Amtrak: Budget and Reauthorization

(name redacted)
Specialist in Transportation Policy

(name redacted)
Analyst in Transportation Policy

January 29, 2010

Congressional Research Service
7-....
www.crs.gov
RL33492

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

Amtrak was created by Congress in 1970 to provide intercity passenger railroad service. It operates approximately 44 routes over 22,000 miles of track, 97% of which is owned by freight rail companies. It runs a deficit each year, and requires federal assistance to cover operating losses and capital investment. Without a yearly federal grant to cover operating losses, Amtrak would not survive as presently configured. The crux of the public policy issue facing Congress has been succinctly stated by the Department of Transportation Inspector General (DOT IG): "To create a new model for intercity passenger rail, a comprehensive reauthorization that provides new direction and adequate funding is needed. The problem with the current model extends beyond funding—there are inadequate incentives for Amtrak to provide cost-effective service; state-of-good-repair needs are not being adequately addressed; and states have insufficient leverage in determining service quality options, in part because Amtrak receives Federal rail funds, not the states."

Amtrak was reauthorized in 2008. Its previous authorization had lapsed in 2002 because of a policy stalemate involving the Bush Administration and Congress. The Bush Administration advocated significant changes to federal passenger rail policy, involving a reduction of Amtrak's role. Those changes were supported by some in Congress, while others supported increased funding for Amtrak, in line with Amtrak's strategy of maintaining its full current network while restoring its infrastructure to a state of good repair. Interest in alternatives to, and complements to, auto and air transportation, spurred by concerns over gasoline supplies and global warming, as well as the Obama Administration's interest in high-speed rail, suggest that Amtrak policy may receive additional attention in the 111th Congress.

Appropriations. For FY2010, the Obama Administration requested $1.502 billion for Amtrak, which is $600 million more than the previous Administration requested for FY2009. Amtrak itself requested $1.840 billion, which is $350 million more than Congress appropriated last year. Congress provided $1.584 billion for Amtrak FY2010. Congress also appropriated $2.5 billion for intercity and high speed rail grants, for which Amtrak is among the eligible recipients.

Congress provided $1.490 billion for Amtrak in the FY2009 transportation appropriations act (Division I of P.L. 111-8), $165 million more than the $1.325 billion provided in FY2008. In addition, Congress appropriated $1.3 billion for capital grants to Amtrak, and appropriated another $8 billion for intercity rail infrastructure projects (for which Amtrak is among the eligible recipients) in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5).

Reauthorization. Amtrak's previous authorization expired in December 2002. In October 2008, the 110th Congress passed an Amtrak reauthorization bill, the Passenger Rail Investment and Improvement Act of 2008 (Division B of P.L. 110-432). This bill authorized nearly $10 billion over the five-year life of the bill (FY2009-FY2013) specifically for Amtrak, including $5.3 billion in capital grants, nearly $3 billion in operating grants, and $1.4 billion for debt service. In addition, Congress authorized a total of $1.9 billion over these five fiscal years in intercity passenger rail capital grants to the states on an 80-20 federal/state matching basis. Congress also authorized $1.5 billion in capital grants to states and/or Amtrak for the development of 11 authorized high-speed rail corridors. The act established a procedure for interested public or private entities to submit proposals for the financing, design, construction, and operation of high-speed rail on these 11 corridors. However, putting a proposal into action would require further legislation from Congress.

Contents

Tables

Contacts

Most Recent Developments

On January 28, 2010, President Obama announced the first round of grants from the $8 billion for intercity passenger rail and high speed rail. Among the awards was $112 million for improvements to the Northeast Corridor. Other grants will fund projects that include improvements to Amtrak stations and routes that are used, but not owned, by Amtrak.

In December 2009 Congress passed the FY2010 transportation appropriations act (Division A of the Consolidated Appropriations Act, 2010, P.L. 111-117), which provided Amtrak $1.565 billion for FY2010. The Administration had requested $1.502 billion for Amtrak; Amtrak itself requested $1.840 billion. The legislation also provided $2.5 billion for grants for high-speed rail and intercity passenger rail projects and rail network congestion mitigation projects, funding for which Amtrak is among the eligible recipients. The legislation also requires Amtrak to implement procedures to allow passengers to transport firearms in checked baggage by December 2010.

