

**AMTRAK OPERATIONS: EXAMINING THE CHALLENGES AND OPPORTUNITIES FOR IMPROVING EFFICIENCY AND SERVICE**

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(118-20)

**HEARING**

BEFORE THE

SUBCOMMITTEE ON RAILROADS, PIPELINES,  
AND HAZARDOUS MATERIALS

OF THE

COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE

HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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JUNE 6, 2023  
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Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

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JUNE 2, 2023

**SUMMARY OF SUBJECT MATTER**

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials  
RE: Subcommittee Hearing on “*Amtrak Operations: Examining the Challenges and Opportunities for Improving Efficiency and Service.*”

I. PURPOSE

The Subcommittee on Railroads, Pipelines, and Hazardous Materials of the Committee on Transportation and Infrastructure will meet on Tuesday, June 6, 2023, at 10:00 a.m. ET in 2167 Rayburn House Office Building to hold a hearing entitled “*Amtrak Operations: Examining the Challenges and Opportunities for Improving Efficiency and Service.*” At the hearing Members will receive testimony from Stephen Gardner, Chief Executive Officer (CEO), Amtrak, and Mitch Warren, Executive Director, Northeast Corridor Commission. The hearing witnesses will discuss the current state of Amtrak and plans for growth for passenger rail.

II. BACKGROUND

Amtrak operates a National passenger rail system, which includes the Northeast Corridor (NEC), long-distance routes, and state-supported routes.<sup>1</sup> Amtrak generally runs more than 300 trains per day, services more than 500 stations located in 46 states and Washington, D.C., and operates a network that stretches more than 22,000 miles across the country.<sup>2</sup> Of all Amtrak passenger trips in 2022, approximately 40 percent were taken on the NEC; 44 percent on state-supported routes; and 15 percent on long-distance routes.<sup>3</sup> In Fiscal Year (FY) 2022, Amtrak carried 22,930,499 riders (roughly 71 percent of FY 2019’s total of 32,519,241 customers) and brought in a total annual revenue of \$2.8 billion, which remained roughly 15 percent below FY 2019 pre-pandemic revenue.<sup>4</sup>

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117–58). The bill authorizes and appropriates over five years an unprecedented \$100 billion for Amtrak and another at least \$30 billion in discre-

<sup>1</sup> 49 U.S.C. § 24102.

<sup>2</sup> BEN GOLDMAN, CONG. RSCH. SERV. (R47260) INTERCITY PASSENGER RAIL: FED. POLICY AND PROGRAMS, (Mar. 23, 2023), available at <https://crsreports.congress.gov/product/pdf/R/R47260> [hereinafter INTERCITY PASSENGER RAIL: FED. POLICY AND PROGRAMS].

<sup>3</sup> AMTRAK, *FY 22 Year End Revenue and Ridership*, available at <https://media.amtrak.com/wp-content/uploads/2022/11/FY22-Year-End-Revenue-and-Ridership.pdf>.

<sup>4</sup> See AMTRAK, *FY 19 Year End Revenue and Ridership*, available at <http://media.amtrak.com/wp-content/uploads/2019/11/FY19-Year-End-Ridership.pdf>; see also Press Release, AMTRAK, *Amtrak Fiscal Year 2022: The Beginning of a New Era of Rail*, (Nov. 29, 2022), available at <https://media.amtrak.com/2022/11/amtrak-fiscal-year-2022-the-beginning-of-a-new-era-of-rail/>.

tionary multimodal grants for which Amtrak and other intercity passenger rail projects are eligible.<sup>5</sup>

### III. FEDERAL RAILROAD FUNDING

IIJA authorizes more than three times the amounts authorized over the same period in the Fixing America's Surface Transportation Act (FAST Act) (P.L. 114–94). Additionally, IIJA appropriated more than \$66 billion in supplemental funding for Federal Railroad Administration (FRA) programs, including nearly \$22 billion in direct funding for Amtrak.<sup>6</sup> Taken together, the authorizations and supplemental appropriations for FRA programs under IIJA exceed \$100 billion.<sup>7</sup> IIJA authorizations and supplemental appropriations are outlined below along with the amounts authorized and appropriated during the years of the FAST Act. Under the law, the Amtrak Northeast Corridor and National Network grant amounts are directed to Amtrak while the four competitive grant programs are administered by the United States Department of Transportation (DOT) and have multiple eligible applicants.

#### Comparison of IIJA to FAST Act Rail Funding

Program	IIJA		FAST Act	
	FY 22–26 Authorizations <sup>8</sup>	FY 22–26 Enacted Appropriations <sup>9</sup>	FY 16–20 Authorizations <sup>10</sup>	FY 17–21 Enacted Regular Appropriations <sup>11</sup>
Amtrak—Northeast Corridor .....	\$6.57 billion	\$6 billion	\$2.60 billion	\$3.03 billion
<i>NEC Commission</i> .....	\$30 million	\$30 million	\$25 million	\$25 million
<i>Accessibility Upgrades</i> .....	\$250 million	–	–	\$275 million
Amtrak—National Network .....	\$12.65 billion	\$15.75 billion	\$5.45 billion	\$6.35 billion
<i>Interstate Rail Compacts</i>				
<i>State-Amtrak Intercity</i> .....	\$15 million	\$15 million	–	–
<i>Passenger Rail Comm.</i> .....	\$15 million	\$15 million	\$10 million	\$10 million
<i>Accessibility Upgrades</i> .....	\$250 million	–	–	–
<i>Corridor Development</i> .....	\$1.26 billion	–	–	–
<b>Subtotal Amtrak</b> .....	<b>\$19.22 billion</b>	<b>\$21.75 billion</b>	<b>\$8.05 billion</b>	<b>\$9.38 billion</b>

<sup>5</sup>See e.g., 49 U.S.C. § 6701 (noting the National Infrastructure Project Assistance, authorized at \$5 billion and appropriated at \$10 billion over five years); 49 U.S.C. § 6702 (noting the Local and Regional Project Assistance, authorized at \$7.5 billion and appropriated at \$7.5 billion over five years); see also 23 U.S.C. § 149; see also 49 U.S.C. § 224, et seq.; 23 U.S.C. 601, et seq. (describing two Federal loan programs that include this eligibility, Railroad Rehabilitation and Improvement Financing and Transportation Infrastructure Finance and Innovation Act).

<sup>6</sup>DOT, *DOT Infrastructure Investment and Jobs Investment Act Authorization Table*, available at [https://www.transportation.gov/sites/dot.gov/files/2022-01/DOT\\_Infrastructure\\_Investment\\_and\\_Jobs\\_Act\\_Authorization\\_Table\\_%28IIJA%29.pdf](https://www.transportation.gov/sites/dot.gov/files/2022-01/DOT_Infrastructure_Investment_and_Jobs_Act_Authorization_Table_%28IIJA%29.pdf).

<sup>7</sup>*Id.*

<sup>8</sup>IIJA, Pub. L. No. 117–58, Division B, Title II, Subtitle A—Authorization of Appropriations, 135 Stat. 429.

<sup>9</sup>IIJA, Pub. L. No. 117–58, Division J—Appropriations, Title VII, 135 Stat. 429.

<sup>10</sup>FAST Act, Pub. L. No. 114–94, Division A, Title XI, Subtitle A—Authorizations, 129 Stat. 1312.

<sup>11</sup>See e.g., Consolidated Appropriations Act, 2017, Pub. L. No. 115–31, 131 Stat. 135; Consolidated Appropriations Act, 2018, Pub. L. No. 115–141, 132 Stat. 348; Consolidated Appropriations Act, 2019, Pub. L. No. 116–6, 133 Stat. 13; Further Consolidated Appropriations Act, 2020, Pub. L. No. 116–94, 133 Stat. 2534; Consolidated Appropriations Act, 2021, Pub. L. No. 116–260, 134 Stat. 1182 (comparing appropriations, including the FY 2021 one-year FAST Act extension at FY 2020 authorized levels and noting FY 2016 appropriations are not reflective of the FAST Act).

## Comparison of IIJA to FAST Act Rail Funding—Continued

Program	IIJA		FAST Act	
	FY 22–26 Authorizations <sup>8</sup>	FY 22–26 Enacted Appropriations <sup>9</sup>	FY 16–20 Authorizations <sup>10</sup>	FY 17–21 Enacted Regular Appropriations <sup>11</sup>
Federal-State Partnership for Intercity Passenger Rail Grants <sup>12</sup> .....	\$7.5 billion	\$36 billion	\$997 million	\$1.08 billion
<i>Northeast Corridor</i> .....	<i>Not less than 45 percent reserved for NEC inventory projects</i>	<i>Not more than \$24 billion</i>	–	–
<i>National Network</i> .....	<i>Not less than 45 percent reserved for National Network of which at least 20 percent for long-distance routes</i>	–	–	–
Consolidated Rail Infrastructure and Safety Improvements Grants .....	\$5 billion	\$5 billion	\$1.10 billion	\$1.62 billion
RR Crossing Elimination Program Grants .....	\$2.5 billion	\$3 billion	–	–
<i>Planning</i> .....	<i>\$75 million</i>	–	–	–
<i>Highway-Rail Grade Crossing</i> .....	<i>\$6.25 million</i>	–	–	–
Restoration & Enhancement Grants .....	\$250 million	\$250 million <sup>13</sup>	\$100 million, or \$20 million/year	\$37 million
<b>Competitive Grants Subtotal</b> .....	<b>\$15.25 billion</b>	<b>\$44.25 billion</b>	<b>\$2.2 billion</b>	<b>\$2.73 billion</b>
<b>Five Year Total</b> .....	<b>\$34.47 billion</b>	<b>\$66 billion</b>	<b>\$10.25 billion</b>	<b>\$12.1 billion</b>

Additionally, Congress provided more than \$3.7 billion in Northeast Corridor and National Network Grants to Amtrak during the COVID pandemic to offset revenue losses from decreased ridership and to maintain employment levels.<sup>14</sup>

Passenger rail lines rarely generate an operating profit.<sup>15</sup> Recently, FY 2019 was one of the closest years that Amtrak came to making an operating profit, when it registered a net loss of \$881 million and a net operating loss, after adjustments, of \$29 million for the year.<sup>16</sup> Due to the COVID–19 pandemic, Amtrak’s FY 2020 revenues fell by 60 percent and ridership plummeted.<sup>17</sup> Amtrak’s FY 2021 net loss was over \$2 billion, which recovered somewhat in FY 2022, with a loss of \$1.825 billion.<sup>18</sup> According to Amtrak’s Five-Year Plans for FY 2022–2027, Amtrak is projecting operating losses of at least roughly \$1 billion per year on its service.<sup>19</sup>

<sup>12</sup> Re-named program in IIJA, formerly Federal-State Partnership for State of Good Repair in FAST Act.

<sup>13</sup> IIJA, Pub. L. No. 117–58, Division J, 135 Stat. 192 (describing amounts appropriated from Amtrak NN emergency-designated supplemental appropriation provided in Division J of IIJA).

<sup>14</sup> See CARES Act, Pub. L. No. 116–136, 134 Stat. 281; Consolidated Appropriations Act, 2021, Pub. L. No. 116–260, 134 Stat. 1182; American Rescue Plan Act, Pub. L. No. 117–2, 135 Stat. 4.

<sup>15</sup> INTERCITY PASSENGER RAIL: FEDERAL POLICY AND PROGRAMS, *supra* note 2.

<sup>16</sup> *Id.*

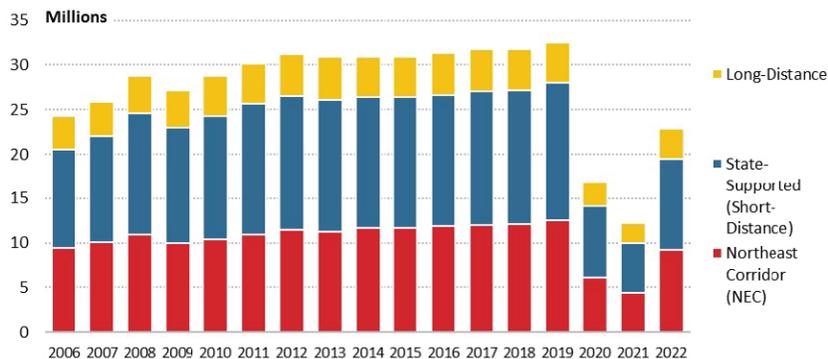
<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> AMTRAK, FIVE-YEAR PLANS, HISTORIC OPPORTUNITIES—AMTRAK’S FY 2022–2027 SERVICE AND ASSET LINE PLANS, available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Service-Asset-Line-Plans-FY22-27.pdf>; see also Jeff Davis, *Amtrak Concedes Perpetual \$1 Billion/Year Operating*, ENO CENTER FOR TRANSP., (Apr. 21, 2023), available at <https://www.enotrans.org/article/amtrak-concedes-perpetual-1-billion-year-operating-losses/>.

## IV. AMTRAK RIDERSHIP

In pre-pandemic FY 2019, Amtrak set a record of 32.5 million trips taken on its system.<sup>20</sup> FY 2019 marked the eighth straight year Amtrak ridership surpassed 30 million trips.<sup>21</sup> In FY 2020, following the onset of the pandemic, ridership plummeted to roughly 16.8 million people.<sup>22</sup> April 2020 saw ridership fall to nearly 95 percent of its total one year prior.<sup>23</sup> Demand bottomed out in FY 2021 when Amtrak carried 12.166 million riders, representing a drop of 62.6 percent in ridership.<sup>24</sup> In FY 2022, ridership increased as the pandemic ended, but still only reached 68 percent of pre-pandemic levels.<sup>25</sup>



Source: BEN GOLDMAN, CONG. RSCH. SERV. (R47260) INTERCITY PASSENGER RAIL: FEDERAL POLICY AND PROGRAMS, (Mar. 23, 2023).

## V. ILLUSTRATIVE CORRIDOR DEVELOPMENT PROPOSALS

*FRA CORRIDOR IDENTIFICATION AND DEVELOPMENT PROGRAM*

Established by IIJA, the FRA's Corridor ID program will guide intercity passenger rail planning and development. It is intended to become the primary means for directing Federal investment and assistance for new and improved intercity passenger rail routes.<sup>26</sup> The Corridor ID program will support the sustained long-term development of intercity passenger rail and will create a capital project pipeline ready for Federal (and other) funding.<sup>27</sup>

*CONNECT NEC 2035*

In July 2021, the Northeast Corridor Commission (Commission) released CONNECT NEC 2035 (C35), a plan that details the sequencing of infrastructure investments and capital renewal projects to be made throughout the Northeast Corridor (Corridor) over 15 years.<sup>28</sup> The Commission is comprised of 18 members, including representatives from each of the eight Corridor states, the District of Columbia, Amtrak, and the DOT.<sup>29</sup> The NEC Project Inventory, established by the IIJA, is a predictable pipeline of projects that will assist Commission Members and the public

<sup>20</sup> Amtrak Route Ridership, FY19 vs FY18, <https://media.amtrak.com/wp-content/uploads/2019/11/FY19-Year-End-Ridership.pdf>.

<sup>21</sup> INTERCITY PASSENGER RAIL: FED. POLICY AND PROGRAMS, *supra* note 2.

<sup>22</sup> AMTRAK, *FY 20 Year End Revenue and Ridership*, available at <https://media.amtrak.com/wp-content/uploads/2020/12/FY20-Year-End-Ridership.pdf>.

<sup>23</sup> INTERCITY PASSENGER RAIL: FED. POLICY AND PROGRAMS, *supra* note 2.

<sup>24</sup> AMTRAK, *FY 22 Year End Revenue and Ridership*, available at <https://media.amtrak.com/wp-content/uploads/2021/12/FY21-Year-End-Revenue-and-Ridership.pdf>.

<sup>25</sup> INTERCITY PASSENGER RAIL: FED. POLICY AND PROGRAMS, *supra* note 2.

<sup>26</sup> NOTICE OF PROPOSED RULEMAKING FOR FRA CORRIDOR ID PROGRAM, available at <https://www.federalregister.gov/documents/2022/12/20/2022-27559/notice-of-solicitation-of-corridor-proposals-and-funding-opportunity-for-the-corridor-identification>

<sup>27</sup> *Id.*

<sup>28</sup> NORTHEAST CORRIDOR COMMISSION, CONNECT 2035 (July 2021), available at <https://nec-commission.com/app/uploads/2021/08/CONNECT-NEC-2035-Plan.pdf> [hereinafter CONNECT 2035].

<sup>29</sup> COMMISSION, *The Commission*, available at <https://nec-commission.com/commission/>.

with long-term capital planning for the NEC.<sup>30</sup> To be eligible for the Federal-State Partnership for Intercity Passenger Rail Program, NEC projects must be on the NEC Project Inventory.<sup>31</sup>

#### CALIFORNIA

The California State Transportation Agency (CalSTA) is the Nation's largest state transportation agency responsible for maritime, highway, transit, and rail systems planning, investment, and oversight.<sup>32</sup> California has three long-standing intercity passenger rail corridors currently led by joint powers authorities serving markets in the San Diego-Los Angeles area, the San Joaquin Valley to Bakersfield, and the San Francisco Bay Area to Sacramento.<sup>33</sup>

#### SOUTHEAST CORRIDOR COMMISSION

The Southeast Corridor Commission (SEC) consists of departments of transportation from Florida, Georgia, North Carolina, South Carolina, Tennessee, Virginia, and Washington, DC.<sup>34</sup> The SEC issued the Southeast Regional Rail Plan in December 2020, which seeks to increase intercity passenger rail service in the region.<sup>35</sup>

#### SOUTHERN RAIL COMMISSION

The Southern Rail Commission (SRC) is an interstate compact approved in 1982 by the legislatures of Louisiana, Mississippi, and Alabama. The SRC is composed of commissioners appointed by their respective governors, with a mission to promote the safe, reliable, and efficient movement of people and goods to enhance economic development, provide transportation choices, and facilitate emergency evacuation routes.<sup>36</sup> Section 11304 of the FAST Act directed the DOT Secretary to convene a working group to evaluate the restoration of intercity rail passenger service between New Orleans, Louisiana, and Orlando, Florida. In July 2017, the Working Group reported that approximately 1/20th of CSX's estimated required capital investment was needed to start service.<sup>37</sup> Following the conclusion of legal proceedings before the Surface Transportation Board (STB), Amtrak is expected to resume service later this year.<sup>38</sup>

## VI. WITNESS LIST

- Mr. Stephen Gardner, CEO, Amtrak
- Mr. Mitch Warren, Executive Director, Northeast Corridor Commission

<sup>30</sup> 2022 NORTHEAST CORRIDOR PROJECT INVENTORY, available at <https://railroads.dot.gov/sites/fra.dot.gov/files/2022-11/NEC%20Project%20Inventory.pdf>.

<sup>31</sup> FRA PUBLISHES NORTHEAST CORRIDOR PROJECT INVENTORY, LAYING OUT PRIORITIES FOR INTERCITY PASSENGER RAIL DEVELOPMENT ON THE NEC, available at <https://www.transportation.gov/briefing-room/fra-publishes-northeast-corridor-project-inventory-laying-out-priorities-intercity>.

<sup>32</sup> See CALSTA, *Home*, available at <https://calsta.ca.gov/>.

<sup>33</sup> CALSTA, *California State Rail Plan*, available at <https://dot.ca.gov/programs/rail-and-mass-transportation/california-state-rail-plan>.

<sup>34</sup> SRC, *Partners*, available at <https://www.southeastcorridor-commission.org/partners>.

<sup>35</sup> SRC, *Southeast Rail Plan, Final Report*, (Dec. 2020), available at <https://www.southeastcorridor-commission.org/copy-of-commission-reports-1>.

<sup>36</sup> SRC, *Our Mission*, available at <https://www.southernrailcommission.org/mission>.

<sup>37</sup> GULF COAST WORKING GROUP, *GULF COAST WORKING GROUP REPORT TO CONGRESS, FINAL REPORT*, (July 2017), at 7, available at <https://railroads.dot.gov/elibrary/gulf-coast-working-group-report-congress>.

<sup>38</sup> See Application of the National Railroad Passenger Corporation Under 49 U.S.C. 24308(e)—CSX Transportation, Inc., and Norfolk Southern Railway Company, 87 Fed. Reg. 6644 (Feb. 4, 2022) available at <https://www.govinfo.gov/content/pkg/FR-2022-02-04/pdf/2022-02416.pdf>; see also John Sharp, *Mobile's train stop 'key element' for Amtrak's return to Gulf Coast*, AL.COM, (Apr. 3, 2023), available at <https://www.al.com/news/2023/04/mobiles-train-stop-key-element-for-amtraks-return-to-gulf-coast.html>.



**AMTRAK OPERATIONS: EXAMINING THE  
CHALLENGES AND OPPORTUNITIES FOR IM-  
PROVING EFFICIENCY AND SERVICE**

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**TUESDAY, JUNE 6, 2023**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND  
HAZARDOUS MATERIALS,  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:01 a.m., in room 2167 Rayburn House Office Building, Hon. Troy E. Nehls (Chairman of the subcommittee) presiding.

Mr. NEHLS. The Subcommittee on Railroads, Pipelines, and Hazardous Materials will come to order.

I ask unanimous consent that the chairman be authorized to declare a recess at any time during today's hearing.

Without objection, so ordered.

I also ask unanimous consent that the Members not on the subcommittee be permitted to sit with the subcommittee at today's hearing and ask questions.

Without objection, so ordered.

And as a reminder, if Members wish to insert a document into the record, email me.

I now recognize myself for the purposes of an opening statement for 5 minutes.

**OPENING STATEMENT OF HON. TROY E. NEHLS OF TEXAS,  
CHAIRMAN, SUBCOMMITTEE ON RAILROADS, PIPELINES,  
AND HAZARDOUS MATERIALS**

Mr. NEHLS. Today's hearing examines the current and future state of Amtrak. The Infrastructure Investment and Jobs Act, or IIJA, gave historic funding to railroads, with a large portion of that money going to Amtrak.

Amtrak is a federally chartered corporation with the Federal Government as the majority stakeholder. Its Board of Directors is appointed by the President and confirmed by the Senate. Amtrak's funding largely comes from the Federal Government versus from ticket revenue. Without significant taxpayer support, we all know that Amtrak could not operate.

Since its creation in 1971, Amtrak has never made a profit. Since 1971, Amtrak has never made a profit. Despite the funding provided in IIJA, Amtrak predicts it will lose roughly \$1 billion, with a "B," per year, with those losses largely covered by the taxpayers.

My Democratic colleagues like to note that highways and airlines also rely on Government subsidies to operate. While those modes receive Federal support, they are also essential forms of transportation in high use and high demand by the American people. Unlike Amtrak, Americans could not travel and function as they do without the use of highways and airplanes.

And during the COVID-19 pandemic, Amtrak ridership and revenues plummeted as commuters stayed home or chose to use other modes of transportation. Ultimately, Amtrak received billions of extra dollars in COVID relief to operate largely empty trains for several months.

Today, we will examine the state of Amtrak's post-COVID recovery. While Amtrak has regained some ridership in recent months, we will hear about Amtrak's plans to continue boosting demand and ticket revenue.

Amtrak's losses arise mostly entirely from its national network and long-distance routes. Rather than focusing on attracting riders to existing routes, Amtrak now seeks to expand this network, risking a greater expense to the taxpayer. Some of these new routes will even require the States to cover costs and losses.

And in fairness to Amtrak, prior to the pandemic, it was on a path to achieve profitability for the first time in roughly 50 years. This turnaround came as a result of tough decisions by its leaders that prioritized service and shared sacrifices with Amtrak employees.

While growth is a positive trend for a company, Amtrak must prioritize improving its current network, including important system maintenance and upgrades, and improving safety, security, and customer satisfaction issues that have plagued Amtrak for years over expansion ambitions.

In addition to spending and revenue issues, this committee has questioned Amtrak about its compliance with the Americans with Disabilities Act, rising crime in its stations and trains, the potential transport of illegal migrants from the southern border on its trains, and generous executive bonuses despite losses and service problems.

Amtrak must work to attract customers and revenue and operate as a reasonable steward of the taxpayers' dollars. It should ensure that its network is safe and secure. Further, it is necessary for Amtrak to strengthen its relationship with the States, including through the development of a transparent and fair cost allocation policy for State-supported Amtrak routes.

Finally, any potential expansion of Amtrak's system must allow for freight railroads to provide input—to provide input—on capacity and track sharing issues. The recent supply chain crisis further emphasizes the value of freight railroads in efficiently moving goods across the Nation. Amtrak's passenger expansion efforts should not be allowed to obstruct the critical movement of freight railroads.

[Mr. Nehls' prepared statement follows:]

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**Prepared Statement of Hon. Troy E. Nehls, a Representative in Congress from the State of Texas, and Chairman, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

Today's hearing examines the current and future state of Amtrak. The Infrastructure Investment and Jobs Act (IIJA) gave historic funding to railroads, with a large portion of that money going to Amtrak.

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Mr. NEHLS. I now recognize Ranking Member Payne for 5 minutes for an opening statement.

**OPENING STATEMENT OF HON. DONALD M. PAYNE, JR., OF NEW JERSEY, RANKING MEMBER, SUBCOMMITTEE ON RAILROADS, PIPELINES, AND HAZARDOUS MATERIALS**

Mr. PAYNE. Thank you, Mr. Chairman. And to one of the major points that you made, if there is an example of a passenger entity somewhere in the world that is profitable on its own, please, the committee would love to know.

So, with that, I want to thank you, Chairman Nehls, Chairman Graves, Ranking Member Larsen, and our two witnesses, for being here today.

We are here today during an exciting time for Amtrak, and more broadly, intercity passenger rail across the country.

For the first time, this mode of transportation has guaranteed funding for multiple years. The value of this certainty is not to be understated. This is akin to the beginning of the Interstate Highway System, which we continue to support.

The Bipartisan Infrastructure Law, signed by President Biden in November 2021, provides \$22 billion in funding to Amtrak through fiscal year 2026, \$16 billion of which is to be invested in the national network, while the remaining \$6 billion goes towards infrastructure, and that is along the Northeast Corridor. Another \$19 billion is authorized for Amtrak's capital investments nationwide.

The Bipartisan Infrastructure Law further invests \$36 billion in the Federal-State Partnership for Intercity Passenger Rail Program, with \$24 billion allocated explicitly to the Northeast Corridor. Another \$7.5 billion in funding is also authorized for this grant program.

Amtrak recently submitted grant applications for multiple projects through this program totaling roughly \$9 billion. Together, these projects will assist in increasing rail capacity while reducing service interruptions.

Projects like the Gateway Program in my home State of New Jersey will improve the passenger experience along the Northeast Corridor by digging a pair of new tunnels under the Hudson River and replacing the Portal Bridge. Both of these chokepoints are over 100 years old, and maintenance problems here often cause delays for passengers riding Amtrak and New Jersey Transit.

Other projects along the Northeast Corridor, such as the Frederick Douglass Tunnel in Baltimore, need restoration. This tunnel is 150 years old, the oldest along the corridor. Water damage and tight curves force Acela trains to slow down to 30 miles an hour, adding precious minutes to trips for travelers across Maryland and the rest of the corridor.

Similarly, there is much work to be done on intercity rail projects across the country, including bringing stations into compliance with the Americans with Disabilities Act, refreshing Amtrak's fleet of aging railcars and locomotives, and replacing older rail bridges like the 100-year-old San Luis Rey River Bridge in San Diego County, California.

I look forward to new and improved corridors that can be advanced with this funding.

The Federal Railroad Administration recently received numerous proposals for the Corridor ID Program. This will be the template for passenger rail expansion in the coming years.

Established corridors in North Carolina and California will finally have a consistent Federal partner. New corridors are ripe for development in Texas, Nevada, and the Gulf Coast.

I look forward to the Federal Railroad Administration's project pipeline that will identify the capital projects needed to develop these and other corridors.

All of this funding, all of these projects, and all the benefits that future generations will enjoy would not be possible without our efforts in the 117th Congress when it passed the Bipartisan Infrastructure Law in this Chamber and sent it to President Biden for signature.

The \$100 billion in funding for rail projects included in this monumental law is a game changer for communities nationwide. I look forward to diving into some of the details with our witnesses shortly.

And with that, Mr. Chairman, I yield back.

[Mr. Payne's prepared statement follows:]

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**Prepared Statement of Hon. Donald M. Payne, Jr., a Representative in Congress from the State of New Jersey, and Ranking Member, Subcommittee on Railroads, Pipelines, and Hazardous Materials**

Good morning.

Thank you, Chairman Nehls, Chairman Graves, Ranking Member Larsen, and our two witnesses for being with us today.

We are here today during an exciting time for Amtrak and, more broadly, intercity passenger rail across the country.

