

Statement of
The Honorable Nick J. Rahall, II
Hearing on
“A Review of Amtrak Operations, Part III:
Examining 41 Years of Taxpayer Subsidies”
September 20, 2012

We are here this morning talking about Amtrak yet again. The Railroad Subcommittee has not had a single hearing since July 2011, yet this is the third Full Committee hearing on Amtrak in seven weeks. While our Committee is convened this morning, we could be focused on other pending legislative issues, and Mr. Boardman could be running a railroad rather than traipsing up here every week for what amounts to the same exact hearing: Amtrak bashing. I am wondering if in the next rail title Republicans are willing to establish a new line just to shuttle Mr. Boardman back and forth between the Amtrak offices and this Committee room.

Today’s hearing is titled “Examining 41 Years of Taxpayer Subsidies”, as if there is something wrong with subsidizing transportation. This Committee supports big investment in transportation and infrastructure on a bipartisan basis – from highways to transit, and aviation to rail. Amtrak should be no different; investment means jobs and improved transportation infrastructure.

But we know why we are really here. The Republicans want to outsource Amtrak’s routes to the lowest bidder, a policy that they enshrined into their own party’s platform last month, and borrowed from Mr. Mica’s legislation earlier this Congress. The Republicans then want to give those winning bidders Amtrak’s operating subsidy. That makes no sense.

I've said this before and I'll say it again: lowest bidder is code for low wages and little to no benefits. Here's a perfect example: In 2008, Congress passed the bipartisan Passenger Rail Investment and Improvement Act (PRIIA), which required Amtrak to develop performance improvement plans for the five worst performing long-distance routes. One of those five, identified by Amtrak, is the Cardinal, which serves 53,515 passengers in my home state of West Virginia, more than half the passengers on the entire route. Mr. Mica proposed outsourcing this route to the lowest bidder in his draft Competition for Intercity Passenger Rail in America Act of 2011, without the input of the host freight railroad: CSX Transportation.

The Cardinal supports good-wage jobs in West Virginia and invests over \$3 million annually in wages back into the economy, not to mention the orders Amtrak has made in the state which exceed \$2 million annually.

I want to take this time to congratulate Amtrak on its performance improvement plan for the Cardinal. It increases service on the route from three days a week to daily service which eliminates some inefficiencies on the route. More service means more jobs for West Virginia and for our nation, at a time when jobs should be our main focus. These types of proposals to improve service on our Amtrak lines, support job creation in our communities and promote economic development are what the Committee should be examining— not looking at ways to dismantle our passenger rail service or play the role of chef in the dining car.

But instead we are here again confronting Republican's tortured logic when it comes to jobs and investment in our transportation network. The

Republicans claim they want to create jobs, but then they also claim they want to reduce Amtrak's operating subsidy. In order to do that, you have to increase revenue, except that Republicans want to eliminate routes and service which are the only means that Amtrak has to generate revenue. So then you have to reduce operating expenses. A quick look at Amtrak's operating expenses shows us that its two biggest expenses are: fuel and labor. Unless the Republicans are willing to go after big oil – which I am sure they are not – then labor is the target. Now, they will tell you that they are *FOR* creating jobs; what they are not telling you is that they are *FOR* creating low-wage jobs, not maintaining good-paying, union jobs.

And contrary to what you will hear today, Amtrak has actually requested and received less federal operating assistance since enactment of PRIIA. The railroad, to its credit, chose to absorb increased operating costs and focus on growing its capital program. So it decreased its operating grant request and increased its capital grant request for FY2012 and 2013. Unfortunately, the railroad ended up with across the board cuts to both its operating and capital programs. These cuts have of course yielded predictable results – decreased federal funding has allowed for little more than maintaining the current status of the infrastructure and rolling stock. There are no available funds for addressing deferred maintenance, investing in improvements that would grow the business, or replacing aged rolling stock.

In the rail title of H.R. 7, Committee Republicans took this perplexing logic one step further and proposed permanently reducing Amtrak's operating grants. We offered a sensible amendment to increase funding

for capital which would have helped Amtrak upgrade tracks, bridges and other infrastructure; pursue efforts to expand *Acela Express* capacity; advance initial planning work for the Gateway Program to provide additional capacity into Manhattan for intercity, commuter and high-speed rail services; and continue the development of a next-generation reservation system. That sound investment would have supported and created thousands of jobs and led to better service. Republicans rejected it.

What we ought to be holding a hearing today on is how to mess up a railroad. We have a hearing, we put the squeeze on Amtrak even more, force them to beg for adequate federal funding on an annual basis, and then turn around and criticize them for the way they run a railroad in the same breath. Give me a break! Other nations which are investing billions in their passenger rail system must be laughing at us. Had we invested like they did 41 years ago we would not have the problems Amtrak suffers from today; there wouldn't even be a need for a state-of-good-repair program.

Thank you and I look forward to hearing from today's panelists.