



House Approves \$1.176 billion for Amtrak

LaTourette/Oberstar Amendment Replaces Committee's \$550 Million

The House, in a major victory for passenger rail, approved by voice vote an amendment raising Amtrak's Fiscal 2006 funding to \$1.176 billion from the appropriations committee's shutdown level of \$550 million. The amendment was offered June 29 by Railroads Subcommittee Chairman Steve LaTourette (R-OH) and James Oberstar (D-MN), ranking member of the full Transportation and Infrastructure Committee.

The day also saw two big, recorded "pro-passenger-rail" votes. The House approved 269-152 an amendment striking language prohibiting operation of 18 routes—all long-distance routes; plus Chicago-Detroit-Pontiac; New York-Charlotte; Chicago-Indianapolis.

This was offered by Corrine Brown (D-FL, ranking member of the Railroads Subcommittee), Nick Rahall (D-WV), and Robert Menendez (D-NJ). The amendment won 73 Republican votes, showing strong support for the national system.

Finally, a resounding, 59-362 vote killed Mark Kennedy's (R-MN) proposal to transfer \$100 million from Amtrak to homeless assistance programs. LaTourette said the amendment's main purpose was to hurt Amtrak; he called it a "wolf in sheep's clothing."

(continued on page 2)



Representative Steve LaTourette (R-OH)

What's Next?

It is important for Amtrak to get more than the House voted—at least \$1.4-1.5 billion. At \$1.2 billion, Amtrak would need to make serious cuts in services and the capital program.

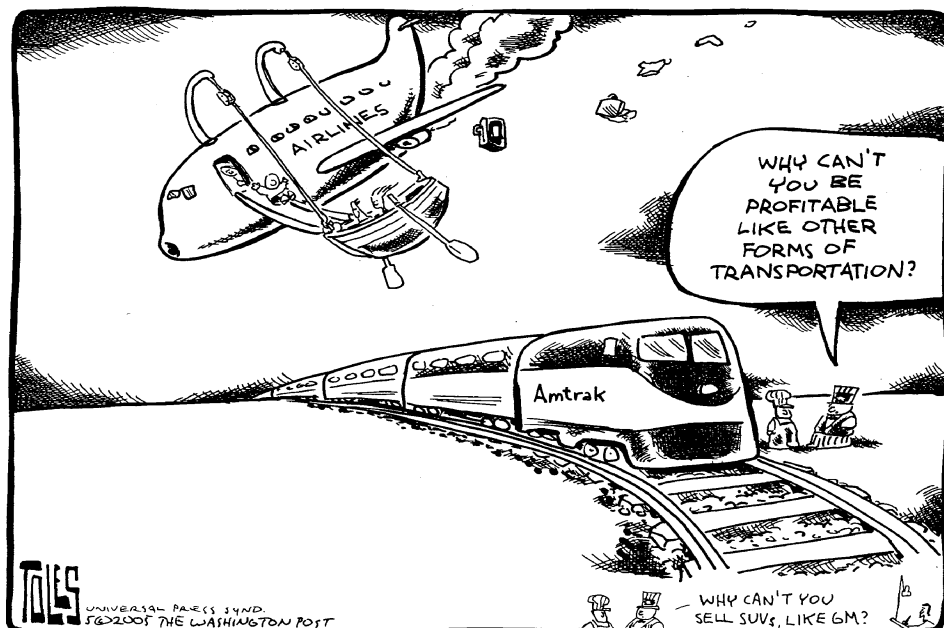
Amtrak's strong House showing was an essential step towards an acceptable final outcome, but the White House is pressing key Republican Senators hard not to go above \$1.2 billion.

Senate action was expected in July—appropriations subcommittee on the 19th, full committee the 21st, floor action later in the month. A House-Senate conference committee is likely after Labor Day. The end result may be part of an omnibus rather than a freestanding bill.

"Unlike aviation and highways, there is no dedicated fund for investing in passenger rail development. Although these other modes rely on user fees for a great deal of their funding, they still receive a large amount from the General Fund. In addition, these other modes all operate on predominantly Federally owned or Federally assisted infrastructure and rely largely on government supported security, research and traffic controllers.

"...\$4.32 billion was allocated for aviation security, close to half of which comes from the General Fund, not aviation security fees."

—Rep. Mike Castle (R-DE),
House floor, June 29



The table on page 3 lists those that spoke for and against each amendment on the House floor; some excerpts from floor debate are in the boxes on this page.

