Testimony of

Stephen Gardner

Chief Executive Officer

National Railroad Passenger Corporation

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Amtrak

1 Massachusetts Avenue, N.W.

Washington, DC 20001-1401

(202) 906-2486

Good afternoon, Chairman Nehls, Ranking Member Wilson, and Members of the Subcommittee. My name is Stephen Gardner, and I am the Chief Executive Officer of Amtrak. Thank you for inviting me to appear before you today for this Amtrak oversight hearing.

I'd like to begin by reflecting for a moment on someone who is not with us today: Congressman Donald M. Payne, Jr., the Ranking Member of this Subcommittee until his untimely passing in April. Congressman Payne was a great champion of his constituents and the things that he believed in, and Amtrak is fortunate that one of them was passenger rail. His death is a great loss to the nation, the people he represented, his fellow members of the House, and most of all to his friends and family.

As I come before you today, we are eight and a half months into Fiscal Year 2024. We are also just past the midpoint of the five-year authorizations and advance appropriations that the Infrastructure Investment and Jobs Act (IIIJA) provided for Amtrak and Federal Railroad Administration (FRA) intercity passenger rail programs. Given that, I will start with an update on Amtrak's performance during Fiscal Year 2024 to date. I will then turn to how we are advancing the many projects and initiatives that the IIJA's substantial, multi-year funding has allowed us to commence; describe what we are doing to improve our performance and service; and address some persistent myths relating to Amtrak that need to be dispelled as we move forward. I will conclude with what Congress can do to continue, and hopefully accelerate, the progress Amtrak and its partners have made thanks to the IIJA's funding as we look ahead to the next surface transportation reauthorization bill.

FISCAL YEAR 2024 PERFORMANCE

I am pleased to report that, for Amtrak, the first eight-and-a-half months of Fiscal Year 2024 have been marked by a large number of accomplishments. Many seemed completely out of reach just a few years ago, as we fought, with Congress and the Administration's help, to preserve our network during the depths of the pandemic.

I'll start with safety. We have experienced zero NTSB reportable accidents in Fiscal Year 2024, and currently have no open NTSB accident investigations. We are sustaining the huge (20%) decrease in employee injuries we achieved last year and are within striking distance of meeting our aggressive goal for further reduction. We are also seeing strong improvement in customer safety. This is a significant achievement, given all of the operational changes we have undergone and the new employees we have hired in the past several years. While we can clearly say that Amtrak has become an even safer railroad over the past few years, the several serious grade crossing accidents Amtrak trains operating over host railroads during that period have experienced that some Subcommittee members may remember underscore the need for more innovation, higher investment and additional focus on the highway-rail interface.

Turning to our financial performance, the good news is that our ridership during the first seven months of Fiscal Year 2024 was 20% higher, and our ticket revenue 10% higher, than during the same period last year. Of even greater significance, our fiscal-year-to-date ridership is higher than during the same period in Fiscal Year 2019. As planned, we are on target to set a new all-time ridership record by exceeding the 32.3 million passengers we carried in that record-breaking year before the COVID-19 pandemic produced huge declines in ridership from which most North American passenger railroads have yet to recover. Year-to-date revenue is also higher than in 2019, but has been impacted by the reduced business travel since the pandemic as virtual meetings have replaced many short duration business trips. Despite this, we still anticipate improving our bottom-line performance with a reduced operating loss this year compared to Fiscal Year 2023.

What is particularly encouraging is that we have achieved this level of ridership despite two major challenges. The first is that we have less seat capacity in the marketplace than we did in 2019 and less than we expected to have this year. This is attributable to delays in starting service with the new Siemens Venture cars that our state partners have procured for our Midwestern and California state-supported routes because of various technical issues, a smaller available legacy fleet due to a number of cars that are out-of-service because they require major repairs or federally-mandated overhauls that were delayed by the COVID-19 pandemic and delays in beginning service of the new *Acela* trainsets by Alstom on the Northeast Corridor because of continued testing. The second ridership challenge is that the *Pacific Surfliner* route from San Diego to Los Angeles and San Luis Obispo, our highest ridership route outside of the Northeast Corridor, pre-pandemic, has been severed on multiple occasions for extended periods due to worsening erosion at points where its right-of-way runs beneath bluffs along the Pacific Coast.

Further offsetting our results are the cost headwinds that Amtrak and other transportation providers are facing. Since 2019, the consumer price index has increased by 23%. The increases in costs for many of the goods and services that drive Amtrak's operating expenses, such as the diesel fuel and electricity that power our trains and insurance and self-insurance, have been even higher than that. The biggest factor in our increased costs is the higher wages we are paying to our agreement-covered employees, which are mostly due to the cost-of-living adjustments included in the new labor agreements we have entered into the with the unions that represent the majority of our non-management employees. Amtrak is also incurring significant costs in areas for which its expenditures were relatively small just a few years ago. For example, projected cybersecurity costs in 2024 are nearly seven times what they were in 2019.

Beginning in 2024, Amtrak is also paying a larger share of the operating costs of state-supported routes because of changes in the "Section 209" State-Supported Service Cost Allocation Methodology that were adopted as part of the updates to that methodology required by the IIJA. Amtrak's share of state-supported service operating costs was 24% higher in the first half of Fiscal Year 2024 than it was in Fiscal Year 2023.

Another driver of the increase in our operating costs is that the IIJA transformed Amtrak from being primarily a train operating company into a train operating company *and* a very large construction company. Our capital expenditures have increased from $1.6 billion in Fiscal Year 2019 to nearly $5 billion this year, and a projected $8.3 billion next year. That enormous increase in capital spending has been accompanied by many additional costs in areas such as legal, financial management, training, human resources and information technology that we did not have before, and that are considered operating costs under the Generally Accepted Accounting Principles, or GAAP, that apply to corporations – rather than public agencies – like Amtrak. We will continue to take actions to improve our financial performance and operate more efficiently, with the goal of improving our financial results each year and being able to invest more of the federal funds we receive in modernizing our system rather than providing operating support.