For the first time, this mode of transportation has guaranteed funding for multiple years. The value of this certainty is not to be understated. This is akin to the beginning of the interstate highway system, which we continue to support.

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I yield back.

Mr. NEHLS. Mr. Payne yields.

I now recognize the ranking member of the full committee, Mr. Larsen, for 5 minutes for an opening statement.

**OPENING STATEMENT OF HON. RICK LARSEN OF WASHINGTON, RANKING MEMBER, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

Mr. LARSEN OF WASHINGTON. Thank you, Chairman Nehls and Ranking Member Payne, for holding today's hearing on improving Amtrak operations across the country.

The Bipartisan Infrastructure Law was a monumental achievement that supercharged our Nation's investment in rail with \$100 billion in funding. The BIL provided bold, long-term investments across transportation systems and infrastructure that are creating jobs and benefiting our economy. Just last week, the Bureau of Labor Stats reported that the economy added 339,000 jobs in May, including 25,000 construction jobs and 24,000 transportation and warehousing jobs, a sign that the economy is on the move.

For intercity passenger rail specifically, the BIL guaranteed multiyear funding for state-of-good-repair investments and development. It makes possible, for the first time ever, dedicated, reliable Federal funding, disbursed over the next few years, to improve and expand intercity passenger rail.

Just this week, the first round of competitive rail grant funding from BIL was announced, and among the recipients was the city of Burlington, Washington, in the Second Congressional District, which was awarded a \$2 million planning grant to remove a grade crossing, which will, in turn, increase mobility for all rail traffic.

Burlington Mayor Steve Sexton brought this idea to me nearly a decade ago, and I am pleased to see this project awarded the funding it needs to improve safety and reduce congestion.

Projects like this are improving the quality of life and creating jobs, and Washington State has led the way in executing BIL funding so far. And I expect great results for our communities that will come from this grant and the additional rail funding to come, as well.

Amtrak and the FRA can now enact long-term plans for passenger rail expansion and improvement, secure in the knowledge that the funding will be there in future years. The bipartisan budget agreement protected BIL funding from cuts, including this vital rail funding, and demonstrated support on both sides of the aisle to maintain these investments.

I look forward to hearing from both of our witnesses today about the difference this budget certainty has made for them in developing and sustaining programs, and how this will ultimately improve service for rail passengers.

I want to apologize for Mr. Warren for missing our meeting yesterday. It was an airplane issue and not a rail issue that prevented me from getting here on time, so . . .

However, this funding is not only intended to improve rail service, but to expand it. The demand for more frequent, more reliable passenger rail service is real. Cities and counties across the Nation want increased access to the national passenger rail network. They know this will help their towns grow and thrive and provide a greener way to move people. The communities that have rail service want better service. The communities that do not have service want service to start.

Communities in my district were frustrated that the COVID pandemic shuttered State-supported Amtrak routes like the Amtrak Cascades which connects communities like Everett, Edmonds, Stanwood, Mount Vernon, and Bellingham in my district to cities like Seattle, Spokane, Portland, Eugene, and Vancouver, British Columbia. I celebrate the return of the service and note, though, that it took 3 years to restore.

Mr. Payne referred to the gulf coast, where it took 17 years to get an agreement there to restart service after Hurricane Katrina. To my colleagues on this committee representing gulf communities, I share the frustration you and your constituents have undoubtedly experienced.

As we did in fighting for rail funding in the BIL, this committee is committed to helping communities get regular and reliable passenger rail service.

Now, of the \$100 billion provided for rail in the BIL, \$66 billion was provided in the form of advance appropriations. The remaining \$34 billion is subject to future appropriations. So, I think we should continue to push for Congress to fully fund its intercity passenger rail commitments to create more jobs, grow regional economies, reduce congestion and carbon emissions, and build a cleaner, greener, safer, and more accessible transportation network.

The BIL is also an investment in the workforce. This funding will be used to grow a well-trained, diverse workforce to build, operate, and maintain a national intercity passenger rail network.

The transformational investment in the BIL is a great start, but Congress needs to build on this by securing a reliable funding stream for intercity passenger rail. Highways, transit, airports, and harbors all have access to trust funds enabling them to fund their long-term major capital projects without having to wait for annual appropriations process. It is past time to do this for rail.

This committee will have the opportunity today to hear from two witnesses who are on the front lines, turning these historic investments into tangible improvements to rail service that our communities can rely on.

We will also have the opportunity to specifically examine Amtrak's plans for service improvements and growth, and to hear from one of Amtrak's key partners, the Northeast Corridor Commission, on how the BIL will improve passenger rail in that region.

So, I look forward to hearing from our witnesses about their vision for the future of passenger rail.

And with that, I yield back.

[Mr. Larsen of Washington's prepared statement follows:]

**Prepared Statement of Hon. Rick Larsen, a Representative in Congress  
from the State of Washington, and Ranking Member, Committee on  
Transportation and Infrastructure**

Thank you, Chairman Nehls and Ranking Member Payne, for holding today's hearing on improving Amtrak operations across the country.

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It's past time that intercity passenger rail was brought into parity with the other modes.

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We will also be able to hear from one of Amtrak's key partners, the Northeast Corridor Commission, on how the BIL will improve passenger rail nationwide.

I look forward to hearing from our witnesses today about their vision for the future of passenger rail.

Mr. NEHLS. Mr. Larsen yields.

I would like to now welcome our witnesses, and thank you for being here. Mr. Gardner, Mr. Warren, I will take a minute here to explain our lighting system to you. There are three lights. Green means go; obviously, yellow, you are running out of time; and then red means pump the brakes.

I ask unanimous consent that the witnesses' full statements be included in the record.

Without objection, so ordered.

And as your written testimony has been made part of the record, the subcommittee asks that you limit your oral remarks to 5 minutes.

And with that, Mr. Gardner, you are recognized for those 5 minutes.

**TESTIMONY OF STEPHEN GARDNER, CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK); AND MITCH WARREN, EXECUTIVE DIRECTOR, NORTHEAST CORRIDOR COMMISSION**

**TESTIMONY OF STEPHEN GARDNER, CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)**

Mr. GARDNER. Good morning, Chairman Nehls, Ranking Member Payne, Ranking Member Larsen, and members of the subcommittee. Thanks for having me here today.

Let me start with a brief update on the strong year Amtrak is having so far in fiscal year 2023. Safety is our number one priority, and its importance was highlighted this past weekend by the tragic accident in India. Our heart goes out to those impacted, and it is a solemn reminder that our work is never done.

I am glad to report, however, that through March, Amtrak's rate of reportable injuries was 20 percent better than our annual goal, and we have not had a single NTSB-investigated accident this year.

I am also proud to say that we have returned service to all of our network. While several routes are still with less frequency than pre-pandemic, we are progressing our plan to add more service over the coming year. We also continue to upgrade our customer experience, improve our facilities, and enhance our food and beverage offerings.

Through April, our year-to-date ridership was 84 percent of our pre-pandemic levels, and in April, it was 89 percent. By next year, we expect to reach our overall fiscal year 2019 level of 32 million riders again. This is remarkable, and the best post-pandemic performance of any U.S. passenger rail operator.

However, ridership does remain impacted by some insufficient equipment and reduced business travel. Both have affected Acela revenues, in particular, making adequate funding for the Northeast Corridor even more vital.

Speaking of financials, through April of fiscal year 2023, our adjusted operating loss was \$434 million, which is \$53 million better than our plan, and our fare box recovery has risen to 76 percent.

We are still a ways off from achieving break-even results, as we were on track to do in fiscal year 2020, due to the more than 3 years of significant cost increases and lost revenue growth. But we see a path for our train operations business to return there under an apples-to-apples comparison in about 5 years.

Let me also mention how the finances of the company have changed dramatically due to the large influx in IIJA capital funding. Amtrak is no longer simply a passenger rail operator, but we are now a major construction company executing a massive capital program. This creates additional operating expenses that didn't exist before.

Regarding economics, Congress was clear in the IIJA that Amtrak's statutory goal is to maximize public benefits from Federal funding, not just minimize our need for them. You can be sure we will continue to place a balance on pursuit of improved financial performance with our other statutory goals.

Through the IIJA, for the first time in Amtrak's history, Congress and the administration are now investing at the levels needed to achieve these goals. Since I last appeared before the subcommittee, Amtrak has begun to receive our IIJA funds from the FRA and put them to good use.

With our partners, we have recently applied for about \$10 billion in FRA and DOT grants, and we are advancing many key projects, including construction of the new Hudson River Tunnel and rehab of our East River Tunnels, both which will begin next year; and construction of Portal North Bridge in New Jersey, which is about 25 percent complete; advancing our B&P Tunnel Replacement Program and vital bridge projects in Maryland and Connecticut; manufacturing our new Airo train sets by Siemens in Sacramento, California, and our new Acela trains by Alstom in upstate New York, with support from hundreds of suppliers all across America; procurement of our new fleet of long-distance trains which we will put out to bid later this year; completion of 112 ADA projects in stations all across our network over the next 16 months; startup of two new State-supported services between New Orleans and Mobile, and the Twin Cities and Chicago later this year; grant applications to study extensions for long-distance service between Meridian, Mississippi, and Dallas-Fort Worth, and daily service on the Cardinal and Sunset routes; and support for many of the more than 90 applications by States and cities from across America to the FRA's Corridor ID Program to develop new and enhanced services.

We are excited by this progress, and it is important to note, though, that it will take sustained Federal support to develop a 21st-century passenger rail network.

In the near term, we need adequate appropriations to maintain and operate our trains. In the long term, we need a reliable funding mechanism, like other transportation modes have, so we can efficiently plan and deliver our network.

Lastly, good on-time performance is fundamental to our business, and we continue to face challenges with some of our host railroad partners. I hope this subcommittee will work with us on these issues so we can better serve the whole Nation and your constituents.

Thank you for the opportunity to testify today and for your time. I look forward to your questions.

[Mr. Gardner's prepared statement follows:]

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**Prepared Statement of Stephen Gardner, Chief Executive Officer, National Railroad Passenger Corporation (Amtrak)**

Good morning, Chairman Nehls, Ranking Member Payne, and Members of the Subcommittee. My name is Stephen Gardner, and I am the Chief Executive Officer of Amtrak. Thank you for inviting me to appear before you today to discuss Amtrak's operations, and the challenges we face and opportunities we have to improve our efficiency and service.

This hearing is very timely. The train called Amtrak is emerging from the dark tunnel of the COVID-19 pandemic, poised to travel faster than before. We are now just over two thirds of the way into Fiscal Year 2023, the first year since pre-pandemic 2019 in which our operations and demand for our services are finally returning to normal, albeit in some respects a new normal. Our ridership, revenues, service and workforce have recovered in ways that we could only have dreamed of during the darkest hours of the pandemic, when virtually overnight our ridership and revenue plunged by 97%.

Amtrak has come a long way since then. We have restored service to all of our routes, are operating nearly all our pre-pandemic frequencies, have regained most of our ridership and revenues, have attracted many new customers, and have rebuilt our workforce. And for the first time in Amtrak's 52-year history, the Infrastructure Investment and Jobs Act, or IJJA, has provided us with substantial, multi-year funding that will enable us to launch a new era for intercity passenger rail in the United States.

I'd like to begin by talking about Amtrak's current performance during Fiscal Year 2023 to date. I will then describe how we are seizing the opportunities IJJA funding has provided, and finally turn to the challenges we face and the actions we are taking to address them.

THE STATE OF THE COMPANY

I will start with safety, where I am pleased to report that the efforts of our teams across the company are producing extremely strong results. We have experienced zero NTSB accidents in Fiscal Year 2023. Through April, our rate of FRA reportable employee injuries per 200,000 hours was at historically low levels and 24% ahead of our FY23 goal.

I am also pleased to tell you that we have also restored nearly all of the service we suspended or reduced during the COVID-19 pandemic. With the recent resumption of our New York City to Montreal *Adirondack* route and restoration of the second Amtrak Cascades round trip between Seattle and Vancouver, British Columbia, we are back to running our entire pre-pandemic network and have fully restored cross-border service to Canada. All of our long-distance routes have been operating at normal service frequency since October of last year and nearly all *Northeast Regional* service on the Northeast Corridor has been restored. The few remaining routes where service hasn't returned to full levels are our high-speed *Acela* service on the Northeast Corridor, which is still operating a reduced schedule due to equipment challenges, and several state-supported routes where we have not restored all pre-pandemic frequencies, in most cases because of the wishes of our state partners.

Our fiscal-year-to-date total ridership through April was 84% and our ticket revenues 95% of pre-pandemic levels. During April, ridership was 89% and ticket revenues 96% of April 2019. For the week of May 22, we achieved the same level of ridership we had in the same week in FY 2019. On some routes we are carrying more passengers than before the pandemic. We expect to reach a “normal” level of ridership—the 32.3 million passengers we carried in Fiscal Year 2019—next year.

What is particularly encouraging is that we have achieved this level of ridership return even though:

- Ridership on several state-supported routes that carry large numbers of work commuters remains significantly below pre-pandemic levels;
- Our *Pacific Surfliner* route from San Diego to Los Angeles and San Luis Obispo, our highest ridership route outside of the Northeast Corridor, pre-pandemic, has been severed twice in recent months for extended periods due to erosion impacting tracks along the Pacific Coast it follows; and
- Passenger capacity, as measured by available seat miles, on all three of our service lines is lower than it was pre-pandemic—15% lower systemwide during April—due to fewer frequencies and a shortage of certain equipment types.

We are also encouraged by the number of new passengers we are seeing. Currently, about 30% of our passengers are new to Amtrak, up from roughly 20% pre-pandemic, indicating that many new customers are interested in trying the train. Changes in the trip purpose of new *Acela* passengers bear this out. Pre-COVID, about half of them were traveling for business. Today, it’s only 20%. This illustrates both the reduced demand for business travel, which is continuing to negatively impact average fare per passenger on *Acela*, but also a new market of leisure passengers willing to pay more for an upgraded experience. We are endeavoring to capitalize on that opportunity through new marketing and fare strategies, including our Amtrak BidUp program which invites passenger who have reserved a coach seat to submit bids to upgrade to a premium class of service.

Our Adjusted Operating Loss in Fiscal Year 2023 through April was \$433.7 million, \$53.5 million better than our plan. When our ridership and revenues evaporated in March 2020 at the onset of the COVID-19 pandemic, Amtrak was ahead of plan for achieving a major accomplishment we had sought for three decades and no other U.S. passenger railroad has accomplished in generations: break-even results, meaning that revenues were set to equal or exceed operating expenses. Achieving break-even results or better again for our passenger operations will take time, because by the time our ridership and revenues return to 2019 levels we will have missed out on four years of typical revenue growth and incurred a dramatic increase in our cost-base because of the pandemic, due to inflation. Additionally, the finances of the company are dramatically different because of the large influx in capital funding we are receiving through the IIJA. The vital capital work that this funding makes possible also comes with new levels of operating expenses to support it and therefore, on a consolidated basis, will add to our losses on top of the normal costs of running today’s network for a period of time as we deliver this work. If we exclude these new capital-related operating costs, we believe that we can achieve break-even results for our train operations once again within about five years if Amtrak and the relevant FRA grant programs are funded at IIJA-authorized levels so we can make investments that are necessary to improve efficiency, facilitate growth, and improve our financial performance.

Let me be clear, however, that we do not intend to pursue financial results at the expense of meeting our other obligations under law. Amtrak did that once in the late 1990s in an effort to fulfill an unrealistic Congressional mandate, a course of action that contributed to the company’s near bankruptcy in 2002. Among our most important statutory obligations are operating our current long-distance network, a responsibility Congress codified in the IIJA; working with states to expand Amtrak service on corridors throughout the United States, an obligation reinforced by the IIJA; and collaborating with our state and commuter partners to carry out the major capital projects included in the 15-year CONNECT NEC plan the IIJA requires the NEC Commission to develop and update.

Financial performance is not Amtrak’s sole objective. If it were, we would do what the Penn Central, the railroad that was the last private owner of the Northeast Corridor, did: declare bankruptcy; get rid of our obligations to maintain the infrastructure and operate passenger trains; and go into the real estate business with the property and assets we own along the corridor. Passenger rail is a service, not a profit center, as every other country in the world acknowledges. The IIJA made that clear by amending Amtrak’s goals to clarify that Amtrak was to use the federal funding it receives to maximize public benefits rather than to minimize our need for federal funding at the expense of our mission and goals. The biggest challenge

we faced when we came out of the pandemic was rebuilding our most important asset: our workforce. We did everything we could to keep employees on the payroll during the pandemic. We did not furlough a single Mechanical or Engineering employee; we offered incentives to employees already eligible to retire so that we could keep paying our lower seniority workers—our workforce of the future—and we recalled all furloughed employees, over 90% of whom returned, once we received the funding we needed to pay them. Nonetheless, by the time we were able to begin hiring and offering in-person training classes again, our headcount was well below the level required even for our pre-pandemic operations, to say nothing of what was needed to carry out projects funded by the IIJA.

Rebuilding our workforce during a time of record low unemployment was a major challenge—but we have met it. We hired 4,000 new employees during Fiscal Year 2022 and have hired 2,700 more during the first seven months of Fiscal Year 2023. We will continue our accelerated hiring efforts until we have enough employees to ensure that we can operate all of our trains at required staffing levels, maintain and repair our equipment, perform work on major infrastructure projects and meet our obligations to partners. Of particular importance is having enough Amtrak employees to manage major capital projects so that we don't have to rely on high-priced consultants.

We are also working to improve our customers' experience. We are adding additional agents to minimize wait times for passengers who call our contact center or communicate with us virtually. We are enhancing food service on a number of routes. Coach passengers on our western long-distance trains now have access to the dining car for meal service; traditional dining is being introduced on our *Silver Star* and *Silver Meteor* between New York City and Miami; and we have launched new menus for First Class customers on our *Acela* trains in collaboration with an award-winning restaurant group. The Food and Beverage Working Group created by the IIJA, whose membership included representatives of our employees, state partners, passenger rail users and Amtrak, recently issued its report. We are reviewing its recommendations and will report to you later this year on our response to them, as contemplated by the IIJA.

#### CAPITALIZING ON THE OPPORTUNITIES PROVIDED BY THE IIJA

The IIJA provides the funding Amtrak, its partners and stakeholders have long sought to make vital, once-in-a-generation investments in our infrastructure along the Northeast Corridor; in Chicago, the hub of our National Network; and on other Amtrak-owned infrastructure. I'm pleased to report that, in the eight months since I last appeared before this Subcommittee, Amtrak and its state and commuter railroad partners have been making significant progress in advancing many major infrastructure projects.

Construction on the Hudson Tunnel Project, the most important component of the New York/New Jersey Gateway Program, is expected to begin next year following execution of a full funding grant agreement. We expect to begin construction this year on section 3 of the Hudson Yards Concrete Casing that will preserve the underground right-of-way for the tunnel, which was awarded a \$292 million Mega grant in January. The Portal North Bridge over the Hackensack River is now 25% complete.

We are also moving towards construction of two vital bridge projects, the replacement of the 117-year-old Susquehanna River Bridge in Maryland and the 116-year-old Connecticut River Bridge between Old Saybrook and Old Lyme, Connecticut. We recently initiated a procurement for a Construction Manager at Risk for the Susquehanna River Bridge and issued a Request for Qualifications for a Construction Contractor for the Connecticut River Bridge. We have submitted applications for Federal-State Partnership grants for both projects and expect to begin early work on the Susquehanna River Bridge Project and construction of the Connecticut River Bridge during 2024.

The IIJA will also allow Amtrak to advance projects that will increase speeds and reduce trip times. Amtrak has submitted Federal-State Partnership grant applications for a New Haven to Providence Capacity Planning Study and an Infrastructure Renewal and Speed Improvement Program (IRSIP) Planning Study for the portion of the Northeast Corridor between Northern New Jersey and Washington, D.C. These studies will develop and evaluate alternatives to grow rail capacity and improve performance on both segments of the Northeast Corridor, including the potential creation of new rail alignment segments on which trains could operate at higher speeds.

The biggest improvements in trip time and operational efficiency often come from eliminating bottlenecks through which trains travel at very slow speeds and are fre-

quently delayed due to deteriorated infrastructure condition and capacity limitations. Many of our major NEC projects will do that. For example, the new Frederick Douglass Tunnel in Baltimore, for which we began early construction activities in March, will have triple the capacity of the 150-year-old B&P Tunnel, the biggest bottleneck on the Northeast Corridor that it will replace. Trains traveling through the new tunnel will reach speeds of over 100 miles per hour, more than three times faster than the 30 miles per hour at which they crawl through the B&P Tunnel today. This will reduce trip time between Washington to Baltimore to less than 30 minutes.

Because of the IIJA, Amtrak is no longer just a passenger rail operator and infrastructure maintainer. We are also a major construction company executing one of the largest capital programs in the history of the United States. The investments we are making are every bit as ambitious as the Pennsylvania Railroad's construction during the first third of the 20th Century of the Northeast Corridor stations, tunnels, bridges and electrification system we continue to rely upon 100 years later.

To ensure we deliver on the construction program IIJA funding has jumpstarted, we created a new Capital Delivery department in early 2022 that is responsible for the planning, design and construction of Amtrak's critical infrastructure projects. That department has attracted leading experts in rail infrastructure and transportation project management from around the country who are excited to take part in the most important U.S. railroad infrastructure construction project in many generations. We're also hiring and training hundreds of additional union employees in the electric, signal, and track fields to work on capital projects.

We are not constructing these projects by ourselves. Rather, we are working alongside our state and commuter rail partners and the railroad supply industry to deliver these projects while maintaining Amtrak, commuter and freight rail service on the Northeast Corridor, the busiest and most complex rail corridor in the United States. This requires close collaboration and planning, not only for projects Amtrak is leading but also those led by our partners.

We are also moving forward with procurements for new equipment. The new trainsets we are acquiring for operation in *Northeast Regional* service along the Northeast Corridor and on many state-supported routes, which we recently announced will be called Airo, are under construction at the Siemens plant in Sacramento, California. The first carshell has recently been completed. Last December, Amtrak issued a Request for Information (RFI) to potential suppliers for the long needed reequipping of our long-distance fleet. That procurement, for which we expect to issue a Request for Proposals (RFP) later this year and enter into a contract in 2024, represents the largest U.S. order for long-distance equipment since the New York Central Railroad's purchase of 721 passenger cars in the late 1940s.

We are making investments in stations throughout our network. One of our most important station projects—the Washington Union Station Expansion Project—achieved an important milestone last month with FRA's issuance of a Supplemental Draft Environmental Impact Statement. We are continuing to progress our program to bring into compliance with the Americans with Disabilities Act, or ADA, all stations for which we have ADA responsibility. We expect to spend over \$1.3 billion in IIJA funding to complete that task. During the remainder of Fiscal Year 2023 and in Fiscal Year 2024, we plan to complete ADA compliance work at 112 stations, most located on long-distance and state-supported routes.

We are also expanding our service with new state-supported trains. Last November, we reached a tentative agreement with our host railroads that will allow initiation of the two planned daily round trips between New Orleans and Mobile. We are currently working with our state partner, the Southern Rail Commission, and our host railroads on preparations for initiating service and to secure IIJA funding for capital investments. We have begun operating non-revenue trains over the route to qualify engineers and conductors on its physical characteristics.

I am particularly excited by the new New Orleans-to-Mobile service because the only current Amtrak service in the Gulf Coast Region is provided by three long-distance trains, one of which operates only three days a week. We are also collaborating with our state partners to advance plans for other new Amtrak services in that region. Last year, I joined Louisiana's governor on an inspection train between New Orleans and Baton Rouge, a route on which we are working with the Louisiana Department of Transportation and Development to develop service and have reached an agreement with the principal host railroad that will enable us to operate it.

The IIJA also provides, for the first time in decades, opportunities to consider increases to long-distance service and the funding to potentially make them happen. We are participating in the Long Distance Study the IIJA directed FRA to undertake that is examining increases in long-distance service frequency and routes. We

recently submitted a joint application with the Southern Rail Commission for a Federal-State Partnership grant to develop plans for a Meridian, Mississippi to Dallas/Fort Worth extension of the New York-to-New Orleans *Crescent*. We have also applied for planning grants under FRA's Corridor ID program for increasing service frequency on our two tri-weekly routes, the *Cardinal* and *Sunset Limited*, to daily.

We are seeking, in some cases jointly with state partners, seven Federal-State Partnership grants to improve our long-distance services. These grants would fund track improvements on the *Empire Builder* route in Montana and the *Silver Meteor*, *Silver Star* and *Palmetto* routes in South Carolina; a new signal system on the *Southwest Chief's* route in New Mexico; planning and engineering work for track upgrades to increase speeds and reduce trip time on the *Cardinal* route between Chicago and Indianapolis; and planning for station improvements in Florida and the return of Amtrak service to Phoenix.

#### AMTRAK'S RELEVANCE DEPENDS UPON GROWTH

Amtrak's goal is to double ridership by 2040. It's an ambitious goal because it took us 35 years to double our ridership for the first time, and now we're proposing to do it again in barely half the time. It's also an essential goal if we are to become more relevant and more efficient.

Growth is the key to making Amtrak more relevant. Amtrak is very relevant along the Northeast Corridor. We play an important role in meeting intercity transportation needs in a number of other regions and states, as well as many individual communities. But in most of the country we have barely begun to tap the potential of intercity passenger rail.

Our route map looks little different than it did when we started service in 1971. Where Amtrak service has increased since then, that has been due to the willingness of individual states to provide funding for Amtrak, in most cases without the federal match they would have received had they chosen to invest in highway or transit projects. As a result, Amtrak has little service in the many of the states and regions that have grown fastest since 1971 and will continue to account for most U.S. population growth in the years to come.

Many of the 46 states we serve have minimal Amtrak service. Half of them, including some of our largest states like Florida, Ohio and Arizona and entire regions such as the Mountain West and Gulf Coast, are served only by long distance trains that provide one round trip a day, and on two routes only three round trips a week. The only Amtrak service in many large cities, including Atlanta, Minneapolis/St. Paul, Denver and Houston, is a single Amtrak long-distance train, while others such as Nashville, Columbus, Phoenix and Las Vegas have no Amtrak service at all.

Long-distance trains serve many passengers for whom flying or driving is not an option. They are incredibly important to many communities throughout the United States in which they provide a vital, and in many cases the only, intercity public transportation service. But long-distance trains' overnight schedules, designed to provide daytime arrivals and departures at endpoints and facilitate connections to other Amtrak trains, mean that they serve many intermediate points in the middle of the night. Their once-a-day at best service and often unreliable on-time performance doesn't meet the needs of most passengers, particularly those who are making short trips that account for the vast majority of intercity travel.

Attracting more riders will require providing more service at times when people want to travel, both along the routes we serve today and along new routes in the regions and states where we presently have little or no service. Most of the new riders we need to attract are people who would otherwise drive, since driving accounts for the vast majority of intercity trips under 400 miles for which rail is most competitive with other modes.

The "Amtrak Connects US" report we released in 2021 described our vision for expanding Amtrak service along unserved and underserved corridors throughout the United States. The FRA-led Corridor ID program created by the IJJA, in which Amtrak is actively participating, provides a much-needed process for guiding and shaping an expanded network to bring new and improved service, including high speed rail in appropriate markets, to places where there is unmet demand for intercity passenger rail. We are actively working with many state and local partners throughout the country to help make the vision of expanded and improved Amtrak service a reality.

So far, we are seeing unprecedented interest in developing new Amtrak service in states that do not currently have Amtrak state-supported services such as Colorado, Georgia, Idaho and Ohio, to name just a few. Later this year, we plan to initiate a daily round-trip between Chicago and St. Paul, Minnesota, to be called the *Great River*, thanks to funding support from a current state partner, Wisconsin, and

a new state partner, Minnesota. Both houses of the Minnesota legislature recently approved \$195 million in state funding for multi-frequency Amtrak service between Minneapolis and Duluth for which they intend to seek IIJA grants.

#### GROWTH WILL MAKE AMTRAK MORE EFFICIENT

For Amtrak to become more efficient, we must grow ridership and increase service. It's a very simple equation: investments in intercity passenger rail that improve service and increase ridership make the service more efficient and enable it to produce more economic and public benefits for each dollar of public investment.

Let me give you one example. Our state-supported *Piedmont* service along the Piedmont Corridor between Raleigh and Charlotte, North Carolina began in 1995 with one round trip a day. The trip took three hours and 45 minutes, and during the first full year of service the route carried only 29,000 passengers. Since then, the Piedmont Corridor and the Amtrak service operating over it have been transformed as a result of the investments North Carolina has made and the federal grants the Corridor has received.

