

**S. 294, THE PASSENGER RAIL INVESTMENT
AND IMPROVEMENT ACT OF 2007**

HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
AND MERCHANT MARINE INFRASTRUCTURE,
SAFETY, AND SECURITY

OF THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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FEBRUARY 27, 2007
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ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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TUESDAY, FEBRUARY 27, 2007

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND
MERCHANT MARINE INFRASTRUCTURE, SAFETY, AND SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:05 a.m. in room SR-253, Russell Senate Office Building, Hon. Frank R. Lautenberg, Chairman of the Subcommittee, presiding.

**OPENING STATEMENT OF HON. FRANK R. LAUTENBERG,
U.S. SENATOR FROM NEW JERSEY**

Senator LAUTENBERG. Welcome, please take your seats. I would like to make a brief statement.

First, I'm pleased that the long-time Chairman of this Committee, and many others, are with us, Senator Stevens. Senator Lott, unfortunately, was unable to break an appointment that he had in Mississippi, but he fully supports our request for urgent attention to this critical situation.

Governor Rendell is here, and he's part of the National Governors Conference that's taking place. I will make my remarks and then, Senator Stevens, yours, and then if we can hear Governor Rendell and see if we have a question or two, and I ask the patience of the others of you who are at the witness table.

I want to welcome everyone to today's hearing as we begin to fundamentally change the way that America travels. I want to thank all of our witnesses, some of whom come from States that are already embracing this change. And we welcome the input and the ideas that each one of you brings.

Today's hearing is about Senator Lott's and my vision for our Nation's transportation system, a system with more options and convenience for travelers, and less damage to our environment, less dependence on foreign oil. Along with air and vehicle travel, passenger rail should be one of the three legs on which our transportation network rests, and Amtrak should be among the greatest passenger rail systems in the world. The Passenger Rail Investment and Improvement Act of 2007 can help turn that vision into a reality.

And, as any traveler will tell you, we need to implement that vision, because strengthening this intercity travel option is way overdue. Our highways are jammed, the average New Jerseyan spends 300 hours commuting by car every year, and 15 percent of that

time is wasted sitting in traffic. We know that our skies are becoming more crowded as more planes take to the air. Last year was the worst year for flight delays since 2000. One in four airplanes was late, and we expect nearly 5,000 new very light jets to add to this traffic over the next 10 years. We've come to the realization that the skies are not infinite in their capacity to take more airplanes. Between lines of cars and the maddening, indeterminate lines at airports, time is wasted, American travelers need and deserve another choice, and a reliable first-class passenger rail system is it.

Disasters like September 11th, Hurricanes Katrina or Rita, also showed that America needs passenger rail. When air travel was canceled on 9/11, people rode the rails. And when the roads became lakes during Katrina, and Rita—people could have turned to trains to evacuate some of our most vulnerable people, and to move supplies, but it didn't take place. The recognition that those facilities were available did not strike those in charge.

Amtrak's record ridership, nearly 25 million passengers last year, proved that Americans want rail. Our bill will lay the tracks for a strong passenger rail network, one that will bring more balance and efficiency to our national transportation system.

Our bill will invest \$19 billion in America's passenger rail system over the next 6 years. That's combined with a bond proposal that Senator Lott and I hope the Finance Committee will act upon as quickly as they can. It will fully fund Amtrak, allow it to upgrade its equipment, improve its security, and return the Northeast Corridor to a state of good repair. And it will create a new intercity rail grant program to build passenger lines between more of our country's towns and cities.

Just this year, the government will spend more than \$39 billion on roads, more than \$15 billion on airports, and yet, slightly over \$1 billion on rail. And it's time for America to get onboard with the passenger rail system.

And the timing, unfortunately, couldn't be better, nor more obvious, than these last few days of travel in our country. Throughout the country, the weather just took care of opportunities to get places and to carry on needed functions for people. And I personally took the train down from New Jersey yesterday, and, I'll tell you, after checking with the airports and finding out there were delays all over, canceled flights, *et cetera*, I don't know how we can continue to ignore this crucial need. So, we're going to work hard to make it happen.

And, Senator Stevens, if you have any comments, please.

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Well, Mr. Chairman, I commend you and Senator Lott for putting the time and effort into this bill. It's quite similar to the bill that was reported out of the Senate last year. It has some improvements. And I do think it's a bill that should become law. I hope that we can listen to these witnesses. I expect some of my colleagues to join us soon.

And I ask that Senator Smith's statement appear in the record before mine.

Senator LAUTENBERG. So ordered.
[The prepared statements of Senators Smith and Stevens follow:]

PREPARED STATEMENT OF HON. GORDON H. SMITH, U.S. SENATOR FROM OREGON

Thank you Mr. Chairman. I want to thank our witnesses for being here. I anticipate that this hearing will be informative, and I appreciate the participation of the panel.

In particular, I would like to welcome Kelly Taylor who is the Administrator of the Oregon Department of Transportation's Rail Division. Ms. Taylor has worked for ODOT since 1978, serving Oregon in many capacities. I appreciate her making the trek to be here with us today.

Amtrak has long been a source of debate as policymakers have struggled between the need for intercity passenger rail service and the financial viability of operating and maintaining that service.

In recent years, Amtrak has experienced record ridership, carrying more than 24 million passengers each year.

At the same time, the financial and operational state of Amtrak continues to be abysmal, running deficits in the neighborhood of \$1 billion per year.

Mr. Chairman, I think we all agree that changes must be made.

I applaud the inclusion of a number of reform measures in the reauthorization bill that will improve Amtrak's efficiency and performance.

I have long advocated for the establishment of an equitable system for states to pay their fair share toward the operating costs related to Amtrak corridor routes.

In the Northwest, Amtrak operates one such route, the *Amtrak Cascades*, which provides daily service between Eugene, Oregon and Vancouver, British Columbia. This service is supported through operating funds provided by the States of Oregon and Washington.

With more than 600,000 riders last year, the *Amtrak Cascades* is the seventh most heavily traveled corridor in the country and represents a model for partnership among states, Amtrak, freight railroads and local communities.

Currently, Oregon is one of 14 states that provide operating funds to support and maintain Amtrak's service. I am pleased to see that this bill moves in a direction that will ensure a more equitable allocation of costs among states, with each state chipping in its fair share.

I believe that the state-Amtrak partnerships outlined in this bill—with respect to both the cost allocation and capital match—will be key to ensuring the long-term viability and growth in ridership of intercity passenger rail.

The bill that Senators Lautenberg and Lott have put forth is a step in the right direction, and I am proud to cosponsor this reform legislation.

Thank you Mr. Chairman.

PREPARED STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

I commend Senators Lautenberg and Lott for all of the time and effort they have put into crafting S. 294, the Passenger Rail Investment and Improvement Act of 2007. This bill provides true, substantive reform of our national passenger rail system.

Last Congress, the Senate included an amendment in the budget bill that contained language similar to S. 294. However, it failed to survive in conference.

I am hopeful that this bill will be signed into law this year. And, I look forward to hearing from our witnesses their thoughts on the bill.

Senator LAUTENBERG. Governor Rendell, we welcome you—

Senator STEVENS. Turn on your light for your thing.

Senator LAUTENBERG. Light's on. As a matter of fact, a quick aside, last night there were no lights on in my—the building I live, nor for blocks around, and I had to stay at a hotel near the Capitol here. It was hard finding my socks in the dark.

So, Governor Rendell, the Governor of the State of Pennsylvania, and where we share lots of problems in common, be they rail problems, transportation problems generally, including highways, including commuters, and you name it. And so—and we're pleased also to have a colleague of Governor Rendell's here, a new member

of the Senate, a very welcome member of the Senate, someone we look to for help and guidance in the projects that we take on that affect the country and, of course, our neighboring States.

So, Senator Casey, if you would say—like to make a few remarks about Governor Rendell.

**STATEMENT OF HON. ROBERT P. CASEY, JR.,
U.S. SENATOR FROM PENNSYLVANIA**

Senator CASEY. Mr. Chairman, I want to thank you for this opportunity—and Senator Stevens.

I have a great honor today to introduce a friend of mine and a great leader for our State, known across the country as the great leader of the city of Philadelphia; before that, as the district attorney of Philadelphia; and now, for almost 5 years, as Governor.

And I have the honor to introduce Governor Rendell. And I won't make a long introduction, but I do want to thank him for the work that he's done as the Governor of the State and in his work as the mayor of Philadelphia to support not just transportation generally, but, in particular, to be a strong advocate for rail, transportation, and especially Amtrak.

The Passenger Rail Investment and Improvement Act of 2007, as we all know, will authorize almost \$20 billion in Federal funds for Amtrak by authorizing 3.2 billion per year over 6 years. And I know you, Mr. Chairman, and so many others, are concerned about getting this legislation passed. I'm a cosponsor of this legislation. Just to give you some sense of what Pennsylvania has as—in terms of a stake in this, we have 120 daily trains—Amtrak operates 120 daily trains in Pennsylvania. Our hub of Philadelphia is the third busiest Amtrak station in the Nation. Pennsylvania had a total of 4.9 million riders in Fiscal Year 1906. We have over—almost 3,000 Pennsylvanians employed by Amtrak. For so many reasons, funding for Amtrak is central to economic development efforts, central to the daily life of so many Pennsylvanians. And, as a United States Senator from Pennsylvania, I'm very concerned about the funding for Amtrak. That's why I'm a cosponsor. And I appreciate the work that this committee has done to highlight that.

And no better person could speak for Pennsylvania, in terms of future, in terms of our economic development potential, and in terms of the importance and the primacy of Amtrak to the development of southeastern Pennsylvania and, indeed, our whole State, other than Governor Rendell.

We're honored to be here with him today. He was just resoundingly reelected as the Governor of our State, and it's my honor to introduce to you the Governor of Pennsylvania, Edward G. Rendell.

Senator LAUTENBERG. If I may take a minute, we've had another person from the neighborhood come in.

[Laughter.]

Senator LAUTENBERG. And Senator Carper, if you would like to make a statement.

Senator CARPER. Just a real quick—

**STATEMENT OF HON. THOMAS R. CARPER,
U.S. SENATOR FROM DELAWARE**

Senator CARPER. I think there's a certain irony here. Senator Casey, did you ever run for Governor?

Senator CASEY. I don't remember.

[Laughter.]

Senator CARPER. It's interesting how things work out in politics, because 4 years or so ago, I think you both contended for the same spot. I think we're just very lucky that you both ended up where you are, and it's a real joy to serve with Senator Casey. He sits right beside me on my right hand on the Senate floor.

Governor Rendell, it's a delight to have you here. You've been a terrific champion of passenger rail for as long as I can remember. And we appreciate that and are very much looking forward to what you have to say.

To our other witnesses today, including the new president for Amtrak, we're delighted that you're all here. Welcome. Thank you.

This is an important hearing, and we're excited to get started on this reauthorization once again.

Senator LAUTENBERG. Thanks.

Governor, if you could limit your testimony to 5 minutes.

Senator CARPER. Mr. Chairman, could I just say one more quick thing, please?

Judge Rendell, Midge Rendell, was in Wilmington, Delaware, yesterday for the swearing in of a new judge on the Third Circuit Court of Appeals. And they were delighted so this is an important and exciting week for your family, I suppose.

Governor RENDELL. That's right.

Senator CARPER. It's great to see you both.

Governor RENDELL. Well——

Senator LAUTENBERG. Welcome, and——

Governor RENDELL.—good morning——

Senator LAUTENBERG. Please.

**STATEMENT OF HON. EDWARD G. RENDELL, GOVERNOR,
COMMONWEALTH OF PENNSYLVANIA**

Governor RENDELL. Good morning, Mr. Chairman.

And I'd like to thank Senator Casey for being here, and for his kind introduction, and, most of all, for his strong support of this very important piece of legislation.

And I'd like to thank Senator Lott, who I know couldn't be here, with Senator Smith, Senator Stevens, Senator Carper, and our own Senator Specter, for your steadfast support of Amtrak.

In my career as mayor and Governor, this is the fifth time I've testified before a Senate committee on behalf of Amtrak. And not much has changed, although Senate bill 294 will bring about definitive improvements and significant change.

I have just two points that I want to make. If we improve it, people will come. There is absolutely no doubt in my mind. If there has ever been a context, if there has ever been a time to invest in mass transit—and understand that intercity passenger rail is mass transit—if there has ever been a time to invest in mass transit, with rising gasoline prices, with the congestions on the highways that you mentioned in your opening remarks, Senator Lautenberg,

this is the time. It can work, and it does work. The states are willing to be partners with the Federal Government and Amtrak.

And I want to draw the panel's attention to something that happened, actually, before I became Governor. Governor Tom Ridge, my predecessor, a leading Republican, lest we all forget, Governor Ridge entered into an agreement with Amtrak about something called the "Keystone Corridor." It's a train that stops—makes five stops between Philadelphia and Harrisburg, our capital city. Both Amtrak and the State of Pennsylvania agreed to put \$74 million each into capital funds to improve every facet of the line. The improvements were underway. I became Governor and continued those improvements, even though our capital budget was stretched very thin. And the results were startling. In 2004, the ridership on the Keystone Corridor was 898,000 people. During that year, the improvements set in—actually, they set in by the beginning of 2004—2005, excuse me—in 2005, ridership jumped to 1,009,000 riders, a 12½ percent increase. We continued to put additional money in, both Amtrak and the State of Pennsylvania, and we managed to take the Keystone Corridor trip from 2 hours, 120 minutes, to 90 minutes. That has only been in operation, the 90-minute time span, for about 4½ months. During those 4½ months, ridership has increased another 12 percent. Another 12 percent. And, best of all, we're all paying for it. The state's paying for it, Amtrak, and, thereby, the Federal Government, is paying for it, and the riders are paying for it, because, with the improvements, we raised the prices. And notwithstanding an increase in price, we had a 12½ percent jump in ridership, over 100,000 new riders in one year, and, in less than 6 months, we've had another 12½ percent increase. I ride—when I was Mayor, and now as Governor—I ride the Northeast Corridor a lot.

Think, for a minute—and I'm told that this is eminently possible—think, for a minute, if you could get from Washington to New York in an hour and 40 minutes, or an hour and 30 minutes, and New York to Boston in an hour and 30 minutes, do you know what would happen? We would end shuttle plane service. There would be no need. If you could get to Boston to Washington in 3 hours without going through airport security lines, without the travel time out to airports, you would end that shuttle. Ending that shuttle would improve airport congestion in Boston, in LaGuardia, in BWI, in Newark, and in Philadelphia Airport. It would have a significant impact in ending congestion. The way to end airport congestion is, 500 miles and under, to have a first-class high-speed passenger rail system.

The only other point I want to make is that this bill is approaching it correctly. You are making these improvements through capital fundings and through bonding. Look, would any of us here buy a house, paying cash? Of course not. And yet, the Federal Government, dealing with the Nation's infrastructure problems, has been trying to deal with those problems out of the operating budget. No business does that. No governmental subdivision in the United States of America does that. It doesn't work. You can't pay for major capital infrastructure repairs out of the operating budget. No one does it. It doesn't work.

The other six G-7 nations have all, in the last 5 years, either gone through or started major trillion-dollar infrastructure repair programs. We are never going to eat into the backlog on our highways, bridges, and roads, on our rail systems or airports or our ports, on infrastructure, water and sewer—combined sewer overflows, clean water systems—we are never going to do that until the Federal Government follows the lead here, in Senate bill 294, and adopts a Federal capital budget. Until that day happens, we will never, ever have a first-class infrastructure again, whether that's Amtrak, our roads, our water, and sewer.

I testified—President Clinton convened a commission on the capital budget. It was chaired by, then—Goldman Sachs CEO John Corzine, and Kathleen Brown, who was then the treasurer of the State of California. I testified strongly in favor of it. There were some OMB types who were against it. They would not have financed Columbus's boats over to America. We'd all be on the other side of the ocean. And the commission actually issued a report that said nothing. They didn't endorse anything. They just handed on to the President the different—the varying opinions.

