

Testimony of
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Good morning, Chairman Payne, Ranking Member Crawford, and Members of this Subcommittee. Thank you for inviting me to testify at this hearing on behalf of Amtrak. My name is Stephen Gardner, and I am Amtrak's President.

Amtrak celebrated its fiftieth anniversary on May 1. On innumerable occasions since Amtrak began operations in 1971, Amtrak's Presidents and Chief Executive Officers have appeared before the Transportation & Infrastructure Committee and its subcommittees to testify about the real and tangible benefits that expansion of intercity passenger rail could provide – if Amtrak and our mode of travel received adequate, sustained, and reliable funding like other transportation modes.

Today, I would like to begin my testimony by saying something different: Thank you. On behalf of Amtrak, our employees, our state and commuter partners, the communities we serve, and most importantly our present – and future – passengers, I would like to thank the members of this Subcommittee for the contribution you have made to the enactment last month of the bipartisan Infrastructure Investment and Jobs Act (IIJA).

Amtrak recognizes the pivotal role the Transportation & Infrastructure Committee played in making that dream a reality. The Invest in America Act, introduced by Committee Chairman DeFazio and approved by the House of Representatives in July of last year, set the stage for the IIJA by providing unprecedented levels of funding for investment in intercity passenger rail. The IIJA reflects many of the approaches to funding intercity passenger rail that were included in the Invest in America Act, some of which were also proposed by Amtrak. It also reflects Chairman DeFazio's unwavering support for Amtrak and passenger rail, which will benefit rail passengers long after his recently announced retirement.

The enactment of the IIJA, which provides \$58 billion for investment in Amtrak and intercity passenger rail, is truly transformative. It fulfills at last the long-held dream of adequate, multi-year federal funding to begin the modernization of Amtrak's assets and, working in partnership with our state partners, Secretary Buttigieg and the United States Department of Transportation (USDOT), significant expansion of our route network. Although the enactment of IIJA is long overdue, it is also timely. As we grapple with climate change and the necessity of reducing greenhouse gas emissions; a COVID-ravaged economy; worsening congestion on highways and in our aviation system as our population grows; and diminishing airline and intercity bus service for those not traveling between two major cities, the need for expansion of intercity passenger rail service has never been greater.

Implementing the IIJA

The IIJA will allow Amtrak and our state and commuter partners, in partnership with the Federal Railroad Administration (FRA), to begin modernizing our Northeast Corridor (NEC) and National Network assets. It will also provide the funding and process improvements that are needed to set in motion the expansion and improvement of our network to cities and smaller communities that are underserved, or not served at all, by Amtrak today.

The IIJA provides advance appropriations of \$66 billion for rail. Amtrak will receive \$22 billion of this amount, and \$36 billion is designated for competitive grants under an updated version of FRA's Federal-State Partnership Program. The IIJA also appropriates \$5 billion for the existing FRA Consolidated Rail Infrastructure and Safety Improvements (CRISI) program and \$3 billion for grade crossing elimination projects: intercity passenger rail projects are among those eligible for competitive grants under both of these programs. To put the scale of this investment in context, the \$58 billion the IIJA designates for intercity passenger rail is roughly equivalent to the total federal funding for Amtrak in the 50-plus years since Amtrak's creation.

Renewing and Replacing Our Assets

The \$22 billion in advance appropriations the IIJA provides to Amtrak - \$6 billion for the NEC and \$16 billion for our National Network of state-supported and long-distance routes - will fund long deferred investments in Amtrak's infrastructure, equipment, stations, facilities, and information technology. These types of investments, along with investments to expand service, will also be eligible for competitive grants that will be awarded by FRA under the augmented Federal-State Partnership program originally created by the Fixing America's Surface Transportation (FAST) Act, which is now called the Federal-State Partnership for Intercity Passenger Rail. The IIJA provides advance appropriations of \$36 billion for Federal-State Partnership grants, of which no more than \$24 billion may be used for NEC projects.