- *Piedmont* ridership has increased tenfold to approximately 300,000 passengers annually.
- Track and signal improvements have increased speeds and reduced trip times, while adding capacity and improving reliability for both Amtrak and freight operations.
- *Piedmont* service has been increased to three round trips, and a fourth round trip will be added in July. When that happens there will be departures throughout the day, with one train in each direction making the trip in less than three hours.
- Safety has been enhanced through the creation of a sealed corridor with state-of-the-art grade crossing warning devices.
- Historic stations have been restored, and a new station built in Raleigh that has sparked redevelopment in the surrounding neighborhood. A new station planned in Charlotte will bring trains into the city's downtown where connections with multiple local transit services are available.
- In addition to attracting more passengers, increased train frequency service and shorter trip times have made the service more efficient. Equipment utilization is 33% higher than at the service's start because some trainsets can now make more than one round trip a day. Adding trains also means that infrastructure and station investments benefit more trains carrying many more passengers.

More improvements and more service are planned along the Piedmont Corridor and rail lines not presently served by Amtrak with which it connects.

- North Carolina is using a federal grant to acquire new equipment that will be more energy efficient, increase passenger capacity and provide an enhanced customer experience that will attract new riders.
- North Carolina is also planning new routes that would connect with the Piedmont Corridor, including Wilmington to Raleigh and Salisbury to Asheville, and has submitted applications for their inclusion in FRA's Corridor ID program.
- When the "S Line"—the direct, rail line from Raleigh to Petersburg, Virginia on which trains will operate up to 110 miles per hour—is restored to service, the Piedmont Corridor and Virginia's Petersburg-Richmond-Washington corridor will become part of a continuous, fast, high-capacity passenger rail corridor from Charlotte to Boston.

#### CAPACITY IS THE BIGGEST CHALLENGE TO AMTRAK GROWTH

Growing Amtrak ridership will require more equipment that will allow us to carry more passengers. Equipment capacity is the biggest challenge we face, both in the near term and in the future as we approach 2040, the target year for our goal of doubling ridership.

Most of our current passenger car fleet—the Amfleet I cars we operate on the Northeast Corridor and on many state-supported routes, and the Amfleet II and Superliner I cars we use on long-distance trains—was built between 1975 and 1983. Like old automobiles, 40- to 50-year-old passenger railcars are more likely to experience mechanical problems as they age and require constant maintenance.

Our ridership grew 45% from 2003 to 2019, during which time we added approximately ten million annual passengers. But our equipment fleet didn't grow to accommodate them. Due to inadequate funding, we acquired virtually no new equipment with passenger capacity during that 16-year period. By 2020, we had a very old equipment fleet with inadequate capacity. And in March of that year, the pandemic hit and made things much worse.

The urgent need to reduce expenses during the first year of the pandemic, when Amtrak was experiencing huge financial losses with no end in sight, had no idea when ridership and revenues would return, and did not know whether it would receive additional COVID relief funding, required us to reduce our headcount and the number of federally-mandated overhauls performed at our maintenance facilities. After we received additional COVID funding, it took time to hire and train new employees.

We have rebuilt our Mechanical workforce: we now have approximately 250 more Mechanical employees than we did before the pandemic. We are taking steps to increase our capacity to perform equipment overhauls and have resumed making major repairs on damaged railcars. Nonetheless, we are still catching up on work we were unable to do during the pandemic. The resulting equipment shortage has meant we are operating some amount of reduced capacity on all three of our service lines.

Our equipment shortage has been exacerbated by delays in delivery and acceptance of the new Venture cars our state partners in the Midwest and California are acquiring for their state-supported services and the 28 high-speed trainsets that will replace the original *Acela* trainsets. The Venture cars are currently entering service on Midwestern routes, which will free up enough Horizon cars to allow us to add two additional Amtrak Cascades frequencies between Seattle and Portland later this year. We now anticipate the new *Acela* trainsets will enter service in 2024, subject to the manufacturer's completion of modeling and testing required by FRA regulations to demonstrate the trainsets' ability to operate safely on the Northeast Corridor.

Delivery and acceptance of all of the Venture cars and the new *Acela* trainsets will alleviate somewhat the equipment constraints on our Northeast Corridor and State-Supported Services. Restoring equipment capacity on our long-distance trains, particularly those equipped with bi-level Superliner cars that operate primarily on our western trains, will continue to be our biggest equipment challenge. Since 2020, approximately 30 Superliner cars have been taken out of service due to incidents in which they incurred significant damage, including a 2021 derailment in Montana and a 2022 grade crossing collision and derailment in Missouri in which 16 Superliner cars were severely damaged. As I will discuss next, there are no off-the-shelf replacements for this unique fleet of trains that Amtrak can access, so losses like these will impair our capacity until new equipment can be ordered and manufactured domestically.

As I mentioned, construction of new Airo trainsets for our *Northeast Regional* and state-supported services is underway, and the funding provided by the IIJA has allowed us to finally initiate the procurement for new long-distance cars we began last year. Unfortunately, one difference between old automobiles and old passenger railcars is that you can't just go out and buy new passenger railcars for these types of service from the dealer's lot when they need to be replaced. The U.S. market for passenger rail vehicles is tiny compared to the international market, and the number of passenger railcar manufacturers with U.S. plants where equipment that complies with stringent Buy America and U.S. safety requirements can be built is limited. Designing, procuring and manufacturing passenger railcars, and testing them before they enter revenue service, takes many years.

In the meantime, we are doing everything we can to maximize the number of passengers we carry and attract new riders despite the capacity constraints we face. We are increasing our capacity to perform Superliner overhauls and major repairs at our Beech Grove, Indiana shops by moving overhauls of other equipment previously performed there to other facilities. In order to fill more available seats on off-peak Northeast Corridor trains, we recently introduced "Night Owl Fares" of just \$5 to \$20 for trips within the Northeast Corridor on trains departing from a passenger's station after 7pm or during very early morning hours. We see this as a way not only to grow ridership but also to encourage cost-conscious travelers to try our service.

The good news is that the new equipment we are acquiring will increase capacity and enhance our efficiency in many respects when it arrives. The new *Acela* trainsets will have about 25% more seats than the trainsets they replace. The Airo trainsets we are buying for *Northeast Regional* and state-supported services will be double-ended, allowing them to reverse direction on the station platform between trips rather than having to travel to a yard or a "wye" track so that the train can be turned to position the locomotive in front.

Most of the Airo trainsets will also have dual-mode capability that will allow them to utilize electric power while operating over the Northeast Corridor from, for example, Boston to Washington, where they can seamlessly switch to diesel mode for the remainder of their journey to a final destination in Virginia. This will allow us to

remove the extra time built into schedules for engine changes, reducing trip time; reduce congestion on the limited number of through tracks on the lower level of Washington Union Station; and eliminate delays that can occur when changing engines.

#### OPERATING AN EFFICIENT AMTRAK SERVICE DEPENDS UPON OUR HOST RAILROADS

Another major challenge to improving the efficiency of Amtrak operations is the delays we encounter when railroads fail to give preference to Amtrak trains, as required by law. That problem has been compounded by the adoption by many railroads of an operating philosophy called, often euphemistically, “Precision Scheduled Railroading” that has led them to operate very long freight trains on routes that lack the capacity to accommodate them.

Freight railroads have operated long trains, not uncommonly trains of approximately 8,000 feet, for some time. But what has changed in the last few years is that most railroads are now operating very long trains: trains that are over two and in some cases as much as three miles long. These trains are too long to fit in passing sidings on single track lines that allow trains traveling in opposite directions to pass each other or faster passenger trains to overtake slower freight trains. They often also too long to fit between grade crossings. When they stop to allow another train to pass, or because of congestion ahead or mechanical problems, they block every grade crossing for miles.

Amtrak believes that one possible solution is to require freight railroads operating very long trains to develop long-train operating plans similar to the plans the FRA required railroads to develop during the successful nationwide implementation of Positive Train Control. In these plans, which would be developed with input from affected communities, Amtrak, and other stakeholders and submitted to FRA for approval, railroads would be required to demonstrate that there is adequate infrastructure on the rail lines over which very long trains operate to accommodate them, and that they have a plan for operating those trains without causing delays to Amtrak trains or requiring stopped freight trains to block grade crossings for extended periods.

Last December, we filed a petition with the Surface Transportation Board, or STB, asking it to initiate an investigation into the substandard on-time performance (OTP) of Amtrak’s New Orleans-to-Los Angeles *Sunset Limited*. During the 12-month period preceding the filing of Amtrak’s petition, more than four out of every five *Sunset Limited* passengers arrived at their destination late, due primarily to freight train interference. On average, each *Sunset Limited* train experienced 15 instances of freight train interference per trip on just the Union Pacific Railroad’s portion of the *Sunset Limited*’s route, resulting in more than four hours of delay per trip. We hope the STB will initiate an investigation soon as we continue to evaluate other routes that fail to meet FRA’s OTP metrics and standards.

For Amtrak to fulfill its statutory obligation to provide high quality, efficient service over the host railroad-owned and dispatched rail lines that account for 95% of our route network, freight railroads must fulfill their statutory obligation to give Amtrak trains priority over freight trains. When they do not, Amtrak must have available a remedy that provides prompt, effective relief to Amtrak and its passengers, such as the right to bring an action in federal district court to obtain an injunction against a host railroad’s unlawful violations of the preference statute.

#### INTERCITY PASSENGER RAIL NEEDS ADEQUATE, ASSURED, MULTI-YEAR FUNDING

We are very grateful for the \$58 billion in advance appropriations for intercity passenger rail and the additional \$8 billion for passenger and freight rail the IIJA provided to the FRA, Amtrak and others in our industry. But if the highway folks want to trade that \$66 billion for the money the Highway Trust Fund gets every year, including the \$118 billion in the IIJA that brought the total the Highway Trust Fund has received in appropriations from general tax revenues since it became insolvent in 2008 to \$275 billion, we’ll take the deal in a heartbeat. It is only through sustained and adequate Federal funding that our nation—just like every other nation globally—is going to develop the passenger rail network we need to support the mobility needs of the future.

Continuing to advance the new era of passenger rail the IIJA has jumpstarted depends upon two things. The first is adequate annual appropriations, preferably at the full levels authorized in the IIJA. The second is the establishment of a funding mechanism, like the funding sources enjoyed by other transportation modes, that provides adequate, assured, multi-year funding for intercity passenger rail. Both of those things are essential if Amtrak is to maintain, improve and expand service throughout the United States and provide the infrastructure and equipment capac-

ity needed to achieve our goal of doubling ridership by 2040. I look forward to working with you to achieve those objectives, and I will be happy to answer any questions you have.

Mr. NEHLS. Thank you, Mr. Gardner.  
Mr. Warren, you are recognized for 5 minutes.

**TESTIMONY OF MITCH WARREN, EXECUTIVE DIRECTOR,  
NORTHEAST CORRIDOR COMMISSION**

Mr. WARREN. Good morning, Chairman Nehls, Ranking Member Payne, Ranking Member Larsen. I am Mitch Warren, executive director of the Northeast Corridor Commission. The Commission was created by Congress to improve the corridor through better coordination among Amtrak, States, commuter rail operators, and the Federal Government.

Thank you for inviting me to discuss our work and the renewal of America's oldest and busiest passenger rail system.

The Northeast Corridor brings hundreds of thousands of intercity and commuter passengers to work, business meetings, family visits, and leisure activities every day. However, these riders rely on infrastructure with tens of billions of dollars in state-of-good-repair needs, including 15 major bridges and tunnels that are over 100 years old and in need of replacement.

Given these historic challenges, I cannot overstate what an exciting time this is for the Northeast Corridor. After decades of underinvestment, the NEC finally has the downpayment it needs to rebuild infrastructure that dates back to the period between the Civil War and World War II.

Thanks to the work of Congress and the Biden administration on the Infrastructure Investment and Jobs Act, the NEC has its first ever source of dedicated, multiyear funding, providing exactly the kind of predictability needed to efficiently deliver a major capital program.

The Commission's decade-long efforts to build a foundation of trust, transparency, collaboration, and accountability have put our members in position to invest this historic funding.

The Commission's 18 voting members represent USDOT, Amtrak, Northeast States, and the District of Columbia. The Commission was authorized in recognition of the complexities of a corridor that has multiple right-of-way owners and rail operators and which supports over 2,000 trains a day, including high-speed Acela trains, Northeast regional and long-distance trains, commuter trains, and freight trains.

In 2021, the Commission approved CONNECT NEC 2035, a collaborative effort to define the corridor's state-of-good-repair and improvement needs, and stage and sequence those infrastructure investments over 15 years. CONNECT NEC, which will be updated every 2 years, is the plan to rebuild and grow the corridor.

Thanks to the funding provided through the Bipartisan Infrastructure Law, these critical projects suddenly have a path forward, promising more reliable, more frequent, and faster service for the workers, travelers, and businesses that depend on the corridor.

The Commission is now looking at the challenges our members face in delivering these critical projects. To this end, we are devel-

oping an Implementation Coordination Program that will bring the project delivery the same kind of transparency, collaboration, and accountability that the Commission has brought to cost-sharing and planning.

This program will focus on improving the interagency coordination needed among our members as they partner to deliver projects. The ICP will track project progress and provide an early warning system when projects threaten to go off schedule due to coordination issues.

The challenges in front of us are formidable, but success is critical to the region's vitality and growth. Essential to this success is what it took to build the Interstate Highway System and what the BIL delivered for passenger rail: a dedicated multiyear funding source providing the predictability needed to efficiently deliver a major capital program.

In fact, even more funding is necessary over the longer term to address all of the corridor's state-of-good-repair and improvement needs. The Federal Railroad Administration's NEC project inventory includes projects that total over \$100 billion. Notwithstanding these significant future funding needs, the Bipartisan Infrastructure Law is a game changer for the corridor.

After decades of falling further behind when it comes to replacing aging infrastructure, a brighter future lies ahead. We thank Congress and President Biden for this historic investment that will benefit travelers for generations to come. The Commission's members are eager to deliver these critical rail projects that will generate meaningful economic, transportation, and environmental benefits to the region and to the Nation.

Thank you for inviting me to speak today on behalf of the Commission. I look forward to answering your questions.

[Mr. Warren's prepared statement follows:]

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**Prepared Statement of Mitch Warren, Executive Director, Northeast Corridor Commission**

Good morning, Chairman Nehls, Ranking Member Payne, Chairman Graves, Ranking Member Larsen, and members of the Committee.

I am Mitch Warren, Executive Director of the Northeast Corridor Commission. Congress created the Commission to bring together Amtrak, states, commuter rail operators, and the federal government. Kevin Corbett, President of New Jersey Transit, and Federal Rail Administrator Amit Bose are the Commission's Co-Chairs. My fellow witness, Stephen Gardner, serves as its Vice-Chair.

Thank you for inviting me to discuss our work and the future of America's busiest passenger rail system.

The Northeast Corridor brings hundreds of thousands of intercity and commuter passengers to work, business meetings, family visits, and leisure activities every day. However, these riders rely on infrastructure with tens of billions of dollars in state-of-good-repair needs, including 15 major bridges and tunnels that are over 100 years old, beyond their useful life, and in need of replacement or major rehabilitation.

Given these historic challenges, I cannot overstate what an exciting time it is for the Northeast Corridor. After decades of false starts, the NEC finally has the downpayment it needs to rebuild infrastructure that dates back to the period between the Civil War and World War II.

Thanks to the work of Congress and the Biden Administration on the Infrastructure Investment and Jobs Act, the NEC has its first-ever source of dedicated, multi-year funding, providing exactly the kind of predictability needed to efficiently deliver a major capital program.

Part of what makes the NEC ready to invest this historic funding is the work the Commission has done over the last decade to lay a foundation of trust, transparency, collaboration, and accountability among its members.

The Commission held its first meeting in 2010 and has eighteen voting members: five representing USDOT, four from Amtrak, and nine from Northeast Corridor states and the District of Columbia. The Commission was authorized in recognition of the complexities of a corridor that has four different right-of-way owners, passes through eight states and the District of Columbia, has nine passenger rail operators, and supports over 2,000 trains a day including high-speed Acela trains, Northeast Regional and long-distance trains, commuter trains, and freight trains.

Our small staff pulls together these various stakeholders to help them row in the same direction and achieve outcomes greater than the sum of their parts.

Our first statutory mandate was to create a formula to allocate shared costs on the corridor. After four years of negotiations, the Commission approved the first Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy in 2015. This Policy now allocates over \$1.3 billion per year in shared operating and normalized replacement capital costs. In addition, the Commission has a project-based cost allocation policy that provides guidance for allocating costs associated with individual projects.

The Policy also includes provisions to ensure more collaboration and accountability among Commission members on the planning and delivery of capital programs.

In 2019, the Commission initiated CONNECT NEC 2035, an intensely collaborative effort to define members' state-of-good-repair and improvement needs, and stage and sequence those infrastructure investments over 15 years. CONNECT NEC is the plan to rebuild and grow the NEC for the future. The Commission unanimously approved this \$117 billion plan in June 2021.

Thanks to the funding provided to the Federal-State Partnership for Intercity Passenger Rail program, Amtrak's NEC Account, and numerous other grant programs through the Bipartisan Infrastructure Law, these critical projects suddenly have a path forward, giving the workers, travelers, and businesses that depend on the corridor hope for a future that promises more reliable, more frequent, and faster service.

While continuing its work on cost sharing and collaborative planning, the Commission is now also turning its attention to the challenges our members face in delivering these critical projects.

To this end, we are developing an Implementation Coordination Program that will bring to project delivery the same kind of transparency, collaboration, and accountability that the Commission brings to cost sharing and planning.

This program will focus on improving the interagency coordination needed between our members as they partner on projects, a frequent occurrence on a corridor as complex as the NEC. We will track project progress and provide an early warning system when projects threaten to go off-schedule due to coordination issues such as delayed design reviews, stalled project agreements, and differences over resource allocation.

The challenges in front of us are formidable, but success is essential. In addition to the need for effective coordination between the corridor's owners, operators, project sponsors, and funders, our members face workforce constraints, material and equipment needs, rising costs, and organizational changes.

An essential prerequisite to solving these challenges is what it took to build the Interstate Highway System and what IJA delivered for passenger rail: a dedicated, multi-year funding source providing the predictability needed to efficiently deliver a major capital program.

The reality is that even more funding is required over the longer-term to address all of the corridor's state-of-good-repair and improvement needs. The total cost of projects included in the Federal Railroad Administration's NEC Project Inventory exceeds \$100 billion, with \$40 billion of that for major backlog projects alone.

Despite these significant future funding needs, the Bipartisan Infrastructure Law is a game-changer for the corridor.

After decades of falling further behind when it comes to replacing aging infrastructure, a better future lies ahead. We thank Congress and President Biden for this historic investment that will benefit riders for generations to come. The Commission's members are eager to get to work to deliver these critical rail projects that will generate significant economic, transportation, and environmental benefits to the region and to the nation.

Thank you for inviting me to speak today on behalf of the Commission. I look forward to answering your questions.

Mr. NEHLS. Thank you, Mr. Warren.

I now ask unanimous consent to enter into the record the following letters: from the Association of American Railroads and the Coalition for the Northeast Corridor, as well as a letter from the Rail Passengers Association CEO.

Without objection, so ordered.

[The information follows:]

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**Statement of Ian Jefferies, President and Chief Executive Officer, Association of American Railroads, Submitted for the Record by Hon. Troy E. Nehls**

INTRODUCTION

On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to submit this testimony.

AAR's freight railroad members include the six U.S. Class I railroads and approximately 200 U.S. short line and regional railroads that together form the best freight rail system in the world. America's privately-owned freight railroads operate almost exclusively on infrastructure they own, build, maintain, and pay for themselves. Over the last 15 years, freight railroads have invested, on average, \$23.9 billion of their own capital into improving and maintaining their networks every year. To put this in perspective, that is \$1 billion more than the historic investments Congress made this year in rail and multimodal programs in the Infrastructure Investment and Jobs Act (IIJA). America relies on best-in-the-world freight railroads to prosper in the intensely competitive global marketplace.

Amtrak is also a member of AAR, as are several commuter railroads that account for more than 70 percent of U.S. commuter rail trips. Like freight railroads, passenger railroads play a key role in alleviating highway and airport congestion, decreasing dependence on foreign oil, reducing pollution, and enhancing mobility.

America can, and should, have a safe, efficient passenger rail network *and* a safe, productive freight rail system. Mutual success for passenger and freight railroads requires cooperation between stakeholders and a recognition of the challenges that railroads face. Policymakers should continue to recognize the country's need to move both people and goods safely and efficiently.

FREIGHT AND PASSENGER RAIL PARTNERSHIPS: DECADES IN THE MAKING

Well into the 20th century, railroads were the primary means to transport people and freight throughout the United States. However, by the late 1950s, the dramatic expansion of America's highway system and the development of commercial aviation meant private railroads were losing \$750 million per year (about \$5.8 billion in today's dollars) on passenger service.<sup>1</sup> At the time, a noted transportation scholar wrote, "[I]t is no exaggeration to say that by 1958 railroad passenger service had demonstrated itself to be the most uneconomic activity ever carried on by private firms for a prolonged period."<sup>2</sup> These massive losses continued for many years largely because government regulators made it extremely difficult for railroads to discontinue unprofitable passenger rail service. The losses drained a rail system that was also facing unrelenting pressure on its freight side from subsidized trucks and barges.

In 1970, Congress passed, and President Richard Nixon signed into law, the Rail Passenger Service Act (RPSA), which created Amtrak. RPSA aimed to preserve a basic level of intercity passenger rail service while relieving private railroads of the obligation to provide money-losing passenger service that threatened the viability of freight railroading.

Given the huge financial drain of passenger rail, railroads generally welcomed the opportunity to exit the business while providing the backbone of the newly-formed Amtrak system. Freight railroads initially helped capitalize Amtrak by providing cash, equipment, and services; these payments to Amtrak totaled around \$1.2 billion in today's dollars. Freight railroads were also required to provide "preference" to

<sup>1</sup> Interstate Commerce Commission, "Railroad Passenger Train Deficit, Report Proposed by Howard Hosmer, Hearing Examiner, Assisted by Robert A. Berrien, Fred A. Christoph, and Raymond C. Smith, attorney advisers," Docket No. 31954, 1958.

<sup>2</sup> George W. Hilton, *The Transportation Act of 1958*, Indiana University Press, 1969, p. 13.

Amtrak service on their lines, a right that exists to this day but in a fundamentally different freight and passenger rail landscape, as discussed below.

In turn, Amtrak was required to pay only incremental costs when operating on a host railroad's tracks, with no requirement to support capital investment for improving and expanding infrastructure capacity.<sup>3</sup> To this day, Amtrak's low track usage fees are a major indirect subsidy provided by freight railroads rather than by taxpayers or Amtrak riders.

Today, freight railroads still provide the foundation for most passenger rail. Amtrak owns 623 route-miles (primarily in the Northeast) and operates, maintains, and dispatches another 229 route-miles in Michigan and New York. The vast majority of the remaining 96% of Amtrak's more than 21,400-mile system consists of tracks owned and maintained by freight railroads. More than 70% of the miles traveled by Amtrak trains are on tracks owned by other railroads.



Approximately half of the nation's commuter rail systems also operate at least partially on tracks owned by freight railroads, and most of the higher speed and intercity passenger rail projects under consideration nationwide rely on freight railroad-owned facilities.

#### PRINCIPLES TO GUIDE PASSENGER RAIL OPERATIONS ON FREIGHT-OWNED CORRIDORS

While each project involving passenger and freight railroads should be evaluated on a case-by-case basis, certain overarching principles must be followed to ensure both the long-term success of passenger rail and a healthy freight rail system that shippers all over the country can rely on every day.

First and foremost, safety is the industry's number one priority. Railroads are an extremely safe way to move people and freight, and freight railroads today utilize advanced technologies to maintain the safest railroad network. Railroads are proud of their safety record. The train accident rate in 2022 was down 26 percent from 2000, and the employee injury was down 48 percent. Passenger rail projects must be designed and executed around this first priority.

Second, current and future capacity needs of both freight and passenger railroads must be properly protected. Today, freight railroads carry far more freight on far fewer miles of track than they did when Amtrak was created. This volume growth is the result of significant investment—on average more than \$23 billion per year over the last 15 years—the freight railroads have poured back into their networks. Rail capacity is not unlimited, and in some places, it is tightly constrained. Plans to expand passenger railroad use of freight rail corridors must be balanced with the needs of freight railroads to provide safe, reliable, and cost-effective freight service to present and future customers.

<sup>3</sup>Provisions in agreements between Amtrak and freight railroads (discussed below) pertaining to financial incentives related to performance can also count as being compensatory to the host freight railroad.

To ensure this balance, host freight railroads must be part of the planning process for new or expanded passenger services from the very beginning. This principle is especially important when considering programs to identify and plan new intercity passenger rail corridors, like the Corridor Identification and Development Program (CIDP) created by the IIJA. Congress recognized the importance of including freight railroads in the process and stipulated that consultation with host railroads be considered when awarding grants under CIDP. In subsequent notifications about the program, however, the Federal Railroad Administration (FRA) did not include consultation with host railroads in its initial plans. Thankfully, through productive conversations with the FRA, going forward freight railroads expect to be more involved in the planning and development of these new corridors, ensuring that the program works for freight and passenger railroads and the communities they serve.

Third, proper funding is necessary, especially as Amtrak looks to improve or expand service offerings. The process of expanding existing passenger service, or improving existing passenger service reliability, is complex and requires detailed planning and significant additional infrastructure capacity investment. Freight railroads should not be expected to bear the costs of infrastructure necessary for additional passenger trains. Nor is it reasonable to expect Amtrak to plan, build, and maintain a network that provides optimal transportation mobility and connectivity when it faces excessive uncertainty regarding its funding from one year to the next. The IIJA includes \$66 billion in rail funding, the vast majority of which is for passenger rail and Amtrak. This funding will go a long way to ensuring Amtrak can operate safely and effectively. It is crucial that this funding be spent where it has the largest positive impact, and freight railroads are committed to working with Amtrak, state agencies, government officials, and others to meet that goal.

Fourth, all parties must recognize that the preference given to Amtrak's trains over freight trains does not mean delays to Amtrak trains will never happen. Just as traveling in the HOV highway lane does not guarantee you won't experience traffic, delays due to weather, unexpectedly high freight volumes, or other issues throughout the network may result in delays.

This is not an exhaustive list of principles that should be applied to consideration of passenger rail projects; for example, liability and tax issues will also come into play. However, as policymakers and stakeholders consider the expansion and improvement of passenger rail service on freight rail-owned infrastructure, it is important to keep these priorities and issues in mind.

#### ON-TIME PERFORMANCE (OTP) METRICS

Since its creation, Amtrak and freight railroads have worked together to establish and implement the rules and procedures governing how passenger and freight railroads interact. Most of these rules and procedures are spelled out in formal bilateral operating agreements negotiated between Amtrak and its host railroads. These agreements often provide incentives and penalties for freight railroads to ensure that Amtrak trains meet specified on-time targets. Some of these basic operating agreements were entered into more than two decades ago, making them outdated and, in some cases, no longer appropriate.

More specifically, some Amtrak long distance train schedules have not been properly adjusted in response to the tremendous growth in the U.S. economy and related freight volumes or other changes in the operating environment. Outdated schedules that do not reflect or respond to changing conditions (e.g., seasonality, necessary track work, and ridership patterns or needs) can result in misleading performance measurements or unrealistic expectations for on-time performance.

AAR has long been a participant in the FRA's efforts to develop appropriate metrics and standards for measuring Amtrak's performance. This cooperative process was specifically envisioned in FRA's November 2020 final rule on metrics and minimum standards for measuring the performance and service quality of intercity passenger train operations. The rule established a customer OTP metric and customer OTP standard, which are measured against published train schedules. The rule also recognized that Amtrak's current schedules are not aligned with the new metric or standard. FRA stated that, historically, Amtrak's published train schedules have not been designed with a customer OTP metric in mind, and that alignment may require additional time as schedules will need to be adjusted. While many schedules have been aligned with the new customer OTP metric, for those that are not, it is crucial that Amtrak, host railroads, and other key stakeholders work in good faith to design schedules that are realistic and achievable and resolve differences to meet the shared goal of timely service based on achievable schedules.

Keeping Amtrak, commuter, and freight trains running on time is tremendously complex. When Amtrak was created, freight railroads had significant excess capac-

ity. Since then, the excess capacity has disappeared, and the freight rail industry has invested over \$780 billion of its own money to maintain and add new capacity in response to that growth. While capital investments may be necessary to add passenger capacity, improving on-time performance also will require modifying Amtrak's schedules. Freight railroads and Amtrak, working together, are in the best position to determine how these operating agreements should be structured and evolve over time.