ADVANCING MAJOR CAPITAL INVESTMENTS

Infrastructure Projects

In this new era of investment, Amtrak, in conjunction with our state and commuter partners, is finally advancing the many major infrastructure projects along the Northeast Corridor that have long dominated our list of most-urgent needs. Many of these projects have recently achieved or will soon reach major milestones.

- Construction on the Hudson Tunnel Project, the most important component of the New York/New Jersey Gateway Program, is underway on both sides of the Hudson River.
- On the opposite side of New York Penn Station, we recently awarded the construction contract for the rehabilitation of the four tubes of the 114-year-old East River Tunnel, two of which were flooded by Superstorm Sandy in 2012. That work will commence later this year.
- Construction of the Portal North Bridge, another key Gateway project led by NJ Transit in partnership with Amtrak, is 58% complete.
- Replacement of the 117-year-old Connecticut River Bridge in Old Saybrook, Connecticut is expected to commence later this year.

- Construction of the replacement for the 118-year-old Susquehanna River Rail Bridge in Perryville, Maryland is projected to begin next year.
- The contract for construction of the Frederick Douglass Tunnel in Baltimore was awarded in February, and major construction work on the project is also expected to begin later this year.

Calling any of these investments once-a-generation projects would be a major understatement. All of them replace or supplant infrastructure assets that are over 100 years old; the Baltimore & Potomac Tunnel that the Frederick Douglass Tunnel will replace turned 151 years old earlier this month.

Station Redevelopment

We have also achieved significant milestones in several major station development projects.

- Work on the Chicago Hub Improvement Project (CHIP) will commence following its receipt of two Federal State Partnership for Intercity Passenger Rail (FSP) grants. CHIP is a joint program being developed by Amtrak, commuter rail service provider Metra, and the Departments of Transportation of Illinois, Michigan and Chicago in conjunction with host railroads that will significantly enhance the passenger rail experience and rail infrastructure in and around Amtrak's Chicago Union Station (CUS), the various rail lines leading to them, and on the Amtrak-owned portion of the Chicago-Detroit/Pontiac *Wolverine* route. Amtrak and its partners are continuing to seek additional grants to advance CHIP, which would ultimately reduce trip times, improve reliability and increase yard and station capacity for Midwestern state-supported and long-distance routes serving Chicago.

- Construction has commenced on the redevelopment of William H. Gray III Philadelphia 30th Street Station, Amtrak's third most heavily used station.
- In January, Amtrak completed construction of the first of two new high-level platforms at Baltimore Penn Station that will provide capacity for expanded Amtrak and MARC commuter rail service and enhance accessibility. Work to bring the station into a state-of-good repair, expand its footprint, and enhance the experience of those who use it is expected to commence later this year.
- Two major developments regarding Washington Union Station (WUS) will allow Amtrak, working with FRA and the Union Station Redevelopment Corporation (USRC), to finally move forward on WUS's long-needed revitalization and expansion. In March, FRA completed the final environmental impact statement for the multi-year Station Expansion Project that Amtrak first proposed in 2012. With this finished, Amtrak and our partners can now begin the process of prioritizing projects, undertaking the preliminary engineering and design work, and developing the governance and funding models necessary to support future construction work. Additionally, Amtrak is scheduled on July 15 to take possession of the sublease for the historic station building it is purchasing, much of which is occupied today by a mix of active and vacant retail and restaurants and unused office space. This will allow Amtrak, working with USRC, FRA, and our other partners, to advance initial capital investments that will include expanding passenger waiting areas,

improvements in passenger services and security, and state of good repair work. These developments are very good news not only for Amtrak's passengers, but also for passengers on the Virginia Railway Express, MARC and Washington Metro trains and intercity buses that serve WUS, and the many Washingtonians and visitors from around the world who visit the station and patronize its amenities.

<u>New Equipment</u>

We also continue to move forward with procurement and delivery of new equipment for all three of our service lines that will allow us to replace old and obsolete fleet, create more capacity to meet the growing demand for our service, and greatly improve our customers' experience when they travel with us. These efforts include:

- *Acela* - High-speed testing of the new *Acela* trainsets on the NEC is underway following Alstom's advancement of the FRA-required computer modeling process preceding such testing. Based on currently available data from Alstom, we anticipate that initial revenue service could begin around the end of this year, depending on the outcome of testing now underway. Amtrak is fully prepared to bring the trains into service as soon as they receive the required FRA certification.
- Corridor Fleet - Production of the Siemens-built Amtrak Airo trainsets we are acquiring for operation on *Northeast Regional* trains on the Northeast Corridor and state-supported services in the East and Pacific Northwest is well underway, and on target for projected initial service in 2026 on the state-supported Amtrak Cascades Vancouver-Seattle-Portland-Eugene route. Deliveries and entry into service of the

Siemens-built state partner-owned Venture cars for operation on state-supported routes in the Midwest and California are continuing.

- Long Distance Fleet - Last December, Amtrak issued a Request for Proposals for reequipping much of our long-distance fleet, most of which is over 40 years old. This procurement process is underway now and we anticipate placing an order for new passenger cars, the largest in our history, in 2025. The new equipment will enormously improve the customer experience, accessibility and operational efficiency of many long-distance routes. Additionally, deliveries and operation of the Siemens-built ALC-42 locomotives for our long-distance services continue, which will allow Amtrak to retire its aging and less-efficient P42 diesel fleet.

OTHER INVESTMENTS AND INITIATIVES

Increasing Capacity to Meet Demand

We are taking a number of steps to provide additional capacity with our existing fleet to help meet the growing demand for Amtrak service, increase ridership, and improve financial performance.