Infrastructure

On the NEC Main Line from Boston to Washington, the IIJA funding appropriated directly to Amtrak will enable advancement and acceleration of both the sole-benefit critical infrastructure projects and state-of-good repair (SOGR) work that are urgently needed after decades of underinvestment despite growing use. These appropriations will also advance State-of-Good-Repair (SOGR) projects on the Amtrak-owned Keystone Corridor and Springfield Line, Amtrak-owned trackage in Chicago and on the Michigan Line, and the portions of the Albany Line of the Empire Corridor that are owned or leased by Amtrak.

The primary source of funding for the large-scale NEC infrastructure investments will be the FRA's Federal-State Partnership grants, which will provide Amtrak and its state partners with a reliable, programmatic source of 80% federal funding for these critical, once-in-a-century projects, and the additional federal transit funding the IIJA provides to our commuter partners. These projects include the construction of the long-sought Hudson Tunnel Project between New York City and New Jersey, which has just received from the Army Corps of Engineers the final federal regulatory approval required for construction; the replacement of the 148-year-old Baltimore and Potomac Tunnel in Baltimore by the new Frederick Douglass Tunnel; and the replacement of major bridges like the Connecticut River and Susquehanna River Bridges that have exceeded their useful lives.

The IIJA directs FRA to create a Project Pipeline, a prioritized list of NEC capital projects that includes their proposed federal funding levels and cost allocation among project sponsors, by November of 2022, and to update that Pipeline every two years thereafter. The NEC Commission, comprised of representatives of Amtrak, NEC states, USDOT and FRA, is already engaged in completing the groundwork that will inform the Project Pipeline. In July of this year, the NEC Commission completed CONNECT NEC 35 (C35), a comprehensive, 15-year NEC reinvestment implementation plan. The NEC Commission is currently working on an update to C35 to further refine this plan into an implementable, fiscally-constrained program that will include additional detail on project plans and assessments of project readiness, address service impacts during implementation, and take into account the availability of funding, equipment and workforce. In mid-2037, the NEC Commission plans to issue CONNECT NEC 37 (C37), which will update the 15-year NEC plan.

When fully funded and completed over the next 15 years, the infrastructure investments included in the C35 plan will cut down travel time by up to 30 minutes for passengers traveling between New York City and Washington or Boston. Maintaining the reliability and service frequency of Amtrak and commuter rail services along the NEC in the midst of all the work required to construct these investments will be a major challenge requiring close coordination with our commuter rail partners. While some disruption of and adjustments in services will be necessary while work is underway, passengers will see incremental improvements in trip times and reliability as projects are completed.

Infrastructure investments on other Amtrak-owned/leased lines using IIJA funds could also produce significant improvements in trip times and increased ridership. For example, maximum speeds on the Philadelphia-to-Harrisburg Keystone Corridor, the only electrified portion of Amtrak's network other than the NEC Main Line, which were

increased to 110 mph as a result of investments jointly funded by Amtrak and the Commonwealth of Pennsylvania, could be increased further to 125 mph.

Stations

The IIJA's advance appropriations to Amtrak, Federal-State Partnership grants that Amtrak will seek, and IIJA transit funding provided to our commuter partners will allow advancement of the Major Station Amtrak Development Programs we have already commenced, in collaboration with commuter railroads and other public and private partners, at Amtrak-owned station facilities in New York City, Washington, D.C., Philadelphia, Baltimore, and Chicago. For example:

- At New York Penn Station, IIJA funding could accelerate efforts to use the opportunity created by the shift of most Amtrak passenger-facing services to the new Moynihan Train Hall and the advancement of the Hudson Tunnel Project to expand track and platform capacity to the south of the current station and transform Penn Station into a 21st Century terminal befitting the legions of passengers who use it today.
- IIJA funding could advance the Washington Union Station Expansion Project to transform that vital transportation hub, whose current size, configuration, and customer facilities are woefully inadequate to serve much larger volumes of Amtrak, commuter rail, Metro, and intercity bus passengers than it was designed to accommodate when it was restored 32 years ago.

IIJA funding will also allow us to advance station SOGR and improvement projects at our more than 500 other stations throughout the country in collaboration with state partners, communities, and private entities. In particular, it will enable us to accelerate work to bring all of our stations throughout the country into full compliance with the Americans with Disabilities Act (ADA). During FY 2022 and 2023, we expect to complete projects to make 96 stations fully compliant with the ADA.