The day-to-day reality of safely operating and maintaining freight railroads' nearly 140,000-mile network can also impact OTP. For example, freight railroads temporarily reduce operating speeds on a stretch of track when conditions call for it. These "slow orders" are absolutely necessary for safety and can delay trains of all types, including Amtrak trains. Similarly, necessary track and signal maintenance may result in unavoidable, short-term delays for freight and passenger trains but improves service reliability and enhances safety in the long term. The application of OTP standards should not make it more difficult or expensive for freight railroads to perform necessary maintenance or take appropriate steps to ensure the safety of crews and communities where they operate.

A one-size-fits-all solution will not work on a network as complex and as crucial as our nation's rail system. Host railroads and Amtrak must undertake periodic reviews of reasonable and realistic schedules and of meaningful OTP metrics while complying with private, bilateral contracts that consider the unique circumstances of particular routes.

#### CONCLUSION

Having safe, effective passenger railroads alongside safe, productive freight railroads remains our shared goal, and we look forward to working with policymakers and other stakeholders to achieve it. I am confident that, together, freight railroads and Amtrak can find common ground that benefits all parties.

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**Letter of May 30, 2023, to Hon. Pete Buttigieg, Secretary, U.S. Department of Transportation, from the Coalition for the Northeast Corridor, Submitted for the Record by Hon. Troy E. Nehls**

MAY 30, 2023.

The Honorable PETE BUTTIGIEG,  
*Secretary,*  
*U.S. Department of Transportation, 1200 New Jersey Avenue SE, Washington, DC 20590.*

DEAR SECRETARY BUTTIGIEG,

We are writing on behalf of the Coalition for the Northeast Corridor (CNEC), a group of organizations dedicated to promoting and improving rail infrastructure along the Northeast Corridor. We want to express our support of your efforts to improve the nineteenth-century infrastructure on the Northeast Corridor. We believe the bi-partisan efforts to increase funding through the Federal-State Partnership for Intercity Passenger Rail grant program is sound policy, as it appropriately directs funds to the region of the country most in need and would ultimately yield the greatest cost-benefit following investment.

While it is true that the heavily trafficked Northeast Corridor has historically received a larger share of federal funding for passenger rail service than other regions, this is due to the unique challenges and demands of the corridor. We believe the grant program's stated purpose and goal, to provide funding to states for the development and improvement of intercity passenger rail service across the country, should not only focus on location but where there is the greatest need.

The Northeast Corridor region is home to more than 51 million people (almost one in six Americans) and four of the ten largest metropolitan areas in the United States. It spans from D.C. to Boston and includes Baltimore, Philadelphia, and New York, among other largely populated areas, defined by the 2021 Census as a "Megalopolis". The Northeast Corridor is the busiest and most heavily traveled rail route in the country, responsible for moving a workforce that contributes more than \$50 billion annually to the national economy, and where its residents use public transportation more often than the rest of the U.S.

It is important to note that this highly utilized rail corridor, responsible for an average of 800,000 daily trips pre-pandemic, is also home to some of the oldest and most-used rail infrastructure in the country, which requires significant investment to both maintain and modernize for safety purposes. According to the Northeast

Corridor Commission, the loss of the NEC for a single day could cost the country \$100 million in added congestion, productivity losses, and other transportation impacts. It is crucial that we maintain levels of investment in the Northeast rail corridor in order to prevent a catastrophic economic collapse that would impact not only the communities spanning from D.C. to Boston but the entire U.S. economy. The critical needs and demands of the Corridor are why the Fed-State program was split and why a separate account was created for the Northeast Corridor in the first place.

In conclusion, we urge you to continue to prioritize the development and improvement of passenger rail service across the country, including the Northeast Corridor, to support economic growth and reduce congestion for all Americans.

Thank you for your attention to this important matter.

Sincerely,

THE COALITION FOR THE NORTHEAST CORRIDOR.

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**Statement of Jim Mathews, President and Chief Executive Officer, Rail Passengers Association, Submitted for the Record by Hon. Troy E. Nehls**

INTRODUCTION

We are pleased to submit this statement on behalf of the Rail Passengers Association, a nonprofit organization established in 1967 to preserve, improve, and expand intercity and regional passenger train services, support higher speed rail initiatives, increase connectivity among all forms of transportation and advocate for the safety of train passengers. On behalf of our tens of thousands of members from all across the United States, we would like to thank Chairman Nehls, Ranking Member Payne, and the entire Subcommittee on Railroads, Pipelines, and Hazardous Materials for holding this hearing at such a crucial time, and for allowing us the opportunity to share the views of America's passengers.

In many ways, the state of the American passenger is the same as it was the last time I was asked to appear before this panel in 2019. Fare-paying taxpayers face unprecedented challenges at the level of our National Network of trains, but also see the promising early stages of a passenger rail renaissance—the first since the ascendancy of the federal highway program more than a half-century ago.

Rail Passengers Association strongly supports Amtrak's FY22–23 applications to the Federal-State Partnership for Intercity Passenger Rail and Corridor Identification Programs. Amtrak's applications include 16 proposed National Network projects worth \$716 million and 14 proposed Northeast Corridor projects worth \$7.3 billion. These projects are vital and long-overdue investments in a connected America that would produce immediate and noticeable benefits for passengers across the U.S.

“NATIONAL OR NOTHING”

When facing down cuts to Amtrak's National Network, former Senator Kay Bailey Hutchison of Texas famously rallied her Republican colleagues with the motto “National or Nothing”. Thanks to strong Congressional leadership and the long-term policy and financial commitment expressed in the Investment in Infrastructure and Jobs Act (IIJA), leaders from both sides of the aisle have outlined a vision for growing our passenger rail network and ensuring this growth does not require one American getting better service at the expense of another American's train.

Congress has finally provided enough funds to do more than simply study improvements. They wisely structured those rail investments to ensure that the Federal Railroad Administration (FRA) and the states are able to partner with Amtrak to meet locally identified needs. We believe this will also ensure that Amtrak is focused on improving efficiency and service in ways that states and localities believe is best.

The need for more robust rail infrastructure is real. We have seen an unprecedented response from local governments to the FRA's request for submissions to the Corridor Identification Program—from coast to coast, from America's Heartland, from Red States and Blue States. We are particularly heartened by the response from the Southeastern U.S. and Sunbelt, which has seen a disproportionate level of population growth over the past 50 years. Texas, Oklahoma, Georgia, Florida, North Carolina, and the Commonwealth of Virginia have all been active participants in the IIJA's passenger rail programs, to name just a few. Passenger trains have an important role to play in helping these metropolitan regions accommodate economic and population growth, while simultaneously ensuring that rural Americans continue to have access to essential services.

Amtrak was conceived as a service to the nation, not just a train in one part of the country. This is why Amtrak's National Network, with its 15 long-distance routes connecting a series of state-supported services, is such an essential transportation service to the 40 percent of the nation's small and rural communities that it serves, establishing a vital link between Small Town and Big City America.

#### ESSENTIAL ECONOMIC CONNECTION

Over 62 million Americans live in what many derogatorily refer to as "flyover country," a quarter of whom are veterans, while another quarter are senior citizens over the age 65. With few alternatives, driving plays an outsized role, and it does so at a cost: despite making up only 19% of the population, accidents on rural road networks account for 49% of the total number of traffic fatalities nationwide.

Intercity rail plays an important role in these rural communities; almost one-fifth of Amtrak's passengers travel to or from a rural station with no access to air service, and private-sector airlines are abandoning huge parts of the U.S. that include those communities, making these citizens even more reliant on the service that Amtrak provides.

That reliance makes Amtrak essential, not optional. Passenger rail service is an economic engine in the communities it serves, returning many multiples of what is spent on it back to the cities, counties, and states where the trains run. This "return on taxpayer's equity" represents the true value of our national investment in Amtrak, and that steady stream of returns is tangible to rural communities who rely on not just the train but on the wealth it creates.

Just one example of a relatively simple improvement in the pipeline made possible by the IIJA's vision and commitment: increasing service from the current three times weekly to a daily train on the route of the *Sunset Limited* and *Texas Eagle* between California and Illinois. This simple step is among several Amtrak is proposing in the first round of IIJA-enabled service improvements, and our economic-benefits modeling suggests just including those additional trains could generate as much as \$2.4 billion over 10 years in visitor spending in hotels, restaurants, and retail, avoided road maintenance, and supported jobs—\$144 million each year in Texas alone, and some \$239 million each year to the eight states served. That's at least four times as much as we would spend each year to operate it.

Fig. 1: Annual Economic Benefits of Daily Sunset/Eagle Service

Annual Economic Benefits of Daily Sunset/Eagle Service								
State	Visitor Spending	Reduced Pollution	Reduced Traffic Costs	Saved Road Maintenance	Labor Income	Value Added	Output*	Total Economic Benefit
California	\$ 622,309	\$ 50,415	\$ 100,971	\$ 3,386,781	\$ 3,371,889	\$ 5,170,697	\$ 10,419,338	\$ 14,579,814
Arizona	\$ 365,681	\$ 47,137	\$ 83,027	\$ 2,784,879	\$ 3,662,474	\$ 8,125,673	\$ 13,217,803	\$ 16,498,527
New Mexico	\$ 29,761	\$ 674	\$ 1,181	\$ 39,629	\$ 691,232	\$ 2,420,015	\$ 3,722,988	\$ 3,794,234
Texas	\$ 5,283,547	\$ 967,937	\$ 2,418,165	\$ 81,110,194	\$ 16,774,624	\$ 29,219,182	\$ 54,758,556	\$ 144,538,399
Louisiana	\$ 409,765	\$ 14,839	\$ 34,163	\$ 1,145,886	\$ 2,648,954	\$ 4,796,026	\$ 9,436,642	\$ 11,041,295
Arkansas	\$ 234,158	\$ 26,417	\$ 46,530	\$ 1,560,702	\$ 2,479,613	\$ 4,982,833	\$ 9,958,099	\$ 11,825,906
Missouri	\$ 713,412	\$ 51,765	\$ 108,221	\$ 3,629,964	\$ 1,605,179	\$ 2,955,115	\$ 5,585,744	\$ 10,089,107
Illinois	\$ 3,170,953	\$ 193,541	\$ 372,320	\$ 12,488,388	\$ 3,350,644	\$ 5,591,700	\$ 10,774,321	\$ 26,999,523
<b>TOTAL</b>	<b>\$ 10,829,586</b>	<b>\$ 1,352,724</b>	<b>\$ 3,164,579</b>	<b>\$ 106,146,424</b>	<b>\$ 34,584,610</b>	<b>\$ 63,261,242</b>	<b>\$ 117,873,491</b>	<b>\$ 239,366,804</b>

\* includes Labor Income and Value Added values

Source: Rail Passengers Railway Benefits Calculator, IMPLAN Economic Modeling Tool

Fig. 2: Annual Tax Revenues Created By Daily Sunset/Eagle Service

Annual Tax Revenues Created By Daily Sunset/Eagle Service						
State	Sub County General	Sub County Special Districts	County	State	Federal	Total Tax Revenue
California	\$ (3,831)	\$ (3,658)	\$ (2,175)	\$ 145,341	\$ 677,310	\$ 812,986
Arizona	\$ 71,640	\$ 85,849	\$ 33,681	\$ 280,229	\$ 873,806	\$ 1,345,205
New Mexico	\$ 13,155	\$ 10,060	\$ 11,311	\$ 86,271	\$ 189,323	\$ 310,122
Texas	\$ 237,771	\$ 494,371	\$ 163,853	\$ 846,053	\$ 3,646,893	\$ 5,388,941
Louisiana	\$ 44,006	\$ 61,303	\$ 42,778	\$ 176,112	\$ 545,921	\$ 870,120
Arkansas	\$ 234,158	\$ 26,417	\$ 46,530	\$ 1,560,702	\$ 2,479,613	\$ 4,347,419
Missouri	\$ 28,558	\$ 49,995	\$ 14,228	\$ 87,674	\$ 331,794	\$ 512,249
Illinois	\$ 43,511	\$ 107,498	\$ 16,248	\$ 183,421	\$ 698,961	\$ 1,049,639
<b>TOTAL</b>	<b>\$ 668,967</b>	<b>\$ 831,834</b>	<b>\$ 326,454</b>	<b>\$ 3,365,805</b>	<b>\$ 9,443,621</b>	<b>\$ 14,636,681</b>

Source: Rail Passengers Railway Benefits Calculator, IMPLAN Economic Modeling Tool

#### THE NEED FOR A GROWING RAIL NETWORK

For the past two decades, the U.S. rail network has been doing more with less. In 2019, the year before the pandemic hit, Amtrak carried 32.5 million passenger trips nationwide, a record ridership year for the railroad. Amtrak was able to do this with minimal public investment and in an operating environment that featured a steadily shrinking freight railroad network combined with longer freight trains.

Railroads are the safest, most energy efficient surface transportation mode. U.S. freight railroads can move one ton of freight nearly 500 miles per gallon of fuel. When looking at freight accidents per 10 billion ton-miles, fatal accidents involving freight rail take place at less than one third the rate of truck accidents. Moving more freight to rail will reduce shipping costs for consumers and help reduce the more than 42,700 deaths that occur on U.S. highways each year.

Rail Passengers Association believes that IJA investment provides a solution to improve both the passenger and freight rail network in the U.S. By leveraging public dollars to upgrade freight-owned rail corridors, we can create a more productive transportation network for passengers and shippers.

Thank you again for your work on this important issue. We stand ready to work with Congress to advance these exciting programs.

Mr. NEHLS. I would like to thank you all, thank you both for your testimony. We will now turn to questions from the panel, and I will recognize myself for 5 minutes.

I appreciate you, Mr. Gardner. It is good to see you. I see you got the chief behind you there. Thank you for coming.

I want to bring to your attention—I am sure you are familiar with the Office of the Inspector General—this report that talked a little bit about “Safety and Security: Amtrak Has Opportunities To Strengthen Controls Over High-Security Keys.”

Are both you gentlemen familiar with this report?

Mr. GARDNER. Yes, Mr. Chairman.

Mr. NEHLS. Mr. Warren, familiar with the report?

Mr. WARREN. I have not had a chance to read it yet.

Mr. NEHLS. OK. Mr. Gardner is familiar with the report.

I am trying to read this, and there are so many redactions. I am trying to put this puzzle together, but they obviously redacted so much here. Obviously, some type of a safety or security concern.

Can you assure the members of this committee that Amtrak is doing everything it possibly can with the employees that are authorized to have a key or employees that are no longer working, either resigned or terminated, that they don't keep their keys, to some of these high-risk security areas? What are you doing to make sure that we can protect Amtrak?

Mr. GARDNER. Thank you, Mr. Chairman. Yes, absolutely. We, as a result of the good work of the inspector general, we are revamping our key control process. I can tell you, for a long time, these kind of switch keys have been around in sort of collectors' hands, and when I was on the freight railroad side as a switchman, had access to many of them. Those days are over now. We are controlling these tightly, and we appreciate the OIG's work there.

Mr. NEHLS. Well, I think it is—obviously it is very damaging, in my humble opinion. I think the gentleman sitting behind you, between you two, maybe he will be able to help you with that, trying to get some of these keys back from individuals that no longer should have them.

And I believe there was a report out there that some knucklehead or former employee was selling these things, putting them on the internet. It could become a big, big problem for all of us.

Mr. Gardner, how much money will Amtrak receive through IJJA over the next 5 years? How much money?

Mr. GARDNER. Mr. Chairman, it is—\$22 billion is the advance appropriation funding to Amtrak directly. The other portions go to the Department of Transportation.

Mr. NEHLS. \$22 billion. That is a lot of money.

Mr. GARDNER. Absolutely, Mr. Chairman.

Mr. NEHLS. All right. I want to spend just a moment here and talk a little bit about CRISI and CRISI grants. With the enormous amount of money that Amtrak is getting from the American taxpayers, I am recommending suggesting that Amtrak should not be allowed any more CRISI grant funding over the next 5 years while you are receiving tens of billions of dollars over the next 5 years.

I mean, when you look at the CRISI grants, I think in 2022 it was about \$1.4 billion. For those of you that don't know what CRISI stands for, it is Consolidated Rail Infrastructure and Safety Improvements Program.

And by hearing the testimony from the minority and hearing testimony, you are getting billions and billions of dollars to help with your infrastructure, your improvements. And CRISI grant funding, in my humble opinion, should be set aside for the Class II's and the Class III's.

So, I am just letting you know that it would be my intent, while you are receiving billions and billions of taxpayer dollars over the next 5 years, that Amtrak should not be allowed to participate in the CRISI grant program.

You stated that security in 2023—and I appreciate the fact 84 percent ridership. I think you are going to get to 89. And, eventually, maybe by the end of the year, you will get to the 2019 levels, which would be 30-something million passengers.

Mr. GARDNER. Next year, we will achieve 32 million riders.

Mr. NEHLS. Fantastic. I think that is great. And I think, while you did state that safety is your number one priority, I can certainly appreciate that.

Mr. Warren, I have had the chief in my office before. We were talking a little bit about safety on traveling on a train. I mean, I was an old law man for several years. Understand a little bit about safety and security.

And I was always puzzled by the fact that I can jump on that train outside of Washington, DC, here. I can go up and buy a ticket. I don't have to provide any ID. I can pay for cash. You can take that ticket, give it to the guy, and he could give it to someone else.

There is no matching bags or anything. You can just carry a couple suitcases on a train, right? You don't have any detectors or anything to go through to get on that train.

How is Amtrak—what are you doing to make sure that you don't get some individual that has bad intentions, someone carrying a firearm from getting on a train, when you—I mean, I can't get on an airplane with a bottle of water. I can't get on an airplane even having a glass of water.

But it appears to me that to get on an Amtrak train, you don't have to have any ID. Your bags don't have to match the manifest. They are not inspected. You've got puppies out there sniffing. I support all that, but what are you doing in the rural areas to make sure that you can keep those passengers as safe as possible?

Mr. WARREN. Certainly for each of our individual railroads, safety and security are the foundation of everything. You can't have riders if you are not promising and guaranteeing their safety and security.

As a Commission, we have focused on the infrastructure, so, it is an issue more for our individual members than we have addressed as a Commission. When we were created, there was actually a separate safety committee that was created separate from us that was to look at those issues, and we were to focus on the infrastructure, cost-sharing, and coordinated planning.

So, those are critical issues for our members and our riders, but as a Commission itself, it is not something that we have addressed directly.

Mr. NEHLS. Well, I just—I find it kind of disturbing in many ways that this is public transportation, billions of dollars going to it. Obviously we had tragedies on 9/11 with an aircraft, right? And look at what we did. We created a whole new organization and put billions of dollars into it, still today, to make sure that the people traveling on airplanes across the country are safe.

And then you look at Amtrak's operations. And I know the chief behind you, he is eyeballing me right now. He is thinking, I am doing everything I can. But you have billions of dollars now. I think you need to try to, not convince me, but show me that safety—safety, Mr. Gardner—is an actual priority, that you are doing everything you possibly can.

I am going to finish it up with this, and that is, I read some stuff here about the board meetings. You have these board meetings. I don't think those board meetings are open to the public. I don't think they are part of the public record. I think transparency is so important, and bonuses.

Mr. Gardner, would you care to share with me what your salary is every year? What is your salary, your annual salary?

Mr. GARDNER. The annual salary is a matter of record. We have disclosed it. Currently, for my position, it is a little bit less than \$500,000 a year.

Mr. NEHLS. \$500,000. And I appreciate you just willing to share that. I think the American people have a right to know. It is the

taxpayers paying it. I will tell you what mine is, \$174,000, just with everybody else up here, too. I can tell you every salary of every person serving in our United States military. I mean, it is pretty much public record.

So, it is an annual salary of \$500,000.

And so, when you have these meetings and they are not accessed—they are not open to the public when it talks about bonuses—did you receive a bonus last year? Did you take a bonus?

Mr. GARDNER. For fiscal year 2022, yes.

Mr. NEHLS. Can I ask you how much that bonus was?

Mr. GARDNER. I would have to get you the specific numbers, but it is a portion of the salary based on the company's performance. So, as I am sure you know, the Congress had passed a law encouraging us to develop a pay-for-performance system. The inspector general recommended, the GAO recommended one.

We use this in order to entice great employees to the company and retain them. The salaries that we provide at Amtrak pale in comparison to our freight railroad counterparts from which many of our employees come. It is essential that we have the best employees to be doing the public's work and delivering on this incredible investment plan. We use this as a retention tool, and it is very consistent with the private sector, business everywhere.

Mr. NEHLS. I appreciate that. I am just saying, Mr. Gardner, I think when it is taxpayers' money, I think transparency is so important. It should be transparent, and there should be no reason why you wouldn't be willing to share with—and you did share your salary—

Mr. GARDNER [interposing]. Absolutely.

Mr. NEHLS [continuing]. But the bonus, whether it is 25 percent or 50 percent, I think the American taxpayer has a right to know what they are paying their leaders at Amtrak.

Mr. GARDNER. Understood.

Mr. NEHLS. With that, sir, I will now yield 5 minutes to Ranking Member Larsen for his questions—oh, wait—oh, Mr. Payne. I am sorry. Mr. Payne.

Mr. PAYNE. Thank you.

In reference to the question asked of Mr. Gardner in terms of his salary and bonuses, I think it pales in comparison to freight rail's compensation on the other side, which is not open to the public. So, we know that their compensation over the past several years has been in the millions. So, I think we—thank you, Mr. Gardner, for working at a bargain basement salary.

And, Mr. Gardner, while some parts of the country are slowly recovering from COVID in intercity rail ridership, others have almost fully recovered. An excellent example can be found in the ridership numbers and investments made in North Carolina and Virginia.

Please tell us what the State transportation agencies are doing differently to drive an increase in the intercity rail passengers and what Amtrak is doing to assist these State transportation agencies in fulfilling these goals.

Mr. GARDNER. Thank you for the question, Ranking Member Payne. You are right, North Carolina and Virginia service is really exceptional, and I think the key is really three things. One, a sustained program of investment and leadership within the State. The

States have excellent rail departments that really focus on their programs in partnership with us and with their host railroads. And they have been willing to invest significantly.

While I agree with the chairman that our focus has to be on improving the network we have and rebuilding our assets, and that is what the IIJA funds allows us to do, recapitalize our assets. What it doesn't allow us to do necessarily is focus on improvements in different areas, and that is why other funding is necessary.

But the dollars here that are provided for the State expansion are really coming from the State. And Virginia has invested over roughly \$4 billion to upgrade the infrastructure between Washington and Richmond in partnership with CSX and with Amtrak.

So, that investment has been critical. Their leadership at the State level has been critical, and their focus on connecting markets and building station investments that support connectivity to rail. So, there is a great new station in Raleigh, a new station coming in Charlotte, and a real focus on providing frequency.

For instance, North Carolina is about to add a fourth Piedmont frequency. So, creating enough utilities so that passengers have trains they can take at the right times of day, at the right trip time, to connect to those markets.

So, we see Virginia, through its service to the south in Roanoke, Newport News, Norfolk, and Richmond, really exceeding their goals in terms of ridership growth, coming back from the pandemic, and a great opportunity long term to further connect the Northeast Corridor to the Southeast and really build a coastal connection of high-quality frequent service.

Mr. PAYNE. Thank you. Thank you.

Mr. Warren, one of the many benefits of the rail service across the Northeast Corridor is getting cars off the roads and preventing additional air traffic in our already congested airspace. Can you please elaborate on how proposed infrastructure projects across the Northeast Corridor and the goal to reduce the state-of-good-repair backlog will benefit the communities in the region economically and how these impacts will impact the global fight against climate change?

Mr. WARREN. Yes, thank you. Transportation is the sector that emits the highest level of greenhouse gases, so, the more we can do to attract riders to Northeast Corridor trains, most of which are electrified, the more we can reduce greenhouse gas emissions.

It also has the added benefit of reducing automobile congestion. I just rode down much of the corridor from Vermont, Massachusetts, Connecticut, through New York, New Jersey, Delaware, this weekend, and I sure wish more people, including myself, were taking the train for that trip.

So, a lot of the work we are doing to create more reliable service, more frequent service, faster service, is going to bring more riders, and it is going to take riders from automobiles, take riders from airplanes, both of which emit significantly more greenhouse gas emissions and also add to congestion on our roads, I-95 and other roads, and the aviation system.

So, the more we can implement our CONNECT NEC plan, bring more riders to the Amtrak and commuter trains on the corridor,

the better off we will be both from a congestion perspective and a climate perspective.

Mr. PAYNE. Thank you. The few times that I don't use Amtrak to come to work, I drive down, and I have to leave between midnight and 4 o'clock in the morning in order to bypass all that traffic between New Jersey and Washington, DC. So, thank you for that.

This question is for both of our witnesses. I will continue to work on the disadvantaged business enterprise requirement for the FRA funding, but in the meantime, could you share what efforts you are making to ensure contracts are going to help create a level playing field for small businesses owned and controlled by socially and economically disadvantaged individuals?

Mr. GARDNER. Ranking Member Payne, I am pleased to report we have made a lot of progress on supplier diversity and DBEs. As you know, we have got a supplier diversity program which includes minority- and women-owned business enterprises, veterans and service-disabled veteran-owned businesses, disadvantaged business enterprises, small businesses, et cetera. And we set a goal of 15 percent of our contracting and procurement from these entities. And in 2022, in fiscal year 2022, we exceeded that goal, achieving 25 percent, roughly \$484 million in spend with diverse suppliers. So, we have been working really hard to do that. In 2023 so far, we are at 27.8 percent of our spend through diverse suppliers.

And we have a new upgraded supplier diversity office which is doing 27 outreach events throughout this year, and a new small business resource center, because there are many small businesses of all types that are out there that have important capabilities to offer at Amtrak and the rail industry, particularly as we are growing, and we are working hard to create a bigger supply base, both so we can get better quality but also better pricing and ensure redundancy in terms of supply. Because as we all saw during the pandemic, supply chain challenges certainly impacted us, and we want to make sure we have a robust base of potential suppliers.

Mr. PAYNE. Thank you.

Mr. GARDNER. So, this is good business to invest in a diverse range of suppliers who can meet our needs from all across America and really allow us to succeed.

Mr. PAYNE. Thank you.

Mr. Warren?

Mr. WARREN. The Commission doesn't do contracting. Our members contract for the major construction projects. They are the project managers. One related opportunity I might point out is just in workforce development.

The workforce needs along the corridor are tremendous to try and invest these new funds, and we need to go out and find new workers, not the traditional workers we have always had; we have to go out and do more job training and do this in nontraditional places.

So, I think that is a major potential opportunity to diversify the workforce, expand the workforce. It creates jobs, it creates equitable jobs, and it helps us deliver—

Mr. PAYNE [interrupting]. Thank you.

Mr. WARREN [continuing]. These significant projects that need to be delivered.

Mr. PAYNE. Thank you.

And thank you, Mr. Chairman, for your consideration. I yield back.

Mr. NEHLS. Mr. Payne yields.

I now recognize my colleague from the great State of Texas, Mr. Babin, for 5 minutes.

Dr. BABIN. Thank you, Mr. Chairman.

And I appreciate you, Mr. Gardner and Mr. Warren, for being here today.

The chairman, to follow up some of his line of questioning a while ago, is it legal to carry a firearm or any weapon on Amtrak by passengers?

Mr. GARDNER. No, Congressman. So, we do not permit firearms on board, other than in a locked—you can transport your firearm. We carry it in a locked facility.

Dr. BABIN. Even if you have got a permit for the States it is traveling through?

Mr. GARDNER. I am sorry, I didn't hear you.

Dr. BABIN. Even if you have a permit to carry it through the States you are traveling on?

Mr. GARDNER. That is right, yes, we do not allow firearms on board.

Dr. BABIN. OK. Well, passenger screening protections on Amtrak are nothing like on air travel or even what the public must go through to enter into this very building here.

The Brightline intercity passenger rail system in Florida has implemented screening technologies to help prevent persons from bringing dangerous weapons on its trains. It is not as comprehensive as the airport technology, but it is better than nothing. And if you are sitting there and someone has broken the law and has a weapon and you are totally defenseless, you are pretty much up the creek.

So, why hasn't Amtrak invested in similar screening technologies to protect the passengers of Amtrak?

Mr. GARDNER. Thank you for your question. So, we take security very seriously, and we are using a multilayered system to protect our passengers and broadly have very good results. Incidents are quite rare on Amtrak. But I share your concern that, as we continue, opportunities to increase security are really important.

First, a couple of things that we do today already. We have random screening together with TSA. We have a large fleet of trained dogs for both explosives and other interdiction. We partner with DHS for our VIPR teams to do inspection and then response. Federal Air Marshals, we are in partnership with them to be able to be part of our security forces on our trains. We have increased our APD workforce, and we have put many more officers on trains in the field.