- We are continuing to restore to service repairable railcars that require major repairs due to damage in incidents and cars have been stored because they need federally-mandated overhauls that were delayed during the COVID-19 pandemic.
- We have recently implemented a program of "quick turns" on *Northeast Regional* and *Acela* trains whose trips end in Washington, D.C., New York City and Boston to

enable them to make more trips and allow us to increase frequencies between these important markets. Under this program, certain trains are now serviced at station platforms rather than being moved to our maintenance facilities at the end of their trips, allowing them to promptly begin a return trip once serviced. This has allowed us to add four weekday and two weekend round trips between New York City and Washington with our existing equipment fleet.

Enhancing Accessibility

A key priority for Amtrak and this Subcommittee has been improving accessibility across our network and achieving full compliance with the Americans with Disabilities Act (ADA). Now, with the funding provided by the IIJA, Amtrak is making sweeping investments across our assets to accomplish this.

- Each of our new fleet types referenced above, whether currently in production or in procurement, will significantly improve accessibility and enhance the customer experience for passengers with a disability. New features, depending on the fleet, include expanded restrooms, additional accessible seating, induction loops for low-vision passengers, car-borne lifts, and many others.
- We are making strong progress on our goal of achieving compliance at all stations for which we have ADA responsibility. We completed work on 15 stations during Fiscal Year 2023, have completed eight more so far this year, and expect to bring nine additional stations into compliance by the end of the year, for a total of 17 in Fiscal Year 2024. Most of these stations are located on long-distance and state-supported

routes across our National Network. We currently have 43 station ADA construction projects and 144 design projects underway.

- We also continue to make targeted improvements to our existing fleet, including installing redesigned ADA-accessible bathrooms that accommodate larger wheelchairs and include a changing room on 23 Superliner I coaches and technology platforms to facilitate better digital access to Amtrak's booking channels and online content.
- Finally, we continue to strengthen training and customer service practices to support our customers with a disability.

We'd also like to thank Representative Molinaro, Subcommittee Chairman Nehls, Ranking Member Wilson and other cosponsors for the introduction and recent passage of the Think Differently Transportation Act, which would require inclusion of the ADA status of all Amtrak-served stations in Amtrak's General and Legislative Annual Report. Amtrak supports your efforts and remains committed to working with you and others to make our stations and trains accessible.

<u>Safety and Security</u>

Despite the current challenges in hiring qualified law enforcement officers, the Amtrak Police Department (APD) is nearly fully staffed with 427 commissioned police officers, only four short of full staffing. Its work to make our trains and stations safer is paying off: Crimes Against Persons have decreased 35%, and Crimes Against Property 26%, over the last four years.

APD is taking a number of actions to improve safety and security. They include the following:

- Our Operation RAILSAFE Partner Training Program strengthens coordination and integration between APD and partner public safety agencies. Twelve training sessions with local law enforcement agencies are planned this year and in Fiscal Year 2025.
- To enhance communication and decision-making processes to be better prepared to address major security threats, we frequently hold tabletop and full-scale multiagency security exercises.
- APD has increased the deployment of officers on trains throughout Amtrak's network, using a data driven approach that focuses on routes and segments based on historical data. The increased visibility of officers is aimed at deterrence and enhancing communication with crews and passengers.
- APD provides Conflict Resolution Training for frontline employees to enable them to better defuse emotionally charged interactions with aggressive passengers.

Unfortunately, Amtrak is receiving significantly less funding for safety and security through appropriations to the Department of Homeland Security (DHS) than we did in the past. DHS funding has decreased from $25 million in the late 2000s to only $9 million last year, a more than 75% reduction when inflation is taken into account.

Cybersecurity

As I am sure all of you are aware, cybersecurity risks are a rapidly growing threat, particularly for a public-facing company like Amtrak that operates vital infrastructure. To address these threats, Amtrak has advanced our cybersecurity capabilities and resources, focusing on digital forensics, insider threats, incident response and security awareness and education. We have enhanced our existing partnerships with federal security agencies, and are building capabilities to enable the company to comply with increasing government and industry mandates and regulatory requirements. We have received approval from the Transportation Security Administration (TSA) for our Cybersecurity Implementation Plan in compliance with the Transportation Security Administration's Rail Security Directives. As I noted earlier, Amtrak's expenses to counter cybersecurity threats are increasing rapidly, and additional funding will be needed to address them.

Grade Crossings

All stakeholders must do everything they can to reduce tragic railroad grade crossing accidents. Amtrak is focusing on identifying, evaluating, prioritizing and implementing advanced engineering, enforcement and education-driven mitigations in partnership with those that own and manage these crossings. Specific initiatives include:

- Upgrading grade crossings along the route of our planned New Orleans to Mobile, Alabama service with the Consolidated Rail Infrastructure and Safety Improvement (CRISI) grant we received last year and matching funds provided by Amtrak and our partners.
- The Mississippi-Louisiana Grade Crossing Improvement Project, for which we received a Federal-State Partnership for Intercity Passenger Rail grant to evaluate

potential improvements to 395 highway-rail grade crossings on the CN-owned rail line over which our Chicago-to-New Orleans *City of New Orleans* operates.

Serving Our Customers

Finally, we are continuing to make investments and advance initiatives to improve customer service. Among them:

- We are investing $28 million to refresh the nearly 400 cars in our Superliner fleet, which operate primarily on Western long-distance trains.
- Upgrades of our onboard Wi-Fi to 5G on many routes, including *Northeast Regional*, will provide passengers with significantly more bandwidth. We recently issued two Requests for Information (RFIs) to assess interest from potential partners in designing, deploying and operating Fiber Optics Background for Train to Ground network connectivity along the Northeast Corridor, which would improve on-board passenger Wi-Fi service while also providing the improved communication for operational purposes our new, technologically advanced equipment fleet will require.
- We have recently upgraded the Café menu on our *Acelas* to provide passengers with more healthy and fresh food choices. We have also restored traditional dining on our *Silver Service* trains between New York City and Miami, and are making that service available to coach as well as private room passengers. We are piloting a new, enhanced version of our flexible dining service in our dining cars on the New York

City-to-Chicago *Lake Shore Limited* route, and have reinstated a dining car on the New York City-to-New Orleans *Crescent* route to provide better meal service.