Equipment

Providing funding for replacement of obsolete equipment used on Amtrak's state-supported and long-distance routes is one of the primary purposes of the \$16 billion in additional National Network funding the IIJA provides to Amtrak. By 2031, we expect to have replaced nearly 40% of the passenger rail cars we are currently operating across the entire network, and all the Amtrak-owned diesel locomotives used on our state-supported and long-distance services.

The IIJA specifies that the National Network and NEC advance appropriations shall be used to fully fund Amtrak's replacement program for the single-level equipment Amtrak operates on the NEC in *Northeast Regional* service and on state-supported routes, providing the resources to cover

both the Amtrak share and the state share that would otherwise be required under the Section 209 cost allocation methodology. This roughly \$5.5 billion program for 83 state-of-the-art, U.S.-built, flexible trainsets and related maintenance facility investments to replace the 45-year old Amfleet I cars will create jobs across America, redefine the experience we offer customers, improve reliability and equipment availability, and reduce operating and future capital costs.

The National Network funding will also allow Amtrak to initiate a procurement process to replace long-distance passenger cars that have reached the end of their useful lives, and exercise options to acquire additional ALC-42 (Amtrak Long-Distance Charger, 4,200 horsepower) locomotives, on top of the 75 we have already ordered, to replace the 20- to 30-year old Genesis diesel locomotives that power our long distance trains.

In addition to offering more modern customer amenities – like electronic passenger information boards throughout the trains and onboard wheelchair lifts – the new equipment we are acquiring will be more sustainable, producing significantly lower emissions per passenger mile than the equipment it replaces. This will increase the environmental benefits of growing Amtrak ridership by attracting passengers who would otherwise drive or fly. Each passenger who shifts from driving alone to taking the train along Amtrak’s electrified Boston-to-Washington Northeast Corridor reduces their carbon footprint by 83%. That is an enormous public benefit, even before taking into account the resulting reduction in traffic on I-95 and on the congested streets of the major Northeastern cities.

Other Investments

In addition to capital investments that are readily observable to passengers, such as new passenger equipment, improved stations, and infrastructure upgrades and expansion that produce reduced trip times and fewer delays, the IJJA funding appropriated for Amtrak will provide vital funding for many other equally important, but less visible investments. These investments will include new information technology systems, improved equipment maintenance facilities, and new maintenance-of-way (MOW) equipment and MOW facility upgrades. The importance of these types of investments was evident during the early stages of the COVID-19 pandemic when, as a result of decisions to invest limited capital funds in technological innovations to improve our customers’ experience, Amtrak was able to quickly roll out new innovations that facilitated social distancing such as assigned seating and push notifications to customers’ phones of when to board trains that reduced queuing at departure gates.

Expanding Intercity Passenger Rail Service

Corridor Development

The IIJA directs FRA to establish a Corridor Identification and Development Program, and to solicit proposals from Amtrak, states, and other public entities for development of specific corridors. After consultation with Amtrak and other stakeholders, FRA is to submit to Congress by May of 2023 a Project Pipeline, to be updated annually, consisting of a prioritized list of selected corridors and details on their funding needs. FRA is also tasked with working with appropriate public entities to develop Service Development Plans for each selected corridor. Projects included in the Project Pipeline, along with other National Network capital investments as discussed above, will be eligible for the portion (at least \$12 billion) of the Federal-State Partnership for Intercity Passenger Rail funding that FRA awards to National Network projects.

Completing the initial steps of the Corridor Identification and Development Program as quickly as possible so that the benefits of these investments can be realized by the public will be a significant task for all of those involved. Fortunately, it will not take place in a vacuum.

Earlier this year, Amtrak released Amtrak Connects US, a vision for developing and expanding corridor services throughout the United States over the next 15 years. Amtrak Connects US, the end product of more than two years of study and analysis and consultation with states and other stakeholders, identified approximately 30 new corridors with high demand and potential for intercity passenger rail service, and an additional 20 existing corridors that were prime candidates for service expansion. FRA's recently completed Midwest Regional Rail Planning Study, a multi-year planning effort involving states and other stakeholders, provides a long-term (40-year) vision for intercity passenger rail service in the Midwest Region, as do previous FRA-led efforts in the Southeast and Southwest. Many states and regional transportation entities, including California, North Carolina and the Southern Rail Commission who are testifying at this hearing, have well-developed state rail plans and corridor-specific plans for expansion of intercity passenger rail service that can also be used to inform the Corridor Identification and Development Program.