But this bill will work, because you are not doing it alone, from operating, you are doing bonds, you are doing a semi-capital budget here. It's never going to change—Amtrak or anything else—until we have a legitimate Federal capital budget to fix the infrastructure of this country. How can the greatest, richest, most powerful country in the world have a crumbling infrastructure, have an infrastructure that doesn't support air travel, that doesn't cruise first-class ports, that has no passenger rail system, that has a challenged freight rail system—in Pennsylvania, despite the fact that I have spent over a billion dollars more on roads and bridges, we still have one-third—over one-third of our budget—of our bridges structurally obsolete or deficient—structurally deficient. No matter how much we spend, we cannot catch up. I know it's the same in Delaware, in Oregon, in Alaska. There are capital needs—of all sorts, not just transportation—facing this country, and they won't be changed until we have a Federal capital budget.

But, with that, let me strongly endorse Senate bill 294. It is the best piece of legislation for Amtrak that I have seen in my 30-year public career.

[The prepared statement of Governor Rendell follows:]

PREPARED STATEMENT OF HON. EDWARD G. RENDELL, GOVERNOR,
COMMONWEALTH OF PENNSYLVANIA

Good morning. First I would like to thank you Senator Lautenberg for your long-standing commitment to transportation policy and transportation funding. We need more voices like yours in Washington. And I applaud the leadership provided by many others on this issue as well; in particular the dedication Senator Lott has shown to Amtrak over the years. And many others have contributed as well—Senator Smith, Senator Carper, of course my friend Senator Specter. And we will all get a lot of help from Pennsylvania's newest Senator, Bob Casey. All of your dedication to supporting Amtrak across party lines has helped this issue remain bipartisan and the country is the better for it.

Our particular focus today of course is Amtrak. The Northeast Corridor (NEC) is a vital link for the economy of Philadelphia and all of southeastern Pennsylvania, and it is crucial that Federal support for this service and the people who provide it continues. I am not telling you anything you don't already know but I will say it nonetheless: it is vital that Amtrak funding be reauthorized without any interruption. Too many people's lives and livelihoods depend on it.

One illustration of the importance of the Northeast Corridor to our regional economy comes from the our own local CEO Council, which is made up of over 60 CEOs of major corporations in the Philadelphia region. These CEOs have made preserving and improving intercity and commuter service on the NEC one of their top priorities and they hope to work with business groups throughout the Northeast to ensure that Congress takes action to address the infrastructure needs on the NEC. I hope that they can help educate critics within the Bush Administration about the importance business leaders place in fast and reliable rail service.

While bringing the NEC back to a state of good repair is critical, I hope that we can also seek to move to the next level and address trip time and capacity issues as well.

The NEC is the most advanced corridor in the Nation, but there are many other corridors that hold great potential to be a relevant transportation alternative if only Congress would provide the same Federal capital matching funds for intercity passenger rail that it does for other modes of transportation.

The Keystone Corridor between Philadelphia and Harrisburg is a great example of what a Federal-state partnership can accomplish. Under the administration of my predecessor Governor Ridge—a Republican, I might add, in case anyone has forgotten—the Commonwealth of Pennsylvania and Amtrak entered into a partnership to invest in a major upgrade to this line to make it more reliable, faster and more attractive. During my administration there was some question as to whether Amtrak would keep its end of the bargain due to its dire financial condition, but we worked with David Gunn to renew the partnership and finish the job.

Altogether we each put in \$74 million. The result is substantially quicker trip times and big increases in ridership; the new service has been fully implemented in just the last few months and already we have seen a jump in ridership of 12 percent. And I might add that the users of the service are paying a share as well—fares went up as the new service was implemented but this has had no effect that we can see on usage.

The moral of the story here is simple—people want better service and within reason they're willing to pay for it. This is true for state government and it is true for riders. But by themselves neither of these groups can bring about the improvements in service they so badly want. Amtrak and the Federal Government have to take the lead or it will not happen.

There are other similar corridors with great potential in many other states: California, Washington, Oregon, Illinois, Wisconsin, Virginia and Maine and many more. Many of these states have been putting money into these corridors on their own, but the progress they can make is limited without a reliable Federal partner.

Unfortunately, Amtrak's current policy threatens to take corridors in exactly the wrong direction. Rather than promote and encourage these corridors, Amtrak is asking states to pay a higher share of current operating expenses. I and many of my fellow Governors are willing to have a conversation about paying more to get better service, but asking the states to pay more just so the Federal Government can avoid its responsibility to support a first-class transportation system is just wrong.

This is what our former Secretary of Transportation Norm Mineta famously labeled "the shift and the shaft." Originally the states were told that we would be asked to pay higher operating expenses only in conjunction with a Federal capital matching program, and in Pennsylvania we agreed to do so. Investments were made in some corridors, but overall the much anticipated Federal capital matching program was never created. And yet Amtrak has continued to ask states with emerging corridors to increase their share of the costs.

For my part, I see this debate over Amtrak as just one piece of the larger challenge that faces us on transportation and infrastructure overall. In all of the areas that matter so much to our future—intercity rail, public transit, roads and bridges, clean water, aviation, you name it—the Federal Government pays for long term capital investments in infrastructure out of annual operating funds. In some cases—for example, the Highway Trust Fund—we have managed to create a dedicated fund, but even here our level of spending in any given year is dependent on how much comes in. For Amtrak and other areas needing investment we don't even have that, and investment levels are completely unpredictable from 1 year to the next. This is no way to run a railroad.

More to the point, it's not how the private sector actually runs railroads, and for good reason. Outside the Federal Government, most big companies and governments that have large capital investment programs finance capital and operations differently. Operating costs are paid from operating revenues as they come in, and capital costs are paid for through borrowing, with the term of the borrowing matched to the likely useful life of the asset being built or purchased. You wouldn't buy a house with cash and we shouldn't buy our bridges that way either. This is a basic

principle of finance called capital budgeting that everyone seems to have figured out but us.

Adoption of a capital budget allows those who manage the system to make long-term capital plans and invest in their facilities at the time when the investment makes the most sense. In practical terms this means we repair or replace an asset when it makes sense to do so from a life-cycle cost point of view, rather than when the cash-flow looks good. This is exactly how we financed our share of the Philadelphia-to-Harrisburg improvements I mentioned a moment ago, and as a result the investment happened on the front end even though the easiest way for us to pay for it is a little bit every year over time. Which is just how we are experiencing the benefits of the project. At its core, capital budgeting aligns costs with benefits over time, and it is a basic practice of good business.

I believe it will be very hard for us to really fix Amtrak's financial mess or make the investments we need to into roads and bridges, wastewater and other infrastructure systems until the Federal Government adopts a capital budget.

Getting back to our rail system, we have been at this for too long with too little progress. Intercity rail corridors hold so much potential to improve mobility and get people off the roads into more energy efficient and environment-friendly trains. With your leadership, I have renewed hope that we can end the tiresome yearly debates about whether Amtrak should exist and actually make progress on the Northeast Corridor, on the Cascades Corridor, on the Hiawatha Line, on the Capital Corridor, and elsewhere. I urge you to pass S. 294 and give this Nation a rail policy that moves beyond ideological debates and gives us a new transportation alternative. Thank you for your leadership and I stand ready to assist you in any way possible.

Senator LAUTENBERG. Governor, thanks very much.

The story about the Philadelphia-to-Harrisburg line is not untypical. If you build railroads—what we see now in New Jersey, there's a line that goes from Camden to Trenton, and it looked a little bleak, in terms of passenger ridership in its opening days, but we've seen economic development crowding over to get near that rail spur, and we see it throughout New Jersey. New Jersey has the most-used mass transit system, on a relative basis, of any state in the country. And wherever we've brought in a new line or refurbished a line, the building that centers around that—people are sick and tired of waiting in traffic on our turnpike and our other principal highways. So, it makes a huge difference, Governor. And your endorsement is critical. And I know that your colleagues in the Senate, I'm sure, in the House, as well, will join in to help us form a cadre of people who will make sure that this job gets done.

Senator Smith wanted to make a short statement. Please do.

**STATEMENT OF HON. GORDON H. SMITH,
U.S. SENATOR FROM OREGON**

Senator SMITH. Thank you, Mr. Chairman. I appreciate your holding this important hearing on reauthorization, but I specifically would like to welcome Kelly Taylor, who is the Administrator of the Oregon Department of Transportation's Rail Division. I appreciate very much, Kelly, your traveling this long way to participate in this hearing. It's very important, I know, in Oregon, that the Cascade Line continues to exist. Its ridership is up. And I know people appreciate it and depend upon its continuance. So, thank you for participating.

Senator LAUTENBERG. Thanks, Senator Smith.

If anyone has a question for Governor Rendell—and Senator Klobuchar, I made a commitment to the Governor that he'd be able to get over to that other group that we work so closely with. They're one of the few groups that are smaller than the Senate. And so—

[Laughter.]

Senator LAUTENBERG.—with the diminutive size, they gather power.

And, Senator Carper, do you have a question that you'd like—
Senator CARPER. Yes.

Governor Rendell, thank you for your enthusiastic support of our legislation that Senator Lautenberg and Senator Lott have really reintroduced from the last Congress. In the days when I was privileged to serve as Governor of my state, we were faced, at times, with making capital investments. In some cases, we were faced with a decision as to whether or not to make an investment to move passengers on roads or by rail. And if we decided to move them by roads, the Federal Government was willing to pay as much as—I think about 80 percent. If we decided to move them by rail, it was basically on our dime. And I often wondered if we sometimes we made the wrong decisions, given the fact that the—the Federal dollars would reward us for highway, for road, but not for decisions to move passengers by rail. Your thoughts on that?

Governor RENDELL. Well, I couldn't agree more. Senator Casey and I were just discussing—we would love to have a rail line that goes from the—Wyoming Valley, Scranton, down to the Lehigh Valley and over to the Tube to get into New York City. It would do wonders for us economically. In the Lehigh Valley, the popular will is to expand a road called "22" to—a four-lane highway—They want to expand it to eight lanes. It would cost infinitely more, in building this stretch of road. But unless we get Federal participation in the rail line, which would be much more cost-effective, much better for the environment, and much better for the Pennsylvania economy—unless we can get the equivalent Federal share, we can't go forward. And it makes no sense at all. We're doing so much in the—and the President spoke to us yesterday, and he finally seems to be onboard on renewables and alternative fuels. He was talking about cellulosic ethanol, which is something we're very interested, in Pennsylvania, because of the proliferation of wood chips and fiber and agricultural waste that we have, all these alternative fuels—the best alternative fuel is conservation, and the best way to conserve is mass transit.

Senator CARPER. There was a time, in the last decade—and, actually, sometime before that—when the Amtrak board's membership included a Governor nominated by the President and confirmed by the—

Governor RENDELL. Governor Thompson, right?

Senator CARPER. Thompson—Tommy served. I served for 4 years. Tommy was my predecessor and my successor, as it turns out. I think, if truth be known, Governor Thompson would have preferred to be Secretary of—or President of Amtrak, or actually Secretary of Transportation, as opposed to being Secretary of Health and Human Services.

One of the ideas that both Tommy and I endorsed was a—the idea of providing a dedicated source of capital funding for passenger rail service. And the idea that we nurtured and supported was to add a half cent to the Federal gas tax, to use that half cent just to provide for capital investments, not to be used on the operating side, but just on the capital side. I'm not going to ask you,

on the record, in terms of endorsing a half-cent increase in the gas tax to support passenger rail. I've done it, and survived quite nicely politically. But your thoughts for a dedicated source of capital funding for—we're talking about selling bonds, issuing bonds, which is really issuance of debt, and we pay the interest, and, you know, as is explained in the bill. But your thoughts for a dedicated source of capital funding?

Governor RENDELL. Well, I certainly endorse the way s. 294 does it, for the short run. And having the dedicated tax set aside on part of the gas tax, we cannot do that in Pennsylvania, with our gas tax. Our State constitution says it has to go to highways and bridges and roads. But I would think that that would be a good idea.

Interestingly, we had a discussion at the NGA about—with some financiers from Wall Street, about their reluctance to finance large-ticket items—\$200, \$300, \$400 million items—for renewable energy. And they said one of the reluctance—forms of reluctance is because the oil cartel could always—seeing some of these projects getting off the board, drop their prices again and just price them out. One, I don't think that's possible anymore, because they have to drill so deep to get the oil supply; they don't have the luxury of dropping prices just at whim. But, two, we all agreed, at least at that meeting, there should be some floor on what gasoline sells for in the United States of America. I know some of the consumers wouldn't want to necessarily hear that, but that's the best thing for us to achieve all of our goals. And having a floor on the price of gasoline is very much similar to what you said.

Using that asset to help us build other assets to avoid congestion, to avoid pollution to our environment, I think that's a terrific idea.

Senator CARPER. Thank you very, very much. Good to see you.

Senator LAUTENBERG. Thanks very much, Governor. And I—before you go, I don't know whether, Senator Klobuchar, you had any remarks.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. I wanted to say hello to Governor Rendell. We are both former prosecutors, and I've met him a number of times. And thank you for being here. And then, go off to your very important—

Governor RENDELL. Well, I was—for me, that was a long time ago.

[Laughter.]

Governor RENDELL. It—almost along—I'm—it's longer than the time that I used to drive a car. So—

[Laughter.]

Senator KLOBUCHAR. Very good.

Governor RENDELL. Good to see you.

Senator LAUTENBERG. For me, everything was a long time ago.

[Laughter.]

Governor RENDELL. That's right.

Senator LAUTENBERG. But I—as you leave, Governor Rendell, I remind the panel that if you want to go from Brussels, where we had NATO headquarters, to Paris, distance about the same as from

New York City to here, an hour and 20 minutes, and I rode in the cab of the train so they could show me TGV and how it operates—so rapid that the signage is on the dashboard, because you couldn't catch it on the—if it was stationary on—but you can't find an airplane that will take you from Paris to Brussels, or vice versa. The trip is too easy by train. And we ought to replicate that in some—

Governor RENDELL. Anything under 500 miles ought to be rail.

Senator LAUTENBERG. Thank you very much.

Senator KLOBUCHAR. Right. Thank you.

Senator LAUTENBERG. And now for the other members—

Do you want to make—

Senator KLOBUCHAR. Yes.

Senator LAUTENBERG.—a statement?

Senator KLOBUCHAR. I just had a few questions of the other members.

Senator LAUTENBERG. I would like to give them a chance to testify first.

Senator KLOBUCHAR. OK. All right. I didn't know they hadn't testified. So—

Senator LAUTENBERG. Yes.

Senator KLOBUCHAR. Very good.

Senator LAUTENBERG. It just felt like it.

But the other witnesses here bring a thoughtful view on this, and we're pleased to hear them—hear from them.

And, Mr. Boardman, thank you for being here, and we invite you now—we try to stick to a 5-minute summary statement. We don't slam the gavel, but—if you can, please.

**STATEMENT OF HON. JOSEPH H. BOARDMAN,
ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION**

Mr. BOARDMAN. Mr. Chairman, Ranking Member Smith, I appreciate the opportunity to appear before you today on behalf of Secretary of Transportation Mary Peters and the Bush Administration to discuss the reauthorization of Amtrak and the future of intercity passenger rail here in the United States.

The Administration believes that intercity passenger rail must be a cost-effective provider of transportation services for it to achieve its potential of playing an increasingly more important role in our national transportation system. The Administration believes that Federal operating subsidies should be eliminated within the next few years. S. 294 does not align with this position; instead, ramping up Amtrak's Federal subsidy in excess of Amtrak's own estimate of needs.

A strong, unified board of directors is critical for making the changes at Amtrak will achieve sound economics. S. 294 proposes changes that could result in political deadlock and an inability to provide decisive leadership.