Brown spoke passionately on all three amendments. Since her Jacksonville district includes some low-income areas, she was in a particularly good position to attack the Kennedy amendment.

John Sweeney (R-NY) often has spoken strongly for passenger rail. He joined 20 other Republicans signing a March 3 pro-Amtrak letter to House Budget Chair-

“The distance of my district spans the distance of Washington, DC, to Chicago...Rail in Montana is not an essential service; it is a critical service. In many cases, we have good bus service. It just does not happen to be in the area where Amtrak is. We have good air service. Unfortunately, it just does not happen to be in the area where Amtrak is. And so, in our particular case, where you have a large geographical area with very little population, it becomes a critical service.”

—Dennis Rehberg (R-MT)

man Jim Nussle (R-IA). But Sweeney voted against Brown-Rahall-Menendez, and criticized Amtrak on the floor for not proposing “more of the changes that we need to finally resolve [Amtrak’s] long-standing problems.”

Amtrak and DOT Responses

Amtrak President David L. Gunn said, “We are grateful for the action taken today by the House of Representatives to increase the level of Amtrak funding in the Transportation Appropriations Bill. This sends a strong message that many in Congress believe that we need to maintain a national passenger rail system while we also have the opportunity to debate the recently released package of strategic reform initiatives and improve our nation’s rail passenger service.”

U.S. Transportation Secretary Norman Y. Mineta predictably accused the House of encouraging “wasteful spending and inefficient operations.”

A Bleak Beginning

The House Appropriations Committee

set the stage for Amtrak’s dramatic floor victories, approving the shutdown level of \$550 million on June 21, after rejecting Democratic and Republican amendments to increase Amtrak funding. The committee thus ratified the work of its Subcommittee on Transportation, Treasury, and Housing and Urban Development, The Judiciary, District of Columbia, which had approved \$550 million on June 15.

The committee’s prohibition against use of federal funds on 18 routes clouded the reality that \$550 million would force a total shutdown. Some people thought routes not listed in the bill were “saved.”

Highway, Aviation Increases

The committee acknowledged that increases in highway (5.4%) and aviation funding (6.4%)—consistent with hoped-for or enacted authorization bills—were due partly to “unique preferential treatment...not afforded to any other discretionary program including Veterans Medical Care, Homeland Security funding or National Defense programs.”

House Full Committee Action

John Olver (D-MA), the subcommittee’s top Democrat, complained that Knollenberg used “a sledgehammer, terminating the concept of a national rail passenger system... If this committee reports out this bill, ...[Amtrak] will be out of business quickly, it should be no surprise if there is no passenger rail service next year.”

However, reflecting the difficulties posed by the overall Republican budget resolution, both Olver and David Obey (D-WI), the full committee’s top Democrat, praised Knollenberg for doing the best job anyone could with the inadequate funding allocation the subcommittee got.

Barney Frank (D-MA) was less charitable: “Members who voted for the tax cuts do not come to the floor with clean hands when they talk about the consequences of the tax cuts...The budget...was dictated by the tax cuts...”

Olver offered an amendment to boost spending on Amtrak (to \$1.2 billion) and four other programs. To make the amendment “budget neutral” he proposed repeal of tax cuts for those reporting over one million dollars income. The effort failed on a 27-34 party-line vote.

Virgil H. Goode (R-VA) offered a \$1.2-billion-for-Amtrak amendment. His offset was elimination of the earned income tax credit for those working in the U.S. on visas. He lost on a voice vote. ■

“If H.R. 3058 is enacted as it is now, Amtrak would be forced to pay \$360 million in mandatory labor severance payouts for employees laid off from the elimination of the [18 routes] in the bill, and \$278 million for debt service. Since that total of \$638 million is greater than 550, Amtrak would be forced to default on its debts, abandon its labor agreements and declare bankruptcy.”

“Mr. Chairman...this amendment would restore \$1.176 billion. That represents only about 2% of the DOT’s budget of \$60 billion, whereas 50% of the Department’s spending goes to highways; \$20 billion goes to air travel.”

—Rep. Steve LaTourette (R-OH)

“I fully support the [LaTourette-Oberstar] amendment, but if the amendment is not adopted, I want Members to be clear that this will be the end of Amtrak. Today is a day where we are going to fish or cut bait. This is your opportunity to stand up for the people that sent you here. Why is it that we constantly, in the House, hope the other body will rescue us?”

—Rep. Corrine Brown (D-FL)

“\$550 million within the bill shuts down Amtrak entirely. It is not a scare tactic. It is not an exaggeration. It is a matter of hard financial truth.”