In December 2009 the Amtrak Board extended interim CEO Joseph Boardman's one-year appointment to "indefinite." Boardman, the former administrator of the Federal Railroad Administration (FRA), was chosen to succeed Alexander Kummant, who resigned in November 2008.

In March 2009 Congress passed the FY2009 transportation appropriation act (Division I of the Omnibus Appropriations Act of 2009, P.L. 111-8), which provided $1.490 billion for Amtrak for FY2009, $165 million more than in FY2008.

In February 2009 Congress appropriated $1.3 billion for capital grants to Amtrak, and $8 billion for intercity passenger rail infrastructure grants (for which Amtrak is among the eligible recipients) in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

In October 2008, the 110th Congress passed an Amtrak reauthorization bill, the Passenger Rail Investment and Improvement Act of 2008 (Division B of P.L. 110-432). This bill authorizes nearly $10 billion over the five-year life of the bill (FY2009-FY2013) specifically for Amtrak, including $5.3 billion in capital grants, nearly $3 billion in operating grants, and $1.4 billion for debt service. In addition, Congress authorized a total of $1.9 billion over these five fiscal years in intercity passenger rail capital grants to the states on an 80-20 federal/state matching basis. Congress also authorized $1.5 billion in capital grants to states and/or Amtrak for the development of 11 authorized high-speed rail corridors, and $325 million in rail network congestion mitigation grants. In all, Congress authorized an annual average of $2.7 billion for intercity passenger rail, roughly twice the amount Congress has appropriated for that purpose in recent years (around $1.3 billion). The act established a procedure for interested public or private entities to submit proposals for the financing, design, construction, and operation of high-speed rail in the 11 authorized corridors.[1] However, putting a proposal into action would require further legislation from Congress. The act established a role for the Surface Transportation Board, a railroad economic regulatory body, in enforcing Amtrak priority over freight trains on track over which both types of trains operate and in facilitating negotiations between commuter rail operators and freight railroads concerning access to freight-owned rights-of-way.

[1] See 73 FR 76443 for details on this procedure.

Background and Analysis

Amtrak—officially, the National Railroad Passenger Corporation—is the nation's only provider of intercity passenger rail service. Amtrak is structured as a private company, but virtually all its shares are held by the United States Department of Transportation (DOT). Amtrak was created by Congress in 1970 to maintain a minimum level of intercity passenger rail service, while relieving the railroad companies of the financial burden of providing that money-losing service. Although created as a for-profit corporation, Amtrak, like intercity passenger rail operators in other countries, has not been able to make a profit. During the 35 years from 1971-2006, federal assistance to Amtrak amounted to approximately $30 billion.[2] From FY2007-FY2010, Amtrak has received $7.0 billion in federal assistance.

Amtrak's approximately 19,000 employees operate trains and maintain its infrastructure. The company operates approximately 44 routes over 21,000 miles of track. Most of that track is owned by freight rail companies; Amtrak owns about 625 route miles of track.[3] The section it owns—the Northeast Corridor (NEC)—includes some of the most heavily used segments of track in the nation. Amtrak "is distinctly a minority user on certain portions of the NEC. By far, the greatest volume of NEC traffic is represented by" commuter and freight trains.[4] Amtrak operates corridor routes (covering distances under 400 miles) and long-distance routes (over 400 miles in length). Some of Amtrak's corridor routes are supported in part by assistance from the states they serve. Amtrak also operates commuter service under contract with state and local commuter authorities in various parts of the country.

Amtrak's FY2005-FY2009 Strategic Plan called for more than $8 billion in federal assistance over five years. The Administration consistently requested significantly less funding than that for Amtrak; in FY2006, no funding was requested for Amtrak. But Congress split the difference, providing an average of around $1.3 billion annually—enough to keep Amtrak operating, but not enough to prevent the deferral of some significant maintenance projects—until midway through FY2009, when, with a new Administration that was more supportive of Amtrak, Congress appropriated a total of $2.8 billion, bringing Amtrak's five-year total to $7.9 billion, very nearly the amount called for in the Strategic Plan. Amtrak has not yet issued a Strategic Plan for the period FY2010-FY2014; its FY2010-FY2014 Financial Plan is based on the funding levels in its current authorization.

