economic asset.

We are also interested in expanding the role that intercity and regional rail can play in the Northeast by replacing regional air trips, providing alternatives to auto trips, and focusing development around train stations, to help accommodate the additional 19 million people anticipated in the Northeast megaregion by 2050 and a corresponding growth in its economy.

We strongly support the H.R. 6003, the Passenger Rail Investment and Improvement Act of 2008, which would authorize increased funding benefits for Amtrak and significant new funding for returning the Northeast Corridor to a state of good repair. This bill would be the first authorization for Amtrak since 2002 and, as a multi-year authorization, would allow Amtrak to develop multi-year plans for Corridor investment and improvement.

Bringing the Northeast Corridor to a state of good repair is our top priority because of the vital role the corridor plays in the Northeast and the Nation's economy.

The Northeast Megaregion, which includes the metropolitan regions of Boston, New York, Philadelphia, Baltimore, Washington, and smaller cities in between, produces a combined GDP of $2.4 trillion dollars, about 18 percent of the Nation's GDP. Over 750,000 people ride some portion of the corridor each weekday on Amtrak or the eight regional rail services that share the corridor.

The corridor is important to daily commuters on the regional services and business travelers who choose Amtrak's Acela and regional service for travel between Boston, New York, Washington, and points in between. Amtrak has become an increasingly attractive alternative to regional air trips as delays in northeast airports have risen.

The Passenger Rail Investment and Improvement Act would allow Amtrak to make the needed investments in the Northeast Corridor to improve the reliability, safety, and speed of regional and intercity service by undertaking long-overdue projects such as the two Baltimore Rail tunnels, several bridges in Connecticut and other bridges, and replacing aging catenaries, train sets, ties and interlockings.

We are particularly supportive of the following elements of the bill:

In Section 209, the creation of a Northeast Corridor Infrastructure and Operations Advisory Commission, made up of Amtrak, USDOT, and the Northeast States. We believe it is essential that these stakeholders work together to develop and implement a long-term vision for the corridor that returns the infrastructure to a state of good repair, increases capacity, and reduces trip times.

We also support the Acela Service Study, which authorizes $5 million to determine the infrastructure and equipment investments needed to achieve shorter trip times in the northern and southern ends of the Corridor.

The Business Alliance is also supportive of your Ride-21 Act, also introduced this week, which provides $12 billion in tax credit bonds and $12 billion in tax exempt bonds for developing high-speed rail corridors in the United States. We believe this is an important source of new funding for developing new high-speed rail corridors which can help replace air trips of 500 miles or less. It is also a first step towards finding additional sources of funding for intercity rail in this country, outside the annual appropriations process. We urge this Subcommittee to explore new additional funding sources for intercity rail, including in the next surface transportation bill.

Finally, the Northeast Corridor's potential to promote transit-oriented economic development is of major interest to the Business Alliance. Philadelphia's Cira Center, a Class A office tower adjacent to Philadelphia's 30th Street Station, presents a prime example of how the Northeast Corridor can help focus and attract new real estate investment along its length, while increasing ridership, reducing the need for auto trips, and revitalizing the Northeast's older industrial cities. New York City's Moynihan Station project will play a similar role in the promoting economic development and revitalization of Manhattan's Far West Side.

In closing, I urge you and your colleagues to support multi-year funding for Amtrak that will allow it to meet the immediate and future challenges in the corridor. These investments are crucial to addressing the congested roadways and air space that will only worsen and will only hinder our ability to grow and sustain a competitive economy in the Northeast and the Nation.

Thank you Madame Chair and Members of the Subcommittee for the opportunity to address you. In due course, I would be happy to answer any questions.

Mrs. NAPOLITANO. Thank you, gentlemen, for your testimony. We will now proceed to put questions to you, and I think I will start off.

To any of you, the bill provides for commuter railroads with a forum at the Surface Transportation Board to mediate negotiations with the freight railroads over the rights-of-way and operations

agreements. What are your opinions on the provisions and do you have any additional legislative comments, recommendations to improve the cooperation between freight and passenger given that we continually have—especially in my area, in Pomona, where I have very, very minimal service and it has very, very poor on-time pick-up?

Gentlemen.

Mr. KUMMANT. I would certainly encourage some language—and I am agnostic as to the specifics—to nevertheless emphasize the on-time performance issues and preserving and perhaps restating Amtrak's preference rights. I still think that is important. As I testified in a previous hearing, there is a lot we can do before, we get there, so to speak. There are things we have to take off the table with the railroads and core operations. We have to work on slow orders, and then certainly capacity and capital become the issue. But I certainly think that is still an important provision.

Mr. BUSALACCHI. Madam Chair, I agree with what Mr. Kummant just said, but I think it is important that this investment that we are going to make will solve this problem. On-time service is critical to what is going to happen with passenger rail. We know that. I am spoiled in the corridor that I have, between Chicago and Milwaukee, in that our on-time percentage is 90 percent. We work very well with Canadian Pacific.

But I do believe that we have to work this out together. Expansion is going to be critical in doing this. We are convinced that, as we expand passenger rail, more and more people are going to be on these trains. We know that; we see this coming. But at the same time, we also have to be aware of the fact that the freight companies have a business that they are trying to run. So we have to work this out between the two of us, and I think we can. I think this legislation that is in front of us here is going to go a long way in starting that.

Mrs. NAPOLITANO. Thank you.

Mr. Wytkind.

Mr. WYTKIND. I don't have a specific position on the exact language you referred to, but it is clear that over the years, as Amtrak has tried to provide the best service possible and as Amtrak's employees have been at the front lines of trying to accomplish that, that many of the problems that Amtrak encounters are not Amtrak's problems that they can solve on their own. So what happens is, those who are looking for opportunities to criticize Amtrak and, therefore, promote an agenda to dramatically alter the way we provide passenger rail service, they use metrics like on-time performance to make that point. But the on-time performance problems, while Amtrak certainly gets its fair share of the blame, is not all Amtrak's problems. We do have to solve those problems, and they are solved by more than just Amtrak; they are solved by various parties that are involved in the process. So I think that will move the debate forward and give us a chance to debate how we make Amtrak succeed, by giving it the resources it needs and not u se these kind of scapegoat issues to claim that Amtrak is a failing enterprise.

Mrs. NAPOLITANO. Well, I couldn't agree with you more, because in my area we are going to have an increase from the Alameda

Corridor east to the rest of the United States, I would assume, at least tenfold. And if I have problems now in my area with Amtrak, it is going to obliterate any passenger rail and people won't be able to get—and then the other area is the Colton Crossing. And I am not sure that you are aware of it, but that is just east of my district, and it is a bottleneck. Somehow, we need to sit down, as Mr. Wytkind is suggesting, to be able to address those to find out how we can allow the passenger rail to go through—because, supposedly, I am going to have a train every 10 minutes going through my district—to be able to have a good, solid way of being able to accommodate both, but ensuring that we get more people off the roads, because that is also an issue of environment, as well as publicly safety.

Mr. Dodd.

Mr. DODD. I don't have anything else to add that the other witnesses haven't already said.

Mrs. NAPOLITANO. Thank you.

Mr. Corbett?

Mr. CORBETT. Congresswoman Napolitano, just broadly I would say, regarding Section 209, where I commented about the Operations Advisory Commission, if that is the forum or not and the body, but I think bringing in the States, the individual States, particularly in the Northeast, in the aftermath of the breakup of Conrail, a lot of the individual States had also significant investment besides the Federal investment that they worked with in cooperation with CSX Norfolk Southern, and I think bringing them to the table would also allow to give both some leverage and be able to put that in the bigger picture as well as the Federal picture of the relationships with the balance between freight and Amtrak.

Mrs. NAPOLITANO. And there is a section there that talks to more cooperative work with the States. Has there been a problem working with States before and being able to have a good partnership?

Mr. KUMMANT. I think that really depends generally on the quality of the State DOTs. I would view it more as an opportunity. I prefer to look on the positive side of that. You look at the phenomenal work in California with the $2 billion they have put in; Illinois; Wisconsin, obviously; New York. We deal with the highly competent groups and I think we see skills growing there, and that is a positive trend. We also have worked very hard in the last two years to reconfigure ourselves to recognize the relationship with the States as our future, so we have borne part of that in terms of being dysfunctional with having too many contact points, and we are in the process of fixing that.

Mrs. NAPOLITANO. So the new State grant program should be a positive step.

Mr. KUMMANT. Yes, I think very positive. Obviously, the FRA will play a substantial role in managing and approving capital programs as well, but I think it will be very positive.

Mrs. NAPOLITANO. Thank you.

Mr. Shuster.

Mr. SHUSTER. Thank you.

I guess I am a little disappointed to hear the word—used twice—cherry-picking. Of course, you pointed out the Northeast Corridor, which is the crown jewel in Amtrak's operation. But I think what

Mr. Mica—it was actually Mr. Mica's proposal. I think to attract the funding, and Amtrak very well could be part of that deal, partnering with people that went to invest and want to provide high-speed rail.

So I guess I understand when you talk about cherry-picking when you mention the Northeast Corridor, I disagree. I think that there is great opportunity, especially for labor. As I think we pointed out, 21,000 down to 19,000 in the last couple years. We could see 20 percent, 30 percent, who knows how many more people we could have employed on a real high-speed rail system. So I think it is a proposal that we should embrace.

But when you used the word cherry-picking, you didn't mention that we have specifically in this bill—and this is something I worked very hard on with Chairwoman Brown—non-service, re-establishing rail lines. Whether it is the Sunset Limited or places around the Country that don't have rail service. You didn't mention that, which, again, is disappointing. So I would like to get your view on that.

Also, the other thing we had in there was poor performances. Let's find the five worst performers and let's see if somebody else might be able to come in and improve that performance, whether it is—it is probably a combination of service and financial performance, to be able to, once again, improve it and get ridership increased and employment increased on those lines.

So could you talk about those two parts of the proposal, Mr. Wytkind and Mr. Dodd? Do you have negative things?

Mr. WYTKIND. I guess would disagree on one point, which is I think it is cherry-picking when you take the most prized asset on Amtrak's system and provide an opportunity for the private sector to take advantage of that asset to make a lot of money. The Nation is littered with decades of experience of many promises that are unfulfilled by the private sector that likes to come in and take over or be a partner, if you will, in running or maintaining, or whatever the case may be, public assets. So I do think it is an appropriate way to describe it.

I don't think in my comments or in my testimony I would question the motives of anyone on this Committee that is behind this legislation in trying to improve passenger rail in this Country. What I think is a big mistake is to take the Northeast Corridor and not allow Amtrak, as the entity that runs it and owns it, to provide the service you are looking for, instead of trying to find someone out there in the private sector who can magically provide it. I just don't agree with the premise. We have a lot of experience in private industry——

Mr. SHUSTER. I figured we were going to disagree on that, but what about the other provisions we had in there about re-establishing service? If Amtrak couldn't do it, they couldn't have the performance there, what about re-establishing, having somebody else come in, instead of not having that line anymore? What is your view on that?

Mr. WYTKIND. Well, that is a different proposition. If you are suggesting that it would be the choice between a private operator and perhaps abandoning or not having service altogether, those are discussions that States are going to be involved with all the time.

I think one of the things I point out in the testimony is that in the State initiatives, like we have seen in several States across the Country, it is important for us to make sure that the employees' interests and concerns are considered, and also that we don't create an unlevel playing field where you have a hodgepodge of operators across the Country that do not comply with the railroad statutes that apply to the industry today, like, for example, railroad retirement, which you have been a strong supporter of throughout your career. And that is happening right now as we speak. As I sit here today, there are plenty of operators around the Country that are providing service that are not complying with the same railroad law requirements that all rail carriers in this Country do.

So I don't want to take up and filibuster—as they do in the other house—all the time, but there are a lot of very complicated issues in this bill. This bill presents a transformation of the rail industry, but I do not think we have adequately addressed all the questions that this bill poses, which is why we are going to continue to work with the Committee to try to answer some of those questions.

Mr. SHUSTER. Transformation, yes, but going back to the golden days of passenger rail when private companies did operate and do it very well, and I think the key is getting people to want to ride the rails. I believe Amtrak's ridership is 26 million, or thereabouts. In the airlines, they are approaching, I think, 800 million people. Railroad is not going to go back to the days—I don't believe there are going to be 800 million people riding passenger rail, but what we need to do is get it up to 30 and 35 million. And if we put the service in place, like we are talking about the Northeast Corridor and some of these other places, we will attract more people. And I think at the end of the day that serves everybody, people that need to travel and labor. You are going to have more people working and the conditions—we have provisions in there that say they are going to be protected if we go forward with this, so——

Mr. WYTKIND. Well, we agree with the proposition that you need to increase development and rail capacity across the Country, including the Northeast Corridor. I would not agree with the proposition that the private industry did it very well. Amtrak was born out of the bankruptcy of private passenger rail service in this Country. Our mass transit program in the 1960s was born out of bankrupt bus and transit providers in this Country. So we have been through one transformation. For us to go back to a private model ignores 40 years of history.

Mr. SHUSTER. Well, but it doesn't ignore the air travel, as well as the automobile. I mean, that is a big reason why people got off the trains; they got into their cars. And now we are having just the opposite we want to occur, and we are seeing it in the Northeast Corridor. We want people to get out of their cars, and people want to get out of their cars and onto the trains.

Once again, obviously there are different reasons for things to occur, but, again, I think this is a great opportunity for us all to embrace this and move forward in a positive direction, because I think that the future for rail is going to be high-speed and that, I believe, is going to be the great salvation, is making sure we have the service in place.

Again, we have to look at a new model to do it, and I think this puts forth a model that I think doesn't necessarily meet everybody's—not even all my—expectations or desires, but I think it is a positive move in the right direction. So I would like to continue to talk to labor and work these things out, because I think this is a huge step in the right direction.

I have gone way over my time. We can finish this discussion. I would like to talk to Mr. Dodd in private down the road, if we could.

Ms. BROWN. [Presiding] Mr. Sires.

Mr. SIRES. Thank you, Madam Chair.

Mr. Kummant, I represent the northern part of New Jersey—Newark, Jersey City, that whole area—and there is a lot of talk about construction of a new ARC tunnel going into the city, and I just wanted to know what impact it is going to have on Amtrak and are you going to be able to work with New Jersey Transit when this is done.

Mr. KUMMANT. Well, we work with New Jersey Transit every day, and I think we work with them very well. Our biggest concern is the total capacity on a north-south basis through New York. So I think a legitimate question to ask is is there going to be a tunnel that reaches into Penn Station and allows the total Northeast Corridor capacity to expand, or is it only something for New Jersey traffic going into the city. And I think that is something we continue to have fairly strong feelings about and would like to continue a dialog on. We work with New Jersey Transit every day. They get great service from us, they are over 90 percent on time and we have a good relationship, and I don't see any reason why that would change.

Mr. SIRES. Because, I mean, New York City is certainly an engine that promotes jobs for the whole region, and we are constantly seeing an increase in ridership, so I was just wondering what kind of impact you saw that having on Amtrak.

Mr. KUMMANT. Well, again, I think the biggest question for Amtrak is actually a north-south capacity, and if there is an overall design and structure that precludes any capacity expansion north-south, I would say that is an issue for the entire region, it is not just Amtrak's issue, and that is something we need to keep talking about.

Mr. SIRES. A.a large part of this Amtrak reauthorization bill provides for Amtrak funding for debt service. Can you explain the reasons for such debt?

Mr. KUMMANT. Sure. It is a historical artifact of having dropped our funding to zero in a number of years and there were sale lease-back deals that were made. Most of the debt is for leases on equipment. And the debt service number that is shown provides us an opportunity, on a cost-benefit basis, to be more effective if we buy down some of those leases and it really reduces costs in the out-years. So we can continue just paying that off. We have added no new debt in five years and we continue working it down.

Mr. SIRES. So you are actually reducing the debt?

Mr. KUMMANT. That is correct. We have reduced the——

Mr. SIRES. And you haven't had any debt for the last five years?

Mr. KUMMANT. That is correct. We have added no new debt and we have reduced debt. We could continue running at a $285 million debt service clip. The only reason we show some expansion of that is that allows us actually to reduce some of the debt in the out-years, which is at fairly high rates and it makes sense to buy it down if we have that ability.

Mr. SIRES. Is that the type of debt you can refinance with the low rates now?

Mr. KUMMANT. It is difficult to say. The collateral and Amtrak's overall financial structure makes debt covenants very complicated, so there is no very straight answer to that, it is sort of a deal-by-deal sort of question. Difficult, I would say.