EXPANDING SERVICE

Amtrak is actively engaged with the Federal Railroad Administration ("FRA") and our local, state and private sector partners to advance the expansion of intercity passenger rail service contemplated by the IIJA.

- We recently added a new state-supported route, the St. Paul-Milwaukee-Chicago *Borealis,* on which we began operating a daily round trip on May 21. The *Borealis* is our 29th state-supported route, and its inauguration makes Minnesota, which is funding the service along with our existing state partner, Wisconsin, our 21st state partner. We are also working very hard with FRA and our state, local and host railroad partners to resolve the final remaining issues to allow Amtrak to, at long last, commence operation of two daily, state-supported round trips between New Orleans and Mobile.
- In December, we began operation of two additional round trips between Seattle and Portland on the state-supported Amtrak Cascades route. Earlier this month, we added a third round trip on the state-supported *Valley Flyer* route between Springfield and Greenfield, Massachusetts.
- Amtrak is supporting our state partners and FRA as they develop plans for service on many of the 69 routes throughout the country that FRA has recently selected for inclusion in the FRA-led Corridor Identification and Development (Corridor ID)

Program created by the IIJA. Last October, I joined Louisiana's governor on an inspection train between New Orleans and Baton Rouge that operated in conjunction with the signing of a service development agreement to advance plans for Amtrak service between those cities. In March, we operated an inspection train between Fort Collins and Denver, Colorado, the potential first segment of Front Range Passenger Rail service that would continue south of Denver to Pueblo, Colorado. In May, Colorado's governor signed legislation authorizing a congestion impact fee that would provide state funding for that service.

- Among the routes FRA selected for the Corridor ID Program are four routes for which Amtrak submitted applications: an extension of Northeast Corridor service from New York City to Ronkonkoma on Long Island; the Texas Central project described below; and increasing service frequency on two Amtrak long distance routes, the New York City-to-Chicago *Cardinal* and New Orleans-to-Los Angeles *Sunset Limited*, from tri-weekly to daily.
- Amtrak is also participating in the FRA-led Long Distance Study, directed by the IIJA, that is evaluating potential expansion of long distance service. FRA is expected to issue its report later this year.

High Speed Rail

A key element of an expanded national intercity network is the development of high-speed rail corridors. Amtrak strongly believes that the United States can support dedicated, high-speed intercity corridors in select markets. As a nation, we have several city-pairs that have the population density, growth, and travel demand to support operationally self-sufficient high-speed operations if, as everywhere else across the globe, the public sector provides critical capital to build the infrastructure required. The benefits of such investments would be enormous – and frankly, there's no other feasible alternative on the table to expand transportation capacity in many of these corridors, where interstates and airports are already constrained and have no viable means of being expanded.

In pursuit of this vision, we are continuing to explore a potential public-private partnership to advance the Texas Central Dallas-to-Houston high-speed rail project. The Dallas-to-Houston corridor has the same characteristics as highly successful high-speed rail services around the world. It is a 240-mile, "too short to fly/too long to drive" route that links the fourth and fifth largest metropolitan areas in the United States. Interstate 45, which connects Dallas and Houston, is already severely congested, and with Texas experiencing the fastest population growth of any U.S. state that congestion is only going to increase. We believe that high-speed rail operating at a maximum speed of 205 miles per hour would provide a faster, less stressful travel alternative for those who currently must drive, or who travel on the 114 airline flights a day between Houston and Dallas/Fort Worth. The Texas Central project, which has been underway for more than a decade, is well advanced: planning and design are largely completed, and FRA approvals required by environmental laws and for the use of the planned high-speed equipment have already been obtained. It is a great opportunity to bring high-speed rail to a corridor where it is badly needed, and for which it is a perfect fit.

We are proudly partnering with North Carolina and Virginia to reactivate the S Line between Petersburg, Virginia and Raleigh, North Carolina for up to 125 miles per hour operation. I'm sure you will be hearing more about that very exciting project, which will create a corridor extending approximately 900 miles from Boston to Charlotte with frequent service and trains operating up to 110/125 miles per hour on many segments, from Julie White of our state partner, the North Carolina Department of Transportation, when she appears before you today.

AMTRAK'S TRANSFORMATION

By providing the funding required for vital and long overdue major capital projects, the IIJA has given Amtrak the greatest opportunity to improve our network throughout the country in our 53-year history. It has also given us the two greatest challenges Amtrak has faced. The first challenge is rapidly transforming a company that operates trains into a company that does that ***and*** carries out some of the largest infrastructure projects in the United States. The second challenge is simultaneously constructing multiple major infrastructure and state of good repair projects along the Northeast Corridor, the most heavily trafficked rail corridor in the United States while continuing to accommodate the approximately 2,000 Amtrak, commuter and freight trains that operate over the Northeast Corridor each weekday.

We have been preparing to meet those challenges since the enactment of the IIJA. The first thing we did was to enhance our most important asset: our workforce. We have attracted to Amtrak many of the most qualified passenger rail professionals in the United States to fill key leadership roles in areas such as capital project delivery, corridor and high-speed rail development and passenger railcar procurement. We have also hired thousands of new employees to perform the work the IIJA is funding.

While many of the new craft employees we have hired have specialized skills and years of relevant experience, others are new to our industry or their trades. In some cases there are simply not enough qualified "new hires" who possess the skills we need in the locations where we need them. To address that problem, we have established new training and apprenticeship programs, and have recently applied for several FRA CRISI grants for additional workforce development initiatives.

We are also working to improve efficiency and project delivery. In consultation with our commuter partners and our labor unions, we are focusing on performing major infrastructure projects service at times when there are fewer trains and passengers on the railroad, and adjusting schedules to enable us to take tracks out of service for extended periods**.** This not only minimizes disruptions to the bulk of Amtrak's and our commuter rail partner's passengers – it also greatly enhances productivity because our maintenance-of-way crews can get more done when they do not have to constantly stop their work to allow trains to safely pass through the work zone.