According to the Department of Transportation Inspector General (DOT IG), Amtrak needs about $2 billion a year to restore the system to a state-of-good-repair and develop corridor service, or $1.4 billion simply to keep the system from falling into further disrepair.[5] More fundamentally, the DOT IG has stated that a new federal intercity passenger rail strategy is needed:

---

[2] GAO, Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures, GAO-07-15, November 2006, p. 11.

[3] Amtrak. *National Fact Sheet*, September 2006.

[4] Amtrak. *Annual Report to Congress*. February 17, 2005. p. 3.

[5] Statement of Mark Dayton, DOT IG, before the Senate Committee on Appropriations Subcommittee on Transportation, Treasury, the Judiciary, Housing, and Urban Development, and Related Agencies, *Intercity Passenger Rail and Amtrak*, March 16, 2006, CC-2006-026, p. 11.

> The current model for providing intercity passenger service continues to produce financial instability and poor service quality. Despite multiple efforts over the years to change Amtrak's structure and funding, we have a system that limps along, is never in a state-of-good-repair, awash in debt, and perpetually on the edge of collapse. In the end, Amtrak has been tasked to be all things to all people, but the model under which it operates leaves many unsatisfied.[6]

On November 3, 2005, the GAO released a report that was highly critical of Amtrak's management and performance.[7] On November 9, 2005, Amtrak's President and CEO, David Gunn, was fired by Amtrak's Board of Directors. Gunn was opposed to some of the more far reaching restructuring proposals sought by the Administration and the Amtrak Board, such as splitting the infrastructure component and the operating component on the Northeast Corridor (NEC) into two separate entities. On September 28, 2006, Amtrak's new CEO, Alexander Kummant, testified before the House Railroads Subcommittee that he was committed to operating a national system of trains and that he believed long-distance trains were an important part of the nation's transportation network.[8] He also testified that the fastest growing service was in rail corridors between city pairs of 300-500 miles and that developing these corridors was going to be the driving force of Amtrak's future. Amtrak has demonstrated that rail can play a significant role in intercity passenger travel in certain corridors. Slightly more people travel by train than fly between New York City and Washington, DC, while slightly fewer people travel by train than fly between New York City and Boston.[9]

Federal Oversight of Amtrak

Congress has included provisions in Amtrak's recent appropriations, beginning in FY2003 (P.L. 108-7; 117 STAT 11), intended to bring greater transparency to Amtrak's finances and to increase DOT's control over Amtrak's use of its appropriation. Amtrak is required to submit a Strategic Plan to Congress, updated annually, and is prohibited from making expenditures not programmed in the Strategic Plan without advance notice to Congress. Amtrak is also required to submit a monthly financial statement to Congress. Also, Congress changed the way Amtrak receives its funding; the funding no longer goes directly to Amtrak, but is allocated to the Secretary of Transportation, who makes quarterly grants to Amtrak. Amtrak is required to submit grant applications to DOT for each route to receive this funding.

Additional requirements were imposed in the reauthorization legislation in 2008 (P.L. 110-432). These include a requirement for performance improvement plans for Amtrak's long-distance routes, periodic reviews of Amtrak's compliance with accessibility requirements, reports on service delays on certain Amtrak routes, and an assessment of Amtrak management's implementation of the provisions of the reauthorization act.

---

[6] Dayton, Statement, March 16, 2006, p. 3.

[7] GAO, Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability, GAO-06-145, October 2005.

[8] Testimony of Alex Kummant, President and CEO of Amtrak, House Committee on Transportation and Infrastructure, Subcommittee on Railroads, September 28, 2006.

[9] Amtrak's FY2009 Budget Request, p. 12.