Mr. SIRES. And I see that you do some outsourcing. How is this going? And the reauthorization bill, is that going to impact that at all?

Mr. KUMMANT. Well, we keep doing the right things and trying to make the right decisions for the business. I don't see that that is necessarily going to change. We have a great core of employees and, again, if you were to double Amtrak ridership, you would probably add 5,000 to 10,000 jobs at Amtrak, and that will continue. So I think we will continue responsibly managing the business.

Mr. SIRES. Anybody want to comment on the outsourcing, the impact that it may have on the reauthorization bill?

[No audible response.]

Mr. SIRES. I guess not.

Okay, thank you, Madam Chairperson.

Ms. BROWN OF FLORIDA. Thank you.

We are going to stand in formal recess. The Chairman has some questions and I also have some questions. We only have one vote, so as soon as we finish that vote we will reconvene. Thank you.

[Recess.]

Ms. BROWN OF FLORIDA. We are going to get started. I know the other Members are coming back, but I have questions. A reporter stopped me in the hall and asked me about the privatization that is in this bill. There is nothing in this bill saying that we have to privatize, nothing in this bill saying that Amtrak cannot participate, and, in fact, there is nothing in this bill saying that we will move forward unless they come back to Congress. One of the things I have learned since being elected 25 years, if all else fails, read the bill.

[Laughter.]

Ms. BROWN OF FLORIDA. Mr. Kummant, the intercity passenger rail opportunities that are present along the Southeast Corridor to improve connection for people and improve our economy along the east coast. Do you want to respond to that?

Mr. KUMMANT. Yes, absolutely. I guess I would frame it in the context if you just gave me $10 billion or $20 billion and asked "what would you do," one of the first things I would look at, actually, is going south, rather than necessarily changing things in the north. We obviously want to do all the state of good repair work on the Northeast Corridor, but we all know D.C. to Richmond is one of the most congested corridors in all modes in the Country. That would be a very natural place to put capital in. Then I can

imagine an electrified system from D.C. down to Atlanta. North Carolina has a wonderful rail program and I am sure would embrace that idea. I think of it in stages of D.C. to Richmond, Richmond to Charlotte, Charlotte to Atlanta, but I think that would be an enormous opportunity for the whole region and tie these high-growth population centers, and then we would truly have an Eastern Corridor, not just a Northeast Corridor. So I think that would be an enormous opportunity.

Ms. BROWN OF FLORIDA. I think there is some money in there for a study for what you are discussing.

Mr. KUMMANT. Yes, I think that also goes along the lines of the continued I-95 improvement program and certainly is something we continue looking at.

Ms. BROWN OF FLORIDA. Recently, my mayor was up here and I flew from Washington to New York—we had meetings in New York—and he took the train, and he beat me there. And I sat on the runway for over two hours, running. This was the shuttle. So can you explain to us about the difference in the cost?

Mr. KUMMANT. Sure. Again, overall, we market pretty competitively, particularly with the Acela product, that it is sort of in the range of what you pay for a walk-up ticket on the airlines as well, and I think going city center to city center makes a big difference. We have an express service today that also gets you center to center in two and a half hours with a stop in Philadelphia. So, again, the cost that the passenger sees on Acela , we view that as airline-equivalent. We have about 63 percent market share, I believe, in the first quarter, of the air-rail share between New York and D.C. The Regional product is certainly a little slower and is also priced accordingly.

Ms. BROWN OF FLORIDA. Okay. You stated at last year's Amtrak capital needs hearing that Amtrak's current trip time of two hours and 45 minutes could be reduced to two hours and 20 minutes with approximately $7 billion of improvements. How would Amtrak's air market share improve as a result of this investment? Do the benefits match the investment in this scenario?

Mr. KUMMANT. We would probably qualitatively say not. Again, that is the big Baltimore Tunnel and all the other tunnel issues, and taking some of the sharper curvature out of that right-of-way. That is a difficult question to answer. There hasn't been a detailed market share study done, but, as I say, we do put an express service on where we are essentially learning more about that market.

Ms. BROWN OF FLORIDA. You stated in your testimony that U.S. Air canceled its service between La Guardia and Harrisburg because it could not compete with Amtrak. Very good. What do you equate this to? How do you evaluate this?

Mr. KUMMANT. Yes, we looked again at the city center to city center opportunity, and even though you go through Philadelphia, the connectivity was good enough that passengers just liked the service, they liked the speed, the 110 miles an hour was fast enough to make a difference, an the connection up the Northeast Corridor really worked for them, so it has just been convenient. There is also a tipping point, as we have talked about before, on frequency, the same sort of thing we see on the Hiawathas. When you get to a certain frequency, you really have ridership take off

because they no longer have to just peg their schedules to one or two trains in a day.

Ms. BROWN OF FLORIDA. Mr. Secretary, we put—I think it is—about $50 million for the 80-20 share. It is important to encourage States to make passenger rail investment. Why is this cost sharing important?

And, Mr. Kummant, could you answer that also? Would you care to respond?

Mr. BUSALACCHI. Thank you, Madam Chair. For the State of Wisconsin, it is going to be critical because we are looking at expanding our service from Milwaukee to Madison. The State legislature, along with the Governor, has given us about $85 million in bonding authority for our match, so it is important that we get the federal investment.

And that is what I keep calling all of this, I call it investment. It is not like we are putting money someplace where we are not going to get something back for it; we are going to get some real public good out of the dollars that we are investing here. So that is why this bill is so important.

There are still going to be highways, Madam Chair. I mean, we know that. And being a DOT Secretary, I have all kinds of work that we need to do. But we need to provide these modal options to the American public. The American public wants passenger rail, and I believe, as we get into this integrated system across the nation, more and more people will ride these trains. Then we'll need more expansion. So that is why I believe this bill is so important.

Ms. BROWN OF FLORIDA. Thank you.

Mr. KUMMANT. All I would add is equipment as well as infrastructure. These dollars can buy equipment for the States, and that is so critical. In the past, when Amtrak had a lot of equipment in storage, we could get corridors started up, add a little incremental cost and say, hey, why don't you use this equipment for a while. We no longer have that option, so it is critical in order to procure equipment to get these going.

Ms. BROWN OF FLORIDA. Mr. Kummant, where is the equipment now? For example, on your train from Virginia to Sanford, you run, I don't know, but it is about 500 people a day each way, so it is about 1,000 people. It is filled the entire time. Why can't we add more services?

Mr. KUMMANT. We are basically out of equipment. We have some opportunity. We have some—they are called Amfleets that we have slated to refurbish, but we are talking about maybe 10 or 12 more cars that we can put into service on the Northeast Corridor. But we really don't have any equipment except for a few stray cars that are in wreck repair status, but we really are basically out of equipment.

Ms. BROWN OF FLORIDA. So if you had more cars, you could provide more service?

Mr. KUMMANT. Oh, absolutely. Absolutely.

Mr. BUSALACCHI. Madam Chair?

Ms. BROWN OF FLORIDA. Yes, sir.

Mr. BUSALACCHI. This is also a concern that the States for Passenger Rail Coalition. Equipment is a big issue, and as people are migrating to trains, everybody wants to know what is the tipping

point that is going to get people out of their cars. I think we are seeing that that is happening. But we are not ready. Amtrak is not ready. I mean, to get equipment, to procure equipment is going to take some time. We need to move quickly on this bill.

I know it is difficult because we have a process that we have to go through, but when the American public starts moving to trains—and they are, and they are going to be moving to this in greater numbers very, very quickly—they are going to ask the question, well, why isn't the nation doing more of this. And that is really the concern that the Coalition has and that I have in our State. We need to somehow get this equipment ordered and get it on time.

Ms. BROWN OF FLORIDA. Thank you.

Mr. Oberstar.

Mr. OBERSTAR. Mr. Brown first.

Ms. BROWN OF FLORIDA. Oh, I am sorry. Mr. Brown.

Mr. BROWN OF SOUTH CAROLINA. Thank you, Madam Chair.

Thank you, gentlemen, for coming. My district is coast area of South Carolina, which includes Myrtle Beach and Charleston, and we have a tremendous amount of influx; over 14 million visitors a year coming into that region, and we don't have any real rail service other than the Charleston. Myrtle Beach doesn't have any rail service attached at all. So it is a big concern of mine, and I want to follow up on that.

But my first question, Mr. Corbett, your company was instrumental in helping build some roads in Myrtle Beach, which has helped with the congestion problem some, and I just wanted to give you credit for that. It was a design-build and on-time and below budget, and so with that in mind, as we work towards developing a high-speed rail corridor here in the United States, how should we structure development of these projects? What would be your thought?

Mr. CORBETT. Well, thank you for that and, of course, I am here as part of the Business Alliance, but looking at Amtrak, I think we have touched on, in my testimony, about the importance of transit-oriented development for all the right reasons when we look at corridors in a belief to capitalize on that. I think there are a lot of very interesting items in here. I know Congressman Shuster was talking earlier, before the break, about where the possibilities are for P-3s, public-private partnerships on that. In certain areas you can see where capturing the value of the real estate to help with some of that funding from a State or local perspective ties in.

But I think sort of a new initiative is when we look at the core of the funding for this bill for Amtrak, what would be of concern is that those initiatives do not become a distraction from the importance of getting the core funding for Amtrak as shareholders, public or private, as an entity. Whoever owns the shares of Amtrak, it is common sense that you make being on time, on budget, that you invest in your assets, regardless of what you are going to do with them down the line. And I think—not to praise Alex, because he is here, but if you look, I think, from the business community, Amtrak as a partner, the credibility that David Gunn, and now Alex has continued, about that money being wisely spent and also working cooperatively, as Alex touched on with New York, working

as a partner on a number of areas, Amtrak has certainly, from the business community's viewpoint, really made a remarkable turnaround and it has certainly been seen as a sustained turnaround under Alex's leadership.

But, Congressman Brown, I think there are a number of opportunities that capitalize on corridors and transit-oriented development, and being able to bring in the private sector, where appropriate, you can be on time and on budget with public in those cases. Thank you.

Mr. BROWN OF SOUTH CAROLINA. Okay, thank you.

The next question is for Mr. Kummant. I know that you have a tremendous responsibility in moving passengers around, but I don't know whether you are privy to the current high-speed rail corridor that was last amended about 1998. I am not sure what form it was used to address the needs of the growing population or the shifting population or even tourism. In the movement of passengers now, do you see the biggest, I guess, customer, are they tourists or business travelers, or what mix do you see, and how do you make your determination what routes should be established based on either one of those criteria?

Mr. KUMMANT. Well, I think we look at the same maps, and I think if you look at the demographic growth, the megaregions—Phoenix, Tucson, L.A., Bay Area, Pacific Northwest, Chicago, the macro Chicago area, Dallas, Ft. Worth, obviously Florida in the Southeast, and then the whole Northeast—it is major corridors between those regions that we have to concentrate on, and it is not too different a mix from what airlines see today. A lot of it is business travel. I don't have the breakdown at my fingertips, but we have a pretty detailed breakdown of what those are. So I think we look more at the longer-term demographics.

Then there is also the question—and this is always the debate that involves pragmatic decision-making, which is what is doable. Where is there existing capacity? Where is there rail? Where is there a willing partner? What can you get done? Because you can have a remarkable need and opportunity, but huge hurdles to get there, while you can have something that is maybe number two on the list that is very doable. So we always have to make choices about what is doable.

Mr. BROWN OF SOUTH CAROLINA. I am not sure whether it is just because they don't have an option, but in Myrtle Beach, with those 14 million tourists coming a year, 92 percent come by automobile, and I don't know how many would translate to high-speed rail if that was available.

Mr. KUMMANT. Well, I would have to stare at a rail map, but I believe you end up being constrained with where the rails run there. You have rails that run inland and then major sort of rail corridor that is farther inland. I would have to verify that to look at it. But, again, we have robust programs in the States there and that is all about the relationship with the State DOTs. They really need to push that and they need to get their balanced view of the State's transportation needs.

Mr. BROWN OF SOUTH CAROLINA. Thank you.

Thank you, gentlemen.

Ms. BROWN OF FLORIDA. Mr. Oberstar?

Mr. OBERSTAR. Well, I want to thank this panel for their contributions and, again, Madam Chair, thank you for your persistence on the subject of Amtrak; Mr. Shuster as well for the cooperation that we have had in negotiations that we entered into and the agreement that we reached that resulted in the introduced bill.

We have an extraordinary opportunity to move ahead with the kind of sustained funding—Mr. Corbett suggested in his testimony multi-year funding that will sustain Amtrak, multi-year funding that Railroad Brotherhoods have asked for for year after year instead of the year-to-year, hand-to-mouth, just squeak Amtrak over the top of a billion dollars so we can keep it on life support for yet another year. We have here the potential for really sustained investment in track and rolling stock, in stations, in the upgrading and modernization of the entire Amtrak network.

And I know that there are some differing views that were very clearly expressed in the testimony, but let me begin, Mr. Kummant. Questions have been raised will there be enough capacity in the United States for production of rail passenger cars to meet the increased demand when we get this—and I am not saying if, I am saying when we get—funding in place. I know that there is currently production capacity for about 100,000 freight rail cars a year in the United States. I also know passenger rail car production declined because we weren't investing in that mode. But with the potential here, do you see the ability of the production sector, the rail car manufacturing sector to meet increased needs?

Mr. KUMMANT. Well, I think it is all a question of time. I think if a bill like this passed, I think it would get everyone's attention and you would probably also have foreign entities looking for assembly sites here if we had a structure that allowed that. From a standing start right now, no, we don't have that much capacity, but I am certainly confident. You talk about stimulative effect. I think a bill like this would certainly drive people to look at that. It would take some time, but——

Mr. OBERSTAR. In the transit sector we saw production of transit vehicles, bus and rail, move offshore. Allied Signal was about the only thing left in the mid-1980s. But now that has been repatriated to the United States.

Mr. KUMMANT. Well, I am really originally a manufacturing guy. Where the dollar is, the U.S. is a very attractive manufacturing site. So if the demand is there, I think the capability and the capacity will come.

Mr. OBERSTAR. Do we have to stick with the much heavier passenger rail cars, compared to, say, Talgo and to TGV or even Shinkansen?

Mr. KUMMANT. Well, I don't want to get into trouble with my friends at the FRA. Let's just say that there is room for discussion there, I think. I think some of those folks have some very advanced energy management approaches to crash test worthiness and I think we do need to look at some of the static requirements that have been put on this.

I think we all acknowledge that some of the difficulties with Acela resulted in the increase in mass in those structures. So let's just say that I think we need to look at that and I think there is some opportunity. After all, the more we can buy off the shelf or

minimally modify the core structure, the more cost-effective it will be.

Mr. OBERSTAR. Is there also the consequence of operating on freight rail track that requires heavier passenger cars because of potential for conflict with——

Mr. KUMMANT. Well, that is the argument, but then if you imagine—and you hate to talk about these things, but collisions between transits or commuters and intercity rail, then suddenly you have a different equation if you have beefed up one and not the other. I would much rather put my money into collision avoidance and advanced technology on collision avoidance than necessarily continue adding mass to rolling stock.

Mr. OBERSTAR. That is a very constructive comment. I appreciate that. That is what we have done in aviation as well, collision avoidance.

Commissioner Busalacchi, your testimony is so refreshing.

Mr. BUSALACCHI. Thank you.

Mr. OBERSTAR. Just so uplifting to see this advocacy and to have your specifics on what the State of Wisconsin has done on its own and in cooperation with the State of Illinois. Could we move you a little bit west, take over Minnesota?

Mr. BUSALACCHI. We want to do that, Mr. Chairman. I mean, obviously, extending to Madison is critical, but also equally critical is going from Madison to Minneapolis.

Mr. OBERSTAR. We do have a new Commissioner of Transportation in Minnesota——

Mr. BUSALACCHI. I know that.

Mr. OBERSTAR. Let me rephrase that. We have a Commissioner of Transportation in Minnesota—we haven't had one in a long time—and I think we will begin the process of professionalizing our commitment and investment, and hopefully a partnership with Wisconsin and Illinois and other States—Iowa—who are anxious to join in the Midwest rail initiative.

You cited a concentration of corridors of 500 miles or less. What was the reason behind the 500 miles?