The Corridor Identification and Development Program is perhaps the most important component of the IIJA because it will set the priorities and schedule for billions in future investments. As Amtrak has detailed in its Amtrak Connects US and other reports, and in previous testimony before this Subcommittee, the current Amtrak route network is about the same size, and serves most of the same routes and places, as Amtrak's route network 50 years ago. It does not reflect the roughly 120 million increase in the U.S. population since then, much of which has occurred

in now large, fast growing states with diverse populations, such as Florida, Texas, and Georgia, that Amtrak barely serves.

Residents of Europe and Asia familiar with their own countries' extensive rail networks would no doubt be astounded to learn that Atlanta, whose metropolitan population is 5.6 million and should be the hub of a network of routes serving the Southeast, is served by a single daily long-distance train that stops at a tiny station with only four parking spaces and no rail transit connections. Or that Houston, with a metropolitan area population of seven million, has even less Amtrak service: a single tri-weekly long-distance train. And that to travel by train from Phoenix, with a metropolitan area population of 4.9 million, to Tucson (metropolitan area population one million) 114 miles away, you have to drive before dawn 38 miles to the Amtrak "station" in Maricopa – a double-wide prefab building – to catch a train that only runs three times a week.

We are gratified by the very enthusiastic reception our Amtrak Connects US vision has received in cities and smaller communities throughout the United States that are eager for new or expanded Amtrak service. One reason for that is huge economic benefits that passenger rail service can bring. Operation of new routes and services included in Amtrak Connects US is projected to produce 26,000 permanent jobs and \$6.9 billion annually in additional economic activity, while the capital investments it would require are projected to result in \$195 billion in economic activity and 616,000 person years of employment over the 15-year construction period.

To encourage states to initiate new or expanded Amtrak service, the IIJA authorizes \$250 million for competitive grants under the existing Restoration and Enhancement (R&E) Program, which provides operating funding support during the initial years of operation of new, additional, or enhanced services. It increases the percentage of operating losses these grants can cover to a maximum of 90% in the first year of operation and extends the period during which R&E grants can be used to cover a diminishing share of operating losses from three to six years. The IIJA also authorizes Amtrak to use up to 10% of its National Network grants – up to \$1.26 billion if Congress fully funds authorized appropriations – for capital needs and initial operating assistance on routes selected for the Corridor Development Program.

Also relevant to corridor development is the IIJA requirement that the State-Amtrak Intercity Passenger Rail Committee (SAIPRC), comprised of representatives of Amtrak, FRA and USDOT, and states that fund state-supported services, revise the Section 209 Cost Methodology Policy that governs the allocation of costs of state-supported routes between Amtrak and states. Amtrak looks forward to partnering with the FRA and states in developing and implementing the

Corridor Identification and Development Program and in updating the 209 Policy. We know some states have concerns about the appropriateness, accuracy, and transparency of some of the cost allocations under the current 209 Policy, which we hope can be addressed via revisions to the policy. Now is the time to update and improve the Policy to support service growth and create higher degrees of predictability and control for both our state partners and Amtrak.

Long Distance

The IJJA also directs FRA to undertake a two-year study, in consultation with Amtrak, states, host railroads and other stakeholders, of increasing service frequency to daily on Amtrak's two tri-weekly long-distance routes – the New York--Cincinnati-Chicago *Cardinal* and the New Orleans-Los Angeles *Sunset Limited* – and of restoring discontinued long-distance routes. Increasing service frequency on tri-weekly routes, and restoration of service on discontinued long-distance routes, is eligible for inclusion in and funding under the Corridor Development Program. Amtrak looks forward to participating in this comprehensive effort to assess the cost and benefits of operating additional long-distance service. This study is timely because planned future long-distance service levels will drive the quantities of new long-distance cars and locomotives Amtrak will need to acquire in its planned long-distance equipment procurement.