Finances

Amtrak runs a deficit of over a billion dollars each year. Virtually all of Amtrak's 44 or so routes lose money but the long-distance routes lose the most.[10] According to the DOT IG, "in 2004, long-distance trains cumulatively incurred operating losses of more than $600 million (excluding interest and depreciation)."[11] However, by his calculation, even eliminating long-distance service entirely would only have reduced Amtrak's operating losses by about $300 million, far too little to make Amtrak profitable. In congressional testimony, the DOT IG stated that long distance trains accounted for only 15% of total intercity rail ridership and that 77% of long-distance train passengers traveled along only portions of the routes, not end-to-end trips. Trips mostly ranged from 500-700 miles, slightly longer than corridor trips.[12] The IG estimated that Amtrak could realize "annual operating savings of between $75 million and $158 million, and an additional $79 million in planned annual capital expenditures that could be avoided" by eliminating the highly subsidized sleeper class service from its long-distance trains.[13] Sleeper class service includes a sleeping room and prepaid meals in the train's dining car; coach class passengers on long-distance trains sleep in their seats on overnight trips, and usually buy food in the train's lounge car. On October 10, 2006, the DOT IG reported that Amtrak had begun restructuring sleeper class service and expected to save up to $20 million in FY2007 from this restructuring.[14]

In addition to its annual deficit, Amtrak has major liabilities due to deferred maintenance and accumulated debt. Lacking money to complete all its capital repair and maintenance projects, Amtrak has deferred many maintenance projects. This has led the DOT IG to observe that Amtrak's continued deferral of maintenance increases the risk of a major failure on its system. Amtrak has an estimated $6 billion in backlogged capital maintenance needs, of which about $4 billion is needed on the NEC.[15] These include replacement of aging bridges, signal equipment, and catenary (the power source for the Northeast Corridor trains), improvements to tunnels and track, repair of wrecked equipment, and overhaul of aging equipment. The IG has criticized some of the capital spending choices Amtrak has made, such as refurbishing sleeper cars instead of replacing aging bridges. The Amtrak Reform Council and the DOT IG both estimated that Amtrak requires around $1.5 billion to $2 billion in federal operating and capital support annually.[16] This is a higher level of federal funding than Amtrak has ever consistently received, though Amtrak's current authorization authorizes funding in this range.

---

[10] Only Amtrak's signature "high-speed" service on the Northeast Corridor, the Acela, and its companion Metroliner service, consistently earn more than their operating costs. However, the annual maintenance cost of the Northeast Corridor dwarfs the operating profit generated by Acela and Metroliner service.

[11] Testimony of Kenneth Mead, DOT IG, *Reauthorization of Intercity Passenger Rail and Amtrak*, Senate Committee on Commerce, Science, and Transportation, Subcommittee on Surface Transportation and Merchant Marine, April 21, 2005, p. 6.

[12] Ibid.

[13] DOT IG. Analysis of Cost Savings on Amtrak's Long-Distance Services. CR-2005-068. July 22, 2005. p. 2, 9.

[14] DOT IG, Fourth Quarterly Report on Cost-Savings Accrued by Amtrak Operational Reform, October 10, 2006, CC-2006-068, p. 9.

[15] GAO, Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures, GAO-07-15, November 2006, p. 18.

[16] The Amtrak Reform Council was created by the Amtrak Reform and Accountability Act of 1997 to recommend improvements to Amtrak and to draw up a new policy for intercity passenger rail service. While acknowledging the structural aspects of Amtrak's deficit, both the Reform Council and the DOT IG have also been critical of Amtrak's management, as have the Government Accountability Office and other observers.

In recent years Amtrak has stopped borrowing, trimmed its workforce, and cut its expenses, while at the same time achieving increases in ridership. However, the cuts in expenses have been small relative to Amtrak's annual deficit, and increases in ridership have been relatively modest as well. In this context, the DOT IG has observed that "it is difficult to see how Amtrak can achieve further reductions within its Federal operating subsidy without addressing state-supported routes, route restructuring, and labor contracts."[17] Amtrak did not gain any flexibility in work rules in its latest labor agreement. While Amtrak competes with freight and commuter railroads to retain its workforce, it competes with the airlines (on its corridor routes) in terms of labor productivity.