Our current project to completely replace both tracks on the Lancaster-to-Harrisburg section of our Philadelphia-to-Harrisburg Keystone Corridor illustrates the benefits of this approach. Instead of performing the work in a piecemeal fashion over a multi-year period, we are taking tracks out of service for two periods totaling six hours a day in between the morning and late afternoon peak travel periods, with a two-hour mid-day work stoppage to allow high ridership Pittsburgh-to-New York City trains to pass through the work zone. This approach has more than doubled productivity, which will allow the work to be completed in seven months rather than two years, is currently expected to save approximately $25 million that we can invest in other projects, and will have fewer impacts on passengers.

Amtrak is also taking innovative approaches in project management and redevelopment projects with private sector partners. We are using an innovative "Delivery Partner" construction management approach for Frederick Douglass Tunnel project, under which the private partner shares in Amtrak's risk to deliver the project and is incentivized to help Amtrak achieve desired outcomes. On station development projects at major Amtrak-owned stations, we have entered into master development agreements with private sector partners who have expertise in financing, project delivery, asset management and commercial development to advance station improvements and generate economic development in the surrounding areas.

We are also enhancing our financial accountability and transparency to reflect the changes in our company the IIJA has brought about and the huge increase in Amtrak capital projects and expenditures resulting from it. We recognize that Amtrak must demonstrate that it is a responsible steward of the taxpayer funding the IIJA has provided, and that we are using that funding in an efficient, accountable manner.

FIVE MYTHS REGARDING AMTRAK

I'd like to turn now to addressing five of the most common myths relating to Amtrak and intercity passenger rail, many of which I am sure you have heard.

Myth number one: The IIJA's advance appropriations gave Amtrak all the money we need.

As you've heard me say today and many times before, Amtrak is extraordinarily grateful for the unprecedented level of federal funding we are receiving through the IIJA's $66 billion in advance appropriations for rail. But much of that $66 billion will not go to Amtrak; the funding we do receive can only be used for specified purposes and cannot be used to address many of our basic needs; and it won't be enough to address a half century of inadequate funding for the Northeast Corridor and intercity passenger rail. For instance:

- $3 billion of the advance appropriations are for a grade crossing elimination program for which Amtrak is not an eligible applicant and another $5 billion are for CRISI grants. While CRISI is a very important source of funding for certain Amtrak priorities, particularly for safety and workforce development projects that are not eligible for other competitive grant programs, intercity passenger rail projects have received relatively few CRISI grants, more than two-thirds of which were given to regional and short line freight railroads in the most recent round of CRISI grant awards.
- Nearly three quarters of the funding for Federal State Partnership for Intercity Passenger Rail-National Network grants awarded to date has gone to two non-Amtrak, high-speed rail projects: California High-Speed Rail and the private Brightline West project to build a high-speed rail line between Las Vegas and Rancho Cucamonga, California.
- While the up to $24 billion for Federal State Partnership grants for the Northeast Corridor are allowing Amtrak and its commuter rail partners to move forward with

the long deferred major capital investments I described above, the Northeast Corridor has unfunded needs of approximately $100 billion over the next 13 years for planned state-of-good-repair and improvement projects.

- Advance appropriations can only be used for limited purposes that do not include operating costs or many vital capital projects.

Myth number two: Amtrak is an unfair burden on freight railroads that impairs their freight operations.

Accommodating Amtrak trains and expansion of Amtrak service was part of the "Grand Bargain," as the Surface Transportation Board (STB) has characterized it, that the railroad industry eagerly agreed to in the Rail Passenger Service Act of 1970. Relief from their common carrier obligation to operate intercity passenger trains on which they were losing huge amounts of money played no small part in the transformation of the financially distressed "railroads" of 1970 into the highly profitable "freight railroads" of today.

The notion that current or potential future Amtrak operations impede freight traffic ignores the facts.

- Amtrak trains account for less than 5% of the train miles on Class I railroads.
- Freight traffic on Class I railroads has decreased more than 15% since 2006.
- Amtrak compensates freight railroads for the additional costs they incur as a result of its operations; also pays them incentive payments for good on-time performance;

and indemnifies them for most of the costs associated with incidents involving Amtrak trains, even if the freight railroad is at fault.

- Amtrak, the federal government and our state partners have funded investments on nearly every Amtrak route to increase capacity to accommodate Amtrak trains, and to upgrade tracks and other infrastructure, including the installation of Positive Train Control and other safety improvements. These publicly funded infrastructure investments have been particularly beneficial to the short lines and regional railroads on which Amtrak has added service, funding joint benefit investments they could not otherwise have afforded that have enabled them to handle heavier freight cars, increase freight train speeds and enhance safety.
- The IIJA provides billions of dollars in funding for many more such investments in host railroad infrastructure to upgrade, increase capacity on, and enhance the safety of freight railroad-owned lines over which Amtrak presently operates or will operate in the future. This additional funding will facilitate infrastructure investments that will benefit both freight and Amtrak services. One example is the $3.7 billion Transforming Rail in Virginia partnership among Amtrak, the Commonwealth of Virginia, CSX and Norfolk Southern, and Virginia Railway Express that Andy Daly of CSX described at the Subcommittee's hearing last November,

Myth number three: Profitability is the measure of Amtrak's success.

Amtrak's statutory mission and goals make no mention of profitability. Rather, they direct Amtrak to provide efficient and effective intercity passenger rail service that maximizes the benefits of federal investments. Intercity passenger rail service in the United States ceased to be profitable after World War II, when construction of federal highways and expansion of airports and airline service, aided in both cases by government subsidies, brought an end to railroads' once dominant position in intercity passenger travel. Indeed, the unprofitability of intercity passenger rail service is the very reason Amtrak was created.

