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House Committee's "Kill Amtrak" $900 Million

The House Appropriations Committee, in a surprise July 24 session just before the House began its summer recess, approved $900 million for Amtrak for fiscal 2004 (starting October 1, 2003). This "shutdown" figure is also in President Bush's budget request (Mar. *News*). The funding is part of the transportation/treasury funding bill, H.R.2989.

By voice vote, the committee rejected John Olver's (D.-Mass.) amendment to raise Amtrak to $1.4 billion. Amtrak says it needs $1.812 billion; its 2003 level is $1.04 billion.

The subcommittee approved $580 million on July 11. Possibly, the full committee leadership wanted to increase Amtrak funding because $580 million strained credibility, jeopardizing passage of the bill on the House floor. A majority of House members signed a pro-$1.8 billion letter to appropriations leaders. Controversy over the subcommittee's actions on Amtrak and other issues caused full committee action to be postponed twice.

Committee consideration of the bill was postponed twice.

C. W. Bill Young (R.-Fla.), chairman of the full Committee, called the bill "a work in progress." This implies recognition the bill could change further on the House floor. However, he was talking about the bill in general, so one cannot assume that he was thinking of Amtrak.

Ernest Istook (R.-Okla.) chairs the subcommittee; Olver is ranking Democrat.

Since each dollar added to a program at this stage normally involves reducing funding for another program, "dollars recovered" is important.

However, in both the subcommittee and full committee bills, highway spending is above both the Bush request and 2003 levels. The highway obligation limit in the full committee's bill is $4.5 billion above the Bush request and $6.1 billion over the 2003 guaranteed amount.

An Istook subcommittee news release, which apparently never made it to the committee's web site, said the $580 million "provides for continuing Amtrak operations," although Amtrak has made clear that even the Bush $900 million would force a system shutdown.

H.R.2989, the full committee bill, designates $400 million for operations and $373 million for Northeast Corridor capital improvements. Much of the former presumably would be consumed by debt service, for which Amtrak says it needs $279 million ($163 million interest; $116 million principal).

(continued on page 4)

2004 TRANSPORTATION FUNDING
Compared with Previous Years
Appropriations ($ millions)

Administration	2000 Enacted	2001 Enacted	2002 Enacted	2003 Enacted	2004 Bush Request	2004 House (pend.)
Federal Highway	28,803	31,675	32,928	32,409	30,225	34,579
Federal Aviation	9,997	12,074	18,512 (1)	15,906 (1)	14,007	14,082
Federal Transit	5,803	6,254	6,871	7,179	7,226	7,231
Federal Railroad	735	744	1,045	1,261	1,089	1,087
*Amtrak	571	520	827	1,043	900	900

*also in Federal Railroad Administration total.

Intercity Passenger Rail Categories

	2000 Enacted	2001 Enacted	2002 Enacted	2003 Enacted	2004 Bush Request	2004 House (pend.)
Amtrak Operations	(2)	(2)	(2)	519	671	400 (4)
Amtrak Capital	571	520	522	232	229	127 (5)
NE Corridor Capital	(2)	(2)	(2)	293	(2)	373
Excess Retirement	(2)	(2)	(2)	(3)	(3)	0
Supplemental Funds	0	0	305 (6)	0	0	0
SUBTOTAL	**571**	**520**	**827**	**1,043**	**900**	**900**
Penn Sta./Farley	0	20	20	20	0	0
High Speed Rail	27	25	32	30	23	28
PASS. RAIL TOTAL	**598**	**565**	**879**	**1,093**	**923**	**928**

NOTES:

1) In 2002, includes $5 billion provided for airline bailouts in wake of September 11 attacks. In 2003, includes $2.396 billion in war supplemental funds.
2) Lumped into "Amtrak Capital."
3) Lumped into "Amtrak Operations."
4) Includes $188 million for short-distance trains, $193 million for long-distance. Another $188 million (not shown) from Northeast Corridor "profits" goes to debt repayment (and not for operation of other trains).
5) Includes $117 million for debt repayment—leaving only $10 million for systemwide capital.
6) In 2002, $100 million from defense appropriations for Amtrak security items and $205 million from emergency supplemental for Amtrak operations.