The Administration recognizes and supports your proposal to require accurate accounting of revenue and expenses, and is aligned with S. 294 in that regard. I believe developing metrics and minimum standards for measuring performance and service quality, in consultation with the STB, is an important step toward accountability. The steps you have taken to ensure that it's meaningful,

such as withholding funds based on substandard performance, will help ensure accountability, as well. But we would like S. 294 to also spell out the goals to be achieved, including that the Federal operating subsidy is to be eliminated.

The Administration is open to acceptable approaches that achieve the goal of preventing tradeoffs and distractions that negatively impact focus on maintaining owned or controlled infrastructure—operating trains on time, cost-effectively, and with the highest standards of safety—and the development of management and technical resources needed to carry this out. It's the basis of the transition to a pure operating company.

S. 294 aligns with this provision of improving accounting and providing that funds cannot be moved among accounts without approval of the Secretary, but it does not provide enough structure or incentive for the focus needed on the core functions.

The Administration envisions a system where states can contract with a train-operating company based on cost and performance criteria. S. 294 moves in that direction, but not with enough state flexibility for true managed competition to occur. States need a level playing field where they can have a range of available options. For example, section 218 would establish a mechanism for States to acquire access to Amtrak-controlled equipment if the state selects an entity other than Amtrak to provide intercity passenger rail service. And we think it's important language. But that may also need appropriate Federal oversight to ensure that it is meaningful. We are open to discussing more flexible language.

The Administration believes that we have a great opportunity to forge long-term partnerships between states and the Federal Government with S. 294. Rail planning needs to become part of the annual transportation improvement program that each state is required to do. The language of this bill could make major improvements in state corridor planning and future rail investment if you're willing to incorporate capital planning requirements on State DOTs into their annual STIP.

The Administration believes that a new partnership is needed to manage the capital assets on the Northeast Corridor. Section 213 of S. 294 requires Amtrak, in consultation with the USDOT and the States, to develop a capital spending plan to return the Northeast Corridor to a state of good repair. That's a great reinforcement to the FY 2006 grant agreement. Section 214 would establish advisory committees to promote cooperation in the planning and investment on the Northeast Corridor and reinforces the STB's authority over new usage agreements between Amtrak and the commuter rail operators.

But I believe we need a decisionmaking body to control the Northeast Corridor, with representatives of the Federal Government, the eight States, and the District of Columbia. But I also believe that you must have skin in the game to make it work. Everybody must put their money on the table if they want a chair at that table. That does not exist in any proposals, and it will be a daunting task, but, without it, progress will suffer.

S. 294 is a complex bill that reflects dedicated and thoughtful authors. Secretary Peters and I look forward to working with you to

develop consensus legislation that will become the foundation for a robust and successful intercity passenger rail system.

Thank you.

[The prepared statement of Mr. Boardman follows:]

PREPARED STATEMENT OF HON. JOSEPH H. BOARDMAN, ADMINISTRATOR,
FEDERAL RAILROAD ADMINISTRATION

Mr. Chairman, Ranking Member Smith, I appreciate the opportunity to appear before you today on behalf of Secretary of Transportation Mary Peters and the Bush Administration to discuss the reauthorization of Amtrak and the future of intercity passenger rail service in the United States.

This hearing is particularly timely. If the Congress and the Administration cannot agree on legislation authorizing Amtrak and the Federal role in intercity passenger rail service, October 1 will mark the beginning of the sixth year since the end of the authorization of appropriations contained in the Amtrak Reform and Accountability Act of 1997. Unfortunately, operating without authorization, other than that conferred by annual appropriations acts, is not the exception for Amtrak but is increasingly becoming the rule. Over the last 25 years, Amtrak has had to rely on appropriators rather than authorizers for intercity passenger rail service authorization about 40 percent of the time. Thus, Secretary Peters and I both hope that the Congress and the Administration can reach a consensus on intercity passenger rail policy, if not in this session, then certainly during the 110th Congress.

However, our overall assessment of S. 294 is that it does not include enough meaningful reforms. Amtrak is an outdated monopoly that is based on a flawed business model. It does not provide an acceptable level of service, nor has it been able to control its finances. Our goal is improve the Nation's intercity passenger system to make it responsive to the needs of the traveling public, state and local governments, and ultimately to the taxpayers. To accomplish this, we urge the Congress to pass legislation that reflects the core reform principles originally presented by Secretary Mineta. Passing an authorization that does not fundamentally reform Amtrak—but provides a higher level of Federal subsidy for it—is not an acceptable outcome.

The Administration's View On Intercity Passenger Rail Reform

It's been nearly 5 years since then-Secretary of Transportation Norman Y. Mineta presented the Bush Administration's five principles for intercity passenger rail service reform. These principles are:

1. Create a system driven by sound economics.
2. Require that Amtrak transition to a pure operating company.
3. Introduce carefully managed competition to provide higher quality service at reasonable prices.
4. Establish a long-term partnership between states and the Federal Government to support intercity passenger rail service.
5. Create an effective partnership, after a reasonable transition, to manage the capital assets of the Northeast Corridor.

The Administration proposed legislation in 2003 and 2005, the Passenger Rail Investment Reform Act (PRIRA), to implement these principles. While PRIRA is one way to implement the principles, Secretary Mineta maintained that PRIRA was not the only way to achieve these goals. He consistently expressed his willingness to work with the Congress to develop meaningful intercity passenger rail reform legislation acceptable to both the Congress and the Administration. Secretary Peters shares this view. However, she believes, as do I, that the principles articulated by Secretary Mineta in 2002 must still be addressed by any Amtrak reauthorization legislation that we could recommend that the President sign. It is from that perspective that I offer some general comments on S. 294, the Rail Investment and Improvement Act.

Observations on S. 294

To provide structure, these comments are organized by the Administration's five principles of reform.

Create a System Driven by Sound Economics

The Administration believes that intercity passenger rail must be a cost-effective provider of transportation services for it to achieve its potential of playing an in-

creasingly more important role in our national transportation system. Regular reports by the Government Accountability Office, the Department of Transportation's Inspector General and Amtrak's own Inspector General have identified how Amtrak has lost the focus of its statutory mandate to ". . . be operated and managed as a for-profit corporation . . ." (49 U.S.C. 24301(a)(2)). Instead, we have been faced with circumstances where 10 percent or more of the Federal subsidy for Amtrak has gone to underwrite its food and beverage service while much needed long-term capital improvements to nationally-important infrastructure have been deferred.

It is for this reason, the Administration believes that intercity passenger rail service must be operated like a business, with priority placed upon the financial bottom line. Nothing in this testimony should be taken as criticism of Amtrak's current Board of Directors and management who are addressing the Corporation's financial performance on both the revenue and expense sides of the ledger. There has been progress but this can only be viewed as a beginning effort that must be sustained. It is thus as both a goal and an incentive that the Administration continues to believe that Federal operating subsidies should be eliminated within the next few years.

S. 294 does not align with the Administration's vision on this issue. Overall, the bill authorizes approximately \$2 billion annually for Amtrak, which represents a significant increase over its current subsidy. The bill offers no programmatic justification for why this amount is needed or how Amtrak should or could spend these sums. Beyond the fact that the bill authorizes funding in excess of even Amtrak's own estimate of needs (by several hundred million dollars), authorizing such levels undermines the incentive for the railroad to become more efficient and business like. Amtrak needs to be held accountable for its well-documented inability to control costs and manage its operations. If the goal is to make Amtrak more fiscally responsible and self sufficient, ramping up its Federal subsidy would send the wrong message.

A key need of any private successful business is to make decisions on when to enter or leave markets based upon economics and not government policy. The reestablishment of a "National Rail Passenger System" in section 201, would work against this end. Specifically, the Administration finds it unacceptable to continue to subsidize poor performing, under-utilized long-distance routes that lose hundreds of millions of dollars annually. The maintenance of a static nationwide network has been routinely cited as a major flaw of Amtrak's business model. As the GAO recently reported, long-distance trains "show limited public benefits for dollars expended," and that "these routes account for 15 percent of riders but 80 percent of financial losses." Rationalizing the route structure must be a key element of any reauthorization legislation.

Furthermore, the chances of creating a system driven by sound economics will be undermined by altering the structure of Amtrak's board of directors. The bill proposes comprising the board with equal numbers of members from each political party, all of whom must be vetted through the Congress. Introducing overt partisanship into the selection process would increase the chances the board would become deadlocked on issues and unable to provide decisive leadership for the company. A strong unified board is critical for making changes at Amtrak.

On the other hand, the establishment of an improved financial accounting system (section 203), recognizes that all businesses need to have accurate accounting of revenue and expenses, not just for the benefit of the independent auditors and shareholders, but for management to make critical business decisions. Work is underway in developing such systems at Amtrak and FRA and this section is welcomed reinforcement.

Perhaps the greatest opportunity to align S. 294 with the Administration's vision of intercity passenger rail can be found in section 208 where FRA and Amtrak, in consultation with the Surface Transportation Board and others, would be directed to develop metrics and minimum standards for measuring performance and service quality. Elsewhere (section 210) S. 294 would provide that FRA could withhold funds from routes based upon substandard performance against these standards. The issue that needs to be addressed to make section 208 meaningful is for the Act to spell out the goals to be achieved. The Administration believes that such goals should include elimination of Federal operating subsidy and in the interim, maximizing transportation benefit per dollar of Federal subsidy. Performance measures alone will not address these issues, however. Legislation must ensure that the railroad's purpose and design allow it to make decisions based on sound economics.

Require That Amtrak Transition to a Pure Operating Company

The management of Amtrak has three significant challenges—operating trains in a safe and cost effective manner; maintaining infrastructure essential for intercity,

commuter, and freight rail transportation; and developing both internal and external resources to get this done. History has shown that these are three difficult challenges to juggle regardless of the skill and good intentions of those in Amtrak's management. The most frequent results are priorities and tradeoffs that push both service and infrastructure in the direction of marginally "good enough."

The Administration believes that the infrastructure owned by Amtrak, particularly the Northeast Corridor and Chicago Union Station, is too important to be subjected to such tradeoffs. It appears that S. 294 recognizes this concern. The improved accounting system required in section 203 is intended to be able to ". . . aggregate expenses and revenues to infrastructure and distinguish them from expenses and revenues related to rail operations." In describing the grant process in section 205, the bill provides that funds cannot be moved among accounts—effectively preventing the use of capital funds for operating expenses—without the approval of the Secretary.

The Administration believes that to improve operating performance, Amtrak needs to shed its responsibilities for maintaining capital infrastructure. This way Amtrak could focus on its core functions with dedicated funds. We have previously presented a plan for accomplishing this goal, though as you know we would be open to other approaches that achieve the same ends.

Introduce Carefully Managed Competition To Provide Higher Quality Service at Reasonable Prices

A fundamental underpinning of the Administration's vision for the future of intercity passenger rail service is to create opportunities for competition by allowing new operating companies to compete for service contracts with States, groups of States, and regional authorities to operate the trains they believe important. Competition will help control costs and improve service quality. I recognize that some have said that such competition would not work in the passenger rail industry. This is belied, however, by the relatively robust competitive environment that has developed for the operation of commuter trains in recent years. Having states, groups of states, or regional authorities award contracts for passenger service would bring decisions about how much of which services to buy much closer to the customers for those services. That, too, should result in better service.

S. 294 provides some opportunities for competition. For example, section 211 would permit FRA to select rail carriers that own infrastructure over which Amtrak operates to be considered as a passenger rail service provider, excluding many other potentially qualified operators including states themselves. Section 218 would establish a mechanism for States to acquire access to Amtrak-controlled equipment if the State selects an entity other than Amtrak to provide intercity passenger rail service. In section 301 (which proposes a new section 24402(b)(3) in Title 49), an applicant for a Federal/State passenger rail capital grant would have to provide a written justification to the Secretary if a proposed operator of the service was not selected competitively. While these sections move in the right direction, overall, the competitive balance is still in Amtrak's favor. Except for the infrastructure owner, State selected competitors would not have the same right of access to the rail infrastructure as Amtrak and would not have access to the Federal subsidies made available for intercity passenger rail service except that limited amount available through the proposed State grant program. S. 294 needs to establish a more comprehensive and level competitive environment. The Administration envisions a system where states can contract with a company, potentially including Amtrak itself, based on cost and performance criteria. Having a range of available competitors available is key to making managed competition produce improved system performance.

Establish a Long-Term Partnership Between States and the Federal Government To Support Intercity Passenger Rail Service

Most publicly supported transportation in the U.S. is undertaken through a partnership between the Federal Government and the States. This model, which has worked well for generations for highways and transit and airports, places the States, and in certain cases their subdivisions, at the forefront of planning and decision-making. States are uniquely qualified to understand their mobility needs and connectivity requirements through statewide and metropolitan area intermodal and multimodal transportation planning funded, in part, by the U.S. Department of Transportation.

While intercity passenger rail has historically been an exception to the application of this successful model, in recent years some states have taken an active role in their rail transportation services. Several states have chosen to invest in intercity passenger rail service provided by Amtrak as part of strategies to meet their passenger mobility needs. Over the past 10 years, ridership on intercity passenger rail

routes that benefit from state support has grown by 73 percent. Over that same time period, ridership on Amtrak routes not supported by states has increased by only 7 percent. In discussions with interested states, the U.S. Department of Transportation has found that the greatest single impediment to implementing this initiative is the lack of a Federal/State partnership, similar to that which exists for highways and transit, for investing in the capital needs of intercity passenger rail.

S. 294 recognizes an important role for the states in section 302 by requiring development of State rail plans and in section 301 by establishing a program matching Federal/State grants for intercity passenger rail capital investment. While a start in the right direction, the Administration believes that a larger and stronger role needs to be established for the states. Like the Federal Transit grants, we strongly urge that the state matching requirement be increased to 50 percent. This would ensure a state's full commitment to a project and would make states more accountable for selecting a well-justified project. The state planning provision in section 203 is established as a stand alone rail planning effort. Planning for rail transportation needs to be fully integrated in the multimodal state-wide planning that states already undertake under 23 U.S.C. 135. It is essential, in my opinion, that states consider all modes when undertaking mobility planning and select the investments that best meet their mobility needs regardless of the mode.

Decisions on where intercity passenger rail service should be operated, and the schedules and attributes of this service should flow from this state planning and informed decision-making and not the corporate offices of Amtrak. While establishing a Federal/State capital program, section 101(c) relegates this program to a secondary importance by continuing to provide the lion's share of available Federal capital to Amtrak directly instead of to the states. The Administration believes that most if not all of the capital designed for intercity passenger rail improvements should flow through the states who are in the best position to know about mobility needs.

We fully support creating a Federal-State partnership for investing in capital infrastructure. However, the framework presented in this bill gives too little responsibility to the States, while continuing to funnel most capital funding through Amtrak. Instead, states should be empowered to decide how best to invest in intercity passenger rail facilities.

Create an Effective Partnership, After a Reasonable Transition, To Manage the Capital Assets of the Northeast Corridor

As discussed earlier, the Northeast Corridor infrastructure places significant burdens on Amtrak's management. Moreover, this is an essential transportation asset needed by commuters and freight carriers as well as Amtrak. It should be managed for the benefit of the region's transportation needs and not corporate priorities and the short-term financial fortunes of one should not affect the operations of all. Decisions on essential infrastructure replacements and improvements should not have to compete, as they do today, with decisions on what will be served on Amtrak's dining cars.