We are looking at the kind of technology that you discussed that Brightline is using, Smithsonian similarly, and many stadiums and others are using, relatively unintrusive but potentially effective materials and methods to further screen. And as you mentioned, we have a big network, about 500 stations across America, some huge, handling hundreds of thousands of people, including commuter passengers, and some quite small. Trying to think about

how we can embed technology into our trains, in addition at stations, to increase security.

One thing I will note is that Amtrak receives relatively little funding from TSA, and TSA's own program has relatively very little. So, for us to increase significantly in this, we do need and will need greater partnerships and support. But we are interested in this and taking it very seriously because we agree we need to strengthen.

Dr. BABIN. Well, I certainly hope so, because if you are not allowing private, law-abiding citizen passengers to protect themselves, then you have to protect them, and keep bad actors from bringing weapons aboard.

Last Congress, the infrastructure law gave Amtrak a tremendous amount of funding. In addition to that, Amtrak may apply, itself, for other Federal funding programs and grants, including CRISI grants that the chairman mentioned and Federal-State partnerships.

CRISI grants are well oversubscribed already, and countless more rail safety projects are in need of funding. There are already over 95 applications for the Fed-State program, but only 30 or so will be funded.

In Amtrak's annual legislative report, you seek to get greater permission to use Federal funds that you receive from the IIJA to serve as your matching contribution for these other grants. Do you feel that it is appropriate for other stakeholders, such as State and local governments or short line railroads, to have to compete against Amtrak for these very limited funds?

Mr. GARDNER. Well, first, Congressman, let me say, we certainly support the CRISI Program. We support our Class II and Class III partners and the broad eligibility of CRISI. It is, I think, important to understand that the dollars that have come to Amtrak are for a very specific set of purposes. We can't use them for many of the activities that we might need to for improving the railroad. They are focused on really state-of-good-repair/replacement activities for our fleet and our stations and our infrastructure. So, those dollars aren't eligible for every activity.

And the safety focus of CRISI is really unique. That is what we fundamentally seek to partner almost always with host railroads, States, and localities, other carriers, to find opportunities for improvement. For instance, further investments in our Positive Train Control system where if the system is not required but where we think it is appropriate, track upgrades with host railroads where the track is falling below standards for Amtrak service.

So, these are things that we think are good uses of dollars, they are not things we could use our funds from the IIJA to otherwise accomplish, and Amtrak is a relatively small portion of the total CRISI pot. Most of the dollars are going to freight railroads and for safety programs, and we support that.

Dr. BABIN. I am out of time. Thank you, and I yield back, Mr. Chairman.

Mr. NEHLS. Mr. Babin yields.

I now recognize Ranking Member Larsen for 5 minutes.

Mr. LARSEN OF WASHINGTON. Thank you, Mr. Chair.

Mr. Gardner, we had our last hearing on the topic in December of 2021 just after the BIL had passed. One of the challenges raised was making sure there were enough people hired to implement the funding, both at FRA and at Amtrak.

Can you update us on what your people plan looks like and where you are in achieving that?

Mr. GARDNER. Yes, sir, Ranking Member Larsen. Appreciate the question.

Mr. LARSEN OF WASHINGTON. Sir is fine, but, yes.

Mr. GARDNER. We have had great results so far in our hiring efforts. As you say, we are really changing the whole scale of the company, and last year, we hired about 3,700 people. Already this year, we have hired 2,700 folks. By the end of the year, we will have hired about 5,000 additional employees. Some of that is to fill attrition, the normal retirements and so forth, and some of it is to create more capacity.

And those jobs are across America. We have a 46-State, 3-Province network, and focused all across our different functions. So, a significant portion of those are craft hires, folks who are out there running the trains, maintaining the infrastructure. But we have also really invested in our program management, design capacity, all of the really professionals that are out there to help us build new projects and update our infrastructure and procure this new fleet.

Mr. LARSEN OF WASHINGTON. Are there areas during the pandemic where you lost people proportionally in a function and you are having to build that back up in particular?

Mr. GARDNER. Yes. Notably, our mechanical forces—and I am glad to say we are well above now some of our levels that we had even pre-pandemic to create the capacity we need to maintain our equipment. And that is mostly driven by the fact that there is huge demand for skilled workers in this area—electricians, welders, machinists—massive demand, and being competitive has been hard for us in certain regions of the country. So, we have really worked hard.

We have also created a new apprenticeship program, and this is a program that is supported through grant funds with our various unions, and they are rolling out across our mechanical facilities so that we can train folks and give them the capabilities they need to serve Amtrak but also lifelong skills. So, it has really been a good partnership.

Mr. LARSEN OF WASHINGTON. So, BIL was a historic investment in passenger rail, but it really means a historic investment in hiring people in order to have passenger rail, it seems.

Mr. GARDNER. Absolutely. We are doing hiring that Amtrak would do in a year now that we would take a half a decade to have done previously because of this new capacity we need to build. And it is a chance to build a whole new generation of rail workers. It is one of the most exciting things, I think, about this time, is we are building a new generation of skilled employees who are here to contribute to the mission.

Mr. LARSEN OF WASHINGTON. Thanks.

Mr. Warren, at the Commission, you mentioned you focus on infrastructure. Do you have—even with your partners, do you have

a similar set of issues in hiring people to make these projects work—to make these projects happen? I apologize.

Mr. WARREN. Yes. One of the biggest challenges to implementing all of these projects, spending the money from the infrastructure bill, is hiring workers. Every one of our members—and Stephen talked about the hiring they are doing. It is critical, and it is not easy. It is a tight labor market. But that hiring has to be done. It is creating a lot of good jobs, but it is essential if these projects are going to move forward.

There is a lot of work that needs to be done on the corridor and nationwide, but our focus is certainly the corridor, and you have to have the workforce, both management and labor, to make it happen.

And without the funding certainty of the infrastructure bill, Amtrak wouldn't be hiring as much as it is right now. The funding certainty is critical to giving our members the confidence to go out and hire and train, because everyone you hire, you are training sometimes for a year or more.

Mr. LARSEN OF WASHINGTON. Yes, thanks. A second point I wanted to make, I made in my opening statement, was that passengers and States want more rail service.

And maybe, Mr. Gardner, this is not for you to say how great Washington State and the Northwest is. We tend to be more ahead than other areas in the State-supported system, but who is in second place and who is in last generally? What kind of work needs to take place in different areas of the country to get caught up on the State-supported systems?

Mr. GARDNER. Well, thank you, sir. We have generally restored frequencies to all of our routes across the United States, but you are right that we have a strong program in the Pacific Northwest. The Cascades service and Washington State's leadership there has been tremendous.

The goal later this fall will be to introduce a fifth and sixth round trip, so to increase service still, and I know this is very important to you that we were able to go back to Vancouver and have two round trips there.

And when you look at the current State-supported system, we have seen really a lot of enthusiasm from all over. I think it is really important to note that this drive to grow and improve service has really stayed community driven. Amtrak is their partner, but fundamentally this is the decision that States make to decide to expand or invest in service.

Part of the big challenge for the current network—

Mr. LARSEN OF WASHINGTON [interrupting]. You have to wrap up and go on—for the record.

Mr. GARDNER [continuing]. Is that we have a lot of places that don't have passenger rail service today at the levels that exist like in the Cascades—the Southeast, the Mountain West—and we see a lot of interest from communities there right now.

Mr. LARSEN OF WASHINGTON. OK. Thanks a lot.

Thank you, Mr. Chair.

Mr. NEHLS. Mr. Larsen yields.

I now recognize Mr. Stauber for 5 minutes.

Mr. STAUBER. Thank you very much, Mr. Chair.

Mr. Gardner, I want to talk about safety and security. Between 2019 and 2021, the Amtrak Police Department received over 400,000 emergency calls annually. This is over double what APD received in previous years. What is the current size of the Amtrak police force?

Mr. GARDNER. Thank you for the question, sir. And our current workforce is about 406, 407 APD—

Mr. STAUBER [interrupting]. Would you consider that fully staffed?

Mr. GARDNER [continuing]. Officers.

Our goal to be fully staffed is 431, which we believe we will achieve by the end of this fiscal year. We have a lot of folks in training. And as you know, it is a competitive environment to get qualified law enforcement folks. So, we are working to achieve that.

Mr. STAUBER. You had mentioned—I am very glad you said this in your opening statement—safety is the number one priority at Amtrak. APD strategic plan suggests that you are, quote, “restructuring and modernizing,” end quote, training.

What does that restructuring and modernized training look like?

Mr. GARDNER. Well, I think that the core of our strategy is to deploy our resources across our network where they can be most effective. So, we are a very data-driven organization. And the chief who is behind me here leads our efforts to prioritize our response across the network, make sure we have the right assets in the right space.

And then, to create the right sort of modern training methods and the right force philosophy so that we can serve our communities well. That, of course, means right now more riders, more train rides—

Mr. STAUBER [interrupting]. Did you say force philosophy? Force?

Mr. GARDNER. Yes. The—

Mr. STAUBER [interrupting]. What does that mean?

Mr. GARDNER. I mean our APD force.

Mr. STAUBER. OK.

Mr. GARDNER. The policing philosophy and how we integrate with our partners. As you know, we are across the Nation, and we have to partner with local police forces plus the FBI and TSA and others. And that is a key to the way that we ensure security is by this relationship of partners across the network.

Mr. STAUBER. All right. And APD is a priority for Amtrak, correct?

Mr. GARDNER. APD is an absolute priority for Amtrak.

Mr. STAUBER. I want to get back to what Chairman Nehls was talking about. Your salary is \$500,000, and you received a bonus. And you said to keep, in your words, great employees and retain them, you need bonuses.

Did any members of the APD receive bonuses?

Mr. GARDNER. Our management workforce is part of our program. The—

Mr. STAUBER [interrupting]. Yes, sir. No. Did the Amtrak police force, did any Amtrak police force members on the line, did they receive bonuses equivalent to your percentage of a bonus?

Mr. GARDNER. Those management employees who are not agreement employees in the APD force did. The other employees are covered by a collective bargaining agreement, which we negotiate.

Mr. STAUBER. Did they receive bonuses?

Mr. GARDNER. No, not per their contract. Yes.

Mr. STAUBER. And moments ago, you said that it is a high priority, and to give bonuses, you want to—you need—in order to keep great employees and retain them, bonuses were part of that.

So, it seems at this moment, APD, those boots on the ground or boots on the train that keep the passengers safe, which is your priority, they didn't receive a dime. Nothing extra. Nothing extra. And you had executives that received bonuses of \$200,000 a year, paid primarily by the American taxpayer.

Mr. Gardner, I represent the Eighth Congressional District of Minnesota. The median income there is \$55,000. You received a bonus almost four times what the hard-working men and women that I represent, and some of that tax money went to your bonus.

Do you think that is fair?

Mr. GARDNER. So, I would say that the representative members of the APD receive a variety of benefits associated with their collective bargaining agreement. So, we negotiate that, as we do with all of our unions.

And in the Amtrak management case, we traded off a pension about 10 years ago almost, and put less compensation as guaranteed for employees and made it at—

Mr. STAUBER [interrupting]. With just 15 seconds left, I am just concerned that Amtrak is prioritizing growth over customer safety. Those police officers see that you are getting bonuses, and your executive board are getting bonuses, primarily paid by the American taxpayer, and you can't help those police officers? As a former police officer, I find that extremely offensive.

And I yield back.

Mr. NEHLS. Mr. Stauber yields.

I now recognize Mr. Moulton for 5 minutes.

Mr. MOULTON. Thank you, Mr. Chairman.

Mr. Gardner, if the Amtrak police officers want to negotiate for bonuses in their contract, are they allowed to take that into the next collective bargaining negotiations?

Mr. GARDNER. Absolutely, Congressman Moulton.

Mr. MOULTON. Thank you very much.

I would just like to get back to a conversation that you and I have had about efforts to decrease trip times. We talk a lot about speeds in the railroad industry. We probably don't focus enough on how we get people faster to where they need to go.

You recently raised speeds on the Chicago to St. Louis corridor by 20 miles per hour to 110 miles per hour. Why did it take so long to get to 110 miles per hour?

Mr. GARDNER. Well, thank you, Congressman, for the question. And trip time is a very important key piece of what is attractive about rails when we can be competitive with driving.

This was a program led by the Illinois State DOT, together with Union Pacific, and funded by the FRA. So, Amtrak was a supporter, but it is a State-led project.

And it took a long time to rebuild the railway, which is what was essentially necessary, and upgrade the signal system there to handle 110-miles-an-hour service. It is great that we have achieved it, and it is an important outcome, and it is going to be a big game changer for service in Illinois.

Mr. MOULTON. So, back in the 1930s, we had a lot of trains in America going 100 miles an hour. This is a 10-mile-per-hour improvement over what was fairly common in the 1930s.

Are there any plans to get Chicago to St. Louis to standard international high-speed standards, like 200 miles per hour? In other words, about twice as fast as trains are going on that corridor today?

Mr. GARDNER. Currently, the plan is 110 miles an hour. To go above 110 miles an hour, you need to have a sealed corridor, a corridor in which all the grade crossings are eliminated. And there would need to be changes probably in the alignment on some of those routes.

So, in certain corridors, those kind of investments I think are appropriate. What I think we have achieved here in Illinois, what Illinois has achieved is to really achieve the kind of standard level of intercity service we should be aiming for, 110-miles-an-hour service, which does allow trip time competitiveness. And where there is demand and opportunity, I think pursuing high speed does make sense on top of that base.

Mr. MOULTON. I would just point out that regular old commuters just taking trains in and out of London have been going 125 miles per hour for a few decades now. So, I just think we could set our sights a bit higher.

With regards to trip time, checking the Amtrak website yesterday, it looks like the trip times haven't decreased despite the increase in speed.

Mr. GARDNER. Well currently, we are in the production season of the major capital work that is occurring on the Northeast Corridor. So, we have added some time to certain trains to reflect the fact that there likely—

Mr. MOULTON [interrupting]. Specific to Chicago to St. Louis.

Mr. GARDNER. Oh, in the Chicago-St. Louis, sir, the schedule change has not yet taken place. So, we are in testing of the new speeds, but the upcoming schedule change will occur here soon.

So, even though the trains are operating faster, the schedules remain at the current speeds until we have validated everything, and that will happen soon.

Mr. MOULTON. So, there are a lot of places on the Northeast Corridor where we also have to straighten curves to improve trip times and speeds. We have talked about this in the past. I sent a letter in August of 2022 on this issue.

Have we made any improvements in trip times on the Northeast Corridor?

Mr. GARDNER. We have a lot of work underway, Congressman, to do that. These major capital programs that we have discussed are going to be the way that we can change some of the trip time. It is the constraints. For instance, the Baltimore and Potomac Tunnel, as we will advance that program, will take a railroad that today is constrained to 30 miles an hour and make that 100-mile-

an-hour alignment. As you know, a number of bridges also, as we replace them, will give us faster speeds.

And as we bundle with those improvements upgrades to our infrastructure, we are looking to shorten curves to create faster speeds as we also replace the overhead electric lines. So, we put the newer lines in the right alignment to maximize speed.

Our goal is to get 160 miles an hour everywhere the railroad permits it today with the geometry and upgrade the infrastructure to support that, both signal and power.

Mr. MOULTON. Mr. Warren, when do you think we can actually see timetables improve on the Northeast Corridor?

Mr. WARREN. The CONNECT NEC plan that we are working on updating, we are very focused on improving trip time with projects within the existing right-of-way that you can do while you are doing basic state of good repair and modernization. You can straighten curves. You can replace signal systems. You can replace the overhead—

Mr. MOULTON [interrupting]. I just want to know the next time I go to New York, it's faster than it is today. When is that going to happen?

Mr. WARREN. Unfortunately, it is going to take some time for—each of these things—

Mr. MOULTON [interrupting]. Are we talking about a year, 2 years, 5 years?

Mr. WARREN [continuing]. It's seconds here and there. I couldn't give you an exact trip time, but it will take a number of years for those to start to add up. When you get the 3 minutes from B&P Tunnel, you get 30 seconds here, 30 seconds there.

There are also studies that are going to be going on to look at new right-of-way, where you can get significant trip time improvements. Those are, obviously, longer term projects.

Mr. MOULTON. I am out of time, but I think the American people want to see those returns so we can actually say, we invested billions of dollars here, and this is what we got.

Thank you, Mr. Chairman.

Mr. NEHLS. Mr. Moulton yields.

I now recognize Mr. Burchett for 5 minutes.

Mr. BURCHETT. Thank you, Mr. Chairman, Members.

Amtrak has awarded six-figure executive bonuses despite huge losses. You have attempted to take over Union Station's lease at a cost of hundreds of millions of dollars with respect to benefits returns. You have forced unwanted routes on your national network with questionable customer demands and guaranteed annual losses.

What is your all's projected annual operating loss, Mr. Gardner?

Mr. GARDNER. For this year, a little bit more than \$800 million. That is down significantly from the prior year and the year before.

Mr. BURCHETT. Yes, sir. According to Amtrak's 5-year plan for fiscal years 2022 through 2027, Amtrak expects to lose at least \$1 billion per year.

Do you think Amtrak will be cutting expenses or increasing ticket prices to address its operating losses?

Mr. GARDNER. We have been doing both. So, already, our 5-year plan has been updated for 2023. And you can see where almost, an-

ticipating a little bit more than \$800 million. So, we have significantly improved those numbers since our 2022 5-year plan.

And we are doing it on both ends, as you suggest. We have got to maintain and reduce costs where we can. That is difficult in this high inflationary environment. We are about 30 percent higher in prices than we were in 2019. So, as we come back to revenues of 2019, you can see there is a big gap.

At the same time, we are trying to build revenues and are doing quite a good job at that. But we are still just about to get to 2019 revenue levels. And it is going to take a combination of both to maintain improving trajectory.

As I said, our hope is on the train operation side of the business, to get back to that break-even process. I have been at Amtrak for 14 years. It took us a lot of work to get to break-even in 2020 before the pandemic. I know we can do it again, but it is going to take a while to overcome this complete—

Mr. BURCHETT [interrupting]. When you say break even, though, that is with the influx of tax dollars, correct?

Mr. GARDNER. So, yes—

Mr. BURCHETT [interrupting]. Yes or no, that is fine. I mean, I am not—you don't need to—I appreciate it. I am going to run out of time.

In your written testimony, you stated that you all expect additional losses the next few years due to the capital-related operating cost. Projected funds by the Infrastructure Investment and Jobs Act.

How much do you expect these capital-related operating costs to be?

Mr. GARDNER. Well, several hundred million dollars, because we have to train the workforce and hire the workforce that is necessary to implement this program. There is a whole series of costs that are associated with the capital work that we have to bear as upfront expense. Particularly all of the training cost we cannot capitalize, and they hit the P&L.

So, we have to double the amount of workers, for instance, on the Northeast Corridor that are rebuilding track and signals. To go from about 4,000 employees to about 8,000 employees takes up to 2 years to train those folks. And while we are training them, they are expense, not capital. And so, those are the kind of extraordinary costs we have to take for a bit that are in support of the capital work.

Mr. BURCHETT. It is not in my notes, but memory serves me that there has been several, I guess, exposés or whatever. I don't really like that term, because you never know what is behind it. But your commissary continues to lose money. Is that still a problem?

Mr. GARDNER. Did you say commissary, sir?

Mr. BURCHETT. Yes, sir.

Mr. GARDNER. So, the food and beverage. Food and beverage—

Mr. BURCHETT [interrupting]. I could have said food and beverage.

Mr. GARDNER. No, absolutely. I know what you mean. The food and beverage service is an important part of the Amtrak product. The IIJA require the establishment of a new Food and Beverage Working Group, and we just received their report. We owe Con-

gress back our response to the food and beverage report here this fall.

In general, the food service is there as a part of the amenities that we offer. So, much of the ticket price is covering the cost. And then people also fund through cash purchases, depending on which level of service.

We are continuing to upgrade quality. We certainly have heard from many Members that they want to see better quality, and we have heard that from our customers in terms of the food offerings on board. So, we are focused on doing that, but doing that in a way that is fiscally responsible.

Mr. BURCHETT. I would hope that you would be fiscally responsible. By that, I mean at least paying for the food. I think that would be a fiscally responsible move, and I think Congress would probably smile upon that if we were able to smile.

I have got no time left. I am just going to yield.

Mr. COHEN. Would the gentleman yield?

Mr. BURCHETT. I would yield to Congressman Cohen if I could, please, because he is my spiritual mentor in this committee. Go ahead.

Mr. COHEN. Thank you.

I would just like to ask you a question. I am sure you heard about his salary being \$500,000. Compared to the TVA chairman's salary, isn't it cheap?

Mr. BURCHETT. Yes, I would gladly pay our TVA chairman about a half a million dollars—

Mr. COHEN [interposing]. Thank you.

Mr. BURCHETT [continuing]. Over his \$8 million plus bonus. But I am not bitter about that nor are you, Mr. Cohen.

Mr. NEHLS. Mr. Burchett yields.

I now recognize Ms. Strickland for 5 minutes.

Ms. STRICKLAND. Thank you, Chairman Nehls and Ranking Member Payne.

My home State of Washington has been a long-time supporter and investor in intercity passenger rail. During my time as mayor of Tacoma from 2010 to 2017, I was proud to play an integral role in the development of a new Tacoma station in our region.

Because of that experience, I know how critical it is to ensure that local, State, and Federal governments all work together to put these critical investments into improving our Nation's rail infrastructure, building up our workforce. And I am pleased to hear about the work that you all are doing at Amtrak.

I look forward to strengthening this Federal partnership and making sure that when we put these dollars to use in communities that they are doing exactly what they intended.

Mr. Gardner, I know that Ranking Member Larsen touched on the strong Pacific Northwest network, and I would like to start there. As you know, the Washington State Department of Transportation and Amtrak are currently working on the Amtrak Cascades Service Development Plan with improving service over 20 years, and specifically adding two more routes—adding two more times that they are going to go between Seattle and Portland.

Can you talk more about this timeline and when you think we can expect these two frequencies—that is the word I was looking for—to become available to the public?

Mr. GARDNER. Well, thank you for the question, and congratulations on the great station in Tacoma. It is fantastic. As part of the bypass, it is a real improvement.

And you are right, the Cascades is a great service. We anticipate two additional frequencies in October of this year. Again, the States dictate when we bring service in and how much service we upgrade and the pricing philosophy, and so, we work with our partners in Washington and Oregon on that schedule.

Ms. STRICKLAND. Excellent. And then can you talk about some of the challenges you may face in making this reality, including equipment shortages, delivery delays, and acquiring the Venture cars that you need by California and the Midwest to State-supported services.

You had also stated that adding these two new frequencies between Seattle and Portland is going to depend on having enough cars available as those are being phased out. So, talk a bit about some of the challenges we face in making this a reality with the supply chain.

Mr. GARDNER. Well, thank you. And this is a major topic for us. As you I am sure know, the Cascades service retired the—we retired the Talgo VI train sets that were in service there and we replaced those with a fleet of cars from Amtrak's national pool, our Horizon and Amfleet equipment.

And as you mentioned, the additional cars necessary for the service, for the additional frequencies, are coming from our Midwest pool that are, in fact, waiting on the delivery of the Siemens Venture cars to the States.

So, there, the States procured equipment directly, with funding from the Federal Government. And Amtrak is the operator of that equipment, but it is a delivery between Siemens and the States.

We were supposed to start this year with 60 new cars as part of this program in service, but, in fact, those were delayed. And they are still coming into service now. I think we have about 50 in service.

Our goal, again, is to have 60 in service. So, we are making good progress. And the manufacturer and the State are working well together to deliver this equipment and get it in service. But that is why we have had a shortage of equipment in the Midwest, and that has cascaded across the rest of the network.

So, we are anxious to continue those deliveries, get the equipment into service, and then be able to deploy equipment to support the additional frequencies in Washington and Oregon.

Ms. STRICKLAND. Is there anything else that my colleagues and I can do in the Northwest to better support your efforts to expand this service?

Mr. GARDNER. Well, as you said, the leadership in Washington and Oregon and the long-term relationship and planning activities really have set the service up for success, because there is a strong vision of the service and how it can progress.

Certainly, partnership with the two host railroads there, the primary host railroads, Burlington Northern Santa Fe and Union Pa-

cific, are key. And working with them to get better on-time performance, and to continue the opportunities to expand cooperatively with the host railroads is key. I think that is the main challenge in addition to equipment.

I will say that our new Airo trains, the first place that they arrive is the Cascades service. So, we are excited for those, and Cascades will be really the testbed for our new trains, and it is going to be a great experience, I think.

Ms. STRICKLAND. All right. Thank you. And just as editorial here, as we look at passenger rail service, with an aging population, fewer people wanting to drive, and a growing population, we know that eventually, these things will become more highly used, more ridership and, therefore, more revenue. But it is going to take time, because the United States is not as densely populated as some of the other places where they have more frequent service and more ridership.

Thank you very much for being here today.

Mr. NEHLS. Ms. Strickland yields.

I now recognize Mr. Yakym for 5 minutes.

Mr. YAKYM. Thank you, Mr. Chairman. And thank you to our witnesses for being here today.

Mr. Gardner, I appreciate that you are constantly evaluating new routes and new service options for Amtrak and for your riders, but it has come to my attention that Amtrak is eyeing the use of the South Shore Line in my district, which runs through north central and then ultimately over to the west and northwest Indiana.

It is a well-established and recently upgraded commuter rail service line that is going through a double-track addition right now with the Michigan City area in order to speed up the rail line service between South Bend and Chicago.

One of the things that I am concerned about is if Amtrak were to assert authority and come in on that line, what I would like to know from you and my real question is, would you commit to working with the South Shore to ensure that it would not face any undue scheduling or burden cost should you come in and use that line?

Mr. GARDNER. Thank you for the question, Congressman. And you are right, we are looking at a variety of options. No decision is made yet about how we improve our service from Chicago south of the lake. This is vital to our service to Michigan, vital for our long-distance trains, vital for the number of trains that we hope in the future can operate in the Midwest.

So, the South Shore route is one potential route. As you said, it is recently double-tracked, gone through a comprehensive upgrading, and is a great passenger-controlled route. We run into significant problems on the freight lines that are parallel to the South Shore, and it impacts on-time performance for all these trains. Certainly, we would do so cooperatively with the South Shore.

Our conversations with them have always been about looking to see if there is an opportunity for a partnership. The frequency per hour is relatively low. I mean, for instance, we have 24 trains an hour on a two-track railroad in the Northeast. I think there is lots of capacity there, but we would have to make sure it can be utilized in a way that doesn't take away from the South Shore's business

and I think would be actually a net benefit, because you would have another railroad that could come.

We would contribute as necessary, as we do under our access rights under law, and be able to be a partner for the South Shore and to serve the communities that are today served by the South Shore with intercity service, which today they aren't all.

Mr. YAKYM. Thank you, Mr. Gardner. And my hope is that it would be collaborative in a way that doesn't negatively affect the times of the South Shore or put any undue cost burden on them. So, thank you for that commitment, and I will be continuing to watch this as we go forward.

I want to shift gears and understand how Amtrak makes decisions on new service. You indicated in your opening statement that Amtrak is starting the new Great River route this year. It is a daily trip between Chicago and Saint Paul, Minnesota.

Can you tell us how long will it take for that train? What is the total commute time between Chicago and Minneapolis—excuse me, Saint Paul?

Mr. GARDNER. If my memory serves me, it is about 6 hours on the current route of the Empire Builder. So, this is a service we have today, a long-distance train that goes from Chicago to Seattle and Portland.

And what we are able to do with this service, a partnership between the three States involved here—Minnesota, Wisconsin, and Illinois—is take an existing frequency of the Hiawatha Service, which goes to Milwaukee, and run that service west across the current route to the Twin Cities. So, it adds a second—

Mr. YAKYM [interrupting]. On this new service route, I am showing—my data shows that you are looking at about 7½ hours of total time between Chicago and Saint Paul along that route.

I would like to unpack the financials a little bit. How much Federal and taxpayer subsidies do you expect on an annual basis for this route to get it up and running?

Mr. GARDNER. Well, the Federal taxpayer subsidy will be fairly limited. As you probably know—

Mr. YAKYM [interrupting]. Total taxpayer money.

Mr. GARDNER [continuing]. The State-supported services—yes, I would have to get back to you on the specifics for this route, but the States pay the operating subsidy. That is sort of the deal under this State-supported partnership.

Mr. YAKYM. Which is still taxpayer money.

Mr. GARDNER. It is.

Mr. YAKYM. So, the total number here is about \$7 million per year to get that route up and running. And so, on 7½-hour commute, you can drive it in 6 hours.

We also checked flights going from Chicago up to Minneapolis. And we just picked a random day, August 8th. We found that there are 18 nonstop flights per day between Chicago and the Minneapolis-Saint Paul area, and those run from 6 a.m. all the way through 10 p.m., at a cost of—the lowest cost of \$84 per ticket on just picking a random day.