GOP Senators' $60 Billion Amtrak Plan

Saying Amtrak has been a "stepchild" in U.S. transportation, Sen. Kay Bailey Hutchison (R.-Tex.) announced introduction of her American Rail Equity Act, S.1505, at a July 30 news conference in the Capitol, with Trent Lott (R.-Miss.) and Conrad Burns (R.-Mont.). Olympia Snowe (R.-Me.) is also a co-sponsor.

The six-year bill authorizes $2 billion a year for Amtrak operations, and a total of $48 billion in tax credit bonds for capital projects. A Rail Infrastructure Finance Corporation would administer a trust fund to repay the bonds over 20 years; a new

(continued on page 3)

Rail Congestion Relief for Chicago

Freight railroads, Metra, the City of Chicago, and State of Illinois on June 16 announced a $1.5 billion agreement to “eliminate decades-long conflicts that have slowed commuter [and Amtrak] trains, brought traffic to a standstill and made [Chicago] the nation’s No. 1 freight bottleneck” (*Chicago Sun-Times*, June 17).

Amtrak, the Association of American Railroads, and federal officials were part of a two-year discussion process.

The plan’s 70 projects include 25 highway-rail grade-separation projects, and six rail-rail separations—three on Metra’s SouthWest line (to Orland Park), two on Metra’s Heritage line (which also has Amtrak’s St. Louis trains), and one at the Englewood crossing of Metra’s Rock Island line and Norfolk Southern’s main line to the east (Amtrak’s route to Hammond-Whiting and the east—see map).

The freight railroads and Metra will contribute over $230 million of the cost, and the City of Chicago $200 million. However, two-thirds of the funding still must be arranged.

If federal policy supported rail as well as it supports roads and aviation, this overdue plan might have been developed sooner, and funding gaps already filled.

The plan eliminates the St. Charles Air Line along the near South Side, which is used by Amtrak’s *City of New Orleans* and *Illini.* A $20-million project, early in the process, provides a way for those trains to reach the Norfolk Southern line (at Grand Crossing), giving them a faster, more direct route to Union Station.

The *Cardinal* is the Amtrak route with the worst freight-train interference in Chicago. For the Grand Crossing project to benefit the *Cardinal,* renovation of another connection is required to let the *Cardinal* join the Canadian National line (ex-Illinois Central line from Champaign) near Harvey (not shown on map), eliminating the train’s present, congested route through Auburn Jct. and Kensington.

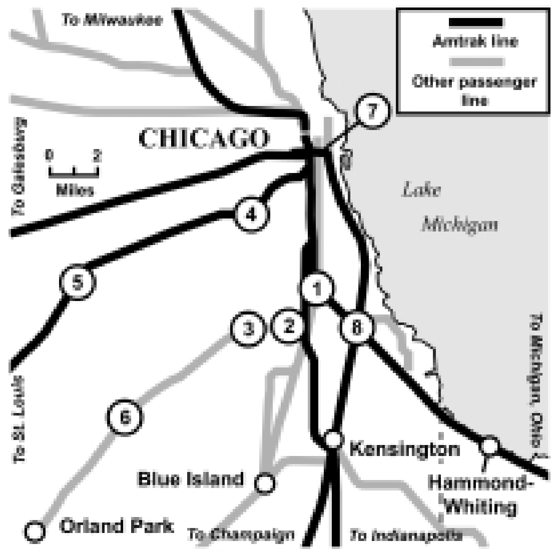
This connection is not in the plan, but will be the topic of further discussion.