Challenges Ahead

Continued Performance Improvement

As monumental as IJJA is, we at Amtrak will not forget that we have a railroad to operate, and that must remain our primary focus. Realizing the benefits of IJJA requires that we operate safely, continue to improve our operational performance, and continue to regain the levels of ridership and revenues we had achieved when COVID-19 decimated travel demand throughout the world in March of 2020, resulting in a loss of 97% of our Amtrak's ridership that occurred virtually overnight.

We have come a long way since then. Nationally, Amtrak's ridership was averaging about 65-70% of pre-pandemic 2019 levels prior to the Thanksgiving holiday, during which it reached 78%. We have maintained normal service frequency on our long-distance routes throughout the pandemic, save for the first month of FY21 when service on most of those routes was temporarily reduced to tri-weekly. We have restored service – and in most cases full service – over virtually all the state-supported routes on which we suspended or reduced service at the beginning of the pandemic at the request of our state partners. The only exceptions are the three routes that travel into Canada, on which we are working with our state partners, host railroads, and U.S. and Canadian border control agencies to address impediments to service restoration.

The IIJA authorizes a total of \$6.57 billion for Northeast Corridor grants to Amtrak, and \$12.65 billion for National Network grants, in fiscal years 2022 through 2026. These amounts, totaling \$19.22 billion, represent an above inflation increase in annual grant funding to Amtrak compared to pre-COVID appropriations levels. That increase is much-needed to make up for continuing revenue losses and additional expenditures attributable to the COVID-19 pandemic, and to allow Amtrak to continue to operate all current services and to fund vital capital needs. It is important to note that the IIJA funds provided to Amtrak generally do not cover our annual operating and capital expenses and are very specifically provided to address the long-standing backlog of state of good repair and modernization needs of the company. Therefore, we must emphasize that the existence of the IIJA funds does not diminish Amtrak's regular funding needs.

Those needs for the Northeast Corridor and National Network grants to Amtrak continue to be dependent upon annual appropriations. It is very important that the full authorized amounts be appropriated to cover these costs and the lost revenues we will continue to experience for an indeterminable period, particularly if the recently identified Omicron Variant or other future adverse developments in the ongoing battle against COVID-19 produce new declines in ridership and revenues.

One opportunity to improve customer service is presented by the IIJA's provisions regarding food and beverage service on our trains. The IIJA wisely repealed a longstanding prohibition on Amtrak providing any food or beverage service on trains – even on multi-day long distance routes – unless revenues covered all costs. This mandate put us at a competitive disadvantage, and past efforts to comply with it harmed customer satisfaction and employee morale. Instead, the IIJA establishes a task force, comprised of Amtrak and representatives of the groups most knowledgeable about our food service – our passengers, employees, and state partners – that is charged with coming up with ways to improve its financial performance, quality, and customer responsiveness. We are excited by the opportunity to stand up and work with this group to find ways to improve our on-board food service.

Finally – and most importantly – we need to operate a safe railroad. The IIJA makes many changes in railroad safety laws, a number of which Amtrak recommended. We will be working with our employees, the FRA, and other stakeholders to implement those changes. We also plan to continue our efforts to implement our industry-first Safety Management System and positive train control, which is already in use on all Amtrak routes where it is required by law, on the remaining portions of our network, using the additional funding provided by the IIJA.

Maintaining Service Levels

As part of addressing the challenges presented by COVID-19, Amtrak must comply with the federal mandate effective January 4, 2022 that employees of government contractors be fully vaccinated. Amtrak has strongly advocated that all our employees be vaccinated and we have made great progress in achieving this important public health goal. As of the beginning of this week, 94% of our employees have been fully vaccinated, and 96% have received at least one vaccination dose. (These numbers do not include employees who are on leave of absence or have an approved accommodation.) We hope that all employees who have already received one vaccination dose, which all employees are required to receive as of today, will be fully vaccinated by January 4. However, because many engineers, conductors and on-board service employees retired or left Amtrak during the pandemic, and we temporarily halted hiring due to funding uncertainty and covid-related distancing requirements that inhibited training, we anticipate that we will not initially have enough employees to operate all the trains we are currently operating when the federal mandate takes effect. This will likely necessitate temporary frequency reductions, primarily for our long-distance services.