And so, what we are trying to understand is—what I am trying to understand is, how is this a good business and financial decision

for Amtrak, given those facts and \$7 million a year of taxpayer money?

Mr. GARDNER. So, again, the primary financial costs are borne by the States, and they elect to do this because they see value. Today, the origin-destination pair between the Twin Cities and Chicago is one of our strongest pairs on the Empire Builder.

But, of course, this is a train that comes once a day. There are many travelers who don't find the schedule convenient for the Empire Builder. So, this provides a second frequency at a different time of day that allows folks to use the train.

We see people like the train all the time for many reasons. Many are too old to drive or they dislike driving. Air service, of course, is not always reliable, particularly in bad weather. And this creates redundancy in the modes and gives us more options and more folks a chance to travel. So, we anticipate strong demand.

Mr. NEHLS. The gentleman's time is expired.

Mr. YAKYM. Thank you, Mr. Gardner.

Mr. Chairman, I yield back.

Mr. NEHLS. Thank you.

I now recognize Mrs. Napolitano for 5 minutes.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

Gentlemen, I have several comments and I have a question, so, bear with me.

I have served in the California Transportation Commission and my years here. I have never found that rail completely pays for itself. It is almost always subsidized. Is that true?

Mr. GARDNER. Yes.

Mrs. NAPOLITANO. Well, for how long has Amtrak been requesting funding for state of good repair and infrastructure due to deterioration of the infrastructure and the major backlogged projects?

Mr. GARDNER. Congresswoman, essentially, our entire history has been a source to try and upgrade the old assets that we inherited in 1971.

Mrs. NAPOLITANO. Well, Mr. Warren, I see in your report that you say there the total cost of projects included in the Federal Railroad Administration's NEC Project Inventory exceeds \$100 billion, with \$40 billion just for major backlog. Is that true?

Mr. WARREN. That is correct. The \$40 billion is just for the 15 major backlog projects, bridges and tunnels—

Mrs. NAPOLITANO [interrupting]. And we have only given you \$22 billion?

Mr. WARREN. Excuse me?

Mrs. NAPOLITANO. We have only given Amtrak \$22 billion?

Mr. WARREN. That is correct.

Mrs. NAPOLITANO. Not quite make sense.

I have been on trains in China and France, and they have up-to-date equipment. So, somehow, we have got to speed up our system so that we can provide essentially good service since we have the best Nation in the world. Am I correct?

Mr. WARREN. Absolutely. The foundation for all the service is having a modern reliable infrastructure, and you can't do that with bridges and tunnels that were built when Teddy Roosevelt was President and Ulysses S. Grant was President and William Howard Taft was President.

Mrs. NAPOLITANO. Very good. Now, how are you increasing ridership, Mr. Gardner?

Mr. GARDNER. We are working really hard to increase ridership. And we are seeing some great response. In fact, about one-third of all of our passengers on Amtrak today are new passengers, riders who have never ridden Amtrak before.

There is strong demand for leisure travel in particular. Business travel is down about 30 percent, and with it, revenues. But we are able to backfill a lot of that demand by creating a reliable product and really using fare in promotions and price to get new passengers to take a chance on the train.

Mrs. NAPOLITANO. The question I would have is, how is the cost to travel on Amtrak, and how are you attracting new ridership in California specifically?

Mr. GARDNER. So, in California, really the State leads the program. The three JPAs establish the fare policy and the approach to how we market those services, how they market the services.

And I think, as you know, I am sure, unfortunately, the LOSSAN Corridor and Pacific Surfliner has been very significantly impacted by now three different events. A blocking event yesterday severed the route. So, that has been a major impact and really disconnecting San Diego from Los Angeles, but we are working hard with the host railroads who are responsible for maintaining that to bring the service back.

And I think when you do, there is still a lot of frequency in California, and part of this needs to adjust the service to the new demands in terms of work from home, but we think there is a really strong future.

Mrs. NAPOLITANO. How about the cost?

Mr. GARDNER. The cost as it relates to passengers, the State's policy is to keep the fares very affordable on the State-supported service so that more people can use the train. The philosophy there is—

Mrs. NAPOLITANO [interrupting]. How many people know that?

Mr. GARDNER. Pardon me?

Mrs. NAPOLITANO. How many people know that?

Mr. WARREN. Well, in the State I think it is a pretty well-known bargain, but I do think that there is—and, in fact, you see lots of demand in various corridors, but I think there is even more we can do to get the word out.

Mrs. NAPOLITANO. Well, also time delay affected by the railroad's preferential treatment not given you, where does that play in California specifically?

Mr. GARDNER. Well, we work closely with our host partners all over America to try and achieve great results for the passenger trains, respecting the freight railroad's duty to serve shippers.

And we see some difficulties, though, particularly in California on our route of the Sunset—this is the route going east and then across the Southwest—and in our service both from Sacramento north and between the bay area and Los Angeles on the coastline.

So, those are areas where we have had some delays. Some are infrastructure-related and some are related to congestion from the freight railroads.

Mrs. NAPOLITANO. Thank you.

Mr. Chairman, I yield back.

Mr. NEHLS. Mrs. Napolitano yields.

I now recognize Mr. Burlison for 5 minutes.

Mr. BURLISON. Thank you, Mr. Chairman.

Mr. Gardner, I was an investment adviser prior to joining this circus. But I wanted to ask you, if I were your adviser and I brought forward a business that I wanted to recommend investing in, and that business lost \$1 billion every year since its inception—which you guys are older than I have been alive. Has your company ever made a profit in any single year?

Mr. GARDNER. No.

Mr. BURLISON. OK. So, if I brought that turd of an investment to you, would you consider me a good investment adviser?

Mr. GARDNER. Well, Congressman, I think the purpose of Amtrak's creation was not to create a dividend for the Treasury or to create sort of an investment vehicle. It was to maintain and enhance passenger rail service as a fundamental piece of the mobility picture in the United States.

And so, I think Congress has been pretty clear that it is a service that requires investment, just like public transit service everywhere or rural roads. These are things that need to exist to support commerce, to support our culture, support connectivity.

Mr. BURLISON. Right. OK. I am going to get back some of my time here.

The question I think most Americans ask and I think people in my district, as has been said before, is that when you have a business that cannot operate and operates at a deficit such as yours, how do you justify giving bonuses in the amount of \$200,000 to yourself and other executives?

Mr. GARDNER. Well, again, I would say that Amtrak's mission is to connect America. Congress has been quite clear about their expectations about our route service, about all the operations that we made. And we do so trying to balance the need of service and our finances and be good stewards of the taxpayer money. To do that, we have to have an excellent—

Mr. BURLISON [interrupting]. Who owns most of the rails that Amtrak uses?

Mr. GARDNER. Ninety-seven percent of our route-miles are owned by another railway. We are a tenant.

Mr. BURLISON. So, you are a tenant. Do you pay them?

Mr. GARDNER. We do.

Mr. BURLISON. How much?

Mr. GARDNER. Incremental cost by statute. So, it depends on the route. But this is set by—

Mr. BURLISON [interrupting]. And they are required to have you as a tenant?

Mr. GARDNER. Yes, because, remember, they have the obligation to run passenger trains by law. And the Government relieved them of that obligation and created a Federal corporation to take it on.

Mr. BURLISON. If I were to ask them if they were here, with you as a client, are you a net loser for them? Are you a liability?

Mr. GARDNER. No. We have an incremental cost structure, which means we pay for the incremental cost associated with our use. Our trains are very light. We use very little of the sort of

consumables of a railroad. And then we provide incentives for good on-time performance.

So, some carriers view us as a source of profit and are very focused on getting the incentive pay for good performance.

Mr. BURLISON. So, one of the questions I have is, we just went through this pandemic. And one of the key issues for my constituents coming up here was: Do something about the supply chain. Your trains, on average, what percentage are they full?

Mr. GARDNER. Right now, we are in the—we have load factors in the high sixties. So, it is quite good. So, 60 percent. I mean—

Mr. BURLISON. So, about a little over half full.

Mr. GARDNER. Yes. But at peak periods, somewhere in the 90 percent. So, in those segments—again, it is very different than an airline because we are serving many communities.

Mr. BURLISON. Let me ask this question: When my constituents are trying to get goods and services timely into my district, do those freight trains have to give preference to these 50 percent or 60 percent occupied passenger trains?

Mr. GARDNER. By law, they have to give preference. But I should say that we run a triweekly train across various parts of our network. One train a day, seven cars, ten cars, these are not in a position to being able to deliver freight service.

I am a former train dispatcher. I certainly know that there is ample capacity, and you can run an efficient freight operation with passenger trains.

Mr. BURLISON. I just want to impress on you the impact that you have on the taxpayers. When I calculate per taxpayer in my district your impact, just your deficit alone costs every taxpayer in my district at least \$7, OK?

Now, that may not be a lot of money to you, but to people back home, they debate whether or not they are going to have Netflix or Amazon Prime or if they are going to pay the cable bill, right?

And you are draining from every taxpayer \$7 for a service that most of them, the vast majority of them, will never use. And so, I am asking you to reconsider your operation and try to become at least somewhat profitable.

Mr. GARDNER. Congressman, I appreciate that. We take very seriously our role and the stewardship of Federal funds. We recognize that all of America pays for this service, as it does a variety of things the Federal Government invests in.

We are looking to achieve, again, break-even. We were at break-even, essentially, in 2020. We would have ended with a net surplus had the pandemic not occurred. It is going to take a while to get back there, but we are focused on improving the financials and giving the most value for the Federal investment that we get, and that Congress sets in terms of our route network.

Mr. NEHLS. The gentleman's time is expired.

I now recognize Mr. Menendez for 5 minutes.

Mr. MENENDEZ. Thank you, Chairman and Ranking Member Payne, my fellow New Jerseyan who cares about rail and is a great advocate, as well. Thank you both for coming in. You can imagine, serving the Eighth Congressional District in New Jersey, this is an important issue for me.

I appreciate what you are doing to bring Amtrak Northeast Corridor into the 21st century, continuing to find ways to bring Amtrak to new riders, to create greater capacity, ridership, and do things that continue to grow Amtrak.

I mean, we have talked about how there is an increased demand for funding, demand outpacing supply. I can tell you that at the consumer level, that is the same case. People want more options for rail, definitely in New Jersey, definitely in the Greater tristate region, and along the entire Northeast Corridor. And I imagine when people have access to Amtrak, to rail in other parts of the country, that demand is going to quickly increase there as well in addition to the trends that you are already seeing. So, I thank you for that.

Mr. Gardner, your testimony describes some of the key projects for which the Bipartisan Infrastructure Law has provided funding. Specifically, your testimony highlights several critical pieces of the Gateway Project in my district, New Jersey's Eighth. I want to take a moment to highlight the importance of these projects for my district and the entire region.

About how many passenger trips pass through the 10-mile stretch between Newark, New Jersey, and Penn Station in New York City just on an annual basis?

Mr. GARDNER. Well, Congressman, thank you for the question and for your interest in this program. Pre-pandemic, it was about 200,000 trips a day between New Jersey Transit and Amtrak.

The majority of those trips, of course, were New Jersey transit commuters. And it is a vital lifeline, both for the region but also for our whole system, because this is the linchpin between New York and points north and west and all of our service to the south and southwest.

Mr. MENENDEZ. Well, I appreciate that. About 200,000. I agree it is the linchpin. How many tracks does this stretch have?

Mr. GARDNER. Two tracks, Congressman. And between Newark and the interlocking at Penn Station, which is where it opens up to the station tracks.

Mr. MENENDEZ. Right. And that compares to the rest of the Northeast Corridor how?

Mr. GARDNER. Most of the Northeast Corridor is three tracks, four tracks. So, it is somewhat of a contradiction. It is the place where we have our most number of trains coming together, and, in fact, from Newark proceed from five tracks down to three, and then two.

So, we have to funnel 24 trains an hour in each direction across this segment of railroad, and I believe it is the busiest mainline in North America by far.

Mr. MENENDEZ. Absolutely, extremely complicated. And what would happen if the Hudson Tunnel closes?

Mr. GARDNER. Traffic meltdown. I think there is no doubt that if we were to lose this connection—and when disruptions, unfortunately, occasionally happen today, you can see this in real life. There are huge impacts across the region, because there is insufficient tunnel and bridge capacity, as you know well, to get into New York City and to cross the Hudson, and many, many residents and travelers rely on this connection.

Mr. MENENDEZ. And the tunnel was severely impacted by Superstorm Sandy. Is that correct?

Mr. GARDNER. That is correct. The North River Tubes, which is the name of the current Hudson River Tunnel that was built well over 100 years ago now, were impacted in Sandy. There were about 3 million gallons of brackish water that got into the tunnels, having flooded in from the Hudson River.

And while they were able to, obviously, remove all of the water, they have left a collection of chlorides and salts that are degrading both the concrete and metal elements of the interior of the tunnel.

Mr. MENENDEZ. So, the integrity of an old asset was further diminished because of Superstorm Sandy, which gets to my next question: How important is the Gateway Project to ensure future viability of the Northeast Corridor?

Mr. GARDNER. Well, it is essential to the future of the Northeast Corridor, future rail transportation for passengers really across the entire east coast and our connections to the west. So, it is essential.

And, as you said, the core element here is to build a new tunnel which allows us to repair and rehabilitate the existing tunnel and gives us redundancy and resiliency into this vital connection.

Mr. MENENDEZ. Exactly right. So, we would be strengthening/expanding the linchpin to the entire Northeast Corridor, and that is why this project is so important. And I appreciate Amtrak's leadership in making sure that we continue to make progress on this vitally important project.

That is one of the most important, if not the most important, infrastructure projects in the country. I assure you, you have my support, Ranking Member Payne's support, the entire delegation's support. We want to get this done and look forward to working with you a long time to support Amtrak.

Thank you so much for coming here today.

Mr. NEHLS. Mr. Menendez yields.

I now recognize Mr. Kean for 5 minutes.

Mr. KEAN OF NEW JERSEY. Thank you, Mr. Chairman.

I would like to thank the witnesses for being here today. This is a crucial hearing because many of my constituents and all New Jerseyans understand that Amtrak service is critical to our economy and to our livelihood. It plays a critical role in connecting communities and driving economic growth in the Northeast region and beyond.

With the outline of CONNECT NEC 2023 in place, my constituents are enthusiastic about the Hunter Flyover that constructs a flyover south of Newark Penn Station, to eliminate at-grade crossings to reduce conflicts between trains and to increase capacity for NJ Transit and Amtrak, enabling NJ Transit to improve the Raritan Valley Line service.

That is why I introduced the One-Seat-Ride Act, to direct the Secretary of Transportation to conduct a cost-benefit analysis of a one-seat-ride trip versus a transfer trip option during peak hours on New Jersey Transit's Raritan Valley Line.

I am eager to hear from our two witnesses and to gain insight into the challenges and the opportunities facing our passenger rail system. And I will remain ready, willing, and able to make sure

that Amtrak is a reliable and efficient mode of transportation for all, and I am supportive of all of your funding requests.

Mr. Gardner, it is good to see you again, both at the State level as well as now at the Federal level. As you know, the Hunter Flyover is extraordinarily important, and there is actually not now a space reserved for it.

Can I, again, have your commitment in public that that space is reserved for that flyover to hit at pace so we can ensure that the one-seat-ride is successful on the Raritan Valley Line?

Mr. GARDNER. Yes, Congressman. And I appreciate your leadership, both at the State level in New Jersey advocating for a strong Northeast Corridor, and now here in Congress.

We are supportive of this program. New Jersey Transit is taking a lead and working hard to seek funding and advance the program. And we are preserving the right-of-way capabilities so that the flyover can be built.

As you and I have discussed, it does create opportunity for one-seat-ride for the Raritan Valley passengers, and it ensures that we deconflict the crossing on the Northeast Corridor so it doesn't interfere with other New Jersey Transit and Amtrak service at that junction.

Mr. KEAN OF NEW JERSEY. Thank you. One of the other things that I have talked to you about is both Trenton and Metropark. While neither are in my district, the fact that I believe right now there is no Acela service into Trenton, New Jersey's State capital, at all, as well as infrequent stops at Metropark, can you please talk to me about how we are going to have more opportunities into both Trenton as well as Metropark for not only access to our State's capital, but also the innovation centers and communities around Metropark as well?

Mr. GARDNER. Yes, Congressman. And you are right that we have reduced some service at Metropark and Trenton, in part primarily because there has been reduction in ridership in those stations post-pandemic, and we are working to rebuild ridership there.

We do know we need to add more service there. As you know, we are a little bit down in our Acela capacity with our current train sets, which are quite old, and we are keeping them in service.

As we receive our new train sets and are able to expand the fleet of Acela, we will be able to ramp up service across the corridor and include more service there. We know it is important to Metropark and Trenton both.

And we will be looking—and I will follow up with you on our schedule for being able to potentially reintroduce service there for Acela. We continue to have lots of regional service at both stops.

Mr. KEAN OF NEW JERSEY. It just seems to me that if people know there was predictable and efficient service at both those stops more frequently, obviously more people would come and utilize those services as opposed to looking to alternate routes and things that add time and inconvenience to commuters and families and businesses alike.

One of the other issues that many people are commuting north and south, it seems to me for the last 15, 20 years, the cell service always goes out in certain parts of the line. Can you talk to me about how—it should seem an easy thing to fix over the course of

a line and over the course of 1½ decades of service there. Can you walk me through why that is not happening?

Mr. GARDNER. Sure. Thanks, Congressman. So, the cellular service along the route is really the responsibility of the various cell carriers. We have been working with the various carriers to give them the data so that they can see the demand needs across the route.

And we are in active conversations with them. We have had some carriers improve or increase capacity along the route in certain dead spots. And you are right, there are still some remainders out there. We are also partnering to increase capacity in the tunnels from another carrier, but this is an area where we could use support.

In some countries, it is a requirement that the cellular carriers provide adequate coverage for rail routes. We don't have that here, and we would like to see—

Mr. KEAN OF NEW JERSEY [interrupting]. If I may also—if I may for one quick second, Mr. Chairman, with your support, I also want to emphasize my strong support for the Gateway Program. It is the most efficient, effective for New Jersey, New York.

It is a time-sensitive and important project. Anything that I can do to ensure that that project is completed on time and with full funding, I am an ally. Thank you.

Mr. NEHLS. The gentleman's time is expired.

I now recognize Mr. DeSaulnier for 5 minutes.

Mr. DESAULNIER. Thank you, Mr. Chairman. Thank you both, Mr. Chairman and Ranking Member, for this hearing.

And to both of you, as someone from a long way away, a district a long way away from the Northeast Corridor, although I am a native of Massachusetts, your success is so important for the whole country.

The San Francisco Bay area, where I have been involved in transportation for a long time, sometimes we compete for Federal funds with you and California, but we know how important it is that you are successful.

So, in that context, first I want to talk, Mr. Gardner, about this investment is the largest investment since the Eisenhower administration for transportation and infrastructure. The Biden administration has been very focused—and I appreciate this as a member of this committee and as a senior member of the Education and the Workforce Committee—on expanding the middle class.

We have the largest disparity between wealth inequality in the history of this country right now, at least competitive. This investment is the single biggest thing economists tell us we can do to expand the middle class and give opportunity to poor people to move up.

So, you doing a good job—sorry to put more responsibility on, but given the comments about compensation—is extremely important.

You mentioned Siemens in Sacramento. We have some challenges with Siemens in California, because they are manufacturing product for the Capitol Corridor and Amtrak on the west coast as well as here. They have a long history of being very successful in procurement, but also an unfortunate history about pushing limits.

They were part of the largest settlement with the U.S. and the EU on foreign corruption charges not that long ago. They are aggressive when it comes to global market. They are being aggressive right now in California about the procurement requirements under the infrastructure bill to make sure that there is a livable wage.

I wonder if you could speak to that to make sure that we have people who are going to make money—and we value them competing for it—strictly adhere to the requirements in this law, and starting in Sacramento, that middle-class Americans and working Americans benefit from this infrastructure, and we are very careful about adhering to the requirement for a livable wage when they build this product.

Mr. GARDNER. Thank you, Congressman, for your remarks and for your support. As you say, this is not just an investment in mobility. It is really an investment in a new generation of worker skills and a new workforce. So, we are really focused on creating that capacity to serve the needs of the Nation and to serve the needs of our network.

And, as you rightfully say, this is a big increase in available funding for Amtrak and our other partners, State partners, et cetera, and we are all gearing up with greater expertise to be able to manage the dollars well. Part of that is managing our contracts well, being able to oversee those many, many private-sector partners.

And to be clear, the vast majority of the dollars here spent are going to go from Amtrak to a private-sector partner, to a big construction firm or to a manufacturer who are going to build or deliver great things for us. And so, a key aspect of our capacity is creating the expertise, the knowledge to be able to effectively manage our contractors, ensure we get good value out of them.

So, I can assure you, we are working very hard to pass on all the requirements that we receive from the Federal funding and the requirements that Amtrak ourselves have both in policy and in law and make sure that we get good followthrough and compliance from all of our entities. And we will do that.

I can assure you we are about to go into the market again. It will be the first time we are purchasing since the IIJA has been impacted—or been enacted, excuse me—for our big fleet of long-distance equipment. This is going to be the largest order of passenger equipment since the 1940s acquisition by the New York Central. So, it is a huge opportunity, and we are going to be working really hard to make sure we get good value.

Mr. DESAULNIER. So, I am going to hold you to that, specifically on the issue in California. We need you to make sure that that investment goes back to the people it was intended to—working Americans—not to companies with questionable track records, in terms of ethics, and to their investors offshore.

Mr. Warren, just the importance of connectivity, you have a lot of MPOs and other governing agencies. We know in successful countries like Japan, the connectivity between intercity transit, and intracity and commuter.

Talk to your challenges briefly about working with your partners along the corridor.

Mr. WARREN. Thank you, Congressman. One of the reasons we were created was because of the complexity, the fact that there are so many different owners and operators on the corridor in the intercity and the commuter services, a lot of tension, natural tension between priorities that Amtrak might have for intercity service, and priorities commuter railroads might have for commuter service.

So, it has been an important forum to be able to bring people together to work through those issues, to determine how to share costs. We share about \$1.3 billion a year in operating and capital costs, and we have a formula that does it. We have a policy that does it. And it saves Amtrak from doing a lot of one-off negotiations with every different railroad and to make sure all those railroads are on an equal fair footing when it comes to paying their shared cost for the use of the corridor.

So, it has been very valuable, both in getting everybody on the same page when it comes to planning and paying for the corridor, because there is just a lot of natural tension when you have commuter and intercity—

Mr. NEHLS [interrupting]. The gentleman's time has expired.

I now recognize Mr. Williams for 5 minutes.

Mr. WILLIAMS OF NEW YORK. Thank you, Mr. Chairman.

You may have noticed that we have had a recent discussion about spending in this country. And looking at the numbers, it looks like that Amtrak relies on the credit card of the American taxpayers in order to stay in business, and that seems like increasingly an unviable path.

The Amtrak Board awarded millions of dollars in performance bonuses to yourselves and others in fiscal year 2021. These bonuses were paid despite Amtrak losing more than \$1 billion in fiscal year 2021 and is projected to lose \$1 billion a year for the foreseeable future. That is a lot of credit card debt.

The head of the Transport Workers Union even described these bonuses as an affront to Amtrak workers, and further stated that every taxpayer should be livid. And based on the conversation that we had in the House floor last week, I think taxpayers are livid. And the credit card days are coming to an end.

You mentioned in your testimony to take seriously the use of public funds, and yet, you continue to pay out what the New York Post calls a gravy train of performance bonuses.

Mr. Gardner, have you ever worked in the private sector?

Mr. GARDNER. Yes, sir.

Mr. WILLIAMS OF NEW YORK. In what capacity, please, and what timeframe?

Mr. GARDNER. So, as a railroader, I worked a variety of functions: trackman, brakeman, train dispatcher.

Mr. WILLIAMS OF NEW YORK. And when was that?

Mr. GARDNER. This was in the late nineties. And prior to that, I had a number of retail jobs, other things throughout my history.

Mr. WILLIAMS OF NEW YORK. In the last 25 years, and I suspect before that, there is a strong correlation in the private sector between actual financial performance and bonuses paid to the people responsible for that financial performance.

And I find it unacceptable that your organization is paying out these lavish bonuses even in the face and to the criticism of your own workforce. Many other Members have pointed out that the operating losses, customer satisfaction, and overall service is not doing so well. And I live in the Northeast Corridor. I actually like traveling on Amtrak, but I do find that this is unsustainable.

Going forward, do you think executives in companies that operate at a severe loss and declining customer satisfaction should or would typically receive bonuses in our economy?

Mr. GARDNER. Congressman, so, first off, the incentive program, again, encouraged by Congress and all the entities that provided us guidance here, the GAO, the OIG, are triggered to improvements. So, we are improving financial performance. We are improving customer service scores and improving Amtrak-controlled delays. That is how we achieve benefits.

And in fact, just, again, our losses are coming down compared to the numbers you quoted. We worked over a decade to achieve a break-even result, something the company had never been able to do for 50 years, but I and my colleagues worked hard to do this. And we did that, in part, because we used incentives to align the workforce and achieve improved financial performance, which is what I think companies do all over America. And, in fact, sort of our peer group of railroads, absolutely.

So, I think that it has been working to get better performance. Our customer satisfaction numbers are actually quite good compared to pre-pandemic, and we are achieving better financial results this year than planned, in part, because we are using tools to keep us all aligned and to make sure we have the high-quality talent available.

Again, professional railroads, we are a 21,000-mile network, similar size of any of the freight railroads, several of the freight railroads, and the same kind of basic number employees. We are competing against them for talent. We need to be able to provide reasonable compensation and incentives. We can't give stock—

Mr. WILLIAMS OF NEW YORK [interrupting]. It sounds like a really attractive job, because, as I understand by your criteria, that so long as you tried, you received your bonuses.

And going back to my original question about working in the private sector, talking about 10 years of efforts to achieve break-even and mentioning the 50 years of loss before that, I can assure you, having been in the private sector, that that is not how bonuses are paid. That is not how other workers are measured. And just trying is not enough. The credit card is coming to an end. Thank you for your time.

I yield back.

Mr. NEHLS. Mr. Williams yields.

I now recognize Mr. Carson for 5 minutes.

Mr. CARSON. Thank you, Chairman. I represent Beech Grove, Indiana, which is one of the most important rail maintenance facilities in the country. Now, unfortunately, there have been some efforts to downsize, or even outsource, the work at Beech Grove, which has caused some concern amongst Hoosiers.

I think if we are going to improve our supply chain in rail service, we have to expand opportunities for talented workers and expe-

rienced rail maintenance personnel to build up the quality of service and safety.

Do you think it is important to strengthen our rail yards and maintenance facilities? If so, what does this look like?

Mr. GARDNER. Thank you, Congressman Carson. I know Beech Grove is an important facility to you, and it is, of course, important to Amtrak. It is the vital hub for the maintenance of much of our long-distance fleet and locomotive fleet. So, it is a critical location at Amtrak.

One of the really great things that is coming as a result of the IIJA investments is that we now have the dollars to invest in state-of-good-repair needs at some of our major facilities. And we are, of course, as I mentioned, doing lots of hiring in the mechanical shop.

So, building up that workforce in Beech Grove is something we have been doing. There is lots of work underway. And it is a critical facility for Amtrak. Similarly, facilities in other parts of the country are also going to receive investment and are having more workers there, because we have got to get all our equipment back in shape and keep it maintained.

Mr. CARSON. Secondly, I am a big supporter of Amtrak's national network, especially the Cardinal line, which connects Northeastern cities like New York to Midwestern cities like Indianapolis and Chicago. And, unfortunately, with the loss of the Hoosier State line, we lost daily service from Indianapolis to Chicago, which was critically important, though slow. These important connections, I think they need to be restored to daily service and made more consistent and reliably on schedule.

Mr. Gardner, is Amtrak under your leadership, sir, committed to strengthening long-distance service on the national network? And are you committed, sir, to improving the Cardinal line's reliability and restoring daily service from Chi-town to Naptown?

Mr. GARDNER. Well, thank you for the question, Congressman. I actually just rode the Cardinal 3 weeks ago, it was a great trip. And we do believe there is an opportunity for two things.

One is potentially providing daily service on the Cardinal between the Northeast via West Virginia and Ohio and Indiana, and also to work with the State on opportunities for corridor service between Indianapolis and Chicago. And there is, of course, service potential to the east, to Cincinnati, et cetera. So, those are going to be decisions that are driven by the State.

As I have mentioned a couple times today, the growth of this network is a decision that State partners make together with the USDOT and the FRA funding. Similarly, long distance is really a network we operate on your behalf. It is a network that Congress and the administration essentially set for us and set for us in the IIJA.