The vast majority of Amtrak's operating losses are attributable to the operation of the long-distance routes Congress has directed Amtrak to provide. While these routes play an important role in providing mobility for residents of many rural and small communities, providing such services is inherently unprofitable. The other public transportation services in rural and small communities – essential air service, local transit buses, and rural intercity bus service – generally receive much higher levels of federal funding per passenger mile to cover their operating losses than Amtrak does. And no one expects our federal highway system, which has benefited from the over $200 billion federal taxpayer bailout of the Highway Trust Fund's Highway Account since it became insolvent in 2008, to make a profit.

Rather than profitability, federal transportation spending is rightfully judged by its effectiveness in achieving a set of important economic and public benefit goals. Investing in expanded mobility pays big dividends: enhanced economic and community development, improved quality of life, more job opportunities, an improved environment, strengthened community and family ties, and increased national competitiveness. Amtrak's goals are to constantly improve our efficiency while meeting the needs of our customers and the communities we serve. While we will continue to work towards reaching financial break-even on our train operations, as we do that we will remain focused on our "true" bottom line, which is how much value we create for the American people and the American economy by providing our services.

Myth number four: It makes sense to limit Amtrak service to the routes we already serve.

You have heard me say before that Amtrak's route map looks little different from when we began operations in 1971, since our route mileage and most of the routes on our National Network have changed very little since then. But what our route network really reflects is where Americans lived and traveled in about 1950. That's when private railroads stopped adding passenger trains in regions and corridors where populations were growing rapidly, and instead began doing everything they could to get out of the passenger rail business. That explains why Texas, which had a population of less than eight million people in 1950, has only five Amtrak trains a day to serve its current population of over thirty million that makes it our second largest state. And why Florida, whose population of less than three million people in 1950 has grown to nearly 23 million today, making it our third largest state, is served by only six Amtrak trains a day.

Virtually the only places where Amtrak service has increased since 1971 are the Northeast Corridor, which already had a large population in 1950 and benefited from significant federal investment in its rail infrastructure, and in states that stepped up to provide funding for Amtrak despite the absence of the federal matching grants they would have received if they had built highways instead. That is why Amtrak has little service in the many of the largest and fastest growing states and regions in the United States. Southwest Airlines, which began operation the month after Amtrak did, has dramatically increased service, benefiting from the sustained public investments in airports and our air traffic control system. So should Amtrak.

And the last myth: The choice is between expanding passenger rail and doing nothing

This is a myth because the U.S. population is growing, travel demand is increasing, and our highways and our aviation system are already serving many more travelers than they can efficiently and safely handle. According to the Federal Highway Administration, increased traffic over the next two decades will overwhelm our existing national highway system: severe highway congestion, which today mostly occurs around major cities, will extend along the entire length of most highways within heavily traveled corridors throughout the United States.

Adding enough lanes to accommodate all of this additional traffic would require turning many interstate highways that have six or eight lanes today into monster highways with 10, 12 or even 14 lanes. That's already happening around many major metropolitan areas. On most interstates, the existing right-of-way isn't wide enough to accommodate all of the additional lanes that would be needed to accommodate the traffic growth FHWA projects, and the elaborate flyovers and interchanges that highways with so many lanes require. That means that homes and businesses will have to be displaced. And, of course, converting today's highways into monster highways will be very expensive, extremely disruptive, and will be accompanied by lengthy battles over environmental and community impacts. Turning highways into monster highways should be the last option, not the default.

Intercity passenger rail, and high-speed rail in markets where it makes sense, can provide a faster, congestion-free alternative for those who use them, while freeing up highway capacity for those who continue to drive and reducing the need for monster highways with their associated costs and negative community and environmental impacts. So when we consider intercity passenger and high-speed rail projects, the question we should be asking isn't how much they will cost and what impacts they will have. Instead, we should be asking how their costs, benefits and impacts compare to the alternative of turning existing highways into monster highways to meet the increased travel demand of a growing America?

Some places have begun doing that. Virginia decided that it makes more sense, and will be less expensive, to increase passenger rail service instead of adding yet another lane to Interstate 95 in each direction. That decision is already producing many benefits. Last year, nearly a million people rode Virginia's three state-supported routes that travel along the Interstate 95 corridor between Washington and Richmond/Petersburg, Virginia. Another 316,000 rode the *Carolinian* route, supported by North Carolina, that continues south to Raleigh and Charlotte, and many more traveled on the three Amtrak long-distance routes that also serve the Washington-Richmond/Petersburg corridor. Amtrak ridership on the state-supported trains along that corridor is continuing to grow: so far this year it is up by more than 10%.

Imagine how much worse traffic on Interstate 95 would be if all of those train travelers were driving instead. And imagine how much more Amtrak service can do once investments are made to expand and upgrade the tracks along this route to create more frequent and more reliable service.

LOOKING AHEAD

I will close by discussing what Amtrak needs in the near and longer term to continue the progress we have made since the enactment of the IIJA.

I cannot emphasize enough the importance of adequate annual appropriations. They are essential to the continued operation of both our long-distance routes and our state-supported routes, and are Amtrak's only source of funding for many vital capital projects. Many on this Subcommittee supported Amtrak's request of adequate annual funding in Fiscal Year 2024, and we are deeply thankful for your support.

Looking ahead to reauthorization when the IIJA's advance appropriations and authorizations run out on September 30, 2026 – a little more than two years away – what is absolutely vital is the continuation of substantial, multi-year funding for Amtrak and rail competitive grant programs that the IIJA provided for the first time. Such funding – which nearly every other transportation mode has enjoyed for decades – is necessary so that we can continue to make essential investments on the Northeast Corridor and our National Network, and to allow Amtrak, the FRA and our state partners to turn the vision of greatly expanded intercity passenger rail service, for which the IIJA set the stage, into reality.

Amtrak looks forward to working with you and your staffs on a reauthorization bill that positions intercity passenger rail to play a much greater role in meeting our nation's transportation needs. While we do not yet have specific legislative proposals to offer beyond those included in our most recent annual Legislative Report, I did want to mention several areas where statutory changes could allow Amtrak to become more efficient, improve its financial and operational performance, and facilitate the advancement of major capital projects and collaboration with our partners.