—Rep. Robert Menendez (D-NJ)

“Many people might think that \$550 million is an enormous amount. In fact, \$550 million is only 5% of the total amount that is provided in this bill for the air traffic control system, and it is \$323 million less than Congress has appropriated to support the redevelopment of infrastructure in Iraq.”

—Rep. Elijah Cummings (D-MD)

“I want to thank [LaTourette and Oberstar] for their work on this amendment in an effort to preserve the long-distance Amtrak routes...I hope it will be the pleasure of this body to preserve the Cardinal Route, the Crescent Route and many other long-distance routes.”

—Rep. Virgil Goode (R-VA)

Railroads Subcommittee Examines Amtrak Food and Beverage Operations

Ranking Member Corinne Brown (D-FL) said this June 9 hearing was micromanaging Amtrak. She lamented the lack of hearings on key issues like rail security, but John Mica (R-FL), aviation subcommittee chair and a big Amtrak critic, said this hearing delighted him.

Amtrak Senior VP William Crosbie scrapped his prepared remarks and rebutted testimony of the Government Accountability Office's JayEtta Hecker. She dished out snappy sound bytes, ignoring information Amtrak provided GAO in a long conference call June 8. Crosbie said, "Amtrak never paid \$3.93 for a can of Heineken Beer. GAO's example was based on a single data-entry error that was corrected within 40 minutes. For over 200,000 bottles," we paid 83 cents.

LaTourette criticized "unfair attention-grabbers...This hearing is to chastise Amtrak for what they are doing wrong, not to sensationalize...I can see the headline now: 'Beer and steaks gone amok.'"

The first panel also included Amtrak Inspector General Fred Weiderhold (p. 4). There was general agreement that Amtrak's \$84 million direct operating loss on food and beverage could be reduced by replacing or changing the contract under which GateGourmet provides food.

NARP's Ross Capon emphasized Crosbie's statement that the primary purpose of food service "is to enhance ticket sales and ridership, not serve as a profit center." Capon urged Amtrak to expand best practices—like how food is promoted on some state-supported trains—before removing food service.



"Panel II" witnesses, from left: Passengers Gary and Karen Preston; NARP Exec. Dir. Ross B. Capon; Transportation Communications Union VP Daniel Biggs, testifying for the Amtrak Service Workers Council, the bargaining agent for on board service employees.

He rebutted Rep. Richard H. Baker's (R-LA) claim that Chef Mario runs food service profitably on California trains. Chef Mario is only a vendor who supplies hot meals and fresh sandwiches that Amtrak workers sell on the *San Joaquins*.

Capon challenged the relevance of claims by Mica and GAO that the Alaska Railroad (ARR) offers a model for Amtrak, noting that ARR's longest run was only 12 hours, traverses "some of the planet's most spectacular scenery" and is "spoon-fed shiploads of cruise passengers." LaTourette said, "Mr. Capon, I agree with you [that] the Alaska Railroad story...is an apples to oranges calculation."

LaTourette praised Daniel Biggs of the Transportation Communications Union for effectively detailing the big differences between fast food employees and Amtrak food service workers.

Pro-Amtrak Rally at Baltimore's Penn Station

Legislators and rail advocates rode Amtrak from Washington to Baltimore on June 13 to highlight Amtrak's needs.

Speakers included Reps. Corrine Brown (D-FL), Julia Carson (D-IN), Elijah Cummings (D-MD), Eddie Bernice Johnson (D-TX) and Dan Lipinski (D-IL); Colin Peppard of Friends of the Earth; and labor officials.

This is how Brown introduced NARP's Ross Capon: "Our next speaker is for you in the media. He testified before our subcommittee last week. He has lots of facts. You need to have them."