The winter 1998-99 collapse of Chicago rail operations led railroads to work together on improvements. Surface Transportation Board Chairman Roger Nober told the House Railroads Subcommittee on June 26 that, as a result, from 1999 to 2002 the time the average car took to move through Chicago dropped from 45 hours to 30 hours. The time a car spent sitting in Chicago yards was reduced from 41 to 23 hours.

Recognizing that infrastructure investment was needed for further improvements, a Chicago Rail Task Force co-chaired by a railroad executive and Chicago’s transportation commissioner worked on developing the new plan.

The June 17 *Chicago Tribune* gave credit to Mayor Richard Daley (D.) and Rep. William Lipinski (D.-Ill.) for promoting the package over time. ■

RAIL/RAIL FLYOVERS IN PLAN



—Scott Leonard

RAIL/RAIL FLYOVERS:

1. Englewood—Crossing of Norfolk Southern (Amtrak lines to east) and Metra (Rock Island line)

2. Auburn Jct.—Belt Railway of Chicago and Metra (SouthWest line), with possibility of linking SouthWest and Rock Island Metra lines.

3. Forest Hill—CSX and Metra (South West line).

4. Brighton Park—Canadian National (Amtrak St. Louis and Metra Heritage lines) and CSX/Norfolk Southern.

5. Summit—Canadian National (Amtrak St. Louis and Metra Heritage lines) and Indiana Harbor Belt.

6. Chicago Ridge—Metra (SouthWest line) and Indiana Harbor Belt.

OTHER AMTRAK-RELATED WORK:

7. St. Charles Air Line—To be removed.

8. Grand Crossing—New connection will allow *City of New Orleans* and *Illini* to reach Union Station (instead of using St. Charles Air Line).

Different Definitions of ‘Donor State’

When one compares, on a state-by-state basis, all federal taxes collected with federal dollars received back, states where Amtrak has a large presence tend to do poorly. That is, the Amtrak program tends to offset those states’ overall status as net donors to the federal government. New Jersey and Connecticut are at the bottom overall, getting back just 67 cents on their federal tax dollars in 2001. Illinois, another big Amtrak state, is fifth from the bottom with 78 cents.

On Capitol Hill, the donor/donee discussion often focuses narrowly on surface transportation funding (i.e., highway dollars). That produces a very different picture. Viewed against all federal programs, Oklahoma took home an impressive $1.48—better than all but nine states.

Looking at the Highway Trust Fund alone, however, Oklahoma has been a donor state. Chairman Istook apparently used the appropriations process to “right” the “wrongs” Oklahoma has suffered in this regard (lead story). A release on his web site proclaims, “Donor State No Longer!, $518 million headed to Oklahoma” and lists the winning Oklahoma highway projects.

Of highway resources that are returned to states, each state currently is guaranteed a 90.5% rate of return. Oklahoma is among the states pushing to raise that to 95%.

The biggest losers include New York and California. They took home just 83 and 82 cents (respectively) in 2001, when all federal programs are considered. ■

Tax Foundation data from* Dividing the Pie: Placing the Transportation Donor-Donee Debate in Perspective *by Mark Seaman and Allison L. C. de Cerreno, of the Rudlin Center in New York University’s Wagner Graduate School of Public Service.

<http://www.nyu.edu/wagner/rudincenter/publications/reports.html>

DOT Releases Passenger Rail Plan

"Our proposed legislation will yield a more financially stable and effective network of intercity passenger rail—one that the country can confidently rely on."

—Transportation Secretary Norman Y. Mineta, July 28 release

"A senior official in the [U.S. DOT] defended turning over most financing decisions to the states...That might leave the country without a nationwide rail network, he acknowledged..."

—*New York Times,* July 29

"I am extremely disappointed...If after 2½ years that's all [the DOT] can come up with, they should be ashamed. It is a guarantee to fail. What if one state on a route doesn't join? Is the train going to stop there? It's ridiculous! A total non-starter..."