The first pertains to our statutory preference over freight trains in dispatching. During the most recent 12-month period (June 2023 to May 2024), only 57% of our long-distance customers arrived at their destination on time. Many of the delays they experienced were due to decisions by some of our host freight railroads to give their freight trains priority over Amtrak's passengers. We are doing what we can to address that problem with the statutory remedies available today. In December of 2022, we petitioned the STB to investigate the on-time performance of the *Sunset Limited*, on which *90%* of customers had arrived at their destination late during the two previous calendar quarters. The STB initiated an investigation in July of last year that is still underway.

Another is the streamlining of the statutory and regulatory requirements and processes that pertain to federal capital grant funding for passenger rail. Federal grant programs for rail, and the federal laws and regulations that govern administration of grants for transportation projects, were developed over many years in a piecemeal, siloed fashion. They were not designed to accommodate the very large passenger rail projects involving multiple entities and funding sources that Amtrak and its state and commuter partners are carrying out today. In some cases, existing impediments to project delivery impose very significant costs that are a poor use of taxpayer dollars. For example, because the competitive grants Amtrak receives are reimbursable grants, which means that Amtrak does not receive grant funds until long after it has to pay contractors and suppliers, Amtrak must often incur significant financing costs: $63 million dollars for the project to replace the Connecticut River Bridge alone. We believe it would be better if we could use that money for additional infrastructure improvements rather than giving it to banks.

Finally, we believe that additional dedicated funding should be provided for intercity passenger rail capital investments to advance specific priorities and in areas where it is necessary to ensure adequate funding for reasons beyond the achievement of transportation-related goals. Examples include high-speed rail, expansion of equipment fleet to enable more service in emerging corridors, and safety and security, including cybersecurity.

CONCLUSION

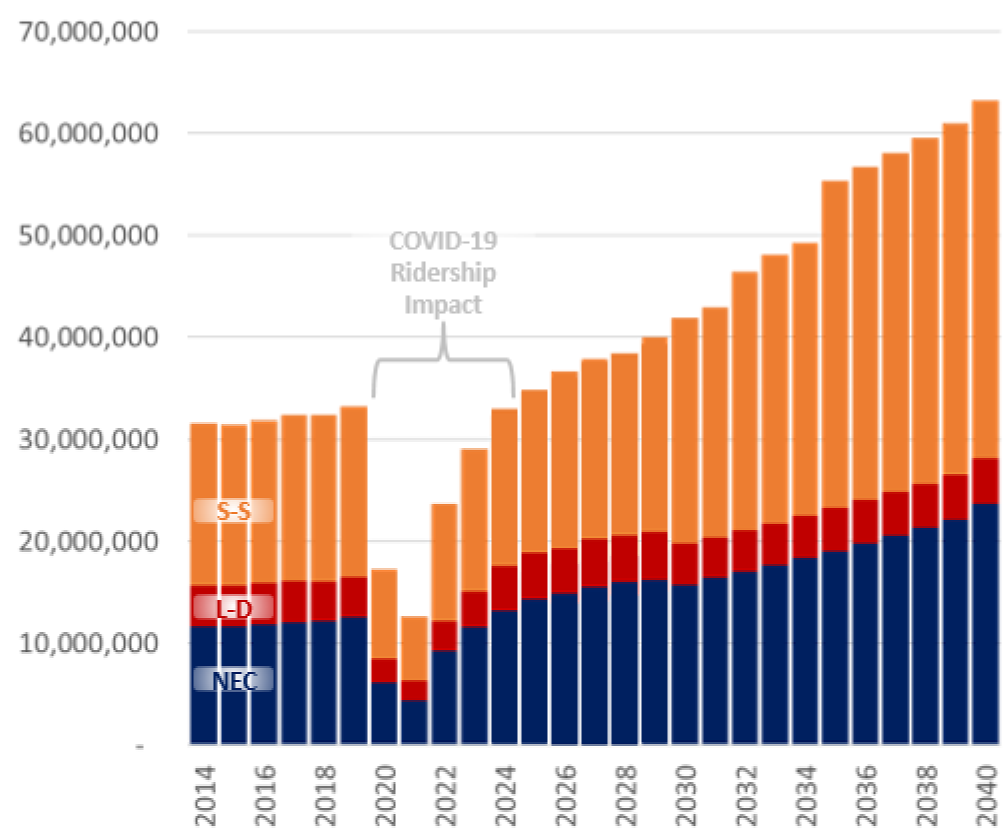
Amtrak faces many challenges today. But all of us at Amtrak – Tony Coscia, who you will also hear from today; the other members of our Board; our 23,500 employees; and I – recognize how very fortunate we are. We are living the dream – getting to do what our predecessors throughout Amtrak's first half century could only imagine. The transformative investments in infrastructure, equipment, stations and other facilities we are making will position the company to improve our service, operate more trains to meet growing demand along routes we already serve, and bring Amtrak service to the places we should be serving but aren't today to achieve our goal of doubling ridership by 2040.

I am thrilled to be a part of this extraordinary time in Amtrak's history. I thank you for inviting me to speak with you today, and I will be happy to answer the questions you have.

APPENDIX

Fig. 1:

Amtrak Seeks to Double Ridership: 66 Million Passengers Annually by 2040



Amtrak has set a long-term goal of doubling ridership from pre-pandemic levels. The last time we doubled our ridership, it took us 35 years, starting from 1976. We are now looking to double our ridership again – in half the time it took previously. (FY24-FY29 reflect Amtrak's 5-year plan; FY30-FY40 reflect longer term projections.)