House Floor Speakers on the three Amtrak Amendments

Amendments	Pro-Amtrak Speakers	Anti-Amtrak
LaTourette-Oberstar <i>Raise funding to \$1.176 billion</i>	LaTourette, Oberstar, John Olver (D-MA), Corrine Brown (D-FL), Denny Rehberg (R-MT), Virgil Goode (R-VA), Bill Pascrell (D-NJ), Robert Menendez (D-NJ), Mike Castle (R-DE), Jerrold Nadler (D-NY), Elijah Cummings (D-MD), Earl Blumenauer (D-OR), Dr. Joseph Schwarz (R-MI), Eddie Bernice Johnson (D-TX), Jim Costa (D-CA), David Obey (D-WI), Steve Rothman (D-NJ), Juanita Millender-McDonald (D-CA), Rush Holt (D-NJ), Robert Simmons (R-CT)	Joe Knollenberg (R-MI), Bill Shuster (R-PA), Harold Rogers (R-KY), Pete Sessions (R-TX), John Mica (R-FL), Jerry Lewis (R-CA)
Brown-Rahall-Menendez-Cummings <i>Save 18 routes</i>	Brown, Pascrell, Earl Pomeroy, (D-ND), Olver, E.B. Johnson, Obey, Shelia Jackson Lee (D-TX), Menendez, G.K. Butterfield (D-NC), Russ Carnahan (D-MO), Nick Rahall (D-WV)	Knollenberg, Mica, John Sweeney (R-NY), Mark Kennedy (R-MN), Randy Cunningham (R-CA)
Mark Kennedy <i>Cut \$100 million</i>	Obey, LaTourette, Frank, Olver, Pascrell, Alcee Hastings (D-FL), Brown, Rothman, Jackson-Lee	Mark Kennedy

NARP: No Sleeping or Dining Cars, Checked Baggage = Bigger Losses

For the House floor debate, appropriations leaders argued incorrectly that a \$550 million federal grant would not bankrupt Amtrak. A June 28 committee release began by noting "several potential cost-saving measures Amtrak could take that would not necessitate a shutdown." But only three items were listed. The two with dollar figures involved double-counting. Even if real, they barely begin to close the "needs gap."

Sleeping Car Service

"Eliminating sleeper car service... would save \$100 million per year," says the committee. This apparently was based on work leaked from the DOT Inspector General (IG), who is studying coach-only trains.

NARP quickly alerted Hill staff to flaws in this number. NARP had met with IG staff in June. On July 13, NARP wrote

Inspector General Kenneth M. Mead expressing concern about the impending report, and seeking a meeting with him before it was released.

However, also July 13, *Transportation Weekly (TW)* ran a lengthy, front-page story on the IG's report, though it was still only a draft. This compelled NARP to issue a July 14 release (available at <www.narprail.org>) headlined, "NARP Calls IG Analysis Fatally Flawed." We said running coach-only trains would *worsen* losses, not reduce them.

The IG evidently assumes one could reduce losses by removing diners, lounges, sleepers and checked baggage. The IG also assumes no loss of coach revenue, and provision of adequate coach food service at no net cost.

But the immediate loss of sleeping-car revenues would be devastating, economi-

cally and politically. Also, since more coach than sleeping-car passengers take very long trips, it is wrong to assign costs of food, lounge and baggage service 100% to sleeper passengers. Last year, passenger trips over 800 miles totaled 819,870 in coach and 318,378 in sleeper.

Baggage-service needs, moreover, are a function of length of stay, and need for help carrying one's luggage, not whether one is in coach or sleeper.

Food and Beverage Service

The committee cites "improving or terminating food and beverage service which loses \$83 million per year." Amtrak Inspector General Fred Weiderhold, testifying June 9 (p. 3), noted "real opportunities for streamlin(ing) these services by using new acquisition and delivery business models and by using better revenue and customer metrics." But \$83 million savings is unrealistic, and double-counts part of the \$100 million noted above.

San Antonio - L.A. Train "Too Big"

The committee's release—without citing a dollar figure—also took Amtrak to task for running a bigger train "through sparsely populated parts of Texas, New Mexico, Arizona and Southern California" than it runs east of San Antonio.

The committee fails to explain the reason: bigger passenger loads due to combining two trains into a single train Los Angeles-San Antonio – the Los Angeles-San Antonio-Dallas-Chicago *Texas Eagle* and the Los Angeles-San Antonio-New Orleans-Orlando *Sunset Limited*. ■

TRAVELERS' ADVISORY

Intermodal Links Dropped—

Greyhound eliminated many stops June 21, including these Amtrak stations: Cleveland, Atlanta, Savannah. This ends six Thruway routes—including Cleveland-Columbus-Cincinnati and Atlanta-Montgomery-Mobile—and the through-ticketing they permitted.

Acela Express trains began returning July 11; check www.amtrak.com for time slots where those higher fares apply. Full *Express* service may be

back around late September.

Oakland Coliseum/Airport stop opened June 6 on Amtrak's Capitol Corridor. The station is adjacent to BART's Coliseum/Oakland Airport station, serving Oakland Athletics (baseball), Oakland Raiders (football), and Golden State Warriors (basketball) games. Passengers also can use the existing "AirBART" shuttle service to the airport. All trains stop there; Thruway buses do not.



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