S. 294 makes some modest movement in this direction. Section 213 requires Amtrak, in consultation with the USDOT and the States, to develop a capital spending plan to return the Northeast Corridor to a state of good repair. This is similar to a condition I required in Amtrak's FY 2006 grant agreement and I appreciate the reinforcement that comes from inclusion of this provision in the bill. Section 214 would establish advisory committees to promote cooperation in the planning and investment on the NEC and reinforces the STB's authority over new usage agreements between Amtrak and the commuter rail operators. I believe, however, based upon my past career in State transportation, that more is needed to keep the States from being reluctant partners in making the investments needed to preserve and improve the Corridor. I recognize that creating a decision-making body to control the Northeast Corridor with representatives of the Federal Government, eight States and the District of Columbia will be a daunting task, but this is what is needed.

Amtrak Debt

The Administration believes that Amtrak's debt is a private corporate matter and should remain so. A quarter of a century ago, Congress relieved Amtrak of more than a billion dollars of debt without improving matters noticeably. Amtrak simply incurred even more debt. The Administration strongly opposes any attempts to transfer Amtrak's debt onto the U.S. Treasury. Amtrak, which incurred its debt independently and beyond the oversight of the government, must be responsible for retiring any debt using all the resources it has available. Amtrak has over \$3 billion in revenue annually and therefore has the wherewithal to address its debt without

special assistance from the U.S. Government. Amtrak's debt should not be misunderstood to be a *de facto* obligation of the Federal Government. Furthermore, the Administration does not believe that the bill should include a mechanism that would allow Amtrak to incur new government-backed debt.

Other Provisions

At two locations, section 101(d) and in section 301 (where it would create a new section 24403 in Title 49), S. 294 recognizes that the Department and FRA require fiscal resources to oversee implementation of intercity passenger rail capital projects and gives FRA the authority to retain a portion of the funds authorized to help fund such oversight. This authority is much needed and is in accord with the Administration's views.

Title IV would include in this legislation the "Surface Transportation and Rail Security Act of 2007." On February 2, 2007, the Acting General Counsel of the Department of Transportation provided the Department's views on this legislation to Chairman and Ranking Member of the full Committee. I wish to incorporate her letter into this testimony by reference.

The foregoing comments reflect a high level view of major provisions of S. 294. By all means these comments should not be considered comprehensive or the absence of a comment on a particular section be interpreted as Administration support. Staff from the Department and FRA will be available to provide more detailed comments to the staff of this Committee at their convenience.

S. 294 is a complex bill that reflects much work and thoughtful consideration by the bill's authors. However, it falls short of making necessary reforms identified by the Administration and other independent experts. Without the changes we have identified, we have serious reservations with the bill.

Secretary Peters and I look forward to a continuing dialogue with this Committee to develop a much needed consensus that can be embraced by the Congress and the Administration.

I appreciate your attention and would be happy to answer questions that you might have.

Senator LAUTENBERG. Thank you very much, Mr. Boardman.
We'd like, now, to hear from Ms. Taylor. If you would, please.

STATEMENT OF KELLY TAYLOR, ADMINISTRATOR, OREGON DEPARTMENT OF TRANSPORTATION RAIL DIVISION

Ms. TAYLOR. Chairman Lautenberg, Senator Smith, members of the Committee, I'm Kelly Taylor, with the Oregon Department of Transportation Rail Division, and I'm responsible for both passenger and freight rail programs, including the Amtrak *Cascades* program.

The Amtrak Cascades is on the Northwest high-speed rail corridor that goes between Eugene, Oregon, and Vancouver, British Columbia, and it's a partnership that's been going on very favorably between Washington, Oregon, and Amtrak. We each pay a proportional share of that service.

Now, Oregon only has two trains, at this moment, that run between Eugene and Portland that are State-sponsored. But both Oregon and Washington have long-range plans that would expand the service. But there are obstacles to getting there. For example, we invested about \$30 million with Union Pacific's system, which our Amtrak runs on, in order to get those first two trains going. If I'm to add up to the five trains we'd like to do, I will need more money in order to make those investments on the Union Pacific railroad system, because they don't want the passenger trains—they need the passenger trains and the freight trains to run together, and not impact each other.

Now, the Cascades has been a very popular travel choice. You're absolutely right, Senator, people will come when you build it. In the last decade, since we've had the two trains, ridership has quad-

rupted in Oregon. And our corridor, the Cascades Corridor, is the seventh heaviest traveled corridor in the country. So, you're right, if you build it, they will come. And they want it. But what people want is reduced travel time, they want increased frequency of train options to choose from for schedule, and they want it to be reliable. And, unfortunately, the on-time performance is one of the things that we've got a problem with. Our Cascades, in the last year, has been about 51 percent on time. And, frankly, I just heard from a gentlemen who wrote me and said, "You know, I get so frustrated. I've ridden the train ten times, and each time it has been late." Well, you have to admire that man's tenacity. He wants to ride that train, and he's willing to get on it—even when he knows the last ten times it's been late, he wants to ride it. So, we make these investments, people will ride it, and more people will come.

In Oregon, we're projected to get a million people more in the Portland metropolitan area over the next 25 years, and, across the country, freight tonnage is supposed to double. Well, even with all the highway capacity projects we'll do, it's not going to be enough. No one mode can do it alone. It is a transportation system, and it takes all the components to make it work. It's like when I look at a map, and I see all the roads and the trains and the rivers, it's a circulatory system, and that circulatory system is what drives our economic vitality. And if you neglect a part or you let it wither, then that part of the body withers along with it. So, we have got to invest.

And the one piece that I think—we love this bill, Senator Lautenberg. We just think it's a wonderful bill. We need passenger rail. Amtrak has been a great partner for us, and I think Amtrak needs to stay the national passenger rail service. Our State does not have the resources, nor the appetite to take that responsibility on. So, the part of this bill that keeps Amtrak going is fabulous. The part that has the Federal capital matching program is fabulous, because that's the piece we need. We need a strong Federal partnership to help us leverage the dollars we have, and we will have, in order to make those investments, in order for me to grow from two trains to the five trains. We've done the study. We could do five trains in the valley. They'll pay for themselves, they'll come close to cutting the cost—or paying for the cost.

So, again, I think that the passenger rail system—there are issues. We share it with the freight trains. We need to make the investment so that they don't have to pull off into the sidings and wait for the long freight trains to go by, so they can keep up the reliability and the travel time.

But, sir, this is a fabulous bill. We very much support it. I am honored to be here to represent my State. Senator Smith, thank you. And I'll conclude with that.

[The prepared statement of Ms. Taylor follows:]

PREPARED STATEMENT OF KELLY TAYLOR, ADMINISTRATOR,
OREGON DEPARTMENT OF TRANSPORTATION RAIL DIVISION

Chairman Lautenberg, Senator Smith, and Members of the Subcommittee, my name is Kelly Taylor, and I serve as Administrator of the Oregon Department of Transportation (ODOT) Rail Division. In this capacity I have responsibility for overseeing the State of Oregon's passenger and freight rail initiatives, including the *Cascades* Amtrak service along the Northwest's high-speed rail corridor. ODOT is very

supportive of the Passenger Rail Investment and Improvement Act of 2007 (S. 294), and I want to thank you for the opportunity to testify before you about the Northwest's successful model of providing passenger rail service and discuss how this legislation would benefit our efforts.

The Northwest Rail Corridor

The *Cascades* Amtrak service runs 466 miles along the federally-designated high-speed rail corridor from Eugene, Oregon through Portland and Seattle-Tacoma to Vancouver, British Columbia. While Oregon and Washington pay for the *Cascades* service, it is operated by Amtrak. This arrangement has proven to be a very successful partnership between two states, Amtrak, freight railroads, and local communities, and it is often held up as a national model for passenger rail service. Oregon pays for Amtrak to operate two round trips daily between the state's two largest urban areas, Eugene and Portland (and through its third largest urban area, Salem), while Washington pays for three daily trains between Portland and Seattle and two round trips between Seattle and Bellingham, with one extension to Vancouver, B.C. Amtrak pays for one daily roundtrip train between Portland and Seattle.

Ridership on the Oregon segment between Portland and Eugene has nearly quadrupled since it was initiated in 1994, rising to over 130,000 passengers in 2006. Total ridership on the *Cascades* trains reached 627,664 passengers in 2006, making the Amtrak *Cascades* the seventh most heavily traveled corridor in the country.

Amtrak's *Coast Starlight* train also provides long-distance service along this corridor between Seattle and Los Angeles and serves an additional 330,000 passengers annually. Long-distance trains like the *Coast Starlight* provide an essential transportation service for many communities and to a significant percentage of the general public. Many long-distance trains serve small communities with limited or no significant air or bus service, especially in remote or isolated areas in the United States.

Oregon helps sponsor passenger rail service because we believe it is an important part of the regional transportation system, and we believe that further investments can increase the role passenger rail plays in this corridor. The *Cascades* Amtrak service runs along a rail line that parallels Interstate 5, the most important route for the movement of people and goods among the West Coast states and with our trading partners in Canada and Mexico. Interstate 5 is particularly important in the Northwest and helps bind together the closely-knit economies of Oregon and Washington, providing a safe and efficient route for the movement of freight and people.

Nearly 70 percent of the population of Oregon and Washington lives within a few miles of the Northwest high-speed rail corridor and Interstate 5, and much of the new population moving into the Northwest is settling along this corridor as well. As a result, traffic on Interstate 5, both within metropolitan areas as well as between them, is growing rapidly, and congestion has become a significant problem on the Interstate 5 corridor. Between Salem and Portland, the number of cars on Interstate 5 jumped by nearly 25 percent in just a decade, and we expect this trend to continue as the Portland metropolitan region gains another million people in the next 25 years.

Unfortunately, Oregon has not been able to add lane miles to the Interstate fast enough to keep up with the growth in traffic. Federal and state highway funding have increased only modestly because neither Oregon nor the Federal Government has raised the gas tax since 1993, and an increasing share of highway funds is needed just to preserve aging infrastructure. As a result, Oregon has had to focus on a few strategic—and comparatively minor—expansions of capacity on Interstate 5 in recent years. While these investments do add capacity to the Interstate in key locations, they have not kept up with recent increases in traffic, much less addressed the rapidly growing demand we forecast for the future. The result has been, and will continue to be, increased congestion that slows the movement of people and freight.

Even with the construction of highway projects that expand capacity on the Interstate and other routes, investing in highways alone won't fully address these problems because no single transportation mode can serve all the needs and handle all the demand. Addressing congestion and the costs it imposes on the economy and the quality of life for residents of the Northwest will require investing in transportation infrastructure across a variety of modes. We must look for alternative means of moving people and goods that take vehicles off our Interstate system. This helps ensure that when highway investments are made they function for many years. For example, we need to invest in expanding capacity on the freight rail system to reduce the growth rate of truck traffic on our highways, particularly given the explo-

sive growth in freight predicted in the next few decades. And we should invest in passenger rail to move a portion of travel off the highway and onto trains.

Reaching the Corridor's Full Potential

We believe that passenger rail serves an important role in meeting some of the demand for travel on the Interstate 5 corridor and thus could play an increasingly important role in the regional transportation system and our efforts to reduce congestion. As fast as ridership on the Northwest Corridor has grown, there is potential for much greater growth if we make the investments needed to improve service.

The elements that make passenger train service desirable to citizens are increased reliability, reduction in travel time and enhanced frequency. The largest barrier to higher ridership in the Northwest is that taking the train is often not convenient to passengers because of infrequent service and poor on-time performance. The current *Cascades* service in Oregon offers just two daily trains between Eugene and Portland and thus provides few options for travel.

What's more, calling this a high-speed rail corridor is something of a misnomer: the Amtrak trains frequently encounter conflicts with freight trains on the heavily-congested freight lines they use, which causes serious problems with on-time performance. For Fiscal Year 2007 to date, the *Cascades* on-time performance is only 51.7 percent, compared to a target of 80 percent. These factors significantly limit the convenience of traveling by train: if there isn't a train to get you where you need to be at the time you need to be there, and you can't be sure it will get you there on schedule even if there is a train, you won't be very likely to ride. Despite these issues that reduce the convenience of train travel, ridership has continued to grow on the corridor.

Oregon and Washington would like to address the problem of infrequent service by significantly increasing the number of trains operating on the corridor. The two states have established 20-year plans for the *Cascades* service that will accommodate the growth expected in the region. Oregon's plans call for six roundtrips between Eugene and Portland. Washington State's plans call for 13 roundtrips between Portland and Seattle, and four roundtrips between Seattle and Vancouver, British Columbia. This would offer travelers enough options that they would be much more likely to find a train that fits their travel schedule.

Unfortunately, there are a number of significant barriers to be addressed before we could upgrade service to this level. Beyond the additional cost of operating the trains, Oregon would have to purchase additional trains to put into service because the current train sets that Oregon uses are owned by Washington and Amtrak and are at maximum capacity. This means that if either Washington or Oregon adds service, Oregon will need to acquire train equipment.

In addition, passenger rail service is constrained by the capacity of the freight rail lines on which the trains run. The track on which Amtrak operates is owned by Union Pacific Railroad, and it is highly congested. The State of Oregon has already invested over \$30 million to upgrade the freight rail infrastructure to accommodate the first two trains. Before Union Pacific would allow Oregon to run more trains, it would require significant investments in expanded capacity to ensure that passenger trains did not cause delays for its freight trains.

The Need for Federal Partnership

Because Oregon has no dedicated source of funding for rail infrastructure upgrades, making these improvements would be very difficult without a strong Federal partnership. That's why ODOT is excited about the Passenger Rail Investment and Improvement Act. We believe this legislation is a very strong bill that will result in significant improvements to passenger rail service at the national level and help us make the investments the Northwest needs to reach our rail corridor's full potential.

Of particular interest to us is the intercity passenger rail Federal capital matching grant program, which would provide states essential funding to invest in equipment, track, and facilities in order to improve intercity passenger rail service. Oregon is very supportive of the establishment of this program. ODOT and the Washington Department of Transportation could receive funds under this program to make the necessary rail infrastructure upgrades to facilitate more frequent passenger rail service with better on-time performance. We appreciate that the program is structured to reward states that have already made investments in passenger rail by providing a credit toward that matching share of the grants. Under this provision, Oregon would receive credit for millions of dollars we have invested in rail infrastructure, which would help us stretch our limited state resources further.

In addition to the grant program for states to improve passenger rail service, there are a number of other aspects of the bill that ODOT supports, such as a proc-

ess for host railroads and Amtrak to address poor on-time performance, which is sorely needed. With stable capital and operating funding, Amtrak can have a more robust operating partnership, for example keeping equipment in good repair and partnering with states to acquire additional equipment.

While some have proposed dismantling Amtrak and having states pick up the responsibility for operating intercity passenger rail, ODOT believes that Amtrak should remain as a national passenger rail operating company. Oregon has neither the ability nor the desire to take up this responsibility. We have had a very successful partnership with Amtrak that builds on Amtrak's strengths, particularly its ability to successfully operate passenger rail service, as well as its statutory access to the freight railroad system, brand, reservation system, and other assets. If Amtrak were dismantled, creating a separate operating company for the Northwest Corridor would be extremely problematic and difficult, and I doubt the region would have the appetite or resources to do this. Consequently, ODOT appreciates that this legislation does not undermine Amtrak's status as the primary national operator of passenger rail service while encouraging states to partner with Amtrak.

The legislation also follows the successful Northwest model by encouraging states to pay for Amtrak service. ODOT appreciates the cost-allocation methodology included in the legislation, which is intended to develop and implement a standardized method for allocating the costs of providing service between states and Amtrak to ensure equal treatment. We believe it is important that the contributions expected from states be equitable to ensure that all are paying their fair share.

Conclusion

In conclusion, ODOT supports the Passenger Rail Investment and Improvement Act. We appreciate the legislation's recognition of the importance of passenger rail to the Nation's transportation system, and we support the creation of a Federal capital matching grant program that will make targeted investments in improving passenger rail service. As our Nation's highways become increasingly congested, passenger rail holds the potential for meeting an increasing share of the demand for travel.

Senator LAUTENBERG. Thank you very much, Ms. Taylor. We like that endorsement, and that's why we are so pleased that Senator Smith has been working as one of the primary cosponsors of this legislation, and we look forward to continuing that.