Mr. BUSALACCHI. As you probably know, Mr. Chairman, USDOT has limited data on passenger rail. They could tell you every inch of concrete that has been poured and asphalt, but when it came to having data on passenger rail, they had much less. So we formed the passenger rail working group, and the working group, we came up with this plan in these 500 mile corridors. It is an integrated system, in populated areas, because our feeling is that once the passenger rail service system is running, and we get it up and running quickly, that it is going to expand throughout the whole Country.

The map that was in the report was illustrative. Each State is going to be responsible for their own corridors. But in the past few weeks I spent time in several different states. States really want to implement this plan in these populated corridors. Across the State of Ohio it would be huge connecting the number of cities that they have. That is why this legislation, Mr. Chairman, is so important.

Mr. OBERSTAR. What is the significance of the 500 miles? Is that in consideration of competition with air service?

Mr. BUSALACCHI. Yes.

Mr. OBERSTAR. Hub and spoke air service, where you can serve routes of 500 miles or less?

Mr. BUSALACCHI. Absolutely. Absolutely. That is really the reason for it.

Mr. OBERSTAR. In what time frame? What time do you anticipate?

Mr. BUSALACCHI. Well, we would like to implement this as soon as possible. Obviously, it is going to——

Mr. OBERSTAR. But I mean the travel time from point to point. If you have, say, quad cities to Chicago now takes on the order of five or six hours.

Mr. BUSALACCHI. Six hours at least by car. We would like to shrink that down to three, four hours if we can.

Mr. OBERSTAR. And if you do that by passenger rail, then do you attract people from other modes, from getting out of their car?

Mr. BUSALACCHI. Oh, absolutely.

Mr. OBERSTAR. Not taking airplanes?

Mr. BUSALACCHI. Absolutely. Absolutely. I mean——

Mr. OBERSTAR. Mr. Kummant, is that your experience as well?

Mr. KUMMANT. Yes. For example, the Hiawatha Corridor, is 86 miles, and there we have seen dramatic shift in its frequency, and, of course, the Northeast Corridor here. You look at the typical transit time New York to D.C. today is two hours and 45 minutes, two hours and 50 minutes. That kind of gives you a sense of that.

I think, also, if you think in terms, in my view, of even what 100 to 110 miles an hour can do, you are talking about 500 miles in less than five hours. And I think if you think of sort of your normal airport experience, an hour at each end, an hour in transit, plus some time, you are talking about three or four plus hours not city center to city center. So I think a four to five hour chunk of time is kind of a natural break, which leads you to the 400 to 500 mile as the outside.

Mr. BUSALACCHI. Mr. Chairman, the corridor from Minneapolis down to Madison and down to Milwaukee, through Chicago, is totally congested. You know that.

Mr. OBERSTAR. Yes.

Mr. BUSALACCHI. This rail program would dramatically reduce that congestion. Dramatically for automobiles. And it would also compete very strongly with the regional airlines. So this corridor in particular would be critical to what we are talking about with this integrated system.

Mr. OBERSTAR. You also reference in your testimony that service, and I just recall the Milwaukee 400, Milwaukee Railroad that I took as a graduate from St. Thomas College en route to Europe for studies on a scholarship I won in 1956, and I traveled by train to the east coast. This was obviously before the era of air service.

Mr. BUSALACCHI. Sure.

Mr. OBERSTAR. And it was the Milwaukee 400, 400 miles in 400 minutes. That is six hours and 40 minutes. Well, that 400 miles in Europe takes about two hours or so.

Mr. BUSALACCHI. Correct, especially in France and Spain. I have been there; you have been there. We have seen it.

Mr. OBERSTAR. So if you can cut an hour plus out of that time, you will clearly attract passengers from air service between the Twin Cities and Chicago.

Mr. BUSALACCHI. No question about it, Mr. Chairman. No question about it. Again, if we look around the Country and we look at these corridors, these trains are packed, whether it is California or the Carolinas, our corridor, and it is because of this setting this system that we are talking about setting up.

Mr. OBERSTAR. Did the Commission consider any further depth or is there any other entity that has considered the type of service, that is, maybe a non-stop morning and evening service and then with more frequencies in the course of the day?

Mr. BUSALACCHI. Well, I think that would be up to the respective States. I know I have been talking to Amtrak for a couple of years now about going to hourly service because we are so successful. I think the various corridors can do what they want to do. Amtrak has been very good about it.

Mr. OBERSTAR. Well, in an hour and a half we are going to have a hearing on a proposed airline merger, and if that thing should happen,—which I am doing my best to make sure it doesn't happen—we will need Amtrak, because that hub in Minneapolis will be so quickly devalued that we will need Amtrak service from Union Station, St. Paul to Union Station, Chicago.

Mr. BUSALACCHI. I agree.

Mr. OBERSTAR. Our new hub for air service.

Mr. BUSALACCHI. I agree.

Mr. OBERSTAR. Mr. Wytkind, you spelled out some very troubling scenarios in your reference to British Rail and concerns that you have with privatization provisions in our pending bill. What specific recommendations—and your recitation of the experience with British Rail was right on track. I remember our previous Chairman, Mr. Shuster, and I traveled to the U.K., among other stops, in December of 2000, had a meeting with Members of the British Parliament committee on transportation and the Minister of Transportation, and they had, just a day before we arrived, voted 600 million pound bailout for British Rail, and it was going to the owners of the track. And we asked why would you do that, and they said, well, because if we don't bail them out, they will walk away and there will be this enormous mess we won't be able to resolve. We have to keep them on life support for a while.

So you raise very serious questions about the ability of the private sector or privatized entities to operate intercity passenger rail profitably. You reference Section 502 of our bill. What specific recommendations do you have for adjustments to our language?

Mr. WYTKIND. Well, first of all, we stated, I think pretty clearly, that our view is that it makes no sense to pursue an RFP on the Northeast Corridor because we do believe it is a bit of a path to having a debate up here to privatize Amtrak, or parts of it. You have been the leader on opposing air traffic control privatization for a number of similar, but I understand different, reasons in terms of the public policy debate. You and I have seen for years the impact that privatization has had in the mass transit industry, where you have these big promises that are never delivered upon, and Amalgamated Transit Union, the largest mass transit union in

the Country, has seen many examples of under-promising and then having to basically help bail out the system because it didn't quite work out the way it was intended.

I think the pure answer to your question would be to remove the provision from the bill. The other alternative would be to make it very clear in this legislation that this is really nothing more than studying the possibility of having an RFP on the Northeast Corridor or elsewhere in the Country and then making it very clear in the bill that Congress is going to have to legislate again. I understand the Chairwoman's comment earlier, but I think it is important to make it very clear that once the Department of Transportation completes its work, that the work is completed and that it is going to be the will of Congress to decide what it does with the RFP. I understand that is the intent of the bill; however, it doesn't exactly say that and we think it should.

Mr. OBERSTAR. I think it is important, at this juncture, as we are trying to move in a very different direction for Amtrak, that we give these privatization proposals an opportunity to be heard, to be evaluated in the public sector, either purely privatized proposition or a public-private proposal, and evaluate them and give them an opportunity to show what they can offer to the public.

I think that is an essential part of the debate of the future of intercity passenger rail. We want this to be a fully bipartisan initiative—I would hope, in a sense, nonpartisan—and I think we need to have that element as a part of the process as we go forward. So I take seriously your concerns and we are at the beginning of the process here and we will move forward with those in mind.

Mr. WYTKIND. If I could, Mr. Chairman, I think I have been here in Washington representing transportation workers for almost 18 years and there, frankly, isn't a Member of the House of Representatives who has listened to the views of employees in this industry more than you have, and I have every confidence that, as we move forward with this debate, that the interest, the rights, the jobs, etc. of the workers at Amtrak and across the transportation industry will be not only a concern of yours, but that you will champion their interests as we go forward.

Mr. OBERSTAR. Thank you.

Mr. Dodd, I take seriously your concern about—well, let me just use your words. We cannot imagine any practical way to separate the two hour service from the other intercity commuter and freight operations on the corridor. In your view, from your experience as you said, starting as a trackman yourself in 1977—you don't look old enough to have started in 1977, but, at any rate, you have had your feet on the ground and probably as a gandy dancer. So what specifically do you see as impediments in that mix of service that you cite in your last page of your testimony.

Mr. DODD. I realize the proposed legislation doesn't specifically say take an RFP to run privatized train service on the corridor, but, as a practical matter, the Northeast Corridor between New York and Washington, D.C. is the only place to do it. It is a heavily congested area; the population centers are there; major rivers; major infrastructure problems. So any proposal would quite naturally have to take into account running some sort of privatization

scheme on the Northeast Corridor as a practical matter, and we view that as a serious public policy problem and a problem that all historical experience has indicated will result in the worst service and less bang for the public dollar.

I think Amtrak has demonstrated the best ability to operate intercity passenger rail trains on the corridor in terms of the ability to recover money from the fare box and the wise use of the taxpayer's dollar, and I think these types of schemes literally result in expenditure of Federal funds, threats to worker's safety and worker employment security and working conditions, and eventually the diluting of that asset by the privateer and dumping it back on the Government to start all over again; and we would recommend that you drop this provision.

Mr. OBERSTAR. All right.

Mr. DODD. Thank you, Mr. Chairman.

Mr. OBERSTAR. I hear you. Thank you.

Mr. Corbett, what elements have to be present for a purely privatized operation to be successful financially or what would be the elements of a public-private venture to be successful?

Mr. CORBETT. I would think, starting from a macro level, we were involved globally in a number of infrastructure projects, either public, private, or public-private partnerships. I think in the transportation side, where we look at, say, port privatization overseas and you see ports here, if we look at aviation and what has been done, and then looking at rail, I think if you look at some of the possibilities in the bills, as you commented, I look at our percentage of GDP in the Nation, what goes to infrastructure.

Lord knows we need as much investment, both public and private, to catch up with what Europe, much less what India and China are doing. I think when you get down to the rail portion, though, the idea sometimes you can throw something against the wall and see what happens, and we have seen certain privatizations that are not particularly well structured—not on the rail side, really, because there hasn't been much—and the consequence of that can be pretty unfortunate.

I think when you are talking about serious bidders in infrastructure, the due diligence efforts that they have to put in—financial, environmental, legal, labor—if you want a serious bidder, they want to have very clear parameters of what they are bidding on, a lot of due diligence, even geotechnical. It gets very extensive and very costly, so I think to look at people who want—if you want quality bidders coming in, I think you have to look at the experience, what kind of due diligence would be, and I would—for the Northeast Corridor I think it is very hard to imagine that is the plum that would be—that process would be so deep and cumbersome. As I think I mentioned earlier, I would be very concerned that that may lead people to defer the core investment in this valuable asset.

Putting out more of a greenfield kind of proposal or some other kind of—I think, Chairman Oberstar, you know, I remember, with the aviation pre-9/11, I think there were five pilot projects for commercial airports in privatization and that was sort of to test the waters. Of course, 9/11 changed that. New York Stewart Airport was one of the first with National Express Group, at the time a

credible bidder, but then, of course, they decided to get out of the aviation business and concentrate on the bus business, and that left a hole as a private sector participant there.

So there are a lot of those kind of issues that I think you have to be very cautious and make sure that a structure will be able to take those kind of contingencies into effect.

Mr. OBERSTAR. What effect would the cost or does the cost of capital have on the considerations that have to go into a privatization scheme?

Mr. CORBETT. I am not the financial guru in our shop, but I would say certainly when you look at the cost of—which is an interesting component that the business alliance support, is for tax-exempt bonding or the credit bonding, I think that levels the playing field to a certain degree.

Mr. OBERSTAR. But without tax credit or tax exempt bonding, can such a privatization initiative be financially successful in, say, the Northeast Corridor?

Mr. CORBETT. I think you would have to do a financial sensitivity analysis at what point. But if you add that additional cost, private sector companies are in this to make money. There are times they can add certain efficiency, but if you take the higher cost of capital and put that all into analysis, what kind of fares they would have to charge to get back without—that is an incremental cost that would go above it if it is not tax-exempt, yes.

Mr. OBERSTAR. Well, those are the kinds of considerations that we anticipate the Inspector General to make as directed by the legislation to evaluate the lowest performing routes of Amtrak and make recommendations to the Secretary about the investment.

I just want to say to my colleagues on the Committee that I talked with Chairman Rangel, Chair of the Ways and Means Committee, about the tax credit bond provision, and we had done in previous legislation we moved in Ride-21 and then considered by the then Ways and Means Committee the substance of the bill was stripped out and nothing was left. Mr. Rangel is willing to consider—very supportive of a tax credit bond provision of the magnitude we are talking, but he said that his staff has consulted with CBO, Congressional Budget Office, and OMB, and they require an offset of at least $4 billion. That is something that our two Committees are going to have to work on, and it is not likely something we can add as an integral part of the Amtrak authorization bill, but as a separate piece of legislation hopefully—well, I would anticipate in the balance of this Congress in the context of another tax bill.

Not the kind of news that I was hoping for, but we have tied ourselves into knots about paying for things and this is going to be a pay-for and we have to find the offsets.

I thank the panel. Am grateful for your contributions and yield back the balance of my time.

Ms. BROWN OF FLORIDA. Thank you, Mr. Chairman.

We have a couple more questions.

Mr. Wytkind, you stated in your testimony that some segments of the transportation networks are best left to the public sector. Please explain what you mean. I guess this is what we have been talking about.

Mr. WYTKIND. Well, I believe that providing a national rail transportation system for this Country through Amtrak is largely a public enterprise that needs to balance the economic interests of those investing the money and the public interest, which includes the interest of riders, the interest of the public around rail transportation facilities and the communities through which they travel. I think the same debate we have had over maintaining the inherently governmental functions of our air traffic control system, maintaining a strong public transportation system that understands that the system has some cross-subsidization in it which focuses on making sure all communities get the service they deserve, as opposed to just allowing private interest to choose where service will be provided, which, of course, would maximize their investments and hopefully reach some sort of profitability.

I just think that we have to understand the history of this Country since we began with the national interstate highway system. It has always been largely a public system. I understand that the private sector has an important role to play in our transportation industry, and I said that in my testimony, including the work that contractors do in our highway industry and the use of other private sector participants in aviation and elsewhere, but I believe, as a general proposition, providing a national passenger train service to this Country is basically a public service and it ought to be kept in the public sector because of all the complications and all the other motives that get interjected into a debate about whether or not Wall Street or anyone else in the private sector should be involved in financing these kinds of operations because, as I said in my testimony, it sounds real good when you bring a lot of money and put it on the table, but when the promises are not delivered, when the system fails, like we saw in Great Britain, oftentimes the taxpayer is saddled with the bailout, as Mr. Oberstar said earlier, as we saw in Great Britain. So I just inject great caution into this Committee's deliberation on how you proceed with this legislation.

Ms. BROWN OF FLORIDA. Well, when we had a hearing, the European Union came and testified. They finally got their system on track and it is moving. The French had been there for a long time, but finally the other part, the English part, is moving forward. So we really need to make that kind of financial investment into our system.

Mr. WYTKIND. Oh, I do not quarrel with that. I agree wholeheartedly with you that we have to find a way to increase investment across our entire transportation industry. But I know from reading media accounts in Great Britain that politicians from all sides of the aisle were fumbling all over themselves trying to see who could be more against the Great Britain privatization experiment. So I think it is fairly clear that that experiment wasn't just an experiment; it was a debacle, and I, frankly, am worried that we are going to repeat that in the United States if we proceed with this kind of privatization.

Ms. BROWN OF FLORIDA. Well, with your support, I am sure we will be very cautious as we move forward. In your testimony, Amtrak must retain good employees and often pay Amtrak an attractive place to work and the Amtrak employees. I have to tell you,

Mr. Kummant, they are first-class. I mean, we have a wonderful workforce, but what do you think of the new labor contracts now?

Mr. WYTKIND. Well, I would defer to Mr. Dodd, who actually was involved in that bargaining, but these agreements present an historic opportunity to move this company and its employees forward. But that is only if the company is allowed to—excuse me, is given the investment, the resources it needs to pay its obligation to employees. I have testified more than a dozen times up in this Committee on Amtrak, and I have seen, one time after another, that every year the employees are unfortunately an afterthought because "we can't afford wage increase," and that went on for eight years.

We now have historic agreements. You now have, hopefully, a historic funding bill that will become law. Hopefully, the appropriators will work with the authorizers to actually fund the entire program. And it is my sincere hope that Amtrak will begin to, as it goes forward, to budget accordingly to deal with this employee cost, and not ask employees to go years and years at a time without wage increases we saw for almost an entire decade.

Ms. BROWN OF FLORIDA. Mr. Dodd?