Amtrak's internal options for significantly reducing its annual deficit in the short term are limited. Its two major cost categories are the operating losses of the long-distance trains and maintenance costs of the Northeast Corridor. Reducing the size of its system could, in the long run, significantly reduce Amtrak's deficit and the long-run cost to the Federal Government, although Amtrak would still run a short-term deficit even if it eliminated all its long-distance trains, because of severance payments to employees. Additionally, the costs of maintaining the Northeast Corridor would remain, whatever the fate of long-distance service. Amtrak interprets 49 U.S.C. 24701 to require it to provide service nationwide, which it takes to mean service that spans the nation, rather than service in different parts of the nation. Thus, Amtrak is unlikely to eliminate or restructure long-distance routes without explicit direction from Congress. Many Members of Congress continue to support a nationwide Amtrak network.

Amtrak's same-route ridership has grown since FY2004. However, it appears unlikely that Amtrak could increase its revenues enough to eliminate its deficits. Total revenues in FY2008 were $588 million more than in FY2004, but total expenses also increased. Amtrak has narrowed its overall annual loss by $128 million, from $1.331 billion in FY2004 to $1.160 billion in FY2008.[18]

[17] DOT IG, Fourth Quarterly Report on Cost-Savings Accrued by Amtrak Operational Reform, October 10, 2006, CC-2006-068, p. 10.

[18] Amtrak. *Annual Report 2008*, Annual Statistical Report (no page number, but page 54 of 56 pages in the document), available at http://www.amtrak.com/pdf/AmtrakAnnualReport_2008.pdf.

Appropriations

Amtrak appropriations are provided as part of the Department of Transportation funding. A summary of its recent appropriations is provided in **Table 1**.

Table 1. Amtrak Appropriations, FY2008-FY2010

($ millions)

Grant Description	FY2008 Enacted P.L. 110-161	FY2009 Enacted P.L. 111-8	ARRA P.L. 111-5	FY2010 Enacted P.L. 111-117
Capital Grant	565	655	1,300	738
Operating Grant	475	550	–	563
Debt Service	285	285	–	264
Office of Inspector General	–	–	–	19
Total	1,325	1,490	1,300	1,584

Source: Compiled by CRS.

Notes: The appropriation for the Amtrak Office of the Inspector General was separated out in FY2010.

FY2008 Appropriation

President Bush requested $900 million for Amtrak for FY2008. Congress provided $1.325 billion for Amtrak (in the Consolidated Appropriations Act, 2008, P.L. 110-161), plus $30 million to the states in a new matching grant program for passenger rail-related capital improvements. Of the $1.325 billion total, $475 million was provided for operating grants, and $850 million was provided in capital and debt service grants.

FY2009 Appropriation

President Bush again requested $900 million for Amtrak. Amtrak requested $1.671 billion. To justify its request, Amtrak noted increasing fuel costs, increasing health care costs, and increases in wage costs as a result of a recent bargaining agreement reached with some of Amtrak's unions. Regarding this labor agreement, Amtrak noted that its budget request did not include $114 million in "back pay" to employees that was recommended by the President Emergency Board.[19] Amtrak's budget request noted a continuing problem with cracking of concrete ties on the Northeast Corridor, and noted that while the contractor is contractually obligated to replace many of the defective ties, the contract does not cover substantial labor costs associated with replacement. The request also noted that the average age of Amtrak's coach fleet is 24 years and the average age of its locomotive fleet is more than 15 years, and thus replacing rolling stock is a high priority for the railroad.

[19] See Report to The President by Emergency Board No. 242, Washington, DC, December 30, 2007.

Congress provided $1.490 billion for Amtrak (in Division I of the Omnibus Appropriations Act, 2009, P.L. 111-8), $165 million more than the FY2008 level, and also appropriated $90 million for grants to states in a newly authorized matching grant program for passenger rail-related capital improvements (Amtrak can become eligible to receive a grant under that program if it signs a cooperative agreement with a state to carry out a project for that state). Congress noted that the additional costs of Amtrak's "back pay" agreement were included in the $550 million provided for operating grants.