And when I hear the things that you talk about, it's the same things that we talk about in New Jersey. The freight mix is a very tough thing, because the—it takes a lot more maintenance to keep the trackage and the other facilities up to date. So, we thank you very much.

And now, Mr. Kummant. Mr. Kummant is Amtrak's President and CEO, and we look forward to hearing your testimony, Mr. Kummant.

STATEMENT OF ALEX KUMMANT, PRESIDENT/CHIEF EXECUTIVE OFFICER, AMTRAK

Mr. KUMMANT. Thank you, Mr. Chairman. Thank you, Ranking Member Smith.

Again, I'm Alex Kummant. I've been Amtrak's President since September of last year. I appreciate being here with you today as we consider S. 294. It is against the backdrop of this legislation that I believe we're truly at a crossroads, in terms of the future of passenger rail service in this country. I look forward to this discussion.

Again, before I begin, though, I would like to offer my appreciation to the Committee, and particularly to Senators Lautenberg and Lott, for your sustained and persistent efforts. This is clearly important to drive home.

Let me speak briefly to you about our vision for a national intercity passenger rail system for the 21st century, and why the passage of S. 294 is integral to its future.

In short, our vision for Amtrak is one of growth, of product excellence, and of sound management. Some of the approaches we're taking to advance the key elements of this vision include the following:

Positioning Amtrak to support the growing demand for State corridor passenger rail services. I've said it in other venues, but clearly the States are the future, State corridors are very much the future. And anything we look at, growth projections are driven by the States, and State demands, as we, here, have heard, really, from both State representatives here.

Also, in that case, we need to align our organization—and we're in the process of doing that—with the needs of our State partners as they take a broader and broader role here in the future of Amtrak.

We also need to ensure that our service quality continues to improve, with a strong customer focus.

And the whole underlying piece of running this operation is driving continuous improvement, both by improving the state of good repair of our physical assets and by continuing to drive efficiency across the entire operation.

These objectives—growth, product excellence, and sound management—are attainable. And let me tell you why I believe that.

First, and most importantly, passenger rail service is becoming more and more relevant in more and more areas of the country every day. We've heard a lot on—all around this room, about highway and airport congestion, which continues to grow apace. Communities and regions are looking for transportation alternatives across all modes. And passenger rail often serves as a catalyst for economic development, frequently playing a significant role in the rejuvenation of the urban centers of small and mid-sized cities.

Second, history clearly can be a guide to the future. Amtrak's existing corridor trains are carrying record numbers of passengers. In the last year, we've seen the expansion of corridor services in many parts of the country. There are many reasons for this, including higher fuel prices and other societal trends. Moreover, many of these services connect communities that, themselves, are growing rapidly.

The growth of corridor service is one response to addressing society's changing transportation needs. Let me cite a few examples:

In California, on the Capitol Corridor between Oakland and Sacramento, we now operate 16 daily roundtrip trains. That's 32 train movements a day, or more than one passenger train every hour. I also believe that that volume has dramatically expanded over that period of time.

Last October, in Illinois, in partnership with the State, we more than doubled our service on three different corridors out of Chicago.

In Pennsylvania, as we heard, we added frequencies and dramatically reduced travel times on the Keystone Corridor between Harrisburg and Philadelphia.

And we just heard a great discussion of the Cascades service, and we certainly hope to be expanding that in the future.

In addition to what was done last year, we anticipate frequency additions on existing corridors in Maine, Wisconsin, perhaps even Michigan and North Carolina.

The third reason why I'm optimistic is because of what is occurring here today. Congress is moving quickly on a reauthorization bill. You have taken a very comprehensive approach to this legislation. I thank you for that.

Before I close, I'd like to leave you with a couple of other positive messages. Total systemwide ridership is up slightly, and revenue is up 10 percent, relative to last year. Because of improvements to the Acela product, and significant investment in the Northeast Corridor infrastructure, Acela on-time performance is averaging 90 percent, and ridership was up by double digits in the first quarter. In fact, it was up 19 percent, year over year, in December, to the point of, "If you build it, they will come."

Long-distance travel continues to hold, and is actually up slightly. Ridership is up on corridor services systemwide about 5 percent, and in some cases there is double-digit growth. Our safety numbers are very good, and injuries have been trending down, with reportable injuries down 42 percent, year over year. From Fiscal Year 2004 to 2007, a significant amount of investment in the Northeast Corridor—track, switches, signals, and catenary—has gone a long way toward rebuilding the Northeast Corridor, and we're now moving on to some larger projects, such as bridge replacement.

We've reduced our outstanding debt by nearly \$500 million over the last 4 years. In other words, most of the key indicators that the Amtrak board and I watch closely are headed in the right direction. So, you can see why I'm very hopeful about where Amtrak is headed.

We look forward to working with you as we move forward on S. 294 in what I believe will be a very exciting period with passenger rail development in this country.

Thank you.

[The prepared statement of Mr. Kummant follows:]

PREPARED STATEMENT OF ALEX KUMMANT,
PRESIDENT/CHIEF EXECUTIVE OFFICER, AMTRAK

Good morning, I am Alex Kummant, and I have been Amtrak's President and Chief Executive Officer since September 2006. I appreciate being here with you today as you consider S. 294, the Passenger Rail Investment and Improvement Act of 2007. It is against the backdrop of this legislation that I believe we are truly at a crossroads in terms of the future for passenger rail service in this country. I look forward to our discussion and thank you for the opportunity to testify.

Before I begin, I would like to offer my appreciation to this Committee, but particularly Senator Lautenberg and Senator Lott for your tireless efforts to advance this legislation and for your leadership on Amtrak and passenger rail issues. Let me speak to you briefly about my vision for a national intercity passenger rail system for the 21st century and why the passage of S. 294 is so integral to its future.

In short, my vision for Amtrak is one of growth, of product excellence, and sound management. Some of the approaches we are taking to advance the key elements of this vision include:

- Positioning Amtrak to support demand growth for state corridor service.
- Aligning our organization to meet the needs of state partners as their role continues to expand.
- Ensuring that our service quality continues to improve.

- Driving continuous improvement both by improving the state of good repair of our physical assets and by continuing to reduce our operating costs.

These objectives—growth, product excellence, sound management—are attainable and let me tell you why I believe that.

First and most important, passenger rail service is becoming more and more relevant in more and more parts of the country each day:

- Highway and airport congestion continues to grow apace.
- Communities and regions are looking for transportation alternatives.
- Passenger rail serves as a catalyst for economic development.

Second, history can be a guide to the future—Amtrak's existing corridor trains are carrying record numbers of passengers. In the last year we have seen the expansion of corridor services in many parts of the country. There are many reasons for this including higher fuel prices and other societal trends. Moreover, many of these services connect communities that are growing rapidly. The growth of corridor service is one response to addressing society's changing transportation needs. Let me cite a few examples:

- In California, on the Capitol Corridor between Oakland and Sacramento, we now operate 16 daily round trip trains; that's 32 train movements a day, or more than one passenger train every hour.
- Last October in Illinois, in partnership with the state, we more than doubled our service on three different corridors out of Chicago.
- In Pennsylvania, we added frequencies and dramatically reduced travel times on the Keystone Corridor between Harrisburg and Philadelphia.
- There was also an additional frequency added on the very successful *Cascades* service in the Pacific Northwest, and we hope to add another frequency on that corridor shortly.
- In addition to what was done last year, we anticipate frequency additions on existing corridors in Maine, Wisconsin and perhaps even Michigan and North Carolina in the near future.

The third reason why I am optimistic is because of what is occurring today. Congress is moving quickly on a reauthorization bill. You have taken a very comprehensive approach through this legislation and I commend you for that.

- The creation of a Federal capital matching program for states as envisioned in S. 294, the Lautenberg/Lott bill, is absolutely essential for the future of corridor development. The Administration in its FY08 budget request to Congress also has indicated its support for the establishment of such a matching program.
- In addition to the emphasis on corridor development, S. 294 includes numerous operational improvement requirements that align with the progress already underway at Amtrak, first started in our 2005 Strategic Reform Initiatives, and that will encourage us to continue to make even more improvements operationally.
- The bill authorizes full funding to bring the Northeast Corridor to a state-of-good repair.
- S. 294 directs Amtrak to work with states to develop a uniform cost allocation methodology for our state-supported services. As more and more states look into starting corridor service, it will be increasingly important for the states and Amtrak to work cooperatively to ensure that all states are on the same footing with regard to costs, both capital and operating, for services.
- Similarly, the bill directs Amtrak and the Northeast Corridor states to work together to forge agreement on the costing methodology for access for commuters and ongoing capital projects. In fact, Amtrak is already reaching out to the NEC states and recently we invited the NEC Governors to attend a March 23 meeting of a new NEC Infrastructure Advisory Committee.
- Under the legislation, FRA and Amtrak are to develop new system-wide performance metrics and standards on all of its long-distance services.
- With regard to security, S. 294 authorizes additional funds for both passenger and freight rail security. As Amtrak coordinates and integrates security enhancements into capital investments and the protection of critical assets, additional Federal funding for these and other security measures will assist us in our efforts to better protect our passengers and secure our assets.

The bill addresses a host of other issues that are important to Amtrak and its many stakeholders. It is also encouraging that there is such strong bipartisan support for this legislation and that so many of the states have taken such a strong interest in S. 294.

Congressional passage of the reauthorization bill will provide the foundation for future growth in passenger rail in the country. To add service on new corridors is going to take capital funding—I cannot stress enough the importance of establishing a capital matching program for corridor development. We also need to continue to seek avenues to bring private capital into the mix of funding to solve these challenges.

There's no doubt that our partners, America's freight railroads, need new capacity. We would be doing a disservice to our customers and all of you, if we tried to start new trains without building new capacity, particularly in our urban areas. No place is this more evident than in Chicago, where the city, the State of Illinois, and the Federal Government have partnered with the railroads to aggressively pursue funding for the CREATE project.

Finally, we will also need an equipment strategy. Amtrak's fleet is both aging and stretched to the limit. The lack of additional available equipment is going to have to be dealt with in order to see Amtrak grow. Again, this will take capital.

Obviously, the focus of today's hearing is S. 294. But because there are so many positive developments underway at Amtrak, what I've tried to do is provide you with a quick broad brush picture of the last 12 months at Amtrak and how we see the next 12 to 18 months shaping up. I also hope I've laid out for you my vision of Amtrak's future. There are many other initiatives going on to improve the product which include a better way to provide food service on our long-distance trains and e-ticketing, and I would be happy to go into more detail of those initiatives during the Q & A period.

In conclusion, let me leave you with a couple of positive messages:

- Total system-wide ridership is up slightly and revenue is up 10 percent relative to last year.
- Because of improvements to the Acela product and significant investment in the NEC infrastructure, Acela on-time performance is averaging 90 percent and ridership was up by double digits in the first quarter.
- Long-distance travel is up slightly.
- Ridership is up on corridor services, system wide, about 5 percent and in some cases there is double digit growth.
- Our safety numbers are very good and injuries have been trending down and we finished January of this year at 1.9.
- From FY 2004–2007, a significant amount of investment in NEC track, switches, signals and catenary has gone a long way toward rebuilding the Northeast Corridor and we are now moving on to some of the larger projects such as bridge replacement.
- We've reduced our outstanding debt by nearly \$500 million over the last 4 years.
- In other words, most of the key indicators that the Amtrak Board and I watch closely are headed in the right direction.

You can see why I am very hopeful about where Amtrak is headed. We look forward to working with you as you move forward on S. 294 and what I believe will lead to a very exciting period of passenger rail development in this country.

Senator LAUTENBERG. Thanks very much, Mr. Kummant.

Now for Mr. Busalacchi, Secretary of the Wisconsin Department of Transportation, also serving as Chair of the States for Passenger Rail Coalition. We thank you, Mr. Busalacchi, for being here today.

**STATEMENT OF HON. FRANK J. BUSALACCHI, SECRETARY,
WISCONSIN DEPARTMENT OF TRANSPORTATION; CHAIR,
STATES FOR PASSENGER RAIL COALITION**

Mr. BUSALACCHI. Chairman Lautenberg, distinguished Senators, my name is Frank Busalacchi. I'm Secretary of the Wisconsin Department of Transportation, and Chair of the States for Passenger Rail Coalition.

I am also a member of the National Surface Transportation Policy and Revenue Study Commission. The National Commission is working to construct the new 50-year vision for the Nation's transportation system. We're in the midst of our deliberations, and my comments do not represent the views of the National Commission. Every commissioner is working to keep an open mind on all issues.

I appreciate this opportunity to share my comments on passenger rail issues and S. 294. This bill is an important first step in creating a passenger rail program to meet the mobility needs of the public.

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

The public has responded. Last year, Amtrak's Hiawatha service carried 588,000 passengers, a 48-percent increase in just 5 years. And the public wants more. With Amtrak providing excellent service from Chicago to Milwaukee, the demand is strong to expand service another 90 miles to Madison. Madison is ripe for passenger rail service. It's the state capital, home to the University of Wisconsin, and boasts a metro population of 450,000 that is highly supportive of energy-efficient alternative transportation options.

Wisconsin Governor Jim Doyle has proposed a total of \$80 million in state bonding authority as a 20-percent match to our future Federal funds for the Madison extension. Unfortunately, no program exists to provide Federal funding, and Wisconsin simply cannot undertake these projects on its own.

Wisconsin is not alone in this predicament. The States for Passenger Rail Coalition represents 28 States that support intercity rail services around the country. Many States share Wisconsin's experience and frustration regarding passenger rail service. Virtually all of Amtrak's ridership gains over the past several years have come through state-sponsored services. From Washington to Florida, from New York to California, and everywhere in between, States have committed hundreds of millions of dollars for short-term incremental improvements that have fueled the growth of Amtrak ridership. States have completed environmental analyses, put plans on the shelf, and have passengers ready to get onboard the trains. What's missing is a strong Federal partner to make it happen. That's why I'm grateful to Senator Lautenberg for introducing S. 294, the Passenger Rail Investment and Improvement Act of 2007. The legislation will stabilize Amtrak with necessary operating funds for the next 6 years. The bill provides \$6.3 billion for Amtrak to implement capital projects, including the Northeast Corridor. It also lays the basic framework for Amtrak to work in partnership with the states on an 80/20 Federal/state share program to implement regional capital projects. Both the Wisconsin DOT and the States for Passenger Rail Coalition endorse S. 294 as

an initial step to bring passenger rail service to the public that is demanding mobility options.

While S. 294 is a good start, it does not contain the funding necessary to meet states' needs around the country. Of the \$6.3 billion in capital funds, the state-sponsored projects are eligible to receive only \$1.4 billion. Under provisions of the bill, the most available to fund a single project in a given year is about \$400 million. Wisconsin's Milwaukee-to-Madison Project will require \$400 million all by itself. A recent AASHTO report identified \$17 billion in needs in the near term for passenger rail capital projects across the Nation, including \$10.4 billion for state-sponsored projects. Therefore, as the Senate moves ahead on S. 294, I respectfully ask this committee to continue its efforts to provide a dedicated passenger rail capital program to fund the Nation's rail needs.

The Federal Government provides the support for highways. It is needed for passenger rail, as well. S. 294 includes provisions that could make it happen: stabilization of Amtrak, support for the Northeast Corridor, and the beginnings of an 80/20 capital investment program for State initiatives.

The States for Passenger Rail Coalition is willing to work with the Senate and the House to help craft legislation that will fully support the needs of our Nation.

In conclusion, I want to, again, thank Chairman Lautenberg, S. 294 cosponsors, for recognizing what we, in the States, have seen firsthand, the demand for fast, reliable train service. Working together, the states and the Federal Government can provide the mobility options that passenger rail can bring to our citizens.