And as part of the IIJA, the FRA has been charged with undertaking a study to look at expansions and improvements and restorations to the long-distance network. So, this is a great process that the FRA is leading. Amtrak is certainly involved and will be providing information and input.

So, the work we have applied for funding to look at daily service on the Cardinal and also daily service on the Sunset Limited, which goes between New Orleans via Houston, all the way to Los

Angeles, and that would allow us to do some preparatory work. And then the FRA will ultimately decide what the future of the long-distance network could be, and recommend, I believe, to Congress, what those changes would need to be.

We really operate that service, again, on your behalf, and so, it is the FRA's role to look at those options and then Congress to consider them.

Mr. CARSON. Thank you.

I yield back, Chairman.

Mr. NEHLS. The gentleman yields.

I now recognize Mr. Molinaro for 5 minutes.

Mr. MOLINARO. Thank you, Mr. Chairman.

Mr. Gardner, could you tell me how much the average Amtrak ticket is subsidized?

Mr. GARDNER. Well, it depends on the—

Mr. MOLINARO [interrupting]. How about we use—

Mr. GARDNER [continuing]. Route, but in—for instance, on the Northeast Corridor, there is about a net operating surplus of about \$10 per passenger. On State-supported, it is a subsidy of about \$16 per passenger, and on long distance, it is about \$148 per passenger.

Mr. MOLINARO. And so, I just want to offer, in 2019 on a per-passenger mile, it is 35.6 cents—35.6 cents—subsidized. I am not familiar with many of those freight industries, freight rails, that are equally subsidized by taxpayers.

But, Mr. Gardner, I am going to quote a New York Times article that, Mr. Chairman, I would like to submit for the record and seek unanimous consent to enter into the record.

Mr. NEHLS. No problem. Without objection.

[The information follows:]

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**Article entitled, "G.O.P. Lawmakers Question Amtrak Over Six-Figure Bonuses," by Mark Walker, New York Times, November 4, 2022, Submitted for the Record by Hon. Marcus J. Molinaro**

G.O.P. LAWMAKERS QUESTION AMTRAK OVER SIX-FIGURE BONUSES

*Two Republicans on the House Transportation Committee asked the rail service to explain how it awards bonuses after top executives received payouts of more than \$200,000 each last year.*

by Mark Walker

New York Times, November 4, 2022

<https://www.nytimes.com/2022/11/04/us/politics/amtrak-executive-bonuses.html>

WASHINGTON.—House Republicans are pressing Amtrak to answer questions about six-figure bonuses that top executives received last year despite the rail service's poor financial performance and low ridership during the coronavirus pandemic.

In a letter to the chairman of Amtrak's board of directors, two Republicans on the House Transportation and Infrastructure Committee asked the company to explain how it awards bonuses, saying that the payouts to executives seemed to be "inappropriate" and "wasteful."

The letter was sent after a report by The New York Times in August revealing that Amtrak paid out \$2.3 million in short-term incentive bonuses to top executives in the 2021 fiscal year despite reporting its lowest revenue and biggest losses in more than a decade. Nine executives received bonuses exceeding \$200,000.

The letter, dated on Thursday, was signed by Representatives Sam Graves of Missouri, the top Republican on the Transportation and Infrastructure Committee, and Rick Crawford of Arkansas, the top Republican on the panel's railroads subcommittee.

Republicans are favored to take back the House in the midterm elections on Tuesday, and with it, the party would also gain control of committees like the transportation panel. Winning the majority would increase the party's power to conduct oversight and investigations, including placing new scrutiny on how federal dollars are spent.

"Payment of lavish executive bonuses when Amtrak services and revenues remain below prepandemic levels, and financial losses appear permanent, seem inappropriate, wasteful and disrespectful to Amtrak's nonexecutive frontline employees and taxpayers," Mr. Graves and Mr. Crawford wrote in the letter.

They noted that Amtrak lost \$789 million in the 2020 fiscal year and \$1 billion the next year, and that ridership fell by nearly 63 percent from 2019 to 2021, a period that includes the onset of the pandemic.

Christina Leeds, a spokeswoman for Amtrak, said in a statement that the company welcomed the opportunity to brief the lawmakers. She said that businesses commonly used employee incentive plans and that Congress had recommended them to the rail service.

"We are pleased to offer these incentives as part of our competitive compensation package, helping us attract and retain talent who have the amazing opportunity to rebuild and expand passenger rail," Ms. Leeds said. "To earn incentives, Amtrak must achieve a high level of corporate performance in support of our company's strategic plan—and employees must also meet their individual performance goals."

The Times reported in August that Stephen J. Gardner, an Amtrak executive who became the chief executive this year, received more than \$766,000 in short-term incentive bonuses from 2016 to 2021, more than any other executive. Eleanor D. Acheson, the company's general counsel, received about \$727,000 over that period.

Amtrak has said that it increased its short-term incentive bonuses for managers across the company in 2019 to try to counter retention and hiring issues. The company said it created the bonus program in 2013 after modifying its pension program and closing it off to newly hired employees.

The rail service is still struggling with the effects of the pandemic. Its ridership remains below prepandemic levels as it tries to find ways to attract new customers. But it stands to benefit from a major infusion of federal cash after passage last year of the bipartisan infrastructure package, which included \$66 billion in new spending on rail.

Mr. MOLINARO. "The Times reported in August that Stephen J. Gardner, an Amtrak executive who became the chief executive this year, received more than \$766,000 in short-term incentive bonuses from 2016 to 2021, more than any other executive. Eleanor D. Acheson, the company's general counsel, received about \$727,000 over that period." End of quote.

We have been discussing the bonuses received during this hearing. What I would like to know, because you talked about metrics and incentivizing, what I would like to know is what metrics you are measured against to consistently receive the bonuses that Amtrak, subsidized by taxpayers, is giving consistent with failure to turn a profit? Where is the New York Times wrong?

Mr. GARDNER. Well, first off, just to answer the question of consistency, the program, of course, isn't consistent. We have not received bonuses many of the years they were available because we failed to—

Mr. MOLINARO [interrupting]. Yes, but, Mr. Gardner, I am speaking about 2016 to 2021. In 2021, during the height of COVID, when thousands of families were either unemployed or, sadly, lost lives, like mine, what metric would you use to determine a \$200,000 bonus is sufficiently acceptable for an industry subsidized by taxpayers?

Mr. GARDNER. In 2020, we suspended our bonus program. Executives like myself took a 22-percent pay cut for the entire year to cover—

Mr. MOLINARO [interrupting]. And so, your answer is—Mr. Gardner, I have 5 minutes. Your answer is, in 2021, since you sacrificed in 2020, 2021, \$200,000 is sufficient?

Mr. GARDNER. No. The basis for the 2021 award was our financial performance which beat our anticipated levels by working hard to do that in—and—

Mr. MOLINARO [interrupting]. Lowest ridership, lowest point of Amtrak's ridership—

Mr. GARDNER [interposing]. Absolutely.

Mr. MOLINARO [continuing]. Massive folks left sitting on the sidelines while many of your employees were working damn hard. I want to turn, because that, to me, frames my next line of questioning.

Mr. GARDNER. OK.

Mr. MOLINARO. In 2022, Amtrak's 2022 "ADA Progress Report," Amtrak has fully managed to address its ADA responsibility at only 90 of the 387 stations where it is responsible for implementation.

So, as you know, in 1990, the Americans with Disabilities Act was established, and established a 20-year timeframe for intercity rail stations to be fully accessible for those with disabilities. Amtrak is appropriated \$275 million for accessibility upgrades. And yet in the Northeast Corridor, I can tell you my own experience in Dutchess County, Rhinecliff, New York, Amtrak should be ashamed of its lack of ADA compliance. In Hudson, New York, Northeast Corridor, Amtrak should be ashamed of its consistent failure to meet ADA compliance. If you think this doesn't frustrate folks like us, it does.

What commitment is Amtrak able to make today to fully fulfill the ADA requirement adopted in 1990, knowing that, at the very least in the Northeast Corridor, in my part of the country, we have, for now, two generations been left with individuals in wheelchairs trying to find their way over active tracks?

Mr. GARDNER. Congressman, I share your passion for compliance with the ADA. We are working—

Mr. MOLINARO [interrupting]. But not the outcomes, Mr. Gardner.

Mr. GARDNER. We have been working hard, and we have achieved significantly more progress than you have noted. So, there are 110 fully compliant stations and 69 additional compliant stations with the exception of platform work.

Much of the work that has been done to date was retarded by a lack of funding. That is now solved with the IIJA, which provides \$1.2 billion for us to bring all of the facilities that we are responsible for, the roughly 380 you mentioned, into compliance. We will do that.

The last project will begin in 2028. We are working hard to achieve really good results. We will have 39 additional projects completed by the end of this fiscal year. So, we are on path to address this.

One of the main issues is also the various ownership of these stations. We own a very small percentage of the stations—

Mr. MOLINARO [interposing]. I understand.

Mr. GARDNER [continuing]. And we have to get—

Mr. MOLINARO [interrupting]. Sir, I appreciate it. My time is up. Mr. Chairman, I just would say, I was quoting from your IG report, and I would like to see the same kind of commitment to achieve the ADA compliance as you suggest.

Mr. GARDNER. OK.

Mr. NEHLS. Mr. Molinaro yields.

I now recognize Mr. Cohen for 5 minutes.

Mr. COHEN. Thank you, Mr. Chair.

Mr. Gardner, I am a big supporter, as you know, of Amtrak and passenger rail service throughout this country, and of course I also have an interest in my area, Memphis, which has New Orleans and Chicago via City of New Orleans, but also wants to expand to Little Rock and/or Nashville.

Can you give me an assessment of where those possible expansions of service out of Memphis stand at the present time?

Mr. GARDNER. Thank you, Congressman, and thanks for your support and leadership on passenger rail issues.

I know that the State has submitted a corridor identification application to the Federal Railroad Administration for service from Memphis east to Nashville, on to Chattanooga and to Atlanta. So, that is a very interesting corridor, one that holds a lot of promise. And the process now will be for the FRA to consider those applications for the Corridor Development Program and to make their selections. And then that will provide some initial seed funding to be able to begin the planning work. So, that is a great step and one that we have supported.

Mr. COHEN. Could the State do more or is the State doing what is necessary?

Mr. GARDNER. I think this is the first critical step, is to get in the program, to make the submission and to express their interest. And once the FRA has made their decisions, then there will be a process to further study and work, of course, with host railroads and work with operators like ourselves to plan out a service. But this was a critical step that was necessary by the State.

Mr. COHEN. That route could be, I think, very important because Ford is opening a major plant about 40 to 50 miles out of Memphis. So, rail getting people to and from that facility, and also further into middle Tennessee, would be important.

But the Memphis to Nashville area is not served by air transportation—commercial air. There would be, and I have heard, a great amount of support in Memphis and Nashville. People in Memphis want to go to Nashville, the State capital, for all kind of reasons, and people in Nashville have even more reasons to leave and come to Memphis. So, there is this great synergy of energy there that would be important, so, I would urge you to look at that carefully.

Also, Little Rock. Has the Governor of Arkansas or the State of Arkansas done anything to get that Memphis to Little Rock route that would go on to Dallas?

Mr. GARDNER. Well, I think there are a lot of opportunities. I just was on the City of New Orleans several months ago and had a chance to see the great station in Memphis and the development happening there, and basically, late at night, the amount of demand there is. Similar to Little Rock: I was recently on the Texas

Eagle at 3:15 a.m., and 30 or 40 passengers lining up to take the train.

So, if we could serve those markets during the day with reliable service to connect these city pairs, we think there is a real opportunity for rail to play a bigger role.

Mr. COHEN. Is Arkansas doing anything to help that? Because the State is real involved. Is it not necessary?

Mr. GARDNER. Yes. So, I think—I am not sure that that corridor has been submitted for the Corridor ID Program, but the good news is that that is a rolling process, so, there will be more opportunities for States to put forward other opportunities and interests.

Mr. COHEN. I presume you heard about it, the Gannett newspapers ran a section on summer travel this past weekend, in Memphis at least, and one of the highlights was rail. It said rail was a great way to go, and it talked about all the routes, but there were two criticisms. One was you always have to wait, just get used to it, and the other was dining.

You know that I have been concerned about the dining experience which I experienced as a child. I think it is part of the romance of train travel. What is going to be done with the Amtrak Food and Beverage Working Group report on improving dining and making it more available, which enhances the consumers' enjoyment of the Amtrak experience?

Mr. GARDNER. Yes. Thanks for that question. So, we have worked hard to restore traditional dining and had great results as a result of that on our Western trains. We are bringing traditional dining back to our Silver service in the East.

And we are looking at the—as I mentioned, we just got the food and beverage recommendations here recently. We are working on going through those. Amtrak was a part of that, but it is a big group of folks from the culinary world, from our riders, from our labor partners, coming together to give us great recommendations about how to improve the service.

So, we will be back to Congress with our take on that report and the different efforts that are underway, but we are committed to improving the experience, and also making, as we have done in certain instances, making the dining car available to coach passengers where we have capacity.

Mr. COHEN. Thank you. I look forward to traveling in one of those longer trains between Chicago and Los Angeles or Frisco. They certainly give you the opportunity to see the country and enjoy it.

Last question—and I don't want to harp on this at all—but did Richard Anderson start the bonus program or was it before him?

Mr. GARDNER. Say it again, please.

Mr. COHEN. Richard Anderson, did he start the idea of the bonuses at Amtrak or did it predate him?

Mr. GARDNER. No. It began actually under CEO Joe Boardman. And, again, it was a response to the PRIIA, Passenger Rail Investment and Improvement Act of 2008, which encouraged that Amtrak adopt a program that was performance based. Because based on the kind of long history of Amtrak, a lot of the compensation was deferred compensation in the form of pension.

This took away that and actually saved taxpayers hundreds of millions, billion dollars of future exposure, and traded that for performance-based compensation, so that Amtrak's employees would be tied to the goals and metrics that we set. And that, as I mentioned, has not been something that simply is awarded. It is earned, and oftentimes the company has not achieved its goals.

Mr. COHEN. Thank you very much. I yield back the balance of my time, and I look forward to my ham and eggs in Carolina.

Mr. NEHLS. Mr. Cohen yields. I now recognize Mr. LaMalfa for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman.

Mr. Gardner, first, I want to harken back a little bit to when we were talking about the bonuses, then I will leave it be. But it is just not a good look when things are going so badly for the country during the COVID era that even though maybe the expectations of the rail were a little better than low-ball hopes, that that shouldn't kick in big bonuses like that. It is about as popular as Congress getting pay raises or something like that.

That all said, you had one of your stats here that says that ridership has returned to pre-COVID levels. But how can that be when ridership in fiscal year 2022 was seen as about 85 percent overall in the final 6 months, and overall for the year was 68 percent? How do we say that we are at pre-COVID levels when you can really see it is two-thirds of that?

Mr. GARDNER. Congressman, thanks for the question. So, as of April, we were at 89 percent of our pre-pandemic demand, and that is essentially on roughly 85 percent of our capacity. So, we don't have as many trains in the marketplace, and we don't have as long a consist.

So, we actually have sort of more demand against the available capacity than we did in pre-pandemic. We are working hard to restore that capacity. We will have—essentially be back to capacity levels in 2024. That is why we are confident we can reach the 32 million riders we had prior then.

Mr. LAMALFA. A number like 100 percent in 2024?

Mr. GARDNER. Yes, we anticipate to be back in 2024. About 28.5 million is our expectation for 2023, and we are 32 million for 2024.

Mr. LAMALFA. Got to keep moving, I am sorry. OK. Has it been evenly distributed along the long-distance routes or State routes or the Northwest Corridor, or they have different performances?

Mr. GARDNER. Different performance. So, we have had some routes that have actually exceeded their pre-pandemic levels, some routes that are less. I would say that the routes that are having less ridership are those routes that are more subject to the impact of work from home and were more subject to daily commute. Most Amtrak—

Mr. LAMALFA [interrupting]. The Northeast Corridor specifically—

Mr. GARDNER [interrupting]. Excuse me?

Mr. LAMALFA. Probably the most important one, my guess, would be the Northeast Corridor. What is its number?

Mr. GARDNER. The Northeast Corridor is doing well. We are basically back to—when I looked at the last week of April, we were at 1 percent below riders for that same week in 2019. So, there is

plenty of demand on the Northeast Corridor, and our long-distance trains. There is really strong demand in a number of them, particularly for our sleeping-class product.

Mr. LAMALFA. OK. Sorry, I have three committees at the same time, so, I haven't had the benefit of hearing the whole committee today.

I have a reference here to what was known as the train ride from hell in January of this year from Virginia to Florida. A normally 17-hour ride from Virginia to Florida added an additional 20 hours. I guess there was a derailment. I understand that is a problem, big time. But several delays made it a really terrible ride for the passengers.

So, the problem I have with it is that people are not allowed to have the options to get off the train and move around or maybe just jump off if someone comes to pick them up or they get an alternate. Of course, they seemed to run out of food during the time on the train, so—and then just a lack of knowledge of what is going on so people can maybe exercise options.

So, what is being done—you hear that with airlines sometimes too, with not leaving the gate. So, what is being done to give passengers a little more respect or options on letting them get off the darn train if they need to, just to stretch? Is there ability to be able to reverse to the previous train station or an appropriate area, even a good crossing, people could get off and—what do you think about that?

Mr. GARDNER. So, you are right that this was a very difficult trip. We certainly apologized and refunded all our customers. This was driven by a grade crossing accident of CSX between a CSX freight train and a vehicle that essentially blocked the route. And our train—this is a special train. This is the auto train, so, this is a train where we have a number of cars that are carrying passengers and then a number of auto racks that are carrying their vehicles. So, it is a very unusual train.

We had already departed the terminal, and because of the configuration and length of this train, it was not possible to reverse it or to turn it anywhere en route. CSX gave us the information—I think the best information they had at the time, which was to re-route this train, but it turned out that that routing took much, much longer than CSX had expected it, and they were required to produce additional crew to help us navigate the portion of the route we don't normally use—

Mr. LAMALFA [interrupting]. OK. I've got to cut in here.

Mr. GARDNER. Our goal is to let folks get off at stations, of course, and to always, if we have a problem, to come to a stop at a station and to let folks go. In this case, the problem was separating people from their cars—

Mr. LAMALFA [interposing]. Yes.

Mr. GARDNER [continuing]. Because if we got them off, they couldn't get their cars, because the cars would still be stuck, and we had to get them to the final station.

Mr. LAMALFA. OK.

Mr. GARDNER. So, it was difficult. We did provide food and water throughout the trip. There were times later when passengers could get off, but it was in the middle of the night. So, it was an unfortu-

nate experience. We are spending a lot of time and effort increasing our communication—

Mr. LAMALFA [interrupting]. OK, indeed a very tough deal, I get you on that. But I will guess with the ride of the future, you have got to give people opportunities to—and other situations and when—I was even involved in one when we went on a trip then. You’ve got to give people options to be able to at least get out, move around, and get better service that way.

So, my time flew by.

Mr. GARDNER. Thank you.

Mr. LAMALFA. I will yield back, Mr. Chairman. Thank you.

Mr. NEHLS. Mr. LaMalfa yields.

I now recognize Mr. Carter for 5 minutes.

Mr. CARTER OF LOUISIANA. Mr. Chairman, Ranking Member, thank you very much.

Mr. Gardner, for the people of Louisiana who have been very patient and waiting for rail between New Orleans, Baton Rouge, and Mobile, here is your shot. Give them the shot in the arm of confidence that this is actually going to happen.

Mr. GARDNER. Well, thank you, Mr. Carter. And we are very confident about bringing service to the gulf coast, and we have reached a settlement with our partners, and our hope is that that could commence by the end of the year. We will see. It could be pushed on a little longer, depending on some construction work that is happening in Mobile, the station there, some other things. But we are working hard.

There is strong support from the States and the Southern Rail Commission, as you know, and we are really just at this point, got to get all the elements in place. But Amtrak is committed, has been long committed to this service and to be a partner to the Southern Rail Commission.

As it relates to Baton Rouge, we supported certainly the Louisiana and Southern Rail Commission efforts there and have a strong partnership with Canadian Pacific, now CPKC, to permit us to operate trains over that route. There is going to be some investment required, particularly to deal with the spillway there, to be able to facilitate the service. But a good plan, both ourselves and CP are soon to be in receipt of the preliminary engineering work, a sort of report, that is necessary for us to look at those opportunities. But we see that service there could happen in several years.

And on Mobile to New Orleans, that should be within the year.

Mr. CARTER OF LOUISIANA. Fantastic. Thank you very much. I know how hard you guys worked on it, but I want to emphasize the importance it is for the people of New Orleans, for the region. And it is something that has been long awaited, and we are very excited about the movement.

In the 2017 “Gulf Coast Working Group Report to Congress,” they wrote: “In the more than 10 years since Hurricane Katrina struck, gulf coast leaders and residents have made great strides in rebuilding businesses, communities, and infrastructure that connect cities across the region. In the last 5 years, more than \$3 billion in private funds were invested in industrial, medical, IT, and aerospace sectors.

“As mentioned earlier in this report, during the next 30 years, the gulf coast and Florida megaregion’s populations are expected to increase by 10 million and 13.8 million, respectively. For the region to harness this projected population growth, it needs a multimodal transportation system that provides transportation alternatives.”

Do you believe that this route serves as the multimodal transportation system that was called for 5 years ago?

Mr. GARDNER. I think it is the beginning of that service, absolutely. There is going to be the initial corridor service and then certainly opportunities to strengthen connectivity between the intercity passenger rail service and local transit, because as the report says, it is really critical that we create a network of operations that can support people traveling without their cars.

But we think this initial service is a great start. We are excited for it and think there is a lot of support amongst—

Mr. CARTER OF LOUISIANA [interrupting]. Do you see this being useful for commuters as well as vacationers?

Mr. GARDNER. Absolutely. We see there is a strong international visitor component in New Orleans that will find rail service, I think, attractive. And then we see a lot of opportunity along the gulf coast there for many of the towns that have things to offer visitors and for workers who need to travel between the various cities for jobs.

Mr. CARTER OF LOUISIANA. And we find ourselves now in hurricane season. Share with me your view on it being able to be utilized as a mode of transportation for disasters and evacuations.

Mr. GARDNER. Well, we have had some experience with this in the past, and I think that the difficulty typically with using passenger trains for evacuation, unless it is well in advance, is that our host railroads, the freight railroads, often curtail their own operations in advance of a hurricane. So, if they have shut down the railroad, we can’t operate over it.

Having said that, certainly we endeavor to work with FEMA and work with the State emergency management folks about creating opportunities for service when there is a need. But it is difficult where we don’t control the railroad.

Mr. CARTER OF LOUISIANA. OK. I’ve got a few seconds left. I want to go back to these CRISI grants that were mentioned earlier. CRISI grants, share with us and the public, the public benefit of your having access to CRISI grants.

Mr. GARDNER. Well, CRISI really is a unique program in that it is available to a broad set of eligible participants to cover a variety of rail improvements. Most of the CRISI grants we have ever been involved with are at the request of States or railroads who seek to gain safety investments or other improvements in their properties that—

Mr. CARTER OF LOUISIANA [interrupting]. Go back for a second. Safety. Safety.

Mr. GARDNER. Absolutely,

Mr. CARTER OF LOUISIANA. Safety. One of the most significant things that we can do with transportation going through communities is making sure the communities are safe. Is that correct?

Mr. GARDNER. Absolutely.

Mr. CARTER OF LOUISIANA. I yield back.

Mr. NEHLS. The gentleman yields.

I now recognize Mr. Mann for 5 minutes.

Mr. MANN. Thank you, Chairman Nehls.

I represent the Big First District of Kansas, which is 60 primarily rural counties in western, central, and a few in the eastern part of the State of Kansas. Transportation and infrastructure is very, very important to us.

The Southwest Chief route runs through the State of Kansas where 53 percent of residents live within 25 miles of a passenger rail station and 75 percent within 50 miles. Kansas is also home, at the same time, to 4,600 miles of active rail which Amtrak utilizes for its passenger rail service.

Mr. Gardner, the Southwest Chief route runs right through my district and makes several stops each night and early morning. I am just wanting to confirm that you, as the CEO, and Amtrak, are supportive of long-distance passenger rail routes like Southwest Chief.

Mr. GARDNER. Yes, sir, we are. We are supportive of the Southwest Chief, and we are looking to hopefully connect the Southwest Chief with the leadership of the two States, of Oklahoma and Kansas, potentially to the Heartland Flyer in Newton.

Mr. MANN. I appreciate that. I have heard that Amtrak has planned on reducing the sleeper car capacity of the Southwest Chief route. This seems a little contradictory seeing that I know you support it. Is this true and can you provide an explanation?

Mr. GARDNER. No. I will get back to you on the specific details, but our goal here is to, in fact, put as much sleeper capacity as we can on routes with strong demand. The western routes have particularly strong demand. The issue has been we have been working through some of the overhauls that come due and need to get done by our mechanical shops and the impacts of a number of equipment pieces that we have lost in recent incidents.

So, we have a smaller fleet today because we have roughly 30 or so wrecked vehicles that can't be repaired, and we are working hard to get more capacity back out into all of our long-distance routes because we see success occurring on routes like the Southwest Chief.

Mr. MANN. OK. Thank you. And as you know, next question, our country has faced significant supply chain issues over the past few years. The freight rail and short line rail have been some of the major industries that have been affected.

The railroad, of course, owns the track that Amtrak uses. And what assurances can you give our Nation's freight and short line railroads, as Amtrak looks to expand, that Amtrak will be a good negotiating partner in the development of future passenger rail service?

Mr. GARDNER. Well, it is absolutely required that we be a good partner. We try and find productive, mutually beneficial outcomes to both support the service we have today and achieve the kind of results that I think you expect in terms of on-time performance and to permit growth where it is appropriate. And that, again, is a calculus that is developed by us, our State partners, the FRA, et cetera, but then we seek to negotiate and come up with a collaborative solution, and generally we have been supportive of that.

I would point to our agreements with Canadian Pacific as a great example of two railroads working together. We have a great relationship there, and that is going to be always our goal, is to find a mutually beneficial solution, but also one that respects the rights that the public was given and that Amtrak was given, through its creation, to utilize the Nation's rail system.

But we don't do that in a way, we believe, that significantly negatively impacts freight railroads. And there is a safeguard method essentially that ensures that our additional service does not come at the expense of the ability to move goods and services in the United States.

Mr. MANN. I think that is incredibly important.

Thank you, Mr. Chairman. With that, I yield back.

Mr. NEHLS. Thank you. The gentleman yields.

I now recognize Mr. Stanton for 5 minutes.

Mr. STANTON. Thank you very much, Mr. Chairman. Thank you for the opportunity to join the subcommittee for today's hearing on a topic of great interest to the people of my State in Arizona.

I wanted to be here because Phoenix is the largest city in the United States without access to passenger rail service. As other communities have gained access to passenger rail, they have experienced significant new economic opportunities, but Arizona, thus far, has missed out.

I am hopeful that will change, and there is reason for optimism. Amtrak has applied for funds under the Bipartisan Infrastructure Law to restore long-distance train service to Phoenix via the Sunset Limited, and Arizona has submitted a proposal to the Federal Railroad Administration's Corridor ID Program to advance frequent and reliable passenger rail service between our two large and fast-growing metropolitan areas, Phoenix and Tucson.

Arizonans have wanted passenger train service between Phoenix and Tucson for decades, so, it is no surprise that this effort has significant local and State support. The mayors of Phoenix and Tucson and other communities along the proposed lines are on board, and the State of Arizona is behind it and has provided \$3½ million in State funds for the planning effort.

What does this all mean for Arizona? It means opportunity: opportunity to connect our communities, make them more accessible and productive and more internationally competitive; opportunity to boost our regional economies with better access to jobs and more private investment along the route; and opportunity to ease congestion along Interstate 10 to help reduce air pollution.

Mr. Gardner, if Amtrak is successful in its application for Federal funds through the Bipartisan Infrastructure Law to restore long-distance train service to Phoenix, how specifically will these resources be invested, and how will these investments help advance and accelerate the development of the Tucson-Phoenix-West Valley intercity passenger rail line?

Mr. GARDNER. Well, thank you very much for the question. And I just had the pleasure of seeing the mayor of Phoenix and the mayor of Mesa recently and heard their strong interest and support in this.

And as you said, it is really a pretty remarkable corridor. Very, very strong local support, bipartisan support, for bringing service back there.

As we mentioned, Arizona DOT will be the lead. They have submitted corridor identification applications to consider service between Phoenix and Tucson. And what we are also trying to start is the work to connect Phoenix to the West back to the UP main line, the Southern Pacific Sunset route. That portion of the route was severed.