Mr. DODD. It is a complex question, but, yes, what do we think of the current agreement? Obviously, taking eight years to resolve it is inexcusable, and that created a great deal of harm to the workers and their families. The agreements themselves I think we can characterize as what Amtrak workers could justly say they were entitled to receive, because they were patterned after the freight agreements, which has patterned the Amtrak agreements since Amtrak began. But the problem with the freight agreement is, if you were making $1.00 an hour when those agreements began, in 1999, if you subtract inflation, health care, cost sharing, and increase in prescription drugs and whatnot that the current contracts provide, you are still making $1.00 an hour eight years later, and even though your own productivity has substantially increased. So those agreements are not a true reflection of the value that the workers have produced, although they are a reflection of what was available to us to negotiate at the time and what we were entitled to receive.

I hope that is an answer to your question.

Ms. BROWN OF FLORIDA. Has anyone received any of the checks yet? When I spoke with them Monday, they had not.

Mr. DODD. Yes, they have. They have received 40 percent of the back pay and the wage increases have gone into effect and there is an additional 60 percent that is oweable a year from March 19th or March 10th.

Ms. BROWN OF FLORIDA. So as of today they have received checks?

Mr. DODD. Yes, they have.

Ms. BROWN OF FLORIDA. Okay.

Mr. DODD. And we appreciate that every much.

Ms. BROWN OF FLORIDA. Okay. Well, let me just point out that hopefully, as we move forward, we will move forward together. I mean, we have had a problem in that we had a budget that zeroed out all of Amtrak.

Mr. DODD. Yes.

Ms. BROWN OF FLORIDA. Shut it down. So all we could do was try to hold on until we could move forward, and I hope we keep that in mind as we—this is not a political statement, but as we move forward, we need to make sure that the Members of Congress and candidates all support.

Mr. DODD. We consider you and Chairman Oberstar to be great friends of the Amtrak worker, and we really appreciate the support and the solidarity you showed with us through that very difficult period.

Mr. WYTKIND. Madam Chair, one other point that needs to be made, if I might, is the 60 percent that is left to pay isn't due until the spring of 2009. However, we have been pushing very hard to make sure that that obligation is adequately funded in appropriations going forward. This authorization, if and when it becomes law, will still require an appropriation in the next fiscal year, and that pay day comes due in spring of 2009, and I am hoping Congress satisfies that obligation as quickly as possible so that we do not have the situation that, come spring of 2009, as you know, under those collective bargaining agreements, the right to self-help is restored for both the employees and management.

Ms. BROWN OF FLORIDA. Mr. Kummant, you want to respond to that?

Mr. KUMMANT. Oh, I don't have any disagreement with that. In fact, at the end of this year, anything we can find to apply toward that, we will. Right now, basically, our increased ridership and the revenue we are generating for that is basically paying for fuel. A year ago we spent $123 million in diesel; this year we may end up spending about 215. But there may be 20, $25 million in cash that we can apply to that. I know there are some opportunities with efficiency grant money, if that can be basically re-legislated. So there is some of that that I think can be found, but there is still a pretty good chunk that is certainly an issue.

Ms. BROWN OF FLORIDA. Thank you.

Mr. Shuster.

Mr. SHUSTER. Thank you. I see the Chairman has left. I just wanted to thank him again and commend him for putting some of these provisions in here, the RFP and the non-service and the poor performing lines take a different look at it. I think he points out the importance of allowing it to play out, allowing the RFP, which, Mr. Corbett, you brought about talking about the financials, the funding levels, things like that. That is what the RFP, I believe, does, it will flush all that out. Companies will look and they will put the numbers down, real numbers, if they are interested in making the investment or in getting involved. So I think that is an important reason to have the RFP in there. Let us take a look at it and either say, oh, it makes sense or maybe it doesn't. But I think that is the importance of putting these types of provisions in this bill.

Also, I would like to point out we have 100 years of experience in passenger rail service which was a success, and it was done by private companies up until the 1950s, if I am not mistaken, or thereabouts. That is when passenger rail started to lose money, so 100 years experience versus 27 years of experience of under-fund-

ing it and the Government trying to operate this. So from the experience we have, I think that it is at least worth taking a look at.

I would like to question Mr. Secretary, on the high-speed rail initiative, nationwide, what do you figure the cost of that is going to be? And then also specifically on the Midwest high-speed rail, which I would imagine you have even deeper knowledge of.

Mr. BUSALACCHI. Well, I think you have to differentiate. A lot of times, in this Country, when we talk about high-speed rail, we look over to Europe and we see what is going on in Spain and France and things like that, 200, 250 miles an hour; and I really don't think that is what we are talking about in this Country. I mean, in this Country, at least the way I look at it, I think we need to get out of the gate here, and if we can get 110 mile an hour service and move in these corridors, I think that is really where we need to go. That is why I am always so very cautious when we start talking about high-speed versus what we are doing now. High-speed rail, based on what they are doing in Europe, costs about $30 million a mile, maybe even more. I think the type of rail improvement that we are talking about here would be about $1 million to $1.5 million a mile. So that is the difference, and that is why sometimes, Mr. Shuster, I really get concerned when we talk about high-speed versus this integrated system that we are talking about.

I believe very strongly that we need an integrated system first. California has got a great plan for really authentic high-speed rail. I think Florida does as well. But I think, for now, what we need to focus on with the kinds of dollars that we are talking about is getting this integrated system across the Country going.

Mr. SHUSTER. And I agree with you when I talk about high-speed. The Keystone Corridor, which runs from Harrisburg to Philadelphia, I have used it. In fact, I don't drive to Philadelphia. I live in the western part of the State. When I go to Philadelphia, I drive to Harrisburg, get on the train and take the train downtown, because it is so much easier and I am more productive. I think probably you are right, that should be the model. In fact, this weekend I am going to Philadelphia, so I will take the train to Philadelphia, then the train back to Harrisburg, and then drive my car, because in my part of Pennsylvania I don't have many options besides the automobile.

And I think, talking about that, Mr. Kummant, can you talk a little bit about—because I think that is really a model for what we need to do around the Country.

Mr. KUMMANT. That is right, and I think we can also do that in non-electrified systems to start with, because the electrification can be so expensive. We have talked about Detroit to Chicago. I think St. Louis to Chicago is also a wonderful example of a rail bed that is set up really well where we could do that.

I also want to point out that if you look at the German population overall, in all the passenger ridership in passenger rail, only about 20 percent of that population is riding on high-speed. There is still a whole base population who, in their daily lives, travel at conventional speeds. And I would argue there is an awful lot, obviously, we can do there.

And, again, we mentioned southbound from D.C. I think are large opportunities where probably electrification would start mak-

ing sense earlier on because of the connection with the Northeast Corridor and the population density. So there is a lot of opportunity out there.

Mr. SHUSTER. And we had a discussion the other day, 20 percent increase or 19 percent increase in ridership in the Keystone Corridor?

Mr. KUMMANT. That is right, annual riders. And, again, there you see both the speed and the frequency, the same sort of tipping point we have seen on the Hiawathas with more frequency.

Mr. SHUSTER. And the only way to make the frequency affordable is ridership.

Mr. KUMMANT. That is right. I mean, it is kind of a flywheel that has to start spinning. You have to lay the bet, in a sense, put the frequency out there. But every time we have done that—you see it in the California Capitol Corridor as well—you really see the ridership pick up.

Mr. SHUSTER. What do you anticipate the ridership, has it peaked? I mean, I imagine the increase is going to continue, but that 20 percent jump, are you going to see 20 percent every couple years?

Mr. KUMMANT. Well, I think we will see it stabilizing a little bit, but I still think it will be I double digits for a while. What we see in the Northeast Corridor right now, our Acela product is nearing sold-out conditions, so we will start seeing year-over-year single digit increases there only because we don't have more seats. But we will continue seeing, I believe, double digits in the Regional product.

Mr. SHUSTER. How about employment on that line?

Mr. KUMMANT. Yes, that will depend on if we can find somewhere to drive frequency. So I think until we start driving frequency in other corridors and new corridors, that is what really will drive employment.

Mr. SHUSTER. Thank you very much.

Ms. BROWN OF FLORIDA. In closing, I participated in the National Train Day and I am encouraging other Members to continue throughout the year this spring to do likewise. And I understand we had something like 60 activities throughout the system, and I rode the train from Jacksonville to Deland through Palatka, and I also did the Auto Train yesterday. There were 500 people there and 500 people coming in, and I talked with the town about doing more as far as they have been doing this in Sanford for 25 years, so it is really an economic development tool if they take advantage of it.

In some of the places we went through, like Palatka, they don't have an agent there. We cut down a great deal, and those stations, have we looked at—and not for you to answer now, unless you want to make some comments—what do we need to do to beef up those individual stations? Because I think we could have more ridership when you actually have a person physically there. It is a beautiful station, and the train stops and you jump on. It would be much better if we had at least an attendant there. And I think this is true throughout the system, because we have had to dumb-down so much the system.

Mr. KUMMANT. In the end, it is all about operating dollars and capital dollars. One of the agonizing capital decisions we always

make is we would love to put so much more capital into the stations, but we are always saying, gosh, you have to put in the equipment and rail, and there is just none left over after that. And that goes to staffing as well. Obviously, we love to do that because that is often the face of Amtrak, what people see, and they see an old station that is unmanned, it doesn't look good. So that would clearly be a place that would, again, really drive ridership and perception.

Mr. BUSALACCHI. Madam Chair, conversely, there are situations where you can have a station and you don't have a person there or people are able to purchase tickets from a kiosk to go to their destination. We put a station at the Mitchell Field airport in Milwaukee. I think there are only four cities that have a station at an airport. It has exceeded our expectations. We don't have a person there selling tickets. We have a parking lot, we have machines, and people can purchase tickets from them, rather than driving into the city and then taking the train back south. They go there, park their car, buy their ticket, and go to Chicago or points south, and then come back.

Ms. BROWN OF FLORIDA. Do you all have a station there?

Mr. BUSALACCHI. We have a station at Mitchell International Airport.

Ms. BROWN OF FLORIDA. I see.

Mr. BUSALACCHI. But we don't have it staffed with people. We have machines and people are able to park so they don't have to go into downtown Milwaukee; they can just get on the train and go to Chicago or points south. That has worked out very well. I think the point is when you make it convenient and it is on time, people are going to ride it.

Ms. BROWN OF FLORIDA. I definitely think the key to making it work is not just how fast it will go, but the fact that it is reliable and it is on time and you can count on it. I mean, that is the key, and that is what the testimony has been.

Mr. BUSALACCHI. No question. This station outside of Milwaukee has exceeded our expectation. That parking lot is full. People are constantly taking the trains. As Alex knows, the trains are full because it is convenient and it is on time.

Ms. BROWN OF FLORIDA. Your people may be a little bit more sophisticated than mine. Mine need an attendant.

Anyone else have any other comments that they want to make, a minute? Any closing statements?

You hear Mr. Carson, and you and I talked about it, Mr. Kummant. We need to think about what we need to do, because I asked the question, for example, if we are moving forward, we need additional trains. I mean, how can we continue to run Amtrak like a business? I have a facility in Jacksonville where we do work for the Navy, the Air Force, foreigners, whatever. We restore those planes. What would it take to put the largest maintenance facility in the Country? What would it take? I know that it is old, but our whole system is old. How do we update it? How do we give it a facelift? How do we do the things that we need to do to move it forward?

Mr. KUMMANT. Well, again, the dilemma is it would take capital, and a lot of it. It is a over 100-year-old facility. If we had that cap-

ital, that is not the place we would put it anyway. So that is the dilemma. If you actually said here is an incremental 50 or $100 million, we have all kinds of other needs that need to be met.

I also wanted to correct a couple of things. Those jobs are being moved to other locations, so it is not really an outsource kind of question. It is very similar to the process we have done with Albany and Los Angeles, as well. Let me also say those are very difficult decisions. They are great people. And, by the way, we still do our major wreck repair there. It takes a lot of talent and creativity to do that kind of work. So those are very difficult decisions and we don't take them lightly. I think we always have to keep the door open and see if there are ideas that can work.

But the dilemma we are in is that we are starved for capital. If there is incremental capital, that would not make the list of where we have the most crucial capital needs. The notion of getting involved in freight railroad repair business kind of makes sense at a certain level. But when you dig down into it, there are so many different things you would have to do that, again, we just have to pick our spots very carefully where we put our effort. If we were a richer, broader organization, maybe it is something that would make the cut, but where we stand today, we just have so many other crushing needs.

Ms. BROWN OF FLORIDA. Well, I want you to kind of think through it, because I hear what you are saying, but I also know that when we look at insourcing, I mean, constantly on this Committee Mr. Mica has tried to get you to make a profit out of a hamburger, which doesn't make any sense to me, but in that facility, when you can do a job and walk away with $200,000 plus, that is the kind of profit that we need to be looking at. I mean, what is a dollar or a hamburger? Those people need to be able to have their hamburger if they want to on that train. They need to be able to have services. But how can we really invest in a system to make Amtrak a money maker?

Mr. KUMMANT. Well, we will keep working those issues. They are tough ones. Again, maintenance overall is a $500 million operational cost issue for us, so we work that very hard. We take those comments seriously and need to do anything innovative we can find.

Ms. BROWN OF FLORIDA. I surely hope you will take those things into consideration, Mr. Kummant.

Mr. SHUSTER. Can I just make one closing comments? I just think this is a great opportunity for us to do something with Amtrak. I know the former Chairman, who was my father, told me that one of the great regrets he had was he wasn't able to do something with Amtrak, wasn't able to move legislation forward, and I think most people who know him know he was a pretty effective Chairman; and he couldn't. So we have an opportunity. We have a bipartisan agreement. It is going to take all of us. We are not going to get all we want. And if we move this thing forward—because I think it is critical that we do something now, and the number that I look at is the population of the United States. It took us 65 years to go from 200 million to 300 million. It is going to take us 35 years to go from 300 to 400 million. And when you look at the population, the density on the map, it doesn't all move to Ari-

zona. The population density in the Northeast Corridor, in Chicago and Milwaukee, and all these high-speed corridors we have, that population gets denser, and this is an opportunity for us to look at everything and move forward.

Also with the realistic outlook that there are people in politics that would like to just get rid of Amtrak, and we have a President that I disagree with on right now, and we may have another Republican president, and he may not agree with this. But if we have broad support within the community, within the Congress, we can move something forward, and, as I said, I think this is an opportunity to move forward.

I might also add—I will probably get disagreement with this—maybe there will be a Republican majority some day down the road. And I an not one of those in my party that—obviously I support Amtrak and I do believe that transportation is part of the national agenda of the Government; it is in the Constitution and, heck, it is a Republican tradition. If you look back through history, Republicans have been leading on the fight to improve transportation.

So I just think this is a historic opportunity for us to do something. I don't know if I will be here 35 years from now when we cross that 400 million threshold, but I would like to be able to say we have passenger rail service in this Country that is working well, it is effective, and there are great opportunities there for people.

Thank you.

Ms. BROWN OF FLORIDA. Thank you. And let me just say that we all want to leave our mark on transportation. I have been in the area of transportation for 25 years and I have been on this Committee for 16 years, and I really think this is an opportunity to move forward not just with Amtrak, but with the entire multimodal transportation and move our Country forward. So I want not thank the witnesses for their testimony and the Members for their questions. Again, the Members of this Subcommittee may have additional questions for the witnesses, and we will ask you to respond to them in writing.

The hearing record will be held open for 14 days for Members wishing to make additional statements or for further questions.

Unless there is further business, this Subcommittee is adjourned. Thank you.

[Whereupon, at 1:02 p.m., the Subcommittee was adjourned.]

BRUCE L. BRALEY
1ST DISTRICT, IOWA

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May 14, 2008

Statement for the Record
Hearing on Amtrak Reauthorization, 5/14/08
Subcommittee on Railroads, Pipelines, and Hazardous Materials

Thank you, Madame Chairwoman, for holding this very important hearing on the reauthorization of Amtrak, and for your leadership on this issue. It has been too long since Congress took an in-depth look at passenger rail in America, and I am glad that this Congress is finally dedicated to moving our passenger rail system forward.

I am proud of the work that has been done by this Subcommittee to introduce H.R. 6003, the *Passenger Rail Investment and Improvement Act*, and I am glad to be an original cosponsor of this legislation. The bill takes unprecedented measures to encourage the development of new and improved intercity passenger rail services. The creation of the State Capital Grant program will help

spur community investment in new Amtrak routes, which in turn creates jobs, increases tourism, and opens up entire corridors to opportunities for greater economic development. This bill provides $500 million per year in grants to a State, or a group of States, to pay for the capital costs of facilities and equipment for new intercity passenger rail.