—Sen. Trent Lott (R.-Miss.), at July 30 news conference

The Department of Transportation unveiled its "Passenger Rail Investment Reform Act" July 28 and quickly ran into a hornet's nest of opposition. John McCain (R.-Ariz.) introduced it as S.1501 on July 30.

S.1501 phases out federal operating grants for intercity passenger rail over six years, but tries to offset that with unsupported promises of capital investment—to bring the Northeast Corridor back to a state of good repair, and to provide states elsewhere with 50% matches for capital dollars committed by states.

That's better than today's 0%, but worse than matches for highways and aviation. And the bill is just an authorization—no real money—referring vaguely to "such sums as may be necessary."

DOT's bill drastically restricts the public's right of access (via Amtrak) to privately owned tracks at reasonable (incremental) cost, limiting that right to routes and frequencies existing at the time of enactment. Terms of any new service that states might want to add would be dictated by the owning railroad, which could set prohibitive prices. Thus, while DOT claims to build on successful Amtrak/state partnerships, S.1501 is a roadblock to any such building.

The bill would transition Amtrak into three entities:

• A private company operating trains under contract to states and multi-state compacts;

• A private company maintaining Northeast Corridor infrastructure, under contract to a multi-state Northeast Corridor Compact. The federal government would lease the Corridor to the Compact, but the law is vague on what happens if the NEC Compact is not created;

• Amtrak would continue as a government corporation holding the current right to use freight-railroad tracks. Track access and rights to the Amtrak name would be provided under contract to states and compacts, who in turn would allow use of the access and rights to "qualifying passenger rail service they sponsor."

Interstate compacts are difficult, requiring identical laws in different states with legislatures on different schedules. The DOT plan would require many states to join more than one compact for all or most existing service to survive. That prompted former Amtrak Reform Council Member James Coston to observe, "There *is* a successful interstate compact. It's called the federal government." ■

From NARP's July 28 statement, which was excerpted by many newspapers:

"The last thing Amtrak needs is yet another reorganization. Amtrak CEO and President David L. Gunn has won widespread respect for his work since coming to Amtrak in May, 2002. He deserves the administration's support. It does not make sense to follow up the reorganization he is just completing with another one—particularly one that is so questionable and theoretical. As Gunn noted in a statement released today, 'Amtrak wasn't asked to work on developing the plan and hasn't been consulted or briefed on it.'...

"Moreover, if the long-distance trains disappear, the surviving 'network' (three isolated operations) at most would serve 21 states, making doubtful the continuation of any federal funding for intercity passenger rail. Even if such funding did continue, the cost of running short-distance trains likely would increase due to loss of shared revenues from connecting, long-distance passengers, and to loss of cost-sharing opportunities for common stations and other facilities.

"We agree with Secretary Mineta that the nation needs 'an effective network of intercity passenger rail—one that the country can confidently rely on.' But we fear that this DOT plan—if implemented—would mean the end of much if not all intercity passenger rail."

Hutchison *(from page 1)*

"Federal Passenger Rail Office" in DOT would recommend the capital projects. For those projects, states would provide a 20% match. A 4:1 ratio—national system to Northeast Corridor—would apply. She wants national system projects aimed at freight railroad choke points, to improve Amtrak's on-time performance.

Lott said, "I'm pleased to join Sen. Hutchison in supporting this...Can Amtrak make it and do the job and offer affordable transportation? I believe it can. But if it just serves Boston to New York and Washington, it's going to be very hard to make that a continuing federal program. Gunn has been tough, blunt, and making some progress.

"Senator Hutchison has come up with a good proposal. It costs a lot, but that's been part of the problem—Amtrak hasn't had enough money."

Hutchison wanted to move the same week as DOT did, but this timetable contributed to the lack of Democratic sponsors for her bill. Hutchison and Lott both emphasized that S.1505 was a starting point, not a final position. She also said, "The Northeast Corridor people need us just as we need them. We are co-dependent, if we are to succeed."