American Recovery and Reinvestment Act of 2009 (P.L. 111-5)

Congress provided Amtrak with additional funding in the emergency economic stimulus bill passed in February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5). Amtrak received $1.3 billion for capital grants (of which $450 million was specifically for capital security grants). Also, Congress provided $8 billion for grants for high-speed rail projects, intercity passenger rail projects, and rail congestion relief grants. Amtrak is among the eligible recipients for grants from that funding.

On January 28, 2010, President Obama announced the first round of grants from the $8 billion for intercity passenger rail and high speed rail. Among the awards was $112 million for improvements to the Northeast Corridor. Other grants will fund projects that include improvements to Amtrak stations and routes that are used, but not owned, by Amtrak.

FY2010 Appropriation

The Obama Administration requested $1.502 billion for Amtrak for FY2010: $572.3 million for operating grants (of which not less than $21 million is for the Amtrak Inspector General's Office) and $929.6 million for capital grants (of which up to $264 million is for debt service).[20] The Administration also requested $1.0 billion for grants for high-speed rail projects, intercity passenger rail projects, and rail network congestion mitigation projects.

Amtrak's own FY2010 budget request totaled $1.84 billion: $601 million for operating grants (including $21 million for the Inspector General's Office), $975 million for capital grants, and $264 million for debt service.

Congress provided $1.584 billion for Amtrak (in the Consolidated Appropriations Act, 2010, P.L. 111-117). Also, Congress provided $2.5 billion for grants for intercity passenger rail and high speed rail service. Amtrak is among the eligible recipients for grants from that program.

In June 2009, Amtrak's Inspector General, who had served as Amtrak's IG since the creation of the office in 1989, resigned. Soon afterward, the House Committee on Oversight and Government Reform announced that it was launching an investigation into the circumstances surrounding the departure of the IG. To promote the independence of the Office of the Inspector General, the Senate Committee on Appropriations recommended that Amtrak's OIG be funded as an independent agency, not as part of Amtrak's appropriation under FRA, and accordingly placed the

[20] Office of Management and Budget, *FY2010 Budget Appendix*, available at http://www.whitehouse.gov/omb/budget/fy2010/assets/dot.pdf.

funding for the OIG in Title III of the appropriation bill, "Independent Agencies." Conferees confirmed this shift.

During Senate floor consideration of the Transportation, Housing and Urban Development, and Related Agencies Appropriations (THUD) bill, an amendment was added which required that Amtrak allow passengers to transport firearms in checked baggage as of March 31, 2010, or lose its federal funding. Amtrak began prohibiting the transport of firearms even in checked baggage after 9/11. In the enacted legislation, this requirement was altered to give Amtrak one year to implement procedures to allow passengers to carry firearms in checked baggage (section 159).

Amtrak Reauthorization

Amtrak's previous authorization expired in December 2002. The Amtrak Reform and Accountability Act of 1997 (P.L. 105-134; 111 Stat. 2570) authorized Amtrak for the period December 1997 through December 2002. It required that Amtrak operate without federal operating assistance after 2002; this was not accomplished. Between 2002 and 2008, reauthorization of Amtrak was stalled by disagreement over the future of U.S. passenger rail policy. Although numerous bills were introduced and various approaches were advanced, Congress was unwilling to decide what kind of passenger rail policy it would be willing to fund. During that period, Congress neither provided Amtrak with the level of funding that Amtrak requested nor required an Amtrak restructuring that would be consistent with the level of funding that Congress provided.

As Congress considered reauthorization of Amtrak, the range of options for passenger rail included (1) providing higher levels of funding to support an expanded passenger rail system; (2) providing funding for operating and maintaining the current system; (3) focusing available resources on providing service only to those corridors that can be justified on economic grounds; (4) reducing Amtrak funding and eliminating much of the present passenger rail network; (5) eliminating funding for Amtrak and reorganizing passenger rail service in the United States. Although various combinations of those options were possible, the DOT IG stated that the "status quo" option was unsustainable and that federal funding for Amtrak of between $1.4 billion and $1.5 billion would be necessary to prevent cuts in service, but would not be enough to restore the system to a state-of-good-repair nor permit investment in new corridor development. In regard to Amtrak reauthorization, the DOT IG urged Congress to consider three points: (1) without competition, Amtrak has few incentives, other than the threat of budget cuts or elimination, for cost control; (2) states, rather than Amtrak, should decide where and how intercity passenger rail service is provided; and (3) the federal government must be willing to provide adequate funding (but not directly to Amtrak) to bring the infrastructure into a state-of-good-repair.[21]