Two new routes that will provide significant public and economic benefit are the lines from Chicago to the Quad Cities and Chicago to Dubuque, Iowa. Both proposed routes would open up large parts of rural Illinois to huge economic growth and prosperity. These routes would also provide vacation spots for residents of Chicago in scenic Dubuque and Davenport, Iowa. The availability of passenger rail heading west from Chicago could also help eliminate congestion at O'Hare airport, as these Amtrak routes continue to Iowa City, Waterloo, or other cities, and as travelers choose a leisurely train ride over the stress of the airport. Both of these routes would provide new passenger transportation through the heart of the country, exposing many Midwestern towns and cities to fresh opportunities, and providing a new option of transportation for families and businesspeople throughout the country.

I am also glad to see that the *Passenger Rail Investment and Improvement Act* includes Section 220, the Study of the Use of Biobased Lubricants. This section instructs the Federal Railroad Administration to study the feasibility of using readily biodegradable lubricants by freight and passenger railroads. The University of Northern Iowa's National Ag-Based Lubricants Center would be a perfect entity to work with the Federal Railroad Administration in conducting this study, as NABL's primary mission is the research and testing of biobased lubricants. I particularly look forward to seeing this legislation become law, and then seeing the benefits of coordination between the Federal Railroad Administration and the world's premier biobased lubricant facility – the National Ag-Based Lubricants Center.

STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS
HEARING ON
"AMTRAK REAUTHORIZATION"

I am pleased to be here today to consider Amtrak reauthorization legislation, including H.R. 6003, the Passenger Rail Investment and Improvement Act, which Ranking Member Mica, Chairwoman Brown, Ranking Member Shuster and I introduced last week. I look forward to hearing from the witnesses on this proposal.

This legislation is long overdue. Congress last reauthorized Amtrak in 1997; that authorization expired in 2002. Since that time, this Subcommittee has held 11 hearings on Amtrak. The Committee has acted on three reauthorization proposals in the 107th, 108th, and 109th Congresses. In the 110th Congress, this Subcommittee has held four hearings on Amtrak. It is time to act to reauthorize Amtrak.

Today, we are at the cusp of a "renaissance" for intercity passenger rail in this nation. For example, Amtrak's FY2007 ridership was at record levels for the fifth year in a row, exceeding 25.8 million passengers. Additionally, its ticket revenues rose 11% to more than $1.5 billion, the third straight year of revenue growth. This record of achievement is even more impressive if you consider that for the past eight years Amtrak has contended with an Administration committed to its bankruptcy and federal support that has remained inconsistent to a large extent.

Further, these achievements are occurring at a time when there is a greater need than ever for intercity passenger rail. The Department of Transportation states that congestion on our highways and in the air is "chronic," while the Texas Transportation Institute reports that each year we waste 3.5 billion hours of extra travel time due to traffic congestion. The total annual cost of congestion has risen to nearly $70 billion, a rise of $4.5 billion more than the previous year. Improving our intercity passenger rail system is an important tool to address these problems. For example, Amtrak removes almost eight million cars from the road annually. Amtrak also eases air congestion by eliminating the need for 50,000 fully loaded airplanes each year.

However, we must provide Amtrak and the States with the opportunity and ability to grow their passenger rail services if we want to provide a system of public benefit moving forward. That is why I introduced the Passenger Rail Investment and Improvement Act to reauthorize Amtrak. This legislation will provide a total of $14.4 billion for Amtrak and for States to develop intercity passenger rail systems. It will go a long way to meeting growing demand for intercity passenger rail and help address concerns due to the growth of ridership on our rail network.

For one, this bill will provide $6.7 billion to Amtrak in capital grants.

Inconsistent federal support has forced Amtrak to delay many important maintenance and legacy projects. This bill will provide Amtrak the funding necessary to end these delays and move forward to complete many of these projects, such as replacing the catenary system along the Northeast Corridor, completing replacement of the Thames River Bridge in Connecticut, and replacing wood ties with concrete ties along its infrastructure. It will allow Amtrak to bring its infrastructure to a state of good repair in fifteen years and begin a much needed equipment procurement process to replace much of its aging rolling stock. This will mean better service reliability and on-time performance for Amtrak, reduced trip times, added capacity and lower maintenance costs, which will allow Amtrak to better attract and retain ridership.

Further, this bill will provide Amtrak with $3 billion in operating grants, which will help Amtrak pay salaries, health costs, overtime pay, fuel costs, facilities, and train maintenance and operations.

Additionally, this bill will create a new State Capital Grant program for intercity passenger rail capital projects to encourage State investment. States are uniquely qualified to understand their own mobility needs and connectivity requirements through statewide and metropolitan area intermodal and multimodal transportation planning. Indeed, over the past 10 years, ridership on intercity passenger rail routes that benefitted from State support grew by 73 percent. For example, California has

invested $1.9 billion since 1991 and seen its Amtrak ridership increase 128% since that time.

However, over the past ten years, ridership on Amtrak routes without States support only increased by 7 percent. The Department of Transportation reports that the greatest single impediment to encouraging State support is the lack of a Federal/State partnership— similar to what exists for highways and transit— for investing in the capital needs of intercity passenger rail. This bill creates that partnership and provides $500 million per year through 2013 in grants to a State, or a group of States, to pay for the capital costs of facilities and equipment necessary to provide new or improved intercity passenger rail at an up to 80 percent Federal match, the same as for highways and for transit.

This legislation will also demonstrate Congress' commitment to promulgate high speed rail projects in this country. It will provide $350 million per year in grants to States and to Amtrak to fund high speed rail projects that will operate at speeds of at least 110 mph along federally-designated high speed rail corridors. This will benefit projects such as the Midwest Regional Rail Initiative, sponsored by nine Midwest state governments to provide a "hub-and-spoke" model of intercity passenger rail service out of Chicago and into surrounding metropolitan and regional communities, including St. Paul, Detroit, St. Louis, and Cincinnati, among other cities and

communities. Once completed, this project will provide train service at speeds up to 110 mph, utilize multi-modal connections to improve interconnectivity across the region, and improve reliability and on-time performance. Already, these States have invested over $100 million to this project, and funding from the high speed rail grants of this bill will help support their efforts. It will also help the efforts of California to develop a Shinkansen-style high speed rail system running from Sacramento to San Diego, and to develop the Southeast high speed rail corridor from Washington, DC to Charlotte, NC.

I look forward to exploring these issues further with the witnesses and working with my colleagues as we move this legislation forward.

TESTIMONY

Before the United States House Committee on Transportation and Infrastructure

Subcommittee on Railroads, Pipelines and Hazardous Materials

On HR-6003, the Passenger Rail Investment and Improvement Act of 2008

and HR-6004, the Rail Infrastructure Development and Expansion Act for the 21st Century

by
Frank J. Busalacchi

Secretary, Wisconsin Department of Transportation
Chair, States for Passenger Rail Coalition

Thursday May 14, 2008

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Chairwoman Brown, Ranking Member Schuster and Members of the Committee, my name is Frank Busalacchi. I am Secretary of the Wisconsin Department of Transportation and Chair of the States for Passenger Rail Coalition. I am also a member of the National Surface Transportation Policy and Revenue Study Commission.

I am pleased to testify today on the need to reauthorize Amtrak and to provide funding for new passenger rail initiatives that will help address the current and long-term mobility needs of our growing and aging population.

HR-6003, the Passenger Rail Investment and Improvement Act of 2008, and HR-6004, the Rail Infrastructure Development and Expansion Act for the 21st Century (RIDE-21), are both critically important. The enactment of these bills will allow Members of Congress to begin the process of investing in passenger rail, a mobility option that our citizens are choosing in record numbers. The recent growth in Amtrak ridership should be a clear message to Congress: we need more passenger rail service and we need to start building it now to keep up with the demand for services.

In the 2008 Presidential Campaign, passenger rail is an emerging issue. As Senator Barack Obama remarked at an informal luncheon in Indiana this month, "The irony is with the gas prices what they are, we should be expanding rail service... We are going to be having a lot of conversations this summer about gas prices. And it is a perfect time to start talking about why we don't have better rail service. We are the only advanced country in the world that doesn't have high speed rail..." The Senator's recognition of the need for expanded passenger rail service to address national goals related to energy and mobility offers a glimmer of hope for the future of intercity passenger rail in our country. Congress must act on this legislation now to build the foundation needed for the expansion of passenger rail.

Since 2002 when the Amtrak Reform and Accountability Act expired, Amtrak has been subsisting on annual federal appropriations subject to congressional and federal agency oversight, with no stability in funding. The Administration has shown no leadership on rail finance, starving Amtrak each year in its budget bill. Congress has had to come together on this issue every year to provide adequate funding to keep Amtrak moving.

The Amtrak reauthorization bill will end the year-to-year cobbling together of the finances of a major corporation. The legislation encourages and funds state investments in passenger rail. It provides stable funding for Amtrak and policy provisions to assure Amtrak service will expand

and Amtrak's financial accountability will improve. The bill aligns federal policy with the demand from our citizens for improved and expanded intercity passenger rail service.

Several factors support increased investment in this mobility option. Perhaps the most obvious is the fact that gasoline prices are quickly approaching $4.00 per gallon, and oil prices have more than doubled in 18 months. These bills have been in process for some time, yet their introduction now is timely. It will take time as well as funds to get more rail service on the ground. While we wait for the funds, other forces are pushing us to create federal policies to increase investment in passenger rail service:

- Despite the federal government's focus on targeted congestion relief, bottlenecks are still occurring, congestion is growing, and we are faced with the challenge of global warming. In urban areas, building more highway capacity is often extremely expensive and difficult to accomplish. The availability of passenger rail funding will give decision-makers another option for solving their transportation problems. With passenger rail on an equal footing with the other modes in which the federal government invests heavily, decision-makers can select the transportation option best suited for a given situation rather than the only option that offers federal funding assistance.

- The expansion of intercity passenger rail could have a positive impact on global warming since the average intercity passenger train generates 60 percent fewer CO_2 emissions per passenger-mile than the average auto and half the Greenhouse Gas (GHG) emissions of an airplane. Since 1990, U.S. carbon dioxide (CO_2) emissions have grown an average of 1.2 percent annually; and the transportation sector contributes about one-third of those emissions.

- The United Nations' Intergovernmental Panel on Climate Change has released the fourth and final draft report in its "Climate Change 2007" series. The report[1] recommends that governments adopt policies to mitigate or reverse the impact of GHG emissions on our climate and that these policies align land-use and infrastructure planning to reduce transport emissions. The report encourages a modal shift from road transportation to rail and public transportation systems to offset the projected growth of global emissions or to reduce emissions below current levels.

[1] Intergovernmental Panel on Climate Change, "Summary for Policymakers of the Synthesis Report of the IPCC Fourth Assessment Report," Draft Copy, November 16, 2007.

- The projected growth in the U.S. population will only exacerbate the impacts of congestion and air and water pollution that comes from increased motor vehicle emissions. Our population is expected to reach 450 million by 2050, up 150 million people from 2007. Among age groups, growth will be highest in the over 55 population segments, and these segments will be most in need of mobility alternatives to the automobile.

- The nation's federal policy and funding approaches have led to a disinvestment in passenger rail over the past 50 years. At one time, rail routes comprised the backbone of our transportation network. The freight railroads are investing in their infrastructure, but according to a recent freight rail analysis,[2] the return on investment to the railroads would not justify the level of investment needed to serve shippers and passenger rail. We must create a healthy, vibrant passenger and freight rail system that provides a key mobility option for people and freight.

- Only a limited number of states will be able to increase passenger rail service on their own without a federal funding partner. When the Amtrak reauthorization legislation is enacted, with its 80/20 grant program to the states for capital investment, the states can begin to implement their passenger rail service plans, providing a long awaited modal choice for their citizens.

- It is time to create a truly multi-modal transportation system that addresses the national priorities of energy conservation and global warming and provides funding for passenger rail that is predictable, stable and environmentally responsible.

The National Commission's Multi-modal Vision

As a member of the National Surface Transportation Policy and Revenue Study Commission, I had the opportunity to share my perspective and goal for a new direction in national transportation policy – one that includes a federal/state funding partnership for intercity passenger rail similar to the partnerships that exist for highways, transit and aviation.

The Commission was charged with analyzing information to project the nation's transportation needs over the next 50 years. For highways and transit systems, this exercise was easier than

[2] National Rail Freight Infrastructure Capacity and Investment Study, September 2007.

for rail. We had the benefit of highway and transit data collected by US DOT over many years. For freight and passenger rail, the Commission relied on Commissioner Matt Rose and me to compile needs information.

I engaged a working group to provide an intercity passenger rail analysis. The group mapped a vision of the national rail system in 2050 and determined cost estimates to achieve that vision. It focused on city-to-city connections in corridors of 500 miles or less. It should be noted that the 2050 map is illustrative only as individual states will be responsible for their own rail plans. Many states are already working on estimates and plans for new passenger rail service. With federal support and the enactment of the Amtrak reauthorization legislation, these states will be empowered to implement their rail plans.

It was in response to testimony from state and local officials asking for additional public investment in rail that the Commission adopted intercity passenger rail as part of its multi-modal vision for the future. We submitted our report, "Transportation for Tomorrow," in December 2007.[3] The report provides a new, multi-modal 50-year vision for the nation's transportation system, including recommendations for passenger rail expansion.

Wisconsin's Intercity Passenger Rail Experience

As Secretary of Wisconsin DOT, I know firsthand that the American public is clamoring for the expansion of passenger rail services. Our state provides financial support to Amtrak's *Hiawatha Service*, which operates on the Milwaukee to Chicago corridor. Since 1989, we have committed over $100 million in capital and operating support for existing and future Amtrak service. This includes annual operating support, new or renovated stations, rail corridor acquisition, crossing improvements, and planning studies.

- Wisconsin works in partnership with the state of Illinois to provide annual operating support for Amtrak's *Hiawatha Service*. We contributed approximately $6.4 million last year. Governor Jim Doyle and the Wisconsin State Legislature included an additional $500,000 annually ($1 million total) in Wisconsin's 2007-09 biennial budget to add an additional rail car to address capacity issues, including standing room only on many peak period trips. With the continuing increases in ridership, despite the extra car just added, capacity is again

[3] http://www.transportationfortomorrow.org/final_report/

an issue. The state of Wisconsin is exploring adding another car, but equipment may not be available.

- Wisconsin has undertaken three major station development projects for *Hiawatha Service* customers. In 2005, we opened a new passenger rail station at Milwaukee's General Mitchell International Airport. In 2006, the Village of Sturtevant replaced a 100-year-old station with a brand new facility. In 2007, we completed a $17 million renovation of the downtown Milwaukee station. This award-winning project provides a new multimodal facility for Amtrak trains and Greyhound buses, along with commercial development opportunities.

- Wisconsin has also invested funds to look to the future. Our state has conducted an environmental assessment of a project to expand service from Milwaukee to Madison. We have invested $7 million in state funds to purchase and preserve 32 miles of this 85-mile rail corridor for future passenger rail service.

The public has responded positively to the state's investments. Last year, Amtrak's *Hiawatha Service* carried 618,000 passengers – an all time record and a 55 percent increase in just six years. With Amtrak providing excellent service from Chicago to Milwaukee and with engineering plans on the shelf and ready to go, the demand is strong to expand service another 90 miles to Madison, Wisconsin's state capital.

National View

The 31 states in the States for Passenger Rail Coalition appreciate the priority the House is giving to passenger rail legislation this year. Current Hiawatha operations and future service expansions in Wisconsin and other states will depend upon Amtrak's continued financial stability. We cannot afford to allow Amtrak to languish each year in an ad hoc appropriations process without the multi-year funding framework and vision that this reauthorization bill provides.

States cannot be expected to partner with the federal government and Amtrak to support and expand passenger rail service in the United States when the long-term viability of its partner is uncertain. These bills provide the funding and policy framework needed to allow states to invest in expanded passenger rail service.

Key Provisions of the Passenger Rail Investment and Improvement Act of 2008 (HR-6003)

The federal funding authorized by the *Passenger Rail Investment and Improvement Act of 2008* over the next five years will insure a sound financial foundation for Amtrak operations in the Northeast Corridor, for Amtrak's long-distance trains, and for Amtrak partnerships with states in regional corridors.