Thank you for the opportunity to speak to you today. I appreciate your attention and look forward to answering your questions.

[The prepared statement of Mr. Busalacchi follows:]

PREPARED STATEMENT OF HON. FRANK J. BUSALACCHI, SECRETARY, WISCONSIN DEPARTMENT OF TRANSPORTATION; CHAIR, STATES FOR PASSENGER RAIL COALITION

Chairman Lautenberg, Ranking Member Smith and distinguished Senators, my name is Frank Busalacchi. I am Secretary of the Wisconsin Department of Transportation and Chair of the States for Passenger Rail Coalition.

I am also a member of the National Surface Transportation Policy and Revenue Study Commission. The National Commission is working to construct a new 50-year vision for the Nation's transportation system. We are in the midst of our deliberations and my comments do not represent the views of the National Commission. Every Commissioner is working to keep an open mind on all issues.

I appreciate this opportunity to share my comments on passenger rail issues and Senate Bill 294. This bill is an important first step in creating a passenger rail program to meet the mobility needs of the public.

Wisconsin Passenger Rail Initiatives

Let me begin by focusing on Wisconsin. As Secretary of Wisconsin DOT, I know firsthand that the American public is clamoring for expansion of passenger rail services.

Our state provides financial support to Amtrak's *Hiawatha Service*, which operates in the busy Milwaukee to Chicago corridor. Since 1989, we have committed almost \$100 million in capital and operating support for existing and future Amtrak service in Wisconsin. This includes annual operating support, new or renovated stations, rail corridor acquisition, crossing improvements, and planning studies.

- Wisconsin has worked in partnership with the State of Illinois to provide annual operating support for Amtrak's *Hiawatha Service*. Our state provided approximately \$6.5 million last year. Wisconsin Governor Jim Doyle has proposed another \$500,000 in his 2007–09 biennial budget to add a car to each train,

since many of the trains are so popular they now have standing-room only for a 90-minute trip.

- Our state has also undertaken three major station development projects for *Hiawatha Service* customers. In 2005, we opened a new passenger rail station at Milwaukee's General Mitchell International Airport. In 2006, the village of Sturtevant replaced a 100-year-old station with a brand new facility. Later this year, we will finish a \$16 million renovation of the downtown Milwaukee station. This public-private partnership will provide a new multimodal facility for Amtrak trains and Greyhound buses, along with commercial development opportunities.
- Wisconsin has also invested funds to look to the future. Our state has conducted an environmental assessment of a project to expand service from Milwaukee to Madison and has received a Federal Finding of No Significant Impact (FONSI). We have invested funds to purchase and preserve a portion of the rail corridor for this future extension.

The public has responded to all of these investments. Last year, Amtrak's *Hiawatha Service* carried 588,000 passengers—a 48 percent increase in just 5 years.

Now, the public wants more. With Amtrak providing excellent service from Chicago to Milwaukee and with engineering plans on the shelf and ready to go, the demand is strong to expand service another 90 miles to Madison.

Madison is ripe for passenger rail service. It is the state capital, home to the University of Wisconsin, and it boasts a metro population of 450,000 that is highly supportive of alternative transportation options.

Wisconsin is also looking to this service as a way to provide energy efficient transportation that can help reduce our Nation's dependency on foreign oil. Intercity passenger rail uses 17 to 18 percent less energy per passenger mile than commercial air travel or personal auto travel, according to the Oak Ridge National Laboratory.

Wisconsin has already committed \$48 million in bonding authority toward this service. Governor Doyle has proposed increasing this to a total of \$80 million in state bonding authority as a 20 percent match toward future Federal funds for the Madison extension. Unfortunately, no program exists to provide Federal funding, and Wisconsin simply cannot undertake these projects on its own.

National Passenger Rail Initiatives

Wisconsin is not alone in this predicament. The States for Passenger Rail Coalition represents 28 states that support intercity rail service around the country. Many states share Wisconsin's experience and frustration regarding passenger rail service.

Virtually all of Amtrak's ridership gains over the past several years have come through state-sponsored services.

- Fourteen states provide annual operating support for Amtrak intercity corridor services.
- These state-supported services account for 35 percent of Amtrak's daily ridership and about half of all passenger trains in the system.
- State-supported services such as Pennsylvania's Keystone Service, Illinois' Chicago to St. Louis trains, the Downeaster in Maine, and Oklahoma's Heartland Flyer have joined Wisconsin's *Hiawatha Service* in realizing double-digit percentage increases in ridership.
- A GAO report¹ from this past November notes that total ridership on the state-supported corridor routes increased by 18 percent from 2002 through 2005, while ridership growth on other parts of the system remained relatively flat.

From Washington to Florida, from New York to California and everywhere in between, states have committed hundreds of millions of dollars for short-term, incremental improvements that have fueled the growth in Amtrak ridership. States have completed environmental analyses, put plans on the shelf, and have passengers ready to board the trains. Around the Nation, 35 states have developed intercity passenger rail plans.

The Support for S. 294

What's missing is a strong Federal partner to make it happen. That's why I am grateful to Senator Lautenberg for introducing S. 294, the Passenger Rail Investment and Improvement Act of 2007.

¹U.S. Government Accountability Office.

This legislation will stabilize Amtrak with necessary operating funds for the next 6 years. The bill provides \$6.3 billion for Amtrak to implement capital projects, including those on the Northeast Corridor. It also lays the basic framework for Amtrak to work in partnership with the states on an 80/20 Federal-state share to implement regional capital projects.

Both the Wisconsin DOT and the States for Passenger Rail Coalition endorse S. 294 as an initial step to bring fast, reliable and energy-efficient passenger rail service to a public that is demanding mobility options.

The Needs Beyond S. 294

While S. 294 is a good start, it does not contain the funding necessary to meet states' needs around the country. Of the \$6.3 billion in capital funds, state-sponsored projects are eligible to receive only \$1.4 billion. Under provisions of the bill, the most available to fund a single project in a given year is about \$400 million. Wisconsin's Milwaukee to Madison project will require \$400 million alone.

A recent AASHTO² report identified \$17 billion of needs in the near term for rail capital projects across the Nation, including \$10.4 billion of needs for state-based corridors.

- In all, the AASHTO report identified nearly \$60 billion in needed passenger rail capital investment over the next 20 years in the country, including for basic Amtrak system needs.
- The November GAO report reiterated that the state-supported services are the most time and cost competitive for passengers, but these corridors face capacity constraints and long-term funding issues for capital needs.

Therefore, as the Senate moves ahead on S. 294, I respectfully ask this committee to continue its efforts to provide a dedicated passenger rail capital program to fund the Nation's rail needs. The Federal Government provides this support for highways—it is needed for passenger rail as well. S. 294 includes provisions that could make it happen—stabilization of Amtrak, support for the Northeast Corridor, and the beginnings of an 80/20 capital investment program for state initiatives.

The States for Passenger Rail Coalition (SPRC) is willing to work with the Senate and the House to help craft legislation that will fully support the needs of our Nation.

- SPRC supports H.R. 1631, the Railroad Infrastructure Development and Expansion Act for the 21st Century (RIDE-21) that provides \$12 billion in tax credit bonding authority for states to use on corridor projects.
- SPRC also supported past legislation, including S. 1516, the Passenger Rail Investment and Improvement Act of 2005, the predecessor to S. 294, though the \$1.4 billion in this bill for state corridor grants did not fully address the national needs.
- SPRC members call for balance in the Federal transportation funding programs. Only 4 percent of Federal transportation dollars are dedicated to rail programs, yet rail provides incredible potential to carry millions of passengers on energy-efficient and time-competitive services in corridors of national significance.

Conclusion

In conclusion, I want to again thank Chairman Lautenberg and the S. 294 cosponsors for recognizing what we in the states have seen first-hand—the demand for fast, efficient train service by our citizens. Working together, the states and the Federal Government can provide the mobility options that intercity rail can bring to our citizens.

Thank you for the opportunity to speak with you today. I appreciate your attention and look forward to answering your questions.

Senator LAUTENBERG. Thanks very much.

I want to point out something to you. The references typically made to the Northeast Corridor, and the Northeast Corridor will absorb so much of the funding. And it is the busiest part of the railroad. But when you look here, and you see that we have, actually, four lines that go cross-country from the South to the North, the center of the country has a significant participation by Amtrak

²American Association of State Highway and Transportation Officials.

in transportation needs. The West Coast has it. It's a universal thing.

And, frankly, to raise questions about how we let it get this far into the hole is hard to understand. We complain about air pollution. Well, we find that, per passenger on railroad, compared to in airplanes or highways, it's far less consumption of BTUs. And so, we get something there. And having—becoming an expert on sitting in traffic has, frankly, helped encourage my support of passenger rail service, as a national railroad, as a national system, Mr. Boardman. And I think that unless we see it that way, we're making a mistake. I don't want to just do the Northeast Corridor. That's not enough.

But, Mr. Busalacchi, what I see is that, while we're not offering enough here to take care of all the problems—we definitely are not—when you look at what's happened with Germany having spent something like \$70 billion on their rail system, and how precious little we put into ours, when our country is so large, and the value so great, from having reasonably high-speed service for passengers—we see it. There are corridors begging for solutions. So, we're going to try.

This bill, perfection is the enemy of the good. That's commonly said around here. And, while this bill isn't perfect, it is darn good, in my view, in terms of getting us out of the terrible position we're in, where we're reliant on a system that, in itself, is overloaded. The skies are finite. And they—you can't find more ways to get airplanes up there. Very often, the flight from here, that's a 36-minute flight up to either New York Airport, LaGuardia or Newark Airport in New Jersey, it's surrounded by a half-hour wait before you get up in the air, and a 15-minute wait when you get there, if you're lucky. And so, we can't continue to function that way. It reduces our standing to less than first rate, and we shouldn't be in that position.

Mr. Boardman, it's good news to hear that President Bush agrees with one area of our proposal, and that is his Fiscal Year 2008 budget includes \$100 million toward establishing new passenger rail service. How would that be paid for? Would it come from general funds or some other source?

Mr. BOARDMAN. That would be general funds, sir.

Senator LAUTENBERG. General funds. Do you know how come it is a \$100 million number? What does a \$100 million package do?

Mr. BOARDMAN. Well, it's a start for us to begin to do what we think is particularly important. It is a common thread of agreement, I think, among all parties, and even what we heard today here, of the importance of working with the States. It is important, even from the standpoint of on-time performance, that investments that are made by the States, that are matched by the States, that are a part of a private relationship with freight railroads, would be expected to net on-time performance levels of as much as 80 percent. So, the package really begins to address some of the things that both Frank talked about and Kelly talked about here today.

Senator LAUTENBERG. Is the Administration prepared to commit to a multiyear program that will increase that funding? Because we hear pleas for service, whether it's to Madison and we have them, also, despite our crowding, we heard Governor Rendell talk about

what happened with the acceptance of that line from Philadelphia to Harrisburg. So, I hope this is not a 1-year approach. Obviously, there's going to be a change in the chief engineer in the next year or so, but, for the remaining part of the Bush presidency, we'd like to know that our chief engineer there would support a continuation of, and an expansion of, this program.

Mr. Kummant, I served as a CEO for a very large corporation for many years, and we learned one thing. You offer the good product, people buy it. And I often put the employees first in our company. And it's a company that, today, employs 46,000 people, a company we started with nothing, more than 50 years ago, worked very hard. And what was the key to our success was the quality of the service. It was easier to get customers if the employees were content on their job, doing what they can. So, our mission was, "Give good service." And I would say to you that the improvement we've seen on the Acela and the Northeast Corridor, that's improving customer satisfaction. It still has some ways to go. But I've been on some very crowded trains these days, and it tells you something. And so, do you think that a boost in performance can help grow ticket sales? Because a ride is often bumpy and late, and that's a terrible condition. I find—my handwriting gets much worse as I try to do it on the train. What about the improvements in service? What do you think that might do for us?

Mr. KUMMANT. I agree with you. We have a number of different models. It's difficult to estimate, but I think if you just look at the Acela experience, and you look at the first quarter of this year, where we had—the difficulty we had with the brakes, some time back—we now have very clean year-over-year comparisons. And, again, we see we're consistently up double-digit. We've worked very hard on that product. We're running it around 90 percent on-time performance, even while we've reduced the travel time. We also have worked very hard on the onboard culture. We have done that, as well, for example, on the Capitol Limited between Washington, D.C., and Chicago. And we do really see a response. But there's no doubt there's a very direct correlation between on-time performance, ridership—and certainly the experience that people have brings them back. Even if on-time performance is not as good, the experience is a very big deal. And clearly, our front-line employees are doing a great job on that product.

So, we certainly believe there is considerable upside.

Senator LAUTENBERG. Mr. Busalacchi, as a member of the National Surface Transportation Policy Commission that we created in the highway bill, can you say that the Commission is taking seriously the role of passenger rail in the Nation's future?

Mr. BUSALACCHI. Yes, Mr. Chairman, we are. We've taken a lot of testimony around the country. We continue to do that. There are those of us—a few of us on the committee that take intercity passenger rail very, very seriously. And I can assure that this will be part of the final report that we give back to Congress.

But I would like to say, Senator, that what's going to be critical here, and why Europe is just—and other nations—have moved so far ahead of us, is commitment. It's commitment on the part of the Federal Government. And it's become very clear, as we're getting around the country and that we're talking to the various areas and

the various States, that the commitment is not there. And this is what we really need. If we get the commitment, the real commitment to dollars, we can make this system work. We've all said it here today, that people are riding the trains in record numbers. And that will continue to happen, but we're going to have to do it so we do make these trains on time.

Senator LAUTENBERG. Well, we do have to complete our picture of serious intent, because that's the only way it's going to happen. That, unfortunately, has not been the case for the past several years. One year, there was so little money that it was obvious it was the intention of the Administration to bankrupt Amtrak. But we fought hard, and we kept it breathing. And now I think it's coming alive in a very significant way.

Senator Carper?

Senator CARPER. Thanks, Mr. Chairman.

And, to our witnesses, thanks again for being here, and thank you for your testimonies.

I'm going to telegraph a pitch. I'm going to ask each of our witnesses—after I've directed a question to Mr. Kummant, I'm going to ask each of our witnesses just to give us some constructive criticism for our bill. Mention a couple of things that you think maybe we should change as we move it through the amendment process here in committee and on to the floor. If you could think about that, I would appreciate it.

And, while you're thinking about that, I'm going to ask Mr. Kummant, if he will, just to share with us your vision for passenger rail service in this country in the first part of this century.

Mr. KUMMANT. Again, as we go out and talk, as we've heard here today, it's very difficult to leave this city and find people that don't want passenger rail services. And I think, as Governor Rendell said, the most dramatic growth, if we look out 10 or 20 years, we will see dramatic growth in the State in the intercity corridors, anywhere between, again, 100- to 500-mile types of stretches. And those numbers can, I think, easily double and triple. The challenge will be to come up with a capital funding structure and an approach to work with the freight railroads on the existing right-of-ways in order to make that happen. While I do think that, you know, true high-speed, meaning TGV European-style rail, certainly would be wonderful to do. And in the future, there's no doubt we will have lanes that—someday that have trains of that nature. But we can do an awful lot with conventional equipment today that runs up to 80 to 100 miles an hour. And that becomes very meaningful service over those shorter stretches.

So, again, I see State DOTs growing dramatically in their rail knowledge. I see, you know, capital programs in conjunction with freight railroads where there are very specific capacity slots available for both freight and passenger in order to minimize congestion problems. And another piece of this has to be significant expenditures on equipment. And I think there's a lot of room for everything we're looking at. For modern equipment, we desperately need to modernize our existing fleet. I think that alone will drive a lot of ridership, as well.

So, again, we see the States taking a larger and larger role, States and regions, in defining specific corridor service. That's where the dramatic growth will be.