[21] Statement of Mark Dayton, DOT IG, before the Senate Committee on Appropriations Subcommittee on Transportation, Treasury, the Judiciary, Housing, and Urban Development, and Related Agencies, *Intercity Passenger Rail and Amtrak*, March 16, 2006, CC-2006-026, pp. 9-10.

Senate Proposal

In the 110th Congress, Senator Frank R. Lautenberg and then Senator Trent Lott introduced an Amtrak reauthorization bill, the Passenger Rail Investment and Improvement Act of 2007 (S. 294), on January 16, 2007. This bill would have authorized a total of $3.3 billion in operating grants and $6.3 billion in capital grants for fiscal years 2007 through 2012 to be administered by the DOT to Amtrak. Of the $6.3 billion in capital grants, a certain percentage of that amount, ranging from 3% in FY2007 to 33% in FY2012, would be directed to states rather than to Amtrak. The bill would also allow states to use operators other than Amtrak to provide rail service on particular routes, thus potentially opening up competition for Amtrak. The bill created a capital match program for a state or group of states for the purpose of providing new or improved intercity rail service. The federal share of this program would be 80%. While the bill would have repealed the requirement that Amtrak become financially self-sufficient, it would have required Amtrak to reduce operating subsidies by 40% over the life of the bill. The bill would have expanded Amtrak's board of directors to 10 members, including the Secretary of Transportation, the President of Amtrak, and eight members selected by the Administration with no more than five of these from the same political party and representing the geographic regions that Amtrak currently serves, to the extent possible.

S. 294 was approved (with amendments) by the Committee on Commerce, Science, and Transportation on April 25, 2007, and was passed (with amendments) by the full Senate on October 20, 2007. During Senate floor debate, among the amendments rejected was an amendment to limit the per-passenger subsidy amount on Amtrak routes and an amendment to increase the number of routes to be made available for competitive bid. Amendments accepted included an amendment to require Amtrak to publish annual revenue and cost amounts for each route, an amendment giving additional consideration to states with limited Amtrak service when considering new routes, and an amendment expressing the sense of Congress of the need to maintain Amtrak as a national passenger rail system.

House Proposal

The House version of an Amtrak reauthorization bill (H.R. 6003) was introduced on May 8, 2008, and ordered to be reported by the House Committee on Transportation and Infrastructure on May 22, 2008. It was passed by the House with amendments on June 11, 2008, by a vote of 311 to 104. For FY2009-FY2013, H.R. 6003 would have authorized a total of $6.7 billion in capital grants to Amtrak, of which $2.5 billion would have been provided to states in a capital matching program; $3.0 billion in operating grants; $1.7 billion for debt service; and $1.1 billion for ADA compliance. The House bill also would have provided $1.8 billion over the life of the bill ($350 million per fiscal year) for the development of up to two high-speed rail corridors, one of which would be between Washington, DC, and New York City. In this instance, high-speed rail was defined as at least 110 mph, and in the case of the Washington, DC, and New York City corridor, travel time for express trains between those two cities would have to be under two hours. Under this provision, private companies would bid for the financing, design, construction, and operation of these high-speed rail corridors. DOT and a commission would evaluate and rank the proposals and report their findings to Congress. The House bill also required Amtrak to submit a plan for restoring service between New Orleans and Sanford, Florida.[22] The House bill would have restructured Amtrak's board of directors in the same way as the Senate bill.

Both the House and Senate bills would have involved the Surface Transportation Board (STB) in resolving disputes between freight railroads and passenger train interests, but for different purposes. The Senate bill (Section 209) would allow Amtrak or states subsidizing Amtrak service to petition the STB to investigate when Amtrak's on-time performance falls below a certain level. If the STB finds that the host freight railroad is at fault, it may award damages or provide some other relief. The provision would also allow freight railroads to petition the STB if they believe passenger trains are negatively affecting their business on a certain route. The House bill (section 401) would require the STB to conduct non-binding mediation between freight railroads and public transit authorities seeking access to freight railroad right-of-ways for passenger service, in circumstances where the two parties cannot reach agreement.