A new emphasis on partnerships among Amtrak, the states, and the federal government is reflected throughout the bill. The states can only step up and work with Amtrak to build a world-class passenger rail system for this country when an adequate federal-state funding and policy partnership is provided.

Amtrak's financial stability is of paramount concern to states that support Amtrak operations financially. This bill authorizes adequate operating funds for all of Amtrak's activities. The $3 billion authorized over five years for operating grants provides the proper framework for appropriators to eliminate the annual uncertainty of whether Amtrak services will be cut.

A total of $6.7 billion is authorized over five years for Amtrak and the states to address their sorely needed capital equipment and infrastructure needs. The bill provides capital funds to bring the Northeast Corridor to a state of good repair and to address equipment shortages on other Amtrak routes, including state-supported corridors. The existing equipment on state corridors dates from the mid-1980's and is ready for replacement. In some cases, state initiatives to add service have been thwarted for lack of equipment.

The states are ready to begin working with Amtrak immediately to develop specifications and procure equipment for use in state-supported corridors, where Amtrak's ridership growth has been high. The $5 million in grants authorized under *The Next Generation Corridor Train Equipment Pool* recognizes this need and the role of the states in determining, along with Amtrak, the types of equipment that will be needed.

The Amtrak reauthorization bill recognizes the need for state representation on the Amtrak Board. It recognizes the need to develop an equitable and uniform methodology for allocating capital and operating costs among the states and Amtrak. In establishing planning requirements for states, it recognizes the importance of "grandfathering" existing state plans so that states ready to proceed with projects will not be delayed. The Act also recognizes the importance of

on-time performance, which is influenced by Amtrak (the operator) and the freight railroads (the principal dispatcher of Amtrak trains). Most importantly, the bill provides capital resources for passenger and freight infrastructure improvements to address capacity problems and to maintain and improve on-time performance.

Another issue facing Amtrak, states, and localities is the need to modernize stations to the standards of the *Americans with Disabilities Act* (ADA). The bill provides funding to address these needs.

Finally – and most importantly from a state perspective – the bill recognizes the need for a federal/state capital program to expand and improve the current Amtrak system. HR-6003 recognizes this need by authorizing a total of $4.2 billion in 80/20 federal/state grants for needed infrastructure and equipment. Of these funds, $2.5 billion is provided in 80/20 grants to states for a variety of intercity passenger rail improvement projects; and $1.7 billion is provided for state high-speed rail projects where speeds are expected to reach 110 mph. Many states such as North Carolina, Washington State, Illinois, Michigan, Ohio and Wisconsin already have well developed plans for 110 mph service in regional corridors. The bill recognizes that, from a policy perspective, we must put federal funding for intercity passenger rail development on a level playing field with the highly successful federal funding partnerships that exist for highways, aviation and transit.

Key Provisions of the Rail Infrastructure Development and Expansion Act for the 21st Century (HR-6004)

In addition to the Amtrak reauthorization bill, the House has introduced the Rail Infrastructure Development and Expansion Act for the 21st Century, which provides additional capital resources for states. In particular, it provides $12 billion in tax credit bonding authority to states over 10 years for passenger rail infrastructure and equipment. These bonds are unique in that they can be structured to provide up to the equivalent of 60/40 federal/state grants at current interest rates.

This legislation also authorizes $560 million over eight years for 50/50 grants to states for planning and development and $240 million for passenger rail technology development. The United States is far behind other countries in developing advanced technologies for signals, communications, and energy-efficient propulsion systems needed for the development the next generation of passenger rail transportation systems.

Looking to the near future, the National Surface Transportation Policy and Revenue Study Commission on which I serve recommends that a comprehensive 80/20 grant program for intercity passenger rail development be included in the next surface transportation reauthorization bill. The Commission recommends that the federal fuel tax be expanded to provide a dedicated multi-year funding source for intercity passenger rail development as well as for the other surface transportation modes. Its recently released report recommends the inclusion of $5 billion annually for these state grants in the next surface transportation reauthorization bill.

As the House moves ahead on HR-6003 and HR-6004, I respectfully ask this committee to continue its efforts to provide a dedicated, multi-year passenger rail capital program to fund the nation's intercity passenger rail needs.

Everyone should understand, however, that enacting these bills will not result in more or improved passenger rail service overnight. These bills will jump start the process. It will be several years before we see more equipment running on current and new routes, carrying more passengers to and from their destinations in an energy-efficient, environmentally friendly way. For this reason, it is especially important that these bills be enacted this year.

I wish to express my sincere thanks to Chairwoman Brown, Ranking Member Schuster, and the co-sponsors of HR-6003 and HR-6004 for recognizing what we in the states have seen first-hand – the demand for fast, efficient train service by our citizens. Working together, the states and the federal government can address the mobility needs of our growing and aging population and, at the same time, address the national priorities of energy conservation and global warming. It is time to provide funding for intercity passenger rail that is predictable, dependable and environmentally responsible.

Written Testimony

Subcommittee on Railroad, Pipelines and Hazardous Materials
Committee on Transportation and Infrastructure
May 14, 2008

Kevin Corbett, Vice President, Corporate Development, DMJM Harris-AECOM

Chairwoman Brown, Ranking Member Shuster, and Members of the Subcommittee: Good Morning. Thank you for inviting me to give testimony today.

My name is Kevin Corbett. I am Vice President of Corporate Development at DMJM Harris-AECOM, and a board member of New York's Regional Plan Association, a private, independent planning group. I am here today representing the Business Alliance for Northeast Mobility, a coalition of over 30 chambers of commerce, civic, and business associations from Boston, MA to Washington, DC, which have come together to advocate for bringing Amtrak's Northeast Corridor back to a state of good repair and improving the frequency, speed, and reliability of intercity and regional rail services in the Northeast.

On April 2, the Business Alliance held a reception in the U.S. Capitol to meet with members of Congress and Amtrak and show our support for Amtrak authorization and appropriations. The event was attended by Representatives Nadler, Gerlach, DeLauro, Senators Carper and Specter, and Amtrak President Alexander Kummant.

Our goal is to protect and enhance the economic competitiveness and sustainability of the Northeast, which is currently threatened by congested, aging infrastructure that limits the ability of the Northeast region to attract jobs and compete in the global economy. We believe that expanded and reliable funding for Amtrak will provide the cities and regions in the Northeast with vital economic, mobility and environmental benefits. As business leaders, we recognize the critical importance the Corridor plays in our region's economic competitiveness and intend to work with our respective governors, Amtrak, and leadership in Washington to secure the funds needed to preserve and improve this irreplaceable economic asset.

We are also interested in expanding the role that intercity and regional rail can play in the Northeast by replacing regional air trips, providing alternatives to auto trips, and focusing development around train stations, to help accommodate the additional 19 million people anticipated in the Northeast megaregion by 2050 and a corresponding growth of the economy. Investing in Amtrak and the Northeast Corridor is an important step toward maintaining a healthy environment in the Northeast, reducing our carbon footprint, and maintaining a high quality of life.

We strongly support the H.R. 6003, the Passenger Rail Investment and Improvement Act of 2008, which would authorize increased funding levels for Amtrak and authorize significant new funding for returning the Northeast Corridor to a state of good repair. This bill would be the first authorization for Amtrak since 2002, and as a multi-year authorization, would help Amtrak develop multiyear plans for Corridor investments and improvement.

Bringing the Northeast Corridor to a state of good repair is our top priority because of the vital role the Corridor plays in the Northeast and the nation's economy. We urge Congress to prioritize state-of-good repair funding to make needed investments that will modernize the Corridor and improve its safety and reliability.

The Northeast Megaregion, which includes the metropolitan economies of Boston, New York, Philadelphia, Baltimore, and Washington, and smaller regions in between, produces a combined GDP of $2.4 trillion dollars – about 18 percent of the nation's GDP.

Over 750,000 people ride some portion of the Corridor each weekday, taking cars off of congested metropolitan highways. Included in this number are daily commuters who ride one of the eight regional rail services that share the Corridor with Amtrak and are impacted by the condition of the Corridor.

The Corridor is also important to business travelers, who choose Amtrak's Acela and Regional services for travel between New York and Boston, New York and Washington, and points in between. (Amtrak captures 56 percent of the air-rail market for New York – Washington trips and 41 percent for Boston-New York trips.) Amtrak has become an increasingly attractive alternative to regional air trips as delays in Northeastern airports have risen.

The Passenger Rail Investment and Improvement Act would allow Amtrak to make the needed investments in the Northeast Corridor to improve the reliability, safety, and speed of regional and intercity services on the Corridor by undertaking such long-overdue projects as the Baltimore Rail tunnel, several bridges in Connecticut, and replacing aging catenaries, train sets, ties and interlockings.

We are particularly supportive of the following elements of the bill:

- In Section 209, the creation of a Northeast Corridor Infrastructure and Operations Advisory Commission, made up of Amtrak, U.S. DOT, and the Northeast States to jointly develop recommendations for short-term and long term capital investments in the Northeast Corridor and improve operations. We believe it is essential that states, the commuter agencies, and Amtrak work together to develop and implement a long term vision for the Corridor that returns the infrastructure to a state of good repair, increases capacity and reduces trip times.
- And the Acela Service Study, which authorizes $5 million to determine the infrastructure and equipment investments needed to achieve shorter trip times in the northern and southern ends of the Corridor.

The Business Alliance is also supportive of your "Ride-21" Act, also introduced this week, which provides $12 billion in tax credit bonds and $12 billion in tax exempt bonds for developing high-speed rail corridors in the United States. This is an important source of new funding for high-speed rail investments in the Northeast and nationwide, which can help replace air trips of 500 miles or less.

It is also a first step toward finding additional sources of funding for intercity rail in this country, outside the annual appropriations process. We urge this subcommittee to explore

new additional funding sources for intercity rail, including in the next surface transportation bill, which traditionally has excluded intercity rail.

Finally, the Northeast Corridor's potential to promote transit-oriented economic development is of major interest to the Business Alliance for Northeast Mobility. Philadelphia's Cira Center, a Class A office tower adjacent to Philadelphia's 30th Street Station presents a prime example of how the Northeast Corridor can help focus and attract new real estate investment along the Corridor, while increasing ridership, reducing the need for auto trips, and revitalizing the Northeast's older industrial cities. New York City's Moynihan Station project will play a similar role in the promoting economic development and revitalization of Manhattan's Far West Side.

When the Cira Centre was completed in 2006, it was the first high-rise office building built outside of Center City Philadelphia in 12 years. Comprised of over 700,000 square feet, the Cira Centre is fully occupied by 22 tenants. The location -- connected by an enclosed walkway to an Amtrak station -- allowed the building to attract major tenants from outside Pennsylvania, including McKinsey & Co, BlackRock, and Brandywine Global Investments, whose employees travel for business on Amtrak's Northeast Corridor. This project has been so successful that a mixed-use commercial, retail and hotel development is planned next door. The CEO Council for Growth, chair of the Business Alliance for Northeast Mobility, was pleased to host subcommittee ranking member Bill Shuster there a few months ago so that he could see first-hand how crucial Amtrak service is for the Cira Centre to be commercially successful.

In closing, I urge you and your colleagues to support multi-year funding for Amtrak that will allow it to meet the immediate and future challenges in the Corridor. These investments are crucial to addressing the congested roadways and air space that will only worsen, and which hinder our ability to grow and sustain a competitive economy in the Northeast.

Thank you Madame Chair and Members of the Subcommittee for the opportunity to address you this morning. I am happy to answer any questions.

TESTIMONY OF

JED DODD, GENERAL CHAIRMAN PENNSYLVANIA FEDERATION

ON BEHALF OF

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES DIVISION

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

The Brotherhood of Maintenance of Way Employes Division – International Brotherhood of Teamsters (BMWED) thanks the Committee for being given the opportunity to present its views on the proposed reauthorization of Amtrak as proposed in H.R. 6003, the "Passenger Rail Investment and Improvement Act of 2008", with particular emphasis on the authorized appropriations for the operating and capital needs of Amtrak. The BMWED is the labor union that represents the men and women who build and maintain the railroad track, bridges, buildings and overhead electrical catenary system for Amtrak. Our members are highly skilled and include, heavy equipment operators, welders, carpenters, plumbers, foremen, linemen, electricians, repairmen and a host of other crafts. We work night and day, seven days a week, performing tough, dangerous work in all weather conditions. We build and maintain a complex infrastructure so that Amtrak can ensure that their passengers can arrive safely and on time to their destinations.

My name is Jed Dodd and I was hired into the Maintenance of Way Department of Amtrak on the Northeast Corridor as a trackman in early 1977. In September 1983 I was elected to the position of General Chairman of the Pennsylvania Federation. My office is elected by the membership and I have been reelected every four years since 1983. One of my duties as General Chairman of the Pennsylvania Federation is to chair the BMWED bargaining committee on Amtrak and I have done this for the last 25 years.

The BMWED supports the core mission of Amtrak – providing safe, reliable and environmentally friendly intercity passenger transportation. Amtrak began in perilous times, when it was created from equipment cast off from the freight railroads and directed to take over ownership and operation of the Northeast Corridor from the bankrupt Penn Central At the time of Amtrak's start up, service was poor, equipment was old and badly maintained and the infrastructure on the Northeast Corridor was in need of major rehabilitation. Many commentators believed intercity rail passenger service was a museum piece – like the steam locomotive. Despite this inauspicious beginning, the men and women who worked for Amtrak held the system together to the point that today ridership and revenue levels for Amtrak are the highest in its history. The rate of return for the investment in Amtrak by the American taxpayer has been huge. There is an enormous environmental benefit to intercity rail service as Amtrak's service significantly reduces congestion on the highways and in the airports along the Northeast Corridor. Our reliance on foreign oil is less because of passenger rail service. In addition, Amtrak workers are among the most productive passenger rail workers in the world. Amtrak covers 78% of its operating needs at the fare box as opposed to a national average of 47% for commuter railroads and a national average of 58% for heavy rail transit systems. This

success story was achieved in the face of, at times, hostility from the Executive and Legislative Branches, and what seemed like a revolving door of top Amtrak management who, with minor exception, have fostered a labor relations climate on Amtrak that treats its dedicated workforce like an unwanted annoyance. Despite the sometimes annual changes in Amtrak management, the workers at Amtrak are the constant that has served America by going to work everyday and producing one of the finest intercity passenger railroads anywhere in the world.

In the early years, worker safety on Amtrak suffered as well. Many good men and women sacrificed their lives working for Amtrak to keep intercity rail passenger service available to the people of this country. In Union Station, in Washington DC, there is a plaque that lists the names of 72 men and women who have been killed at work while on duty. Our Union represents about ten percent of all of Amtrak's workers. However, more than one third of the names on that list were members of our Union whose lives had been cut short because they were hit by a train, electrocuted on the high voltage wire, or crushed to death by the machinery. Next time you are hurrying to catch your train at Union Station please take a moment at this plaque and reflect a little on the sacrifices that have been made in sweat and blood to ensure that Amtrak is successful. Railroading is hard and dangerous work and no one ever should underestimate, or denigrate, the courage, dedication and effort Amtrak workers expend to ensure this country's rail passengers get to their destination safely and on time.

The last express multi-year Congressional authorization for Amtrak appropriations expired after Fiscal Year 2002. Beginning with Fiscal Year 2003, Amtrak's continued existence has depended on Congress reauthorizing Amtrak de facto through annual operating and capital grants. Moreover, Congressional support for Amtrak was made in the face of unrelenting hostility by the White House toward any continuing federal support for Amtrak. Despite these obstacles, Amtrak's ridership and revenues increased and the new, high-speed Acela service was introduced in the Northeast Corridor. It has been difficult for Amtrak to survive in this environment. The year to year appropriation process also always involved the question of Amtrak's continued existence. This has had an adverse impact on employee morale. There is nothing more discouraging for Amtrak workers than to hear their employer, and by implication, their hard work, denigrated as "inefficient" or "unessential."

Therefore, the BMWED is delighted that H.R. 6003 contains a multi-year reauthorization of appropriations for Amtrak. Amtrak's infrastructure on the Northeast Corridor includes tunnels from the 19th Century and a number of major, movable bridges that date from the early 20th century. The renovation of these parts of the infrastructure requires a dedicated, multi-year source of authorized appropriations in the manner proposed by this Committee. We are happy to see this Committee step forward with a strong commitment to the long-term success of Amtrak and thank Ms. Brown and Mr. Oberstar for their tireless work and support for Amtrak.