Fig. 2:

IIJA Made Amtrak into a Major Construction Company

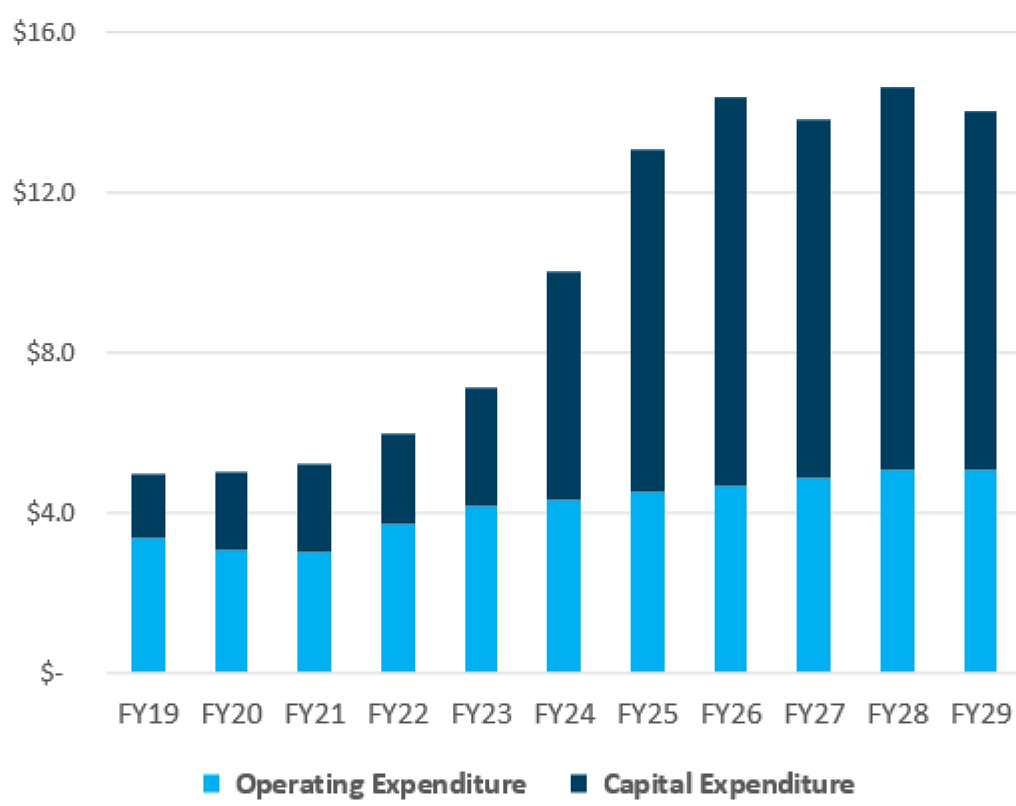
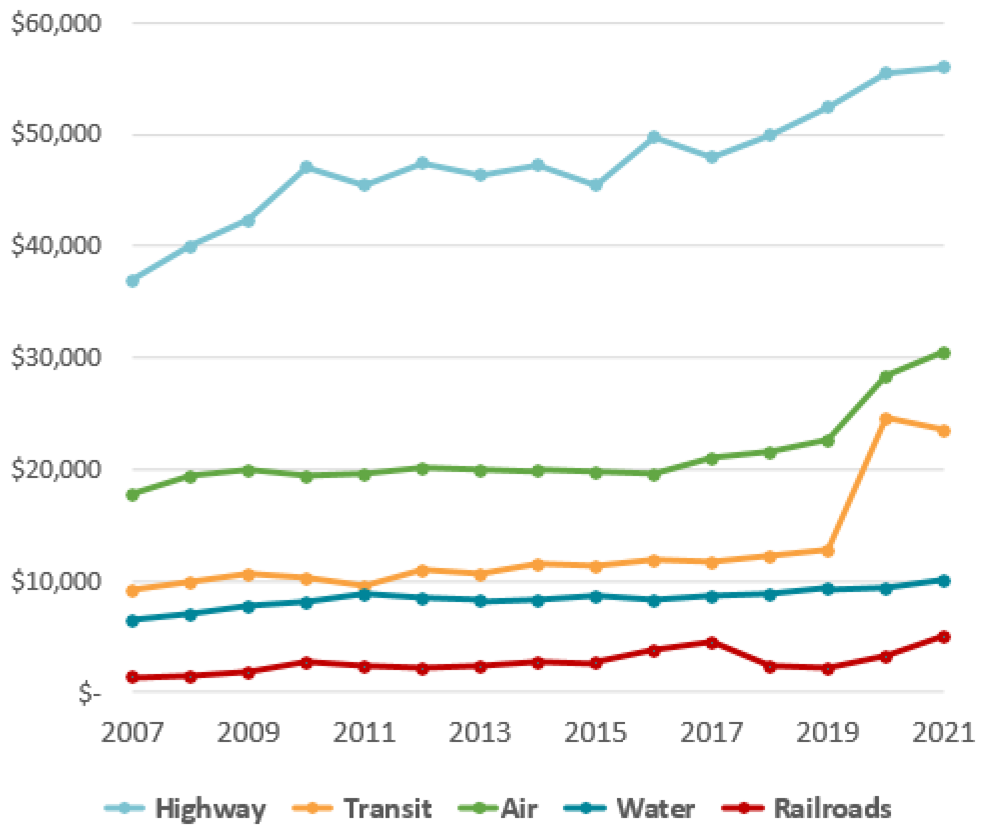


*Chart shows, in billions of nominal dollars, **rapid growth of Amtrak's capital expenditures** (e.g., construction) rather than operating expenditures (e.g., train service) following enactment of IIJA. (Nominal "CapEx" is projected to rise 459% from FY19 to FY29, whereas "OpEx" is projected to rise only 50%.)*

Fig. 3:

Passenger Rail as a Mode Has Long Been Underfunded



Data via BTS: bit.ly/3KzyAhd

Chart shows, in millions of current dollars, total federal expenditure (including transfers to state & local governments) on various transportation modes through 2021. Beginning in FY 2022, the IIJA provided historic levels of funding to intercity passenger rail, but that investment—while historic—does not by itself totally reverse decades of comparative under-investment.