Senator CARPER. Do you serve—as the head of Amtrak, do you have a working relationship with the presidents of the freight railroads? Is there an association or a group that you meet with?

Mr. KUMMANT. Well, there is an association, but I've actually taken it as somewhat of a personal mission to go out, and, in fact, I just finished a cycle of meeting with four CEOs of the U.S.-based Class I railroads, and I'm in the process of scheduling meetings with our two Canadian partners. One of my goals is really to bring the organizations closer together. There's no doubt there are moments when there have been—perhaps not contentious, but not very close relationships. And I think we see that already moving. So, I have, personally, met with the CEOs. I intend to continue to do that and really, on a personal level, talk through issues. We see—we have very constructive conversations going with UP. And we look as though we'll be coming up with a new agreement there. And, again, it's about—it is about capacity and capital. Now, there are always issues to work on, in terms of dispatching and actual operations. We don't want to minimize that. And clearly, we need to be working those issues. But we, as an organization, need to get, and we're in the process of getting, closer to the freight railroads. That's part of the answer.

Senator CARPER. I remember visiting, once—I believe it was Burlington Northern Santa Fe's control operations down there—I believe, in Texas—and had these huge boards that electronically display all kinds of things, in terms of what's going on throughout their system at that point in time. Interesting, one part of one board—and the boards are probably as large as this—as tall as this room—it's a huge—it looks like a stadium in which they do this operation, or an arena—but one of the things that they were following was how well the company is doing, in terms of helping Amtrak to realize on-time performance, and, by doing that, to increase the bottom line at Burlington Northern Santa Fe.

Some of the freights have historically had a pretty good working relationship with Amtrak, some have not. Union Pacific was one that always has a history of not having a good relationship. And let me just say, I am encouraged by what you just reported, and I hope that that will be more the norm, rather than the exception.

Before I turn to our other panelists, let me just ask you to comment—you and I have talked about the—how difficult it is to attract good talent to do some high-skill work for—on trains, and the difficulty that you face when you try to hire—whether it's electricians or other skilled tradesmen and -women. Would you talk about that and share with us what—

Mr. KUMMANT. Sure.

Senator CARPER.—what you think we ought to do, and what you need to do—

Mr. KUMMANT. Well, that's right. I—

Senator CARPER.—the Board needs to do?

Mr. KUMMANT. Look, there's no question, we've had two-thirds of our workforce without an agreement for 6 years. That's not good. I've worked very hard over the last 6 months, in terms of a per-

sonal outreach to the unions. And I think, you know, there's no doubt there's a—there's a fundamental piece, there are going to be issues relative to workplace flexibility that we have to continue to work through. I'm absolutely committed to getting a fair wage settlement, and I suspect, in the end, the freight railroads will most likely have a settlement that probably sets a pattern for us. So, I think the base salary issues could well likely be set in a pattern that way, and—which will leave us to work through, you know, some sort of signing-bonus issues and workplace flexibility issues. But there's no doubt in the skilled jobs, like electricians, our folks are underpaid, they are not at market. It's critical for us to be at market and really be able to manage to maintain equipment as sophisticated as the Acela. So, that's very important to us. And I'm committed to continue going down that path.

Senator CARPER. I think everybody sitting up here was very supportive of trying to provide \$1.4 billion in the continuing resolution for the balance of this year in order to give Amtrak the ability to—and the Board the ability—to try to negotiate a settlement with its union workforce. And we came close. We got to \$1.3 billion. And everybody here pushed very hard for that. And we'll certainly endeavor to do as well or better next year. Probably better. I hope.

Let me turn to our other panelists, if I could, some constructive criticism. And, Ms. Taylor, you were effusive in your praise of the legislation that Senator Lautenberg, Lott, and the rest of us have cosponsored and introduced. How could we make it better? I'd like to say, "Everything I do, I can do better," and that includes all the legislation I've ever introduced or written, and probably this bill, too. What could we do better?

Ms. TAYLOR. Well, Mr. Chairman and Senator, I think if you—the part that we really appreciate is the cost-allocation methodology, looking at States proportionally paying a fair share, because that's what we are doing on the Amtrak Cascades Corridor. So, anything to do, strengthen that and make sure that that stays intact, it is important. But looking at the years of credit, perhaps some State cycles don't really match those years, as well, so maybe it could be expanded a little bit to add years as to what the credit window is. And making sure that credit is as flexible as possible. I know that different States made different kinds of investments. So, to make sure that that isn't somehow leaving something out that was important for that service to exist.

Senator CARPER. All right, thank you.

Is it "Secretary Busalacchi?" How do you pronounce your name?

Mr. BUSALACCHI. "Busalacchi," you did a good job.

Senator CARPER. Oh, OK. All right, thank you.

Mr. BUSALACCHI. Thank you.

Senator CARPER. I've been listening to Senator Lautenberg.

[Laughter.]

Mr. BUSALACCHI. Over the years, it has been hammered into the ground pretty good, so you did good.

[Laughter.]

Senator CARPER. Constructive criticism. How could we make this a little bit—

Mr. BUSALACCHI. Well—

Senator CARPER.—proposal better?

Mr. BUSALACCHI.—you know, we're very upbeat about the bill, Senator. We think the bill is just an excellent piece of legislation. Obviously, we would like to see the piece for the State-sponsored amount a little bit larger than the 1.4 billion, because there are so many projects that the States have in this country, the needs in this country are huge. And when you talk about passenger rail, they're huge. And when you add everything else that's going on in transportation, the dollars are daunting. But we like the—we like the bill a lot. I just want to stress, again, that we need a Federal partner. It's going to be very, very difficult for any of the States, whether it's the Governor or whether it's Ms. Taylor, any of us, to do anything here unless we have a real strong Federal partner.

And I do understand—you know, Alex talked a little bit about the situation—

Senator CARPER. Mr. Secretary, my time is limited, so I'm going to ask you to—

Mr. BUSALACCHI. Oh, all right. I'm sorry.

Senator CARPER. I'm going to—thank you for—thank you for that. And if you—if some constructive changes you can think of that should be made, we want to hear. OK? Please. And thank you very much for being here, and your comments.

Mr. KUMMANT, constructive criticism on our bill, please?

Mr. KUMMANT. Again, I think the most—I guess I'll just go to where I think the most important pieces are, and clearly the State/Federal matching piece, to us, really opens this whole thing up, because there it's both about, you know, capital and equipment. We'll probably have to, I think, continue through some of the—some of the oversight issues. Look, there's no doubt organizations need pressure to improve things. I think one of the—one of the thorniest issues is obviously the on-time performance issues, how that's monitored, how that's looked at. I think it's a very thoughtful bill on those fronts. But I think a number of people may still go back and think about that, you know, how you drive that. And it may be linked, in some way, as well, with capital input. But, again, I just want to say that, fundamentally, the capital matching piece really opens this up, and a multiyear funding structure. In the end, staggering from 1 year to the next is something that hurts the organization a great deal. And so, any continuity in any of the provisions is a big plus.

Senator LAUTENBERG. Thank you, Senator Carper.

Senator CARPER. Thank you very much.

Senator LAUTENBERG. Senator Klobuchar?

Senator KLOBUCHAR. Thank you, to the panel. Thank you, Mr. Chairman. And I am new on this Subcommittee. And, just so you know, I'm from Minnesota. And I have always been a big fan of rail transportation. In fact, I grew up—for the first 8 years of my life, our only vacation was taking the Milwaukee Road, Mr. Busalacchi, to Milwaukee from Minneapolis, to visit my grandma. And then, I continued to take train, including the line from Seattle to Portland—I've taken that line before, Ms. Taylor—and I have—I appreciated all the—the chart that Senator Lautenberg put up there about the saving of energy and the issues with traffic jams that we're seeing in Minnesota. We're starting to see some commuter rail that we're going to be doing in our State. But I'd also like to

add, I love going on rail, because then my husband and I don't have any arguments about directions.

[Laughter.]

Senator KLOBUCHAR. So, you might want to include that in your future presentations.

But I had some questions. Secretary Busalacchi, first of all, you talked about that line, the high-speed line, Chicago to Milwaukee, and then potentially expanding it to Madison. And I know that Minnesota is part of this States for Passenger—the Rail Coalition that you've talked about. Has there been talk about expanding beyond that?

Mr. BUSALACCHI. Oh, absolutely. Minnesota's a big part of our plans. You know, once we extend to Madison, the next step will be to Minneapolis. That's—and we just think that this corridor has so much potential, Senator, you know, economically, providing a lot of transportation for the people in both of the States. So, most definitely, Minnesota will be part of this.

Senator KLOBUCHAR. Good.

And then, Mr. Kummant, the *Empire Builder*, of course, goes through Minnesota, Red Wing, and Winona, and then up through Minneapolis/St. Paul and then beyond. Could you talk a little bit about that route and what's been happening with that, the ridership on that route, and where you see the future for that route?

Mr. KUMMANT. Well, that continues to be one of our best routes, one of our best long-distance draws. And one of the things we often point out about long-distance, if you look at the *Empire Builder* together with the *Coast Starlight*, you're talking about almost a million riders a year. You're in the 800,000 or 900,000 range. So, that will continue to be, really, one of our iconic routes. We'll continue to work on the quality of that service. So, basically, what I would say is, that will be there for a long time to come, and we just endeavor to make it—to make it better every year.

Senator KLOBUCHAR. And what's the ridership—and I remember, a few years ago, them closing down one of the routes or something—

Mr. KUMMANT. I think it's about—it's about half a million people a year ride it. I'm—glance back and get a nod here. Yes, it's about half a million people a year. So, a lot of people see that stretch of the world. But I also know it provides some very real transportation to some of the smaller communities, particularly in some of the winter months.

Senator KLOBUCHAR. Right. And then, you talked about the ridership. And, since I'm new on this Committee, if you could give me some historical perspective on that. You said it went up slightly from last year.

Mr. KUMMANT. Yes—

Senator KLOBUCHAR. What has been the status of Amtrak's ridership?

Mr. KUMMANT. Last year, we had something approaching 24 million riders, and it has been—over a multiyear period, it certainly has grown over the years. There was a peak right after 9/11, and a slight dip. And, as we've seen the performance improve over the last few years, we have, as a system, continued to creep up a cou-

ple percent a year. I'll have to glance over my shoulder here, as well. I'm—

Senator KLOBUCHAR. I know. He's there.

Mr. KUMMANT.—quite new, also. So, in a 5-year trend, I probably can't give you a very specific number. But it's been—it has been growing, as a total system, a percent or 2 a year since the—there was a bit of a dropoff after the 9/11 surge.

That being said, if you think about the Northeast Corridor alone, you're talking, there, about 11 million in ridership. Acela, itself, is about 3 million. And there, you see Acela growing very dramatically.

Senator KLOBUCHAR. I'm glad that Ms. Taylor and Mr. Busalacchi—did I do that right, Frank?

Mr. BUSALACCHI. You got it.

Senator KLOBUCHAR.—are on the panel, I know the Northeast Corridor is so well traveled, but, there has just been a new renaissance in our State, and I'm sure you've seen the same thing—with an interest in rail, where people that, before, thought that, "That's nothing I'm interested in. I get in my car." We have a line that the Congress has helped to finance, going from the Twin Cities to—toward St. Cloud. It stops in a town called Big Lake. And then, we also have light rail going, for the first time. We were behind the eight ball in Minnesota on the rail. But there's just much, much interest in it. And I think it's important to keep this in mind. And I—when you said, "We'll build it, and they'll come," I just wondered if—you know, if you could—we have this bill, which is very good, but, as you go forward, if you could have more, what you would see as a vision for the Midwest, and what you would like to see done there.

Mr. KUMMANT. Sure. Well, in general, let me say, outside of the eastern seaboard, I would love to see a major corridor that really catches fire and attracts capital from all areas. I mean, I do think there is opportunity to look for private capital, as well. And those would take some very specific approaches and instruments. But if you can find routes where fluidity helps passenger rail and multiple freight railroads, I think you've got a formula for really being able to expand capacity with private capital, as well.

Take, for example—now, this would be passenger, but I think you could get from downtown Detroit to downtown Chicago. Now, it would take some significant capital to get across some very congested areas. You know, we're talking about \$500 to a billion dollars, something like that. But, nevertheless, you could have 80- to 100-mile-an-hour service between those city centers. You know, I love the service between St. Louis and Chicago, as well. And then, you can add things—I would love to add things across the Nation—and, again, it would have to be in conjunction with the freight railroads—dedicated WiFi, for example, along those lanes. You start thinking about time and place differently if you can work continuously on a train, for example, on your computer, with very high-speed transmission.

California still, I think, is rich in opportunity. If you—if you looked at a real passenger lane between the Bay Area and L.A., I mean, it's about population centers.

But I think all the Chicago-centered lanes can be expanded, improved, and really driven in ridership. So, Illinois's done a great job, and, again, with the surrounding partnerships. The Hiawathas are a great story, where everything that's done there, I think, has, in the end, exceeded any forecasts. So, it's about capital and partnership with the freight railroads.

Senator KLOBUCHAR. Thank you very much.

Senator LAUTENBERG. Thanks very much.

We see, now, in New Jersey, that private capital is to our—one of our major resort areas, Atlantic City, is coming in to help buy cars and things of that nature, that—there is a demand for rail service that I think is unmatched since the earliest days of the railroad. But we do see that when lines are offered, that the response is quite extraordinary. And we are now creating something called the Transit Village Transportation Center, and building homes around there that people can get to the trains—because commuting between New York and New Jersey is quite extensive. And there's a lot of interest in being near public transportation, and especially if the—if it's a good rail system, where reliability, *et cetera*, is provided. When you see how much pollution we might save, and how much oil we might not need, or can reduce from having to buy, the advantages are so many.

And, Mr. Boardman, I thank you for your statement and your interest. I think it's important that we have the full energy of the Administration employed here. It can make a huge difference. And I've heard some good comments. I read your testimony, and a little more concerned about the Administration's view—and what we have to do to get through this. We can't have a third-class leg in our transportation needs. If we spend \$15 billion a year on aviation, it has made aviation, until most recently, an ideal way to travel. But our country needs efficient transportation in order for us to keep up with the growth of our population, with the competitive world that we live in. And I'd love to have the kind of support that we hear requested from our friends in the States. Yes, it's tough. It's tough in New Jersey. We have a State that's highly indebted, and we can't find a lot of money to put into systems. But we are scratching it and muscling anything that we can do to get that support, because we know that's the payoff. It may never pay off in precise dollars, but the ancillary benefits that come are fantastic.

And so, I thank each of you for your parts, especially here this morning. It was a good hearing, and I'm pleased to see that there is enthusiasm out there for it. We're going to work very hard, and I want to be in the cab of the newer, the latest trains, wherever that corridor is. When—talk about a corridor you were going through, Mr. Kummant—railroad access from Los Angeles to Las Vegas—I mean, it would be—it would be fantastically attractive to people who make that trip. And the cities around the Great Lakes—I mean, this—I think this map is really impressive. It touches almost every State in the country. And places, like Montana, that are relatively remote, that rail service that goes through there, even though it comes through, I think, at very late hours—or very early hours in the morning, because it's a cross-country

journey, is a very—an essential factor. We have Essential Air Service. We need Essential Rail Service.

Thank you all for coming.

This hearing is concluded.

[Whereupon, at 11:30 a.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
HON. JOSEPH H. BOARDMAN

Question 1. The President's Fiscal Year 2008 budget includes \$100 million toward establishing new passenger rail service. Would this be budgeted out of general funds, or from some other source?

Answer. The President proposes that this be funded from the General Fund of the Treasury.

Question 2. What is the \$100 million figure based on? Does the President believe that \$100 million could be spent on passenger rail projects in FY 2008?

Answer. The number is admittedly a rough estimate of what could be obligated in the first year of this capital grant program and reflects the fact that a limited number of States such as California, Illinois, North Carolina, Virginia, Washington and Wisconsin have advanced plans, including environmental analyses, completed for projects and could compete for grants in the first year.