The proposed reauthorization appropriation levels involve, from Fiscal Year 2009 through Fiscal Year 2013, over $3 billion in operating grants and over $6.6 billion in capital grants. A substantial percentage of the capital grant monies, amounting to $2.4 billion over this period, is made available to the States to further the development of new and improved intercity rail

passenger service. Standing alone, these sums are laudable and BMWED fully supports them. However, the proposed reauthorization also includes over $1.7 billion in the same period to assist Amtrak in repaying long term loans and leases incurred to make up funding shortfalls to keep the system in operation. Finally, the proposal authorizes a one time appropriation of over $800 million to rehabilitate the Baltimore tunnels which first entered service shortly after the Civil War. The BMWED understands that Amtrak supports these figures and represents that they are sufficient for it to maintain safe and reliable service and bring the Amtrak-owned infrastructure, particularly on the Northeast Corridor, into a state of good repair. If these levels of authorized appropriations meet Amtrak's projected operating and capital needs, then BMWED fully supports them.

Nevertheless, we are compelled to mention a note of caution. BMWED's support for a single, national rail intercity passenger carrier in the form of Amtrak should not be considered unquestioning support for Amtrak management, and especially Amtrak's Labor Relations Department. The BMWED recently concluded a new collective bargaining agreement with Amtrak that covers the period January 1, 2000 through December 31, 2009. The length of that agreement is unprecedented because the length of time taken to bargain it to conclusion also was unprecedented. Throughout that interminable and incredibly frustrating bargaining process, Amtrak, through its Vice President of Labor Relations, blamed its bad faith bargaining on an alleged failure of Congress to appropriate sufficient operating funds for it to make a fair deal with us. Amtrak also hid behind this claim to oppose any retroactive pay for its employees once an agreement was reached.

Amtrak's bargaining evasion and obfuscation were first rebutted by the Senate's Appropriations Committee in its Report 110-131, dated July 16, 2007 wherein the Committee stated:

> *Amtrak's failure to reach a labor settlement is not a result of inadequate Federal funding. To the contrary, salary and benefit costs are derived from Amtrak's operating budget which is financed mostly by self-generated revenues. For each of the last several years, the Committee has provided Amtrak with operating support at or near the levels sought by Amtrak's Board of Directors. Any differences between the larger overall funding requests submitted by Amtrak's Board and actual Federal appropriations have come in the area of the railroad's capital budget.*

The Report of Presidential Emergency Board No. 242 noted with approval the Senate Committee's observations. The Board provided its explanation for the cause of the inordinate delay in reaching an agreement on rates of pay, rules and working conditions for Amtrak workers (Report at 36-37).

> *Additionally, there was no credible evidence that the Organizations were principally responsible for the inordinately prolonged nature of these negotiations. The Board recognizes that, as early as 2002, Amtrak announced as one of its 'principles' that it would not agree to retroactive pay as part of any agreement. That unilateral statement, however, does not mean that a recommendation that rewards the Carrier and punishes*

employees for the failure to have earlier reached a settlement is fair or equitable or appropriate in this case. While this is not a 'refusal to bargain' proceeding, and the procedures applicable to presentation of evidence to PEBs are not fully analogous to adversarial proceedings attempt to gauge whether a particular pattern of behavior constituted good faith bargaining, the evidence paints a fairly clear picture that places much greater responsibility on Amtrak for the failure to ink a deal over the prolonged period since December 31, 1999, than on the Organizations.

BMWED's support for the operating and capital monies which Amtrak claims is sufficient for its needs during the Fiscal Years 2009 through 2013 is conditioned on a commitment that Amtrak will come to the bargaining table on January 1, 2010 and begin to bargain a fair and equitable extension to our collective agreement promptly and in good faith. They must abandon their style of labor relations which seeks to starve the employees into submission. The dedicated employees of Amtrak must never again be subject to the type of labor relations policies that permit eight years to go by without a reasonable raise. Amtrak Labor Relations must not be permitted to interpose a complaint that Congressionally authorized appropriations are insufficient for them to bargain a fair and equitable agreement. We respectfully ask this Committee to require such an assurance from Amtrak management and specifically its Vice President of Labor Relations. The public interest was ill-served by the last eight year long bargaining round. We fully expect that Amtrak will heed the admonitions of PEB 242 and meet us in good faith to bargain a fair and equitable agreement so that both Amtrak management and labor can get on with the important job of providing this country with safe, and reliable intercity rail passenger service.

Finally, we must comment on a portion of H.R. 6003 that troubles the BMWED very much. While much of the Bill demonstrates continued support for Amtrak and strong support for the development of new intercity rail passenger service that complements Amtrak's operations; Title V of the Bill contains a provision that could well be a "Trojan Horse" for the demise of Amtrak.

Section 502 of the proposed legislation makes almost the first order of business a command that the Secretary of Transportation issue an RFP for the "financing, design, construction and operation of an initial high-speed rail system" between Washington and New York. That relatively innocuous phrase is, in BMWED's opinion, an opening to "privatize" Amtrak's operations on the Northeast Corridor. As I said earlier, Congress has invested substantial sums in rehabilitating the Northeast Corridor and this proposed legislation will ensure that Amtrak puts the Corridor in a state of good repair. However, all of that investment and the hard work performed by Amtrak employees will be lost if the Corridor is handed over to a private operator to cherry pick the assets as part of a plan to provide 2 hour service between Washington and New York.

The BMWED understands that Section 502 does not direct the high speed rail service to operate on Amtrak's Northeast Corridor, but as a practical matter, there is no other place that it can run. The Northeast Corridor is densely populated and the acquisition of a second,

dedicated high speed right of way between Washington and New York crossing several major rivers and traversing the urban areas of Washington, Baltimore, Wilmington, Philadelphia, Newark and New York City is a fiscal impossibility. What that means to us is that any entity proposing to operate such high speed service will, by necessity, be making a proposal to acquire and operate the entire Northeast Corridor operation between Washington and New York. We say that because we cannot imagine any practical way to "separate" the 2 hour service from the other intercity, commuter and freight operations on the Corridor.

Our concern is that such a privatization would essentially kill Amtrak and permit a private operator on the Corridor to reap for private gain all of the public expenditures made there in the past. Amtrak would be left with operations on the Corridor north of New York and its other intercity rail service. As Amtrak was diminished, others would then swarm in to cherry pick off those operations and services that were desirable. Simply put, a privatization of part of the Northeast Corridor would begin the end of a unified, coherent intercity rail passenger transportation system. Amtrak has been in the political wilderness since 2002 and, just as this Bill offers the opportunity for sound funding and authorization for Amtrak's operation, Section 502 could well undo all of those good things by inviting the privatization of the Northeast Corridor.

The BMWED thanks the Committee for the opportunity to share its views on this subject.

May 14, 2008

TESTIMONY

OF

ALEX KUMMANT
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AMTRAK

BEFORE THE

SUBCOMMITTEE ON RAILROAD, PIPELINES, AND HAZARDOUS MATERIALS

OF THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

WEDNESDAY, May 14, 2008

Good morning, Madam Chair and Mr. Shuster, and thank you for the opportunity to testify before this Committee on the subject of Amtrak's reauthorization. We recently celebrated Amtrak's 37th anniversary. Amtrak opened its doors for business on May 1, 1971, and took over the vast majority of the nation's existing intercity rail passenger services from twenty Class I carriers. At the time, this was widely viewed as a nice farewell gesture to passenger trains, which were not expected to survive the decade, despite growing highway and airport congestion and the skyrocketing price of oil.

Today, as you know, we are seeing record numbers of Americans choosing Amtrak for its convenience, its comfort, and its environmentally friendly qualities. I think we can take a little justified pride in the work we have done over the years to make sure that the trains keep coming, and it is a tribute to the many people who have worked for Amtrak and to our front line employees who deliver the product every day. For our part, we appreciate the strong support we have enjoyed from the general public, the Congress, and the members of this Committee who have been such strong public advocates for passenger rail service.

I am very pleased that your Committee has decided to consider the question of a reauthorization for Amtrak, a measure that is timely and important, and I will speak directly to the bill you have introduced. But first, I want to make the point that a lot has changed since our last reauthorization was enacted in 1997. The gallon of unleaded that cost $1.24 in October, 1997 costs $3.72 today. Congestion is increasing and the national highway infrastructure has begun to show signs of fatigue. Even before I arrived at Amtrak, I was convinced that there is a future for

passenger rail in the United States. We need a strong national transportation policy that recognizes the role rail can play in our national life. Our transportation policy needs to evolve and I think it will evolve, and this authorization must eventually become a part of an integrated national policy where rail will play a meaningful and relevant role.

To that end, I think we need to work harder at using our existing resources and infrastructure to make better policy. In the last ten years, state governments have redefined rail service – as a congestion mitigator, an engine of development, and an environmentally friendly way of providing for travel needs on existing networks, and this is an example of a creative and successful use of existing resources and infrastructure. We need to find transportation solutions that will build system connectivity, allow consumers a range of relevant choices, and develop the funding streams that will allow us to plan, build and operate our services without the turmoil of the annual funding cycle. I am pleased that this bill recognizes that need and incorporates both in spirit and intent measures that will allow us not just to pursue and extend successful policies, but to begin the larger national debate about the future of transportation in America.

I would like to touch on a few examples of services we think are successful. Amtrak just finished a year of record ridership. There are a number of great examples of the kind of growth we want to see, but I will confine myself to two that are geographically and demographically distinct, but that together give us a sense of how we hope the system of the future will look. The first is our Keystone Corridor between Harrisburg, Philadelphia, and New York City. Together with the Pennsylvania DOT, we put $145 million into much-needed improvements. This

allowed us to speed up trains to 110 mph, and we got more frequencies out of the same equipment. We restored electrified service in 2006, and our ridership grew by 20.1% in 2007. Our growth was so strong that last month a U.S. Airways carrier providing service between Harrisburg and LaGuardia cancelled its service on that route because it couldn't compete with Amtrak – the city center to city center access is a tremendous selling point, and a natural enhancer of connectivity.

Our partnership with California has also been a success. We have built a network of three major passenger rail corridors. Eight-six percent of the stations in California have some kind of intermodal connectivity and the result has been a very strong system built on the range of choices we can offer travelers – the Pacific Surfliner between San Luis Obispo, Los Angeles, and San Diego is our second largest corridor operation after the Northeast Corridor, and the Capitol Corridor between San Jose and Sacramento was one of the ten fastest growing corridors on the system last year, expanding ridership by 14.8%. California is an example of the growth and business we can get when we provide the traveler with a networked operation.

While our focus will be on corridors, my view is that there will always be a place for the long distance trains – they provide basic transportation to communities that lack transportation choices and they will continue to connect corridors – but I believe the real opportunity for growth lies in corridors a few hundred miles long that use shared rights of way to provide people a real transportation choice. We have some very real challenges, and the next few years are going to be important if we are going to meet them – in terms of our relations with the states, our

ability to procure new equipment so that we can grow our ridership, and in finding a more reliable source of funding so that we can develop and execute programs without trying to keep things moving under a continuing resolution.

With that in mind, I will comment on the bill. I think the timing is right; the national transportation crisis is upon us, and Congress and the nation will have to address it in the next couple of years. I think the Bill that has been introduced in the House is a strong statement of support, not just for Amtrak but for the cause of passenger rail service generally. I think the Committee recognizes certain basic realities, and the bill is a ringing endorsement of the need for corridor service. The authorization of a Federal-state partnership program is the single most important aspect of the bill. The 80-20 matching program will do a lot to level the modal playing field and help states to pursue passenger rail projects. The investment grants for congestion mitigation measures will also benefit many of our existing services. The increases in the authorization of funding levels are going to be essential if we are to realize these visionary proposals. We are seeing inflation in the costs of fuel, basic materials, and health care expenses, and these will directly translate into higher operating and capital costs.

As I mentioned in our FY 2009 grant request, I do not believe Amtrak will be able to comply with all of the provisions of the Americans with Disabilities Act by the July 26, 2010, deadline. Ownership and responsibility questions complicate compliance, since we don't own all of the 527 stations we serve, and in many cases we are responsible for altering parts of the station that we do not own. In addition, the question of whether DOT will implement its proposed new rules

regarding full length level boarding of trains from rail platforms is adding to the delay in achieving compliance. For these reasons, I would ask you to relieve us from the requirement to comply with the ADA by July 26, 2010, and I would recommend that the deadline for compliance be pushed out at least through the life of this reauthorization.

I want to close by thanking you for taking up this matter. While it is certainly vital for Amtrak, I think Amtrak is vital for the country. I look forward to working with you on a collaborative effort to develop our reauthorization, which will, I hope, become the first step toward a comprehensive, integrated, and balanced national ground transportation policy.

WRITTEN STATEMENT OF
EDWARD WYTKIND, PRESIDENT
TRANSPORTATION TRADES DEPARTMENT, AFL-CIO

BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON RAILROADS, PIPELINES,
AND HAZARDOUS MATERIALS

May 14, 2008

On behalf of the 32 member unions of the Transportation Trades Department, AFL-CIO (TTD), and specifically the 10 unions that make up our Rail Labor Division, thank you for inviting me to testify on Amtrak Reauthorization.

The debate over Amtrak and the question of how to achieve a first-class national passenger rail system is not occurring in a vacuum. As this Committee is well aware, the list of recent significant infrastructure failures is long and shameful. A collapsed bridge in Minneapolis, failed levies in New Orleans, a steam pipe explosion under a New York City street – all drive home the point that we need to change fundamentally the way we look at basic infrastructure needs. The American Society of Civil Engineers conservatively estimates that we will need to invest an additional $1.6 trillion in infrastructure over the next five years, or $320 billion annually, just to bring our current system into good condition. I could spend the remainder of this statement chronicling the needs in all modes of transport – but this Committee knows and understands that we are massively under-investing in transportation operations and infrastructure. Our historic failure to invest in Amtrak is thus indicative of a broader, systemic problem.

Amtrak has never been more vital to our nation nor more in need of a robust, long-term funding plan. Passenger rail helps ease highway and airport congestion, and is critical to the success of our multi-modal transportation system. Performance, ridership and revenue are all rising. Employee productivity at Amtrak increased dramatically in recent years. Ridership reached a record high of 25.8 million passengers in 2007, according to Amtrak President and CEO Alex Kummant. For the first time in almost a decade we have new and up-to-date collective bargaining agreements in place. Congress must ensure that the costs of these contracts are fully funded and that the carrier can move forward with the capital improvements and expansion plans that we all know are urgently needed.

According to the American Association of State Highway and Transportation Officials (AASHTO), the U.S. must invest $60 billion in passenger rail by 2028 to address critical rail corridor infrastructure repairs and improvements. Amtrak has a $4 billion investment backlog. Our lack of rail capacity causes chokepoints and delays, a problem exacerbated by the fact that passenger and freight rail carriers share track throughout most of the country.

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Around the world, leaders understand that a strong economy depends on an efficient transportation system that includes passenger rail. China plans to build over 1,500 miles of track in the next 12 years. Spain is building a national high speed rail network. Japan has over 1,200 miles of high speed passenger rail, with plans to build almost 200 miles more by 2020. France spends 20 times more per capita on rail than we do and has the best bullet train in Europe or the Americas.

The time has come for the U.S. to invest in passenger rail as well and reject calls by some to de-fund or privatize Amtrak. We can no longer tolerate the false promises and incendiary rhetoric of those who would destroy Amtrak with "shutdown budgets." We must reject the White House's irresponsible budgets that would drive the railroad out of business. We should stop under-funding passenger rail and then expect the carrier and its employees to do the impossible in terms of service and reliability.

I commend members of the Committee for introducing the Passenger Rail Investment Act (H.R. 6003) and RIDE-21 (H.R. 6004). While we have major concerns with some aspects of H.R. 6003, it is indeed significant that these bills would finally provide Amtrak and passenger rail in general with significant new investments that will allow Amtrak to fulfill its unmet promise and potential.

H.R. 6003 will provide over $14 billion during the next five years – including $3 billion in operational assistance for Amtrak, $6.7 billion in capital expenditures for passenger rail and over $1 billion to bring Amtrak into compliance with ADA rules. The bill also provides $1.7 billion for Amtrak to pay interest and principal from its mounting debt – obligations that Amtrak incurred due to chronic under-funding. This step will allow more flexibility for Amtrak to take advantage of financial markets and to plan for future capital-intensive projects. The bill also includes badly needed management and financial reforms to ensure the company's managers are running the railroad in an efficient manner.