This impact is primarily felt across our long-distance services because of the relatively small crew bases at intermediate points along multi-day long-distance routes where conductors and engineers report to work. At some of these crew bases across our network, we have a relatively high percentage of unvaccinated employees. If those employees chose to not get vaccinated by the deadline, we will not have sufficient trained staff to support current service frequency on affected routes, as engineers and conductors must undergo extensive training both when hired or promoted and to become qualified on the characteristics of each route on which they work. We are currently determining what service reductions will be necessary and intend to communicate them publicly by next week in order to ensure that we can rebook customers to the remaining frequencies we feel confident we can fully staff. Our goal, of course, will be to have as few impacts to service as possible as we take these vital public health steps to help end the COVID-19 pandemic and reduce the spread of the new Omicron variant, and we will be prepared to reinstate frequencies as soon as the number of available employees permits.

Achieving full service levels, while complying with the vaccination requirement and continuing to prioritize the safety of our customers and employees, is our goal. One silver lining of COVID-19 is that we have been able to attract many new passengers despite overall lower ridership. In recent months, 30% of our passengers were making their first trip on Amtrak, double the pre-COVID average. Continuing to provide high quality customer service and schedule utility is a priority for us so that these new passengers will become regular riders.

Maintaining Momentum

The comprehensive, prioritized processes the IJJA establishes for funding and implementation of both NEC capital investments and expansion of corridor services are a welcome development, particularly since they are accompanied by funding that will make the lists of prioritized projects more than a wish list. However, despite the aggressive timelines the IJJA sets for implementation of these processes, it could be a year and a half before that occurs.

Needless to say, we hope we can avoid hitting the pause button for 18 months on implementation of already planned NEC capital projects, or on advancement of additional state-supported services on which work to add new trains and routes, in collaboration with our state partners, is already underway. Within the next 18 months, Amtrak and its state partners plan to add service to Roanoke and Norfolk, Virginia; to Burlington, Vermont; and between New Orleans and Mobile, Alabama. We also hope to finalize agreements and initiate construction of capital investments for new corridor service between Chicago and St. Paul, Minnesota. We also plan to continue our work with state partners on other service expansions, such as the development of the portion of the Southeast High Speed Rail Corridor between Petersburg, Virginia and Raleigh that will link, via a newly constructed, direct and higher speed line, North Carolina's burgeoning, state-supported Charlotte-to-Raleigh Piedmont Corridor to Virginia's Petersburg-Richmond-Washington corridor and the Northeast Corridor.

It is essential that FRA, Amtrak, and the NEC Commission work together to ensure that the FY 2022 and 2023 funding the IJJA appropriates for infrastructure investments and corridor development is made available for that purpose as quickly as possible. Work on already well-advanced, shovel-ready projects to improve intercity passenger service, and on vital state-of-good repair projects such as rehabilitating the East River Tunnels damaged by Superstorm Sandy, should not be delayed by planning processes to establish priorities and a road map for future investments and service expansions. Should revisions or clarifications of statutory requirements be necessary to accomplish this, Amtrak would strongly urge Congress to approve them.

Growing Our Workforce and Supplier Base

Making good and timely use of the \$66 billion in funding the IJJA provides will be a huge but wonderful challenge for Amtrak, FRA, and states. It will require educating, hiring, training, and developing career paths for thousands of additional workers who will be needed to fill jobs requiring high levels of skill that provide good wages and benefits. These new workers will not be easy to come by at a time when finding qualified personnel is a challenge in all industries, let alone an industry like passenger rail that, because of historic underfunding, does not have a

strong pipeline of prospective employees with the necessary, and in many cases unique, skills that will be required.

For the same reason, finding qualified suppliers and contractors for many of the products and services necessary for modernization and expansion of our passenger rail network will also be a challenge. For example, no U.S.-based company manufactures passenger railcars, and the United States has a limited pool of engineers with expertise in designing, rebuilding, and constructing rail infrastructure.