Enacted Legislation

Congress reauthorized Amtrak in the Passenger Rail Investment and Improvement Act of 2008, enacted on October 16, 2008.[23] For the period FY2009-FY2013, the act authorized a total of $9.8 billion in funding for Amtrak, divided as follows:

- Operating grants: $2.9 billion.
- Capital grants: $5.3 billion.
- Grants for repayment of long-term debts and capital leases: $1.4 billion.[24]
- Funding for Amtrak's Inspector General: $108 million.
- Total authorized Amtrak funding averages $1.955 billion annually, a significant increase over the $1.3 billion Amtrak was appropriated in FY2007 and FY2008.[25]

The act also authorizes three new federal intercity passenger rail grant programs for which Amtrak is eligible:

- Intercity Passenger Rail Service Corridor Capital Assistance Program (§301)[26]: authorizes DOT to make grants to states, public agencies, or Amtrak (in cooperation with a state) for the capital costs of facilities, infrastructure, and equipment to provide or improve intercity passenger rail transportation; federal share not to exceed 80%; total authorized funding $1.9 billion over FY2009-FY2013.

[22] This service was disrupted as a result of damage to track from Hurricane Katrina. Although the host freight railroad has repaired the track, Amtrak has not resumed service.

[23] Division B of P.L. 110-432.

[24] Section 205 directs the Secretary of the Treasury to seek to renegotiate Amtrak's long-term debt and capital leases in order to reduce costs for Amtrak and the federal government. To the extent that the Secretary assumes or pays off Amtrak debt, this authorization will be reduced.

[25] However, the amount actually appropriated may not be the same as the amount authorized. For example, in the FY2009 DOT appropriations act, Amtrak was appropriated $1.490 billion; its authorized funding level for FY2009 was $1.550 billion.

[26] A similar program was created by Congress in the FY2008 DOT appropriations act.

- High-Speed Rail Corridor Development: authorizes DOT to make grants to states, public agencies, or Amtrak for capital projects (e.g., acquiring, constructing, or improving rail structures and equipment) on designated high-speed lines that would result in train operating speeds of 110 mph or more; federal share not to exceed 80%; total authorized funding $1.5 billion over FY2009-FY2013.
- Congestion Relief (§302): authorizes DOT to make grants to states, public agencies, or Amtrak to reduce congestion or facilitate ridership growth in heavily traveled intercity rail passenger corridors; federal share not to exceed 80%; total authorized funding $325 billion over FY2010-FY2013.

The act directs FRA and Amtrak to jointly develop measurement criteria, and minimum standards, to measure Amtrak's performance and service quality; directs FRA to develop objective methodologies for Amtrak to use in making decisions regarding adding, altering, or eliminating routes and service levels; and directs FRA to establish a standard methodology for allocating costs between Amtrak and states for state-supported routes. It allows Amtrak or states subsidizing Amtrak service to petition the STB to investigate when Amtrak's on-time performance falls below a certain level. If the STB finds that the host freight railroad is at fault, it may award damages or provide some other relief. Freight railroads may petition the STB if they believe passenger trains are negatively affecting their business on a route. And it requires the STB to conduct non-binding mediation between freight railroads and public transit authorities seeking access to freight railroad right-of-ways for passenger service, in circumstances where the two parties cannot reach agreement.

The act also increased the size of Amtrak's Board of Directors from 7 to 9 persons, including the Secretary of Transportation, the President of Amtrak, and 7 persons appointed by the President, not more than 5 of whom may be members of the same political party. The act also removed the prohibition on having board members who were representatives of rail labor or rail management.

Author Contact Information

(name redacted)
Specialist in Transportation Policy
/redacted/@crs.locogv, 7-....

(name redacted)
Analyst in Transportation Policy
/redacted/@crs.loc.gov, 7-....