Two, key unresolved points relate to ownership of the Northeast Corridor (she turns it over to DOT) and her plan to let other operators bid on routes where Amtrak fails to achieve 80% on-time performance after some number of years.

Resolution of these disagreements, so a bill has broad, bipartisan support, is absolutely critical. It could lead to inclusion of a rail section in the next, major highway/transit reauthorization—which many think might be two years away, given the White House's current aversion to a gasoline tax increase. ■

Funding

(from page 1)

Amtrak itself sought a $582 million operating grant, *not* including debt service, and a $794 million capital grant.

In a July 18 letter to House and Senate appropriations leaders, Amtrak President and CEO David L. Gunn underlined the need for $1.812 billion (or $1.712 billion without repaying the $100 million DOT loan from 2002).

"There are too many of our assets that could fail at any time and cripple our railroad," Gunn wrote. "We have, for very good reasons and well cognizant of the budget environment, asked for a funding level above the current fiscal year...For...$460 million in capital expenditure [above the 2003 level], you will buy a railroad more able to meet the daily operational challenges and one closer to a state-of-good repair. Failure to fully fund this request, I fear, will quickly bring on the next crisis.

"This railroad simply cannot continue to operate without an adequate maintenance budget."

Asked about the appropriations process at her news conference (p. 1), Sen. Kay Bailey Hutchison (R.-Tex.) replied, "I do think we'll go above $900 million. If we can get it to the $1.4 billion range, that will be sufficient for Amtrak."

NARP signed a July 18 letter, along with 30 other organizations, including the U.S. Conference of Mayors, protesting the subcommittee's handling of Amtrak, the Transportation Enhancements program, and other issues. ■

NARP MEMBERS: Congress is in recess until after Labor Day. Be sure to tell your Representative and Senators you strongly support Amtrak's $1.8 billion request for 2004, and oppose the DOT plan to dump operating costs on states. Call the Capitol switchboard at 202-224-3121, or go to <www.senate.gov> or <www.house.gov>.

SUBSIDIZED MOTORING

"While user fees pay for much of the guaranteed spending, other non-user fee sources are becoming increasingly significant. For example, according to a recent Brookings Institutions Series on Transportation Reform (April 2003), of all the federal, state and local funding for highways in 2001, 59 percent were from user fees and 41 percent came from non-user fee sources (property taxes, bonds, general fund and a variety of other sources).

"...Taxpayers are subsidizing the trucking industry because heavy trucks impose costs on the highway system that significantly exceed those of lighter vehicles like family cars...

"[This shows] the kind of imbalance in our transportation system that exists today and as an example of the competitive disadvantage for the railroad industry."

—Tim Gillespie, Railway Supply Institute, before House Subcommittee on Railroads, <http://www.house.gov/transportation/>, June 26.

The Brookings report, "Improving Efficiency and Equity in Transportation Finance," by Martin Wachs, is at <http://brook.edu/es/urban/publications/wachstransportation.htm>.

TRAVELERS' ADVISORY

Michigan update—Amtrak and the state have agreed to run Grand Rapids and Port Huron trains through September 2004.

Stations—An intermodal station at Wells, Me., opened June 26, serving Amtrak *Downeasters.*

A passenger facility opened in the Engine House at Burlington, N.C., July 18. It is at 101 N. Main St., across the tracks from an interim facility used by *Carolinian* and *Piedmont* passengers since 1999.

Lewis and Clark Explorer—The Portland-Astoria service (June *News*) has been extended to September 15.

Transit—The Waterfront Red Car historic streetcar line opened July 19 in San Pedro (Los Angeles), Cal.

Los Angeles MTA's Gold light rail line opened July 26, Union Station-Pasadena, 13.7 miles.

New Jersey Transit's Secaucus Junction station opened for limited service August 4, with daily Bergen line service only. Additional service will be added in September.

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