But these challenges also create opportunities: opportunities to develop partnerships with universities, community colleges, labor organizations and community groups to attract, educate and train the new people we need to develop the skilled, diverse Amtrak workforce of the future. In October, Amtrak entered into a national agreement with North America's Building Trades Unions (NABTU), the labor organization representing more than three million skilled craft professionals, under which Amtrak and NABTU will work together to ensure a consistent construction workforce pipeline that will accelerate apprenticeship readiness programs, promote diversity, and ensure fair wages and benefits for the workers who will build the infrastructure that IJJA funding to Amtrak will construct. We also plan to create a Community Engagement Office that will allow us to develop closer ties with the communities we serve, which would facilitate local hiring and provide many other benefits.

The IJJA will also provide opportunities to grow and expand – and importantly, to diversify - our industry's limited supplier base. The investments the IJJA will fund will provide new business opportunities for thousands of companies, including many existing and new small businesses and disadvantaged business enterprises. We will be augmenting our Supplier Diversity Program to provide additional staffing, employee training, supplier outreach and improvements in technology and ease of doing business with Amtrak that will enable us not only to meet the demands of an exponential increase in Amtrak procurement activity but also to increase our corporate goal of spending with Disadvantaged Business Enterprises (DBE), Small Business (SB) concerns, Minority and Women Business Enterprises (M/WBEs), Veteran and Service Disabled Veteran Owned Businesses (VOB/SDVOB) and Labor Surplus Area firms (LSA) to 15%.

Administrative Challenges

Distributing and administering \$66 billion in grants and appropriations in an expeditious, efficient, and accountable manner will require a ramp up of FRA resources to ensure timely competition of environmental reviews and awards of grants. It will also require process changes to eliminate unnecessary hurdles to initiating and carrying out projects, and of course, new resources for recipients like Amtrak that must comply with FRA requirements.

A particular challenge is that FRA and the Federal Transit Administration (FTA), whose transit programs also received a large infusion of funding under IIJA for which commuter rail projects are eligible, have different and sometimes conflicting grant administration requirements. These requirements, often called “flowdowns” because they are incorporated in agreements with contractors, can become major impediments when, for example, commuter railroads fund their share of Amtrak-led NEC projects with FTA funds governed by FTA regulations that are inconsistent with Amtrak’s FRA-compliant grant processes. We hope that the efforts FRA and FTA are making to address this issue will enable projects to proceed unimpeded, without the need for additional legislation, regardless of which DOT modal administration happens to sign the (electronic) checks that provide federal funding.

Developing New State Partnerships

Throughout our history, states and Amtrak have partnered to launch corridor services that have proved so beneficial that states and Congress have continued to find the funding necessary to cover their costs, even during periods of severe funding constraints and the COVID-19 pandemic. Of the many state-supported routes we have added over the past 20 years, or for which states were obligated by PRIIA to provide funding support beginning in 2013, only a single less than daily route has been discontinued due to cessation of state funding support.

However, achieving state commitments to begin funding intercity passenger rail service is always a challenge amidst all the competing transportation priorities facing state capitals. It is a particular challenge during periods of economic uncertainty such as we face today as a result of the COVID-19 pandemic. It will remain so despite the significant, multi-year federal funding the IIJA authorizes, which for the first time will place intercity passenger rail on a more even footing with other modes when states are deciding how to spend their limited transportation dollars. The provisions in the IIJA that provide funding for the Restoration & Enhancement program to cover a portion of the operating costs of new and expanded services in their initial years, and that authorize Amtrak to use a portion of its National Network grants for both initial capital and operating costs of new or expanded routes, could significantly reduce initial state funding requirements for service expansion. However, challenges in securing even relatively small initial state funding from states with fiscal constraints that are not accustomed to funding intercity passenger rail service will remain, and Amtrak is gearing up to partner with interested states to help make the case for long-term state funding commitments for service growth.

Host Railroad Access

The IIJA makes no changes in Amtrak’s longstanding statutory rights of access to the national rail network and to dispatching preference over freight trains. It creates a Passenger Rail Program

within the Surface Transportation Board (STB) to carry out the STB's responsibilities in that area, which include authority, granted by the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), to conduct investigations of Amtrak routes with poor on-time performance to determine whether the cause is host railroads' failure to give preference to Amtrak trains. It is important that the ten authorized positions in the STB Passenger Rail Program be filled promptly and funded through future appropriations.