Question 3. Is the Bush Administration prepared to commit to a multi-year program that will increase funding for passenger rail? Or is this just a one-year approach?

Answer. The Administration proposes that an ongoing grant program be created as part of the reform of how this country provides intercity passenger rail service. A long-term Federal/State partnership to support intercity passenger rail was one of the five principles for reform articulated by former Secretary Norman Y. Mineta in 2002 and incorporated into the Administration's legislative proposal, the Passenger Rail Investment Reform Act, which was submitted to Congress in 2003 and 2005.

Question 4. Your testimony states that: "The Administration believes that Amtrak's debt is a private corporate matter and should remain so." Do you believe, as an Amtrak Board Member, that the corporation's debts should be paid at all? If so, and assuming no substantial increase in state payments to Amtrak, why does the Administration's proposal not provide sufficient funding for Amtrak to operate its system and pay its debts?

Answer. As the Secretary's representative on Amtrak's Board of Directors, I believe that Amtrak should meet its debt service obligations and do so within the fiscal resources available to the corporation. Such obligations should take precedence over other uses of these resources such as subsidizing food and beverage service. It is important to point out that all of the debt obligations of the corporation were undertaken with the clear knowledge by the corporation and the lenders that this debt was not guaranteed by the Federal Government.

Question 5. Assuming no substantial increase in state payments to Amtrak, does the Administration believe that its operation subsidy proposal of \$300 million for FY 2008 is sufficient to operate the railroad without having to undergo major cuts in stations served or declare bankruptcy?

Answer. The Administration believes that decisions by Amtrak's management on what routes and services Amtrak operates should be made based upon the availability of financial resources to support these routes and services. Management must focus its efforts to improve efficiency and cut costs and some tough decisions may be required in order to remain solvent. This is no different from what other private for-profit corporations must do.

Question 6. You serve as the Secretary's designee on the Amtrak Board. Did you vote to approve Amtrak's legislative request for FY 2008? Why or why not?

Answer. I abstained from the vote on the management-proposed legislative report and grant request because it was inconsistent with the President's proposal.

Question 7. Do you feel you are sufficiently aware of the Federal subsidy and revenue needs of the corporation in order for it to continue to provide current levels of service?

Answer. Yes.

Question 8. Your testimony states: "Amtrak is an outdated monopoly that is based on a flawed business model. It does not provide an acceptable level of service, nor has it been able to control its finances." As an Amtrak board member, what actions have you taken specifically to encourage Amtrak's provision of an "acceptable level of service" and what actions have you taken specifically to strengthen Amtrak's ability to "control its finances?"

Answer. As Secretary's Peters' representative on Amtrak's Board, I am an advocate for efforts to improve the safety, quality and cost effectiveness of the services Amtrak provides, to improve Amtrak's financial management practices, and to permit the Corporation to live within the financial resources it has available. However, any discussion of the specifics of the pre-decisional positions taken by any of the Board members would have an adverse impact on the deliberative process.

Question 9. Do you, and does the Administration, believe that, per passenger-mile traveled, passenger rail offers:

- a. The opportunity to reduce greenhouse gas emissions in the U.S.?
- b. The opportunity to reduce oil consumption in the U.S.?

Answer. Like so much related to Amtrak, there is not one answer that covers all of the services that Amtrak provides. In relatively well patronized intercity corridors such as between Washington and New York City, the answer is yes. On a longer corridor where an Amtrak consist of two locomotives and five cars with a seating capacity of several hundred carries less than 100 passengers on a trip, the answer is no.

Question 10. Do you, and does the Administration, believe that investment in passenger rail infrastructure can provide benefits to commuter rail services?

Answer. In appropriate corridors, investment in intercity passenger rail service could provide benefits to commuter services and vice versa. Each of the services should pay according to the benefits it receives.

Question 11. Your testimony states: "S. 294 is a complex bill that reflects much work and thoughtful consideration by the bill's authors. However, it falls short of making necessary reforms identified by the Administration and other independent experts." Which "other independent experts" reviewed the bill, and provided input for the Administration's assessment?

Answer. The Government Accountability Office, the Department's Inspector General, and others have regularly outlined the shortcomings with how this country provides intercity passenger rail service. S. 294 does not comprehensively address the issues they have independently raised. I am not aware that they have yet specifically been asked to comment on S. 294.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. FRANK R. LAUTENBERG TO
HON. FRANK J. BUSALACCHI

Question 1. As a member of the National Surface Transportation Policy and Revenue Study Commission we created in the Highway bill, can you tell us whether the Commission is taking seriously the role of passenger rail in the Nation's future?

Answer. Consistent with our mandate from Congress, the Commission is taking a comprehensive view of all transportation modes, including passenger rail. The Commission staff has compiled some issue papers related to passenger rail. However, one of the critical challenges we have with this mode is trying to understand how passenger, freight and, in some regions, commuter rail can run on freight rail lines that are already squeezed to capacity.

On-time performance is key to passenger rail and rail line capacity is key to on-time performance. Working with fellow Commissioner Matt Rose, President and CEO of the Burlington Northern and Santa Fe Railroad, as well as other Class I railroads, I hope that the Commission will be able to acquire data to provide an accurate picture of capacity needs and the investment levels necessary to address those needs.

Our commission meetings and field hearings have featured testimony on intercity passenger rail issues. At field hearings, in particular, witness after witness has advocated for more Federal support of passenger rail. The Commission needs the best analysis and documentation possible on intercity passenger rail, given its growing importance to our national transportation system.

Question 2. Can you tell us what potential revenue streams might work to fund passenger rail development?

Answer. State transportation department secretaries and members of the States for Passenger Rail Coalition have been careful to seek funding sources and revenue streams for passenger rail that will not adversely affect the already under-funded highway and transit programs. We need a dedicated intercity passenger rail funding mechanism that is independent of the Highway Trust Fund.

We are seeking a Federal capital program that will provide funds to states for investments in both intercity passenger rail infrastructure and equipment. In the Federal highway and transit programs, this partnership generally entails an 80 percent Federal/20 percent state or local sharing of costs. We believe this is a sound approach for the delivery of an integrated national transportation system. The benefits of a passenger rail system will accrue to the Nation as a whole. States are willing to pay their share.

Because of the magnitude of most state intercity passenger rail corridor projects, we are also committed to identifying a multi-year funding source. A multi-year funding source is needed to assure the completion of projects, which may take several years for infrastructure construction and equipment procurement.

We have examined a variety of possible revenue sources and it appears that General Funds are most feasible in the short run, given the lack of maturity of passenger rail development in the United States and the magnitude of needs estimated by the American Association of State Highway and Transportation Officials (AASHTO) and others. User fees, such as ticket taxes or facility charges, could not provide the revenue stream needed in the short-term.

Another potential short- to medium-term funding source to get a start on capital needs is bonding, specifically tax credit bonds. The key is to provide a federally-supported bonding structure that offers a true Federal-state partnership. Traditional tax-exempt bonds do not meet this test; while they provide a reduced interest rate to states, the interest and principle must still be paid by the states. Tax credit bonds would be structured so states pay back the principle while the Federal Government allows bondholders to claim tax credits, thus reducing Federal revenues.

As the U.S. passenger rail system matures, and its associated ridership grows over time with Federal and state capital investments, it is likely that user fees could play a larger role in the mix of funding needed for capital improvements.

Question 3. Are there other items our legislation should address per concerns you have heard during your participation on the Commission?

Answer. I have not heard any specific concerns raised regarding S. 294 in my activities with the Commission. However, consistent with my testimony before your Subcommittee, a number of those who have testified before the Commission have identified the need for a dedicated Federal intercity passenger rail funding program with sufficient funding available to address the needs identified by the states.

As indicated earlier, a passenger rail solution will only be possible with the consensus and support of our freight rail partners. We may need to address choke points in our current rail infrastructure. I will work hard to assure that passenger rail is part of the modal mix proposed by the Commission.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. FRANK R. LAUTENBERG TO
ALEX KUMMANT

Question. How has on-time performance influenced ridership and revenue of the railroad across the various lines?

Answer. Through market research, Amtrak customers consistently identify on-time performance (OTP) as one of the top 2 or 3 most important service attributes in the intercity travel market. Among Amtrak customers, OTP is the most important service attribute by a wide margin, due to the fact that approximately 85 percent of Amtrak's ridership is for business travel.

In all three of Amtrak's business lines (Northeast Corridor, Long Distance, and State-supported/Other Short Distance Corridors), on-time performance delivery has significant impacts on demand—good on-time performance leads to increased ridership and ticket revenues, and poor on-time performance leads to demand losses. In general, the opportunity for incremental ridership and ticket revenues from OTP improvements is greatest when on-time performance is mediocre, say between 45 percent and 70 percent. Conversely, when on-time performance is already high—say between 80 percent and 90 percent—then the opportunity for incremental demand from on-time performance improvements is less robust.

Recent Amtrak performance provides an example of how OTP improvement can drive ridership and revenue growth. Amtrak OTP has improved dramatically from a mediocre level of 64 percent in FY05 to the currently high level of 88 percent in FY07, as a result of intense executive level focus on service delivery. Customer sat-

isfaction with overall Acela service is up sharply (+14 percent), and customer satisfaction with on-time performance is up even more dramatically (+17 percent) over that period. Triggered by the OTP improvements, and combined with travel time reductions, service frequency increases, service quality improvements, and more effective marketing communications, Acela ridership and ticket revenues so far in FY07 are the highest they have ever been, exceeding FY06 levels by 20 percent (260K riders) and 23 percent (\$36.5 million), respectively.

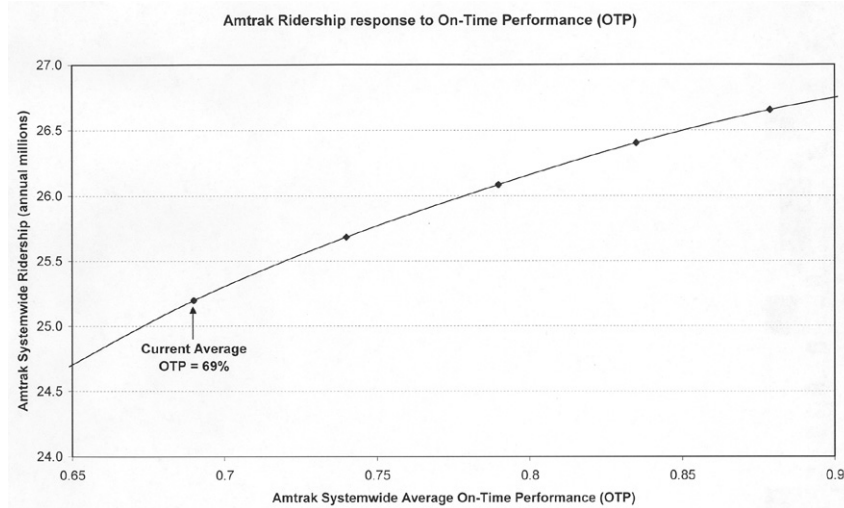
Because on-time performance in the Northeast Corridor, where Amtrak is the operator, is currently running above 80 percent, the greatest opportunities for incremental ridership and ticket revenues due to on-time performance improvements now exist outside the NEC, where Host Railroads control the operation. Among Amtrak's Long Distance routes, with current on-time performance of only 43 percent, the incremental ticket revenues associated with a 20-point improvement in OTP is over \$21 million year. Similarly, in Amtrak's Short Distance Corridors outside the NEC, where OTP is currently 67 percent, a 20-point improvement in on-time performance would translate into an additional 1 million riders and nearly \$28 million in additional revenue.

In sum, the value of good on-time performance to the customer translates into significant favorable impacts at the fare box. It is the single most important improvement that we can make to substantially impact the financial performance of Amtrak's Long Distance trains and State-supported/Other Short Distance Corridor service outside of the NEC. With consistent OTP delivery, Amtrak is in a position to effectively market passenger rail service to the traveling public and to expand our customer base through repeat ridership and increased customer retention. With this dynamic in mind, Amtrak is bringing a stronger product management focus to its many services, and to our Host Railroad relationships, seeking to leverage service quality and OTP improvements to drive bottom line performance.

Amtrak Service Attributes: Importance Ratings

	Amtrak Customers	Acela Customers
Providing a safe travel environment	90%	86%
Providing information/announcements about problems/delays	89%	86%
Leaving and arriving on time	87%	93%
Providing good value for the money	86%	77%
Providing consistent service from one trip to the next	83%	84%
Being a relaxing way to travel	82%	75%
Treating me like a valuable customer	81%	77%
Having helpful and pleasant personnel	81%	69%
Having a smooth, comfortable ride	80%	82%
Having staff who convey trust and confidence	77%	65%
Providing an enjoyable experience	74%	63%
Being close to your home and/or destination	73%	80%
Allowing you to get up and move around	73%	68%
Having staff available to answer questions/handle complaints	69%	55%
Meets my individual needs as a traveler	68%	57%
Being willing to make extra effort to meet my needs	67%	57%
Being a fast way to travel	65%	85%
Having convenient parking at the train station	61%	56%
Having visible security in the train station	57%	45%
Being leisure travel-oriented	49%	26%
Being family travel-oriented	41%	22%
Providing a unique travel experience	34%	18%
Being business traveler-oriented	33%	60%

Scale: 100% very important—>0% not important at all.



Summary Forecast Results for On-Time Performance (OTP) Increments
(prepared 3/27/07)

	FY07 Baseline Totals*			Annual Forecast Increments for Improved OTP								
	Ridership	Revenue	OTP	+5 point OTP (max 100%)			+10 point OTP (max 100%)			+20 point OTP (max 100%)		
				Riders	Revenue	OTP	Riders	Revenue	OTP	Riders	Revenue	OTP
NEC Spine	3,150,000	\$396,660,000	88%	40,200	\$5,080,000	93%	66,900	\$8,430,000	98%	74,800	\$9,420,000	100%
Acela Express	6,544,000	\$410,040,000	80%	79,900	\$5,000,000	85%	124,500	\$7,800,000	90%	162,900	\$10,210,000	100%
Regionals	9,694,000	\$806,700,000	82%	120,200	\$10,080,000	87%	191,400	\$16,230,000	92%	237,700	\$19,630,000	100%
SUBTOTAL**												
State Supported & Other Short Distance Corridors**												
Distance Corridors**	11,771,100	\$299,270,000	67%	320,600	\$8,450,000	72%	600,200	\$16,070,000	77%	1,014,200	\$27,810,000	86%
Long Distance	3,732,600	\$379,000,000	43%	44,900	\$5,070,000	48%	95,400	\$10,450,000	53%	206,000	\$21,270,000	63%
Amtrak Total**	25,197,700	\$1,484,970,000	69%	485,700	\$23,600,000	74%	887,000	\$42,750,000	79%	1,457,900	\$68,710,000	88%

Notes:
 * FY07 Forecast (5 month actuals & 7 month forecast); year-to-date (5 month) actual On-Time Performance (OTP)
 ** Excludes Special Trains (and revenue from Bus routes under State-Supported & Other Short Distance Corridors)

Acela

	Actual OTP	Year-over-Year Ridership Change	Overall Customer Satisfaction	Customer Satisfaction with OTP
FY03	57%	-9%	na	na
FY04	59%	+1%	na	na
FY05	64%	-17%*	71%	70%
FY06	85%	+9%	77%	79%
FY07 (thru Feb)	88%	+20%	85%	87%

* Impacted also by April 2005 Acela equipment issues.

Acela Ridership & Ticket Revenues (October-March)

	FY07 (est.)	FY06	Budget	FY07% change vs	
				FY06	Budget
Ridership	1,539,500	1,283,500	1,357,600	+19.9	+13.4
Ticket Revenues	\$195,112,000	\$158,588,000	\$167,713,000	+23.0	+16.3