Employee Costs

Let me also urge the Committee to ensure that the funding levels in this bill are adequate to fund the collective bargaining agreements recently agreed to by Amtrak and its unions, and to account for reasonable increases over the life of this reauthorization bill. Amtrak and its managers must be clear and specific with the Committee and others in Congress about what financing it will need to meet its labor obligations. As this Committee is aware, Amtrak workers went over eight years without updated contracts. During this time, workers and their unions had to endure stonewalling by the company and claims that it did not have the resources to provide its employees with the rates earned at freight railroads. Fortunately, the Presidential Emergency Board appointed by President Bush to hear this dispute rejected this argument and recommended terms that formed the basis for fair contracts.

For the railroad to succeed, it must retain good employees by offering competitive pay. It has to be understood that paying Amtrak workers a fair and reasonable wage constitutes a basic cost of business, akin to maintaining tracks or paying fuel costs. Amtrak must retain good employees and offer pay that will make Amtrak an attractive place to work for experienced railroad workers. Amtrak must accept this reality and budget its resources and requests to Congress accordingly.

On this point, let me specifically mention that as part of the new collective bargaining agreements, Amtrak employees were granted "back-pay" for the eight years they went without a general wage increase. Forty percent of that back-pay is due in 2008 and 60 percent is due in 2009. According to Amtrak, the company will need an additional $114 million to make the payments due in 2009. If Amtrak fails to make the payments, Amtrak workers will have their right to strike restored. Given the uncertain FY 2009 appropriations cycle, we are urging Congress to include this funding in a supplemental appropriations vehicle.

Privatization Initiatives

As I stated earlier, there are approaches included in H.R. 6003 that we oppose, and in particular we are concerned with provisions that appear to put passenger rail on a path to privatization. Let me say first that TTD has always recognized that the private sector does and can play an important role in both the financing and operation of our transportation system. Private sector airlines, bus companies and highway construction firms, to name a few, provide vital services and provide hundreds of thousands of our members with good-paying, high-quality jobs.

But at the same time, we know that some segments of the transportation network are better left to the public sector. This may be because of unique safety and security concerns, or because some transportation services must be universally provided but lack a for-profit market. We have always maintained, and history bears this out, that intercity passenger rail belongs in the public sector. To achieve high quality passenger rail significant ongoing investment must be made in rolling stock, signaling equipment, stations and tracks. These comprehensive and complex investments require organizations that are either operated by government or subsidized and tightly regulated.

As chronicled in a 2003 study conducted by the Economic Policy Institute (EPI), privatization of passenger rail is hardly the answer. We need only look at Great Britain's failed experiment to see what can happen when we allow a public service to be taken over by private interests. In the 1990's, British Rail, motivated by the zeal for broad privatization of various public services, was transformed from a publicly run service into a "competitive" railroad market. The story of British Rail underscores the threats of ideologically driven policy experiments such as rail privatization. British passengers were saddled with increased fares, shoddy maintenance practices and dangerous cost cutting, including excessive job reductions. This resulted in higher accident rates, deteriorated service and coordination problems within a maze of poorly managed providers. As a result, the British people were left with an operational meltdown of unprecedented proportions.

By 1999, with problems mounting, the government began to undo the privatization experiment. As pointed out by EPI, Britain will have a system that looks a lot like Amtrak in the end – but better funded. In fact, according to EPI, the conservative Shadow Secretary of State for Transport pledged to voters that if the Torries are returned to power, they will never attempt to re-privatize the rail system.

Amtrak was created out of the 1970 bankruptcy of the Penn Central Railroad – at that time the largest corporate failure in history. Congress established two separate corporations out of the Penn Central collapse – Conrail to take over freight service and Amtrak to provide intercity national passenger rail service in recognition that railroads all over the country were losing money on

passenger rail. It would be a mistake to assume that today private operators will, like some wizard's wand, magically create new and better efficiencies in this capital-intensive industry.

Specifically, we are opposed to Section 502 of the bill, which would require the Department of Transportation to issue a Request for Proposals (RFP) for a high speed route between Washington, D.C. and New York City. Obviously Amtrak already operates several routes on this corridor, including its highly successful Acela service. While this service can and should be improved and expanded, we do not understand how the public will benefit by allowing a private operator to take over one of the most successful routes and prized assets in Amtrak's system.

Section 502(a)(2) states that an entity responding to the RFP must include in the application certain information about its proposed high speed rail service. We would note, however, that it is unclear if this information just needs to be in the application or if these are specific requirements of the service. It is also unclear how and if the winning bidder will be held accountable for the promises and commitments made in the application. This would not be the first time that a private company, seeking to win a government contract, over promised but eventually under-delivered.

Section 502(a)(2)(E) requires applicants to include in the application "the type of equipment to be used, including any technologies for ... achieving less than 2-hour express service..." We are extremely concerned that the provision is silent on what will happen if this promise is unfilled – what happens, for example, if a bidding foreign or domestic corporation promises our government it will achieve the two-hour objective in, say, a few years and then falls an hour short of its promise. Moreover, the term "express service" calls into question if stops would be curtailed or abandoned altogether to achieve the two-hour time frame envisioned in this bill.

Under Section 502(a)(C) applicants must explain how they will comply with applicable federal rail safety regulations. This is a goal we support, but what is DOT prepared to do if violations surface and the service becomes questionable? What happens if the winning bidder becomes financially insolvent? We would submit that any of these occurrences are plausible, leaving the public and its almost 40-year investment in Amtrak at risk.

In short, there are no guarantees that the implementation of the proposal will balance the need for profitability for investors with service to communities of all sizes and congestion relief. We face the danger of allowing corporate investors to create a boutique service that caters only to the well-heeled rather than offering rail service at a variety of price points, including those attractive to middle and working class travelers.

I understand the intent of 502 is not to allow the RFP process to be completed until Congress specifically acts. Given the inherent questions and problems associated with this proposal, this safeguard is absolutely essential. But we think this point needs to be clarified in the text of the legislation. Under the long distance Intercity Passenger Rail Service Performance provision (Section 222), there is a specific caveat that "the Secretary shall not implement the selection process ... until legislation has been enacted authorizing the Secretary to take such action." I urge the Committee to insert identical language for the RFP process established in Section 502 to ensure that Congress has the final say on whether privatization of high speed rail should move forward.

I should also note that the privatization provisions in this bill are not limited to the Northeast Corridor. Section 502(a)(1)(B) allows RFPs for other high speed rail operations "on any other corridor in the United States" once the report to Congress on the Washington, D.C. to New York City line is completed. Section 222 requires a process to consider other providers of rail service to serve so-called underperforming routes. Again, private operators, by definition, are driven to make a profit and not to serve the broader public interest and provide service on a universal basis. These provisions should sound the alarm bell to those smaller markets across the country whose service could be abandoned or curtailed by private operators that consider profit, not service, the core of their business model.

Applying Applicable Rail Laws

We understand this bill anticipates that entities other than Amtrak will increasingly operate passenger rail and possibly manage and own infrastructure. Putting aside the wisdom of this approach, it must be assured that any provider of rail service is covered as a rail carrier for all applicable rail and labor laws. This includes the Railway Labor Act, the Railroad Retirement Act, the Railroad Unemployment Insurance Act and the nation's federal rail safety laws, to name a few, that Amtrak operates under. We have already seen attempts to turn over passenger rail service to private entities while allowing these entities to avoid operating as rail carriers under the law, thus circumventing, for example, their obligations to participate in the railroad retirement system. It makes no sense to allow private or state operators to provide service but to hold them to different standards than Amtrak operates under today. We also must ensure that the interests of workers are protected if service is transferred to entities other than Amtrak.

Board of Director Reform

Ensuring that Amtrak's Board of Directors consists of knowledgeable, experienced individuals committed to a national passenger rail system is critical to the carrier's ability to succeed. In the recent past we have seen certain Board members driven more by ideology and partisan politics than by providing management oversight as fiduciaries. One recent member of the Amtrak Board was quoted during his confirmation hearing saying that he had never ridden a passenger train.

While the current Board has apparently and fortunately broken from this path, we must ensure that future Board members always put Amtrak's core mission first. We must find individuals who are not afraid to tell the President who appointed them that unrealistic funding levels should be rejected or that privatization schemes are not the answer. It is also critical that Amtrak's frontline workers be well-represented on the Board. Every CEO of this company, including Alex Kummant, has talked about how critical Amtrak workers are to the future of the carrier. We agree, and would call on the Committee to ensure that at least one spot on the Board is dedicated to a representative of Amtrak's employees.

Inspector General Reform

This bill addresses some of the concerns we have raised about the Office of the Inspector General (IG). Today, the IG functions as an extension of Amtrak management. By making separate authorizations, the Committee is providing the IG's office with more autonomy. We cannot allow

Amtrak to undermine the ability of Congress and the traveling public to receive independent assessment of the carrier's safety record, finances and operations. TTD has long held the belief that the IG's office should be separated from the company. Transportation labor looks forward to this change and we are hopeful that it improves IG independence.

Outsourcing

Over the years, Amtrak's Board of Directors has continually attempted to break up the carrier and outsource as many jobs as possible with little regard for the service, safety and security implications of its proposals. We hope this new bill will signal an end to these ideological ploys.

In the past, Amtrak has attempted to outsource services, such as maintenance and canteen workers, to companies without rail sector knowledge or experience. These decisions ignore the safety and security responsibilities of Amtrak's well trained employees. Amtrak workers have significant training in security issues, emergency preparedness and evacuation procedures, as well as technical engine maintenance issues. Such experience is lost when the railroad turns to companies without rail experience who hire untrained workers at low wages. Before resorting to contracting out, Amtrak management should include workers and unions in the effort to provide efficient and reliable services to passengers. Together we can continue to improve performance while preserving passenger safety and working in the best interest of the railroad, its passengers and the railroad's employees.

Conclusion

Under the leadership of Chairman Oberstar, H.R. 6003 marks a radical departure from the past. After years of shutdown budgets, it provides the funding so desperately needed not only to improve Amtrak but also to make it the 21st century passenger railroad this nation desperately needs. We ask the Committee and the Congress to embrace this new blueprint for Amtrak service across the nation. However, we urge the Committee to reject ill-advised privatization proposals that could undermine Amtrak service, threaten safety and harm Amtrak's employees.

Providing long-term financing for Amtrak strengthens our economy, reduces traffic congestion and creates good jobs. I look forward to working with you to strengthen Amtrak and passenger rail throughout America.

Thank you for providing us the opportunity to share our views with the Committee.

TESTIMONY OF

WILLIAM W. MILLAR, PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEE ON RAILROADS, PIPELINES AND HAZARDOUS MATERIALS

AMTRAK REAUTHORIZATION

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May 19, 2008

SUBMITTED BY

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APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

Chairwoman Brown, thank you for the opportunity to submit written testimony to the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials on H.R. 6003, the "Passenger Rail Investment and Improvement Act of 2008". This important bi-partisan legislation would make significant changes to current law as it relates to Amtrak and intercity passenger rail service, commuter rail operations, and future high-speed passenger rail operations.

The bill authorizes operating and capital funding for Amtrak and funds to help Amtrak comply with requirements under the Americans with Disabilities Act (ADA). It creates an advisory commission on Northeast Corridor issues that would directly affect commuter rail operations and a new capital grant program, authorized at $500 million annually, for state intercity passenger rail projects. The bill establishes a new non-binding process for the resolution of disputes over access issues between railroads and public commuter rail operators seeking to operate service over such railroads and it authorizes $350 million annually for a new program to encourage the development of high-speed passenger rail service on certain corridors. Finally, it creates a separate program to develop additional high-speed rail service between New York and Washington, D.C. and other corridors. APTA appreciates your interest in improving passenger rail service in the United States and looks forward to working with you as this legislation advances.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of more than 1,500 public and private member organizations, including transit systems and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than ninety percent of the people using public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

Passenger rail service in this country is in the midst of a renaissance and it can help to advance important national goals. Ridership on commuter rail was up by 5.5% in 2007 over the previous year. Heavy rail ridership was up by 3.1% and light rail ridership was up by 6.1% over the same period. APTA supports increased federal investment in passenger rail service, including urban rail systems, commuter rail, high-speed rail, and intercity rail. Greater use of passenger rail service can help the nation achieve goals to reduce energy consumption and the release of greenhouse gases that result in climate change. With the recent increases in fuel costs leading to higher air travel costs, high-speed passenger rail could serve as a viable cost effective travel alternative. We believe that federal policy should encourage travelers to use high-speed rail for trips in the 200-500 mile range, with good connections to other public transportation and intermodal services. This would also serve to reduce the growing congestion in our aviation system. APTA believes that new federal investment in high-speed and intercity rail capacity should not come at the expense of federal funding for other public transportation needs.

Amtrak and State Passenger Rail Grants

We commend the bill's sponsors for authorizing increased funding for Amtrak capital and operating costs, and for compliance with the ADA law. We also appreciate that the bill sets aside $500 million each year from Amtrak's capital funding for state grants for intercity passenger rail service. With regard to the new funding for grants to states to pay for capital costs of facilities and equipment needed to provide new or improved intercity passenger rail service, it is our understanding that such

service could be operated by Amtrak or other entities that would compete to provide such service. We urge the committee to clarify that public or private entities other than Amtrak would be eligible to provide service to states, groups of states, or public agencies established by states for apply for funding under this new program that is created under Title III of the bill.

Northeast Corridor Infrastructure and Operations Advisory Commission

With regard to the Northeast Corridor Infrastructure and Operations Advisory Commission that is established under the bill to promote cooperation and planning on rail operations in the Northeast Corridor, we believe that the commission membership should be expanded to include commuter rail representatives. The commission is charged with developing recommendations that directly affect commuter rail operations in the corridor and it makes sense that representatives of such operations should be involved in the development of such recommendations. The commission is directed to develop formulas for "determining and allocating costs, revenue and compensation for Northeast Corridor commuter rail passenger transportation," "operational improvements of intercity passenger rail, commuter rail, and freight rail services;" and other numerous other important issues that directly affect commuter rail operators. It makes sense that all affected parties be represented in this important process.

Commuter Rail Transit Enhancement

APTA expresses its strong support for the creation of a process under Title IV that allows public commuter rail systems to petition the Surface Transportation Board (STB) for non-binding mediation if they are unable to reach agreement with private railroads on terms under which they access the railroad's track to run passenger rail service. While a non-binding mediation process may not resolve all issues, we believe that the process could be helpful in ensuring that the public benefits of providing commuter rail service to communities and citizens are recognized. These provisions would also provide a forum to review the terms and costs which public commuter rail systems must pay to operate service on private railroads.

High Speed Rail Corridor Program

Additionally, we want to express our strong support for the creation of a program to encourage the development of high-speed passenger rail service. The authorization of $1.75 billion over five fiscal years ($350 million per year) for grants to develop high-speed rail service reflects an important commitment by the federal government to promote such service. As noted earlier, APTA believes that trips of less than 500 miles in highly traveled corridors makes sense today and will make even more sense in the future. With the increasing cost of fuel and the need to conserve energy and reduce harmful emissions that contribute to global warming, we firmly believe that high-speed rail is a sustainable investment that will benefit generations to come. We also appreciate the provisions that seek to identify additional high-speed rail corridors and encourage the development of service in those corridors as well.

RIDE 21

Finally, although our comments have focused on the Amtrak authorization bill, APTA wants to express its support for the Rail Infrastructure Development and Expansion Act for the 21st Century (RIDE 21; H.R. 6004). While H.R. 6003 would preserve and strengthen the national passenger rail system and provide new service in regional corridors, H.R. 6004 would provide additional tools to address transportation needs. We appreciate the fact that H.R. 6004 would potentially provide as much as $24 billion in tax-exempt and tax credit bonding for the development of high-speed rail projects in

the United States. We believe that this financing would help to facilitate private sector participation in high-speed rail projects that would effectively serve the nation's transportation needs in a sustainable and energy efficient way for many years to come. The use of tax credit bonds can produce substantial economic benefits, and such financing has the added advantage of supporting high-speed rail investment without competing for limited resources used to finance other surface transportation investments.

CONCLUSION

As you know, the National Surface Transportation Policy and Revenue Study Commission recommends that the nation increase investment in high-speed rail in high demand corridors. APTA believes that Amtrak provides an essential national network of intercity rail service and that additional commuter rail and high-speed rail service can complement and provide alternatives to existing transportation options. We appreciate this opportunity to submit our views on this important legislation and would be happy to respond to additional questions you may have.

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