As Amtrak looks to expand and improve operations over rail lines owned and dispatched by our host railroads, which account for about 95% of our current route network, our goal is to negotiate win-win agreements with our hosts that include investments benefiting both Amtrak and freight service. Amtrak, our state partners, and the federal government have invested billions of dollars in rail lines owned by our host railroads to upgrade infrastructure and provide additional capacity to facilitate new or increased Amtrak service. One recent example is Amtrak's commitment, in partnership with the Commonwealth of Virginia, to invest \$944 million in infrastructure improvements along the CSX-owned rail line and right-of-way between Washington, D.C., Richmond and Petersburg, Virginia, which in addition to hosting Amtrak long-distance and fast-growing state supported services is a key north-south rail freight corridor.

In most cases, the operation of additional Amtrak trains and routes has been addressed under our agreements with host railroads. Earlier this year, following more than three years of unsuccessful negotiations with two host railroads, Amtrak for the first time initiated a proceeding before the STB under the "Additional Trains" provision of the Rail Passenger Service Act, which is codified at 49 U.S.C. 24308(e). In that still pending proceeding, Amtrak, supported by FRA, is seeking an order that would allow restoration of state-supported Amtrak service along the Gulf Coast between New Orleans and Mobile, Alabama.

Needless to say, access to all host railroad lines on reasonable terms, without lengthy delays or exorbitant and unjustified demands for capital investments, is an essential prerequisite to using the funding provided by the IIA to grow our network as Congress intended to bring Amtrak service to routes and communities that we do not serve, or do not serve well, today. Were it not for the existence and, when necessary, enforcement of the unique access rights Amtrak received under the Rail Passenger Service Act as part of the public bargain that relieved private railroads of their common carrier obligation to provide intercity passenger rail service themselves, railroads could completely preclude Amtrak and its state partners from adding routes and services, or could even refuse to allow continued operation of existing long-distance and state-supported services altogether or on reasonable terms.

A high level of on-time performance on trains operating over Amtrak's host railroads is crucial to attracting customers and realizing the benefits of public investments in rail. We are therefore gratified that, following a decade of ultimately unsuccessful legal challenges by the freight railroad industry, the STB is finally empowered to exercise the authority it received in PRIIA to investigate substandard Amtrak on-time performance, and to take award damages and prescribe other relief if it results from preference violations. We hope that all our freight railroad partners will focus on working with us to improve the performance of our trains rather than expending their resources in future litigation efforts aimed at once again frustrating Congress's intent. If that does not happen, we will be coming to you again to seek authority for Amtrak to directly enforce its statutory preference rights in federal court.

Future Funding

As I said at the beginning of my testimony, the enactment of the IJJA provides, for the first time since Amtrak's creation, adequate funding to begin the long overdue modernization and expansion of the U.S. passenger rail network. Because of the magnitude and long lead times of the investments required to accomplish that, the funding levels provided by the IJJA – which are, in essence, a down payment – must continue beyond its five-year horizon. Addressing the \$117 billion in infrastructure investments required to implement the NEC C35 Plan or developing a network of new corridor services like Amtrak Connects US, whose estimated capital cost is \$75 billion, will require assured, long-term funding, such as the trust funds that fulfill that purpose for other transportation modes.

With the enactment of IJJA, the need for a trust fund or similar long-term, assured funding mechanism has never been greater. Developing and operating a larger rail corridor network serving all regions of the United States will require an ongoing federal funding commitment. In particular, enactment of long term, assured funding is an essential prerequisite to any expansion of Amtrak's long-distance network, whose significant capital and ongoing operating costs are virtually all federally funded, unlike our state-supported and NEC services.

Conclusion

I will end my remarks by once again saying Thank You to the members of this Subcommittee for the role you have played in providing the programs and funding that will jumpstart the development of the modernized and expanded intercity passenger rail network our country needs. And, I hope that the success of the initial efforts of Amtrak and our partners to accomplish that will make the argument for adequate, assured, long-term federal funding for intercity passenger rail even more compelling, so that there will be a future opportunity for Amtrak to

come before Congress once again and say Thank You for making that long-held Amtrak vision a reality as well.