Today, our service, the Sunset Limited, goes to Maricopa, about 40 miles or so, I think, south of Phoenix, so, it really misses the mark. And as you said, Phoenix's growth has been huge, and it is really a, frankly, an embarrassment that we don't serve such a major and prominent city. And I would say that about many other cities—Nashville included, Columbus, et cetera—cities that are obviously the right size.

So, we think that the market in Arizona is great for intercity passenger rail and are partnering with the State to support that, and we are looking to undertake potentially that initial work to understand what it will take to restore the service back from Phoenix west and route our long-distance train that way.

Mr. STANTON. I appreciate it. It is time. You said the word "embarrassment." I mean, Phoenix is the fifth most populous city in the United States of America and it does not have access to intercity rail service.

I talked a little bit about the opportunities that will come with new passenger rail between Tucson and Phoenix. Could you talk about some of the benefits Amtrak has seen in other communities that get new intercity rail service and what ridership has looked like?

Mr. GARDNER. Well, we are really excited for this new service, of course, in the gulf coast coming. I would say that, in general, we see very strong adoption when we introduce new service.

Everywhere I go across America, communities small and big, the common refrain I get is, how come we don't have more trains, how come we don't have faster trains, how come we don't have more service in my community. I really, literally, never met anyone who wasn't interested in more trains to their locations. And when we see new service introduced, we get really a initial period, of course, of introduction, but we have seen very strong results.

We just extended, for instance, the service to Burlington, Vermont, up from Rutland, which has been a long time coming, and we have already exceeded our expectations there in terms of the ramp-up of the service. We anticipate—again, where we can produce a reliable, frequent, and competitive option, that passengers will come and that the State will see real value for its investment.

I think this is clear because States continue to maintain this service year after year after year. Once it is installed, it becomes an integral part of the community, and they elect to continue those investments to preserve the service.

Mr. STANTON. Thank you very much. My time is up. I yield back. Thank you.

Mr. NEHLS. Thank you. The gentleman yields.

And, gentlemen, I appreciate that you are very engaging in sharing your thoughts and your insight into Amtrak. We have a couple of Members that would like to go into a second round of questioning. So, I would like to yield 5 more minutes to Mr. LaMalfa.

Mr. LAMALFA. Thank you again, Mr. Chairman. I appreciate the second round here.

Mr. Warren, I wanted to ask you about, on your Northeast Corridor there, do you find at this point that your passengers are utilizing all or most of the tickets for either the conventional or the Acela high-speed line? How is that performing?

Mr. WARREN. I am sorry. Passengers are utilizing the Amtrak regional and Amtrak—

Mr. LAMALFA [interrupting]. How are ticket sales for the high-speed line basically, yes? Are they selling out or are they—

Mr. WARREN [interrupting]. Well, Acela has struggled some because they have had a shortage of trains and have just been replacing them. The regional trains have been doing very well on the corridor, the leisure travel.

Mr. LAMALFA. Are the high-speed Acela trains selling out?

Mr. WARREN. I might turn to Stephen for that. I know there has been—the trains I have taken have been very busy, partly because there have been very fewer of them, but they have also been getting more leisure travelers on the Acela trains to make up for some of the loss of business travelers.

So, overall, the ridership, as Stephen mentioned before, on the corridor, is very strong, particularly Amtrak. The commuter railroads are—

Mr. LAMALFA [interrupting]. Well, I am trying to parallel this with the prospects of a high-speed rail in California. Of course, it is going to be four times more the cost that was sold to the voters back 10, 12 years ago, whatever it was. And so, I want to see the performance on a dense route like—so, I will ask it again.

Do you believe Acela, the high-speed trains in and of themselves, are they performing well on tickets, on sales, or are they half full? How does it look?

Mr. WARREN. Yes. Well, before COVID, they were making a significant profit, an operating profit. That was largely driven by the Acela trains and the sales made for tickets on the Acela trains. I believe the profits were in the neighborhood of \$300 million, \$400 million a year on the operating side on the Northeast Corridor pre-COVID.

Obviously, since COVID, they have been down, but the Acela trains have been very successful and have driven significant operating profits on the corridor.

Mr. LAMALFA. OK. Thank you.

Mr. Gardner, what do you anticipate that Amtrak's relationship will be with California with the high-speed rail line, whatever portion that may be completed of that? Right now, it is going to start in an almond orchard somewhere around Bakersfield and be completed somewhere around Madera. It is just the first segment. There is going to be two more giant segments needed after that.

What you do think Amtrak's role will be with whatever that is going to be?

Mr. GARDNER. Well, Congressman, thanks for the question. I think that, first off, the State and the authority and our partners, JPA as well, will decide exactly how the service is going to progress. My understanding is that there will be a connection between the San Joaquins service to the new high-speed service, and we will see if Amtrak is the operator there.

Mr. LAMALFA. Yes, I know—

Mr. GARDNER [interrupting]. We are really the partner, we are the provider of service, so, it is really the State and the authorities that are going to decide how the service operates, but we will connect wherever we can with our long-distance service, of course, to create opportunities for riders to connect to the service.

Mr. LAMALFA. Yes. OK. Thank you.

When we are talking in general about expansion of service or lines, are we talking building new tracks somewhere for Amtrak?

Mr. GARDNER. Most often not. So, most of the expansion opportunities that we see and that many folks have applied for through this Corridor Development Program are to take existing railway lines and upgrade them in some instances or use them if they are already at the right class of track.

Mr. LAMALFA. And for the most part, so, there might be areas where you are adding more parallel track or even making brandnew—breaking ground on new routes?

Mr. GARDNER. There will be instances where additional track is necessary, often within an existing right-of-way, because many rights-of-way used to have more track than they do today and were downsized by the freight railroads, so—but in some cases, there may be a need for some additional track or new routes, but much of the proposed expansion of service is on existing rail lines.

Mr. LAMALFA. OK. How do you expect that—and I am not trying to be a mean guy here on this. I like passenger rail, and I enjoy it on the times I get to run up and down the corridor here and such, but it has got to be in the ballpark of at least breaking even or profitable.

So, how does adding more to a situation that is not profitable or break even going to help the bottom line to not take that even in a deeper spiral?

Mr. GARDNER. Well, Congressman, I would say that most of the—really all of the States who decide to get into this business of supporting passenger rail do so for broader mobility goals, the same way that public transit operates, right? Public transit is not profitable. It comes with significant investments that are required, but it creates value by providing mobility that then enables more economic activity, enables development in cities and towns.

So, I think that is the rationale on which folks invest in passenger rail, because transportation in and of itself is often unprofitable if you add all the cost of the aviation system to what the carriers pay, you don't, I think, in the way see a net profit. Similar on the highway system, it is that the—it is a means to create value in these transportation systems. And so, States elect to start new service or fund the service they have because they get value for their citizens in doing so.

Mr. LAMALFA. I get you. I am going to have to yield the time here, so, thank you.

Mr. GARDNER. Thank you.

Mr. LAMALFA. But it sounds like the bottom line is that indeed it will add more negative costs that Federal Government will have to cover since there doesn't seem to be the ability to have profit.

So, thank you again for your indulgence, Mr. Chairman.

Mr. NEHLS. Yes. Mr. LaMalfa yields.

I now recognize Ranking Member Payne for 5 minutes.

Mr. PAYNE. Thank you, Mr. Chairman.

And we have heard a lot about Amtrak not turning a profit today. Last month, we heard from the very profitable freight railroads and from their customers about their ongoing supply chain challenges and how the freight rail customers are still not getting adequate service.

Mr. Gardner, what would happen to Amtrak's service if you adopted a single-minded focus on profitability?

Mr. GARDNER. Congressman, I think essentially none of the national network trains that are long distance would still be in operation. They all require significant investments.

And the State-supported routes are, by and large, funded by the States. There is a little bit of Federal investment there, and under the new policy we developed, Amtrak is providing some of the core security and insurance costs, but those routes would be at risk if the States elected not to continue to fund them.

The Northeast Corridor, to just go to the earlier conversation, pre-pandemic, was creating about \$500 million or \$550 million in net operating surplus, but of course that relies on a very significant investment in capital to bring the assets up to a state of good repair.

So, Federal funding is required for this network. It always has been. It likely always will be. Our goal is to try and get as much value for the American taxpayer out of that and run the network that you all as our owners tell us that you want for the Nation.

This is similar for every passenger rail operator around the world, and we take our stewardship responsibilities seriously, and we are trying to always balance that connection between sort of quality of service and level of service with expense. And, of course, we still have to live every year with the dollars that are provided to us in annual appropriations.

Mr. PAYNE. So, the railroad entities around the world have the same challenges as Amtrak does?

Mr. GARDNER. They do, except they receive significantly more funding typically than Amtrak does.

Mr. PAYNE. Thank you.

Mr. GARDNER. Yes.

Mr. PAYNE. That is what I wanted to hear.

Mr. Warren, how would passengers along the Northeast Corridor react to these changes to services?

Mr. WARREN. The improvements that are going to be funded through the infrastructure bill are going to have significant benefits to service, going to have more reliable service, more frequent service, and faster service. So, we are expecting to track significant new passengers over the course of the 15 years of this plan as we are able to improve the service and build new capacity.

In the NEC 2035 plan, we estimate about 60 million new riders over 15 years. So, our expectation—as you note, the ridership in the Northeast Corridor is already strong, and it is just going to get stronger as we can improve the reliability of the trains and the frequency.

Mr. PAYNE. Thank you.

Mr. Gardner, now that the funding is at least taken care of for the immediate future, what are some of the major obstacles to enhancing and developing rail service?

Mr. GARDNER. Thank you, Representative Payne. There are, on the Northeast Corridor, and broadly, several challenges. First, of course, is workforce. We have talked about the need to ramp up the workforce and train the workforce. That is a big challenge. We are working hard on that.

Two, the supply chain is a challenge, finding adequate vendors and suppliers with a domestic supply chain, because, of course, Amtrak, 97 percent of our purchases are with firms here in the United States, and getting the robust supply we need for not only things like rolling stock, but just simple amounts of concrete, steel, copper, et cetera, to build all these new big programs is going to be a challenge and dealing with inflationary costs there.

The coordination amongst the operators—and let me just sort of thank Mitch Warren here who has been an incredible leader of the Commission, came to the Commission really in its inception and works hard to bring all of the entities together to come up with a common plan.

We have a common plan, but it is not easy to execute. We have 12 different railway operators over four owners in the Northeast Corridor, and trying to get coordinated and balance construction work against service is a real challenge.

In order to rebuild the railroad, we have to take it out of service. Similar to on interstate highways, we all hate it in the summer. They close down a bunch of lanes to do work. We all sit in traffic. That kind of problem faces us on the corridor as well, because we have got to rebuild the railroad while it is still under load, and balance the different needs of operations against construction.

And then, finally, the partnerships for funding are required. Amtrak is an investor of much of the Northeast Corridor projects but certainly not the only investor. And in something like the Gateway, we are the minority investor. We need the States to come up with their local matches and their transit partners to have the dollars they need to be able to partner with us on these shared benefit projects.

Mr. PAYNE. Thank you. I appreciate both of you gentlemen staying here and—well, Chairman, as I look at both sides of the aisle, it looks like it is just you and me.

Mr. NEHLS. I guess so.

Mr. PAYNE. With that, I will yield back.

Mr. NEHLS. Thank you. The ranking member yields.

Are there any further questions from any other members on the subcommittee?

I see none.

This concludes our hearing today. And I would like to thank each of our witnesses for their testimony.

I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing.

Without objection, so ordered.

I also ask unanimous consent that the record remain open for 15 days for any additional comments and information submitted by Members and witnesses to be included in the record of today's hearing.

Without objection, so ordered.

The subcommittee stands adjourned.

[Whereupon, at 12:47 p.m., the subcommittee was adjourned.]



## SUBMISSIONS FOR THE RECORD

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### **Statement of Scott R. Spencer, Chief Operating Officer, AmeriStarRail LLC, Submitted for the Record by Hon. Troy E. Nehls**

Dear Chairman Nehls, Ranking Member Payne and Members of the Subcommittee,

I appreciate the opportunity to provide the subcommittee with this statement regarding the private sector proposal of AmeriStarRail to partner with Amtrak to help improve safety, service, ridership, revenues and reliability on the Northeast Corridor without the use of additional government funds.

AmeriStarRail ([www.AmeriStarRail.com](http://www.AmeriStarRail.com)) is a private sector company, planning the most dramatic transformation of Amtrak's Northeast Corridor service since America's first high speed trains, *The Metroliners*, in 1969.

In this partnership, AmeriStarRail is proposing to privately finance, operate and maintain a fleet of high-speed trains, branded as Amtrak trains using union employees in the same way private airlines operate connecting United Airlines and American Airlines flights as affiliated carriers. As a valuable public asset, the Northeast Corridor infrastructure will still be owned, controlled and maintained by Amtrak with continued support by Congress and the U.S. Department of Transportation.

Under this transformative business model, based only on the costs "above the rail", AmeriStarRail will pay Amtrak hundreds of millions of dollars annually in user fees and monthly performance incentives to use its tracks and stations.

Key to this transformation is implementing innovation in four key areas: service, marketing, technology and the organization. Most of these innovative solutions were devised to help Amtrak confront a number of challenges and create opportunities to improve efficiency and service.

Multiple challenges that Amtrak faces on the Northeast Corridor include:

- Low market share among all rail, car, bus and air trips
- Poor utilization of the federal investment in high-speed rail
- Most of the Northeast Corridor (NEC) trains (Amfleet) are nearly 50 years old
- NEC congestion contributes to poor on-time performance
- High speed track standards are not maintained as rigorously as those in Europe and Asia
- Unsecured right-of-way is a major factor in train delays due to trespassers deaths and debris collisions on the Northeast Corridor

#### AMTRAK'S LOW MARKET SHARE FOR ALL TRIP MODES ON THE NORTHEAST CORRIDOR

AmeriStarRail and our private investors believe that one of the greatest challenges facing Amtrak is its low market share of rail, car, bus and air trips after over 50 years of operation on the Northeast Corridor. According to 2019 and 2022 data from the National Household Travel Survey, conducted annually by the Federal Highway Administration, Amtrak has only a single digit marketshare of all rail, car, bus and air Northeast Corridor intercity trips. For some city pairs Amtrak's marketshare is just 3%. These results indicate Amtrak significantly underperforms its market potential to reduce energy consumption, pollution and traffic/airport congestion.

To confront this challenge and significantly improve ridership and Amtrak's marketshare, AmeriStarRail is proposing a partnership with Amtrak to implement the following private sector initiatives, vision and innovation:

1. Eliminate costly, time consuming terminal operations at New York, Philadelphia and Washington.
2. Operate more frequent service, including hourly nonstops, at higher speeds up to 160 mph with a standard high-speed trainset fleet offering food service and Triple-Class service for Coach, Business and First Class passengers on every Northeast Corridor train.

3. Operation of a standard high-speed fleet will improve on-time performance, reliability and dramatically reduce trainset maintenance costs with the centralized efficiency of the Northeast Corridor's first Trainset Maintenance Center (TMC).
4. Extend direct Amtrak Northeast Corridor service to over 30 new stations including Amtrak trains serving stations in Center City Philadelphia, Hoboken Terminal and Long Island.

#### POOR UTILIZATION OF THE FEDERAL INVESTMENT IN HIGH-SPEED RAIL

According to Amtrak's ridership reports, although Amtrak carried 12.5 million passengers on the Northeast Corridor between Boston and Washington in 2019, less than 30%, or only 3.6 million passengers could afford to ride on high-speed Acela trains. AmeriStarRail's solution, offering Triple-Class service of Coach, Business and First Class on a standardized Northeast Corridor fleet of 160 mph high-speed trains means 100% of Amtrak passengers and 100% of Amtrak trains will utilize the federal investment in the high-speed rail infrastructure from Boston to Washington.

Amtrak's current \$7.3 billion plan to buy slower trains for Northeast Corridor coach passengers from Siemens would still go forward but these trainsets can be re-assigned to Amtrak's new routes nationwide.

All high-speed trains in Europe and Asia serve Coach passengers. All airlines offering First Class and Business Class seating also serve Coach passengers on the same aircraft on every flight. AmeriStarRail wants to implement a privately funded solution that will allow Amtrak to improve utilization of its high-speed rail investments. Our goal is for Amtrak conductors to announce "All Aboard" Amtrak's fastest trains for *all* passengers.

#### MOST OF THE NORTHEAST CORRIDOR (NEC) TRAINS (AMFLEET) ARE NEARLY 50 YEARS OLD

On January 4, 2023, AmeriStarRail's Senior Advisor, Paul Reistrup (former President of Amtrak) sent a letter to Federal Railroad Administrator Amit Bose expressing safety concerns for continuing to operate the aging Amfleet cars at speeds up to 125 mph on the Northeast Corridor since "no rail passenger service in North American railroad history has operated passenger train cars so old, so fast." AmeriStarRail's privately funded solution, if implemented, will begin to replace the Amfleet cars next year and replace all of these cars before they turn 50 years old in 2025. Amtrak's current plan will not replace all of the Amfleet until sometime after the Year 2030.

AmeriStarRail is proposing to replace the Amfleet cars with an additional order of the Alstom Avelia Liberty trainsets, currently being built in Hornell, NY, to offer "Triple-Class service" for Coach, Business and First Class passengers on every Northeast Corridor train. This is the fastest way to replace the Amfleet cars with trainsets that are equipped with safety features that do not exist on the Amfleet cars.

Although Amfleet cars, built in the 1970s, meet grandfathered FRA safety requirements, they do not have the structural materials, safety features, technology and crash energy management systems found in the current Acela fleet or the next generation Alstom built Acela fleet. In case of an emergency, Amfleet windows are too small for first responders to evacuate injured passengers on stretchers. AmeriStarRail believes the safest course of action is to remove the Amfleet cars from high-speed Northeast Corridor service as soon as possible and replace them with newer, safer trainsets.

#### NEC CONGESTION CONTRIBUTES TO POOR ON-TIME PERFORMANCE

AmeriStarRail's plans to eliminate terminal operations at Washington, Philadelphia and New York City will significantly reduce Northeast Corridor station congestion. Operation of a standardized fleet of 160 mph high-speed trainsets will also allow synchronization of operating speeds of all Northeast Corridor Amtrak trains for the first time in Amtrak's history. This will reduce the operating costs and inefficiencies of train overtakes, congestion, delays and dispatching complexities, and improve Northeast Corridor capacity. NEC on-time performance in recent years has averaged less than 85%.

There are also a number of opportunities to reduce and eliminate conflicts and congestion with freight trains along the corridor to improve on-time performance.

AMTRAK'S NEC HIGH-SPEED TRACK STANDARDS ARE NOT MAINTAINED AS  
RIGOROUSLY AS THOSE IN EUROPE AND ASIA

The tracks on the Northeast Corridor are not maintained to the more rigorous and precise standards of high-speed tracks in Europe and Asia. This is a key reason for the delay in completing the testing and certification of the new Alstom Acela trainsets which are not expected to enter service until sometime in 2024.

Although Amtrak conducts regular track inspections, at frequent intervals throughout the year, the world class standard of daily track inspections requires a special inspection train that conducts measurements of track defects and variations in the precise track geometry required to maintain safe and smooth train operations at high speeds. Around the world these dedicated inspection trains are known as "doctor trains" and conduct inspections of both the track and catenary at top speeds up to 220 mph. Amtrak, to date, has not utilized this readily-available technology to maintain the Northeast Corridor.

With the use of private financing, AmeriStarRail will provide Amtrak with access, for the first time, to a dedicated "doctor train" that will be a critical tool for improving and maintaining the highest track standards on the Northeast Corridor to improve safety, ride quality and service reliability. This high-speed inspection train will be a new Alstom Avelia Liberty trainset, built without passenger seating, equipped with track and catenary inspection systems designed to perform daily inspections at speeds up to 160 mph.

Deconflicting and reducing the operation of freight trains on tracks dedicated for high-speed operations will also be essential to maintaining precise track standards for high-speed trains.

UNSECURED RIGHT-OF-WAY IS A MAJOR FACTOR IN TRAIN DELAYS DUE TO  
TRESPASSERS DEATHS AND DEBRIS COLLISIONS ON THE NORTHEAST CORRIDOR

Some of the most significant train delays on the Northeast Corridors are the result of service being stopped for several hours due to the tragic accidental or suicide death of a trespasser on the tracks. Other service disruptions are the result of trains colliding with debris such as water heaters, bicycles, tires, shopping carts and other debris which are dumped along the tracks in major cities along the Northeast Corridor.

Unsecured right-of-way has existed since the Northeast Corridor route was built in the 19th Century. With trains operating at speeds up to 160 mph in the 21st Century this poses an unacceptable risk to safety and service reliability.

In the airline industry it would be unacceptable to operate unsecured airports with people crossing runways as a shortcut between neighborhoods or planes striking debris on the runway due to illegal dumping. Just as airport perimeters are fenced in and interstate highways have fencing to deter trespassing, AmeriStarRail is proposing that the multi-billion dollar investment in improving the Northeast Corridor also include a project to seal the corridor to prevent trespassers and illegal dumping of debris from disrupting train operations. This innovative safety project will include right-of-way fencing and walls and setback platform screens on Amtrak and commuter rail station platforms as is used to seal high-speed rail corridors in Japan and other countries.

We at AmeriStarRail look forward to having an opportunity to partner with Amtrak and work with Congress to implement our proposed solutions to confront Amtrak's challenges and create opportunities to improve its efficiency and service.

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**Statement of James Tilley, President, Florida Coalition of Rail Passengers,  
Submitted for the Record by Hon. Troy E. Nehls**

INTRODUCTION

My name is James Tilley. I am President of the Florida Coalition of Rail Passengers. The Coalition is a 501(c)3 and was formed in 1983 to preserve and to improve passenger rail service for Floridians and visitors to our state. Since FCRP's inception, we have been an all-volunteer organization made up entirely of citizen rail advocates.

I am also a member of the Rail Passenger Association's national Council of Representatives which advocates for passenger rail nationwide.

Prior to my retirement I held several positions dealing with railroad equipment including Vice President-Sales & Marketing for Bombardier's railcar financing affiliate. Additionally, I served as Vice President-Car Management for Genesee & Wyo-

ming, an international holding company owning and operating more than 100 railroads. Finally, I was responsible for CSX Transportation's railcar leasing program as Assistant Treasurer.

#### AMTRAK APPEARS TO BE POSITIONING ITSELF IN ORDER TO AVOID RE-FLEETING ITS SEVERELY AGED LONG-DISTANCE FLEET

Amtrak's March 2023 Congressional grant request fails to include any requests to fund replacement of overage long-distance passenger cars<sup>1</sup>.

On-going delays in procuring new equipment suggest a pressing need for an accelerated state of good repair plan for the existing long-distance fleet. Bi-level overhauls in FY22 totaled \$44.2 million—a record low<sup>2</sup>. Congress reduced the FY23 National Network Grant by \$1 billion suggesting overhaul spending may be low again this year<sup>3</sup>.

Amtrak management reporting, dated April 21, 2023, confirms that active bi-level and single level long distance fleet counts continue to decline<sup>4</sup>.

Concerns are heightened by the following statement in the FY24 Grant Request (page 12) that “if Congress provides less than the base funding need for the NEC account, Amtrak will need to take action by either reducing / delaying necessary maintenance and capital work along the NEC, or *else transferring funds between the NEC and National Network accounts, as permitted under 49 U.S.C. § 2431*”<sup>5</sup>.

Clearly, NEC concerns appear to be receiving priority and if sufficient funding were not to be appropriated a permitted “reprogramming” of spending authority between the NEC and the NN is a real possibility.

Amtrak may never order new equipment due to

- Escalating Gateway Project costs<sup>6</sup>.
- Federal budget deficit concerns<sup>7</sup>.

To “stay in business” in the long-distance market an accelerated effort to rebuild and modernize the long-distance fleet will be necessary just as Via Rail Canada has invested capital to renew its 1954 built stainless steel fleet<sup>8</sup>.

#### A CONGRESSIONAL DIRECTIVE SPECIFICALLY AIMED AT REPAIRING AND REPLACING LONG-DISTANCE EQUIPMENT IS NEEDED

- Congress must enhance its oversight of Amtrak.
- Congress must legislate a directive to ensure that Amtrak accelerates heavy repairs and rebuilds of long-distance equipment.
- The Congress must also direct acceleration of an order for replacement long-distance equipment.

#### A NEW BOARD OF DIRECTORS WITH A DIFFERENT SKILL SET IS REQUIRED

- Amtrak requires a representative Board which complies with the law.
- The railroad requires a “working board” willing and able to provide aggressive managerial oversight.
- The board needs to ensure that management is committed to the long-distance network.
- A Board possessing transportation & hospitality industry expertise.

<sup>1</sup>Amtrak, “General and Legislative Annual Report & Fiscal Year 2024 Grant Request”, [www.amtrak.com](http://www.amtrak.com), page 49.

<sup>2</sup>Amtrak, “Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements With Report of Independent Auditors (Overview of Contractual Obligations and Capital Expenditures)”, FY14 to FY22, various pages.

<sup>3</sup>Amtrak, “General and Legislative Annual Report & Fiscal Year 2023 Grant Request”, [www.amtrak.com](http://www.amtrak.com), page 6 (\$2.2 bil. National Network request) & House Committee on Appropriations, “Consolidated Appropriations Act, 2023: SUMMARY OF APPROPRIATIONS PROVISIONS BY SUBCOMMITTEE”, page 45 (\$1.2 bil. National Network Appropriation).

<sup>4</sup>Amtrak, “Amtrak Equipment Inventory (Detailed), April 21, 2023; Furnished via Freedom of Information Act request & Amtrak, “Equipment Appendices Historic Opportunities—Amtrak's FY 2022–2027 Service and Asset Line Plans”, Appendix B.

<sup>5</sup>Amtrak, “General and Legislative Annual Report & Fiscal Year 2024 Grant Request”, [www.amtrak.com](http://www.amtrak.com), page 12.

<sup>6</sup>Rubinstein, Dana “Commuter Tunnel Under the Hudson Won't Be Finished Until 2035”, [www.nytimes.com](http://www.nytimes.com), August 31, 2022.

<sup>7</sup>Epp, Henry “Amtrak wants \$3.6 billion in subsidies. It probably won't get all of that”, [www.marketplace.org](http://www.marketplace.org), March 31, 2023.

<sup>8</sup>Johnston, Bob “On VIA's 40th anniversary, ‘Canadian’ still shines”, <https://www.trains.com/trn/news-reviews/news-wire/29-on-vias-40th-anniversary-canadian-still-shines/>, October 28, 2018.

INTERNAL AMTRAK SOURCES REPORT THAT FIELD PERSONNEL ARE HAMSTRUNG AND THAT INDUSTRY IS SLOW IN DELIVERING CURRENT AND PROSPECTIVE RAIL CAR ORDERS

- Work orders and internal approvals that are needed to get work into and out of the shops are profoundly delayed.
- Too many layers of managers and supervisors combined with a deeply broken set of processes for identifying problems and getting them fixed.
- Industry is telling Amtrak, in general terms, that they might be able to begin fielding the first batch of new long-distance equipment in eight to 10 years.
- Alstom is completely failing in delivering the new ACELA II train sets.

MECHANICAL PERSONNEL ON THE GROUND EXPRESS VIEWS THAT FAR MORE BI-LEVEL SUPERLINERS CAN BE REPAIRED/REBUILT AND RETURNED TO THE ACTIVE FLEET

From 2008 to 2012 Beech Grove rebuilt heavily damaged long-distance passenger cars<sup>9</sup>.

- Modular interior components installed.
- External surfaces were renewed or replaced.
- Mechanical upgrades installed.

TIME IS OF THE ESSENCE AS TRAIN DELAY DUE TO PASSENGER CAR MECHANICAL FAILURE IS ESCALATING

- The FRA reports that car delay minutes for long-distance trains were 2.8 times higher than total minutes incurred on the Northeast Corridor during the 4th calendar quarter of 2022<sup>10</sup>.
- The difference is even more dramatic when one considers that there are between 2 and 3 dozen Northeast Corridor departures in each direction per day and the long-distance trains operate once per day.
- Amtrak bi-level fleet counts have now dropped below minimum thresholds required to support the operating plan<sup>11</sup>.

MECHANICAL DEPARTMENT STAFFING SHORTAGES WERE SELF-INFLICTED

- The issues of staffing issues at Beech Grove and other locations were clearly self-imposed.
- Mechanical employment has declined each year since 2014 with the rate of decline accelerating after 2018<sup>12</sup>.
- Only in the past few months has the employee count been restored to pre-pandemic levels.
- During the pandemic Amtrak offered financial incentives for mechanical personnel to sever their employment despite emergency Congressional funding established to avoid such an outcome<sup>13</sup>.

THE RECORD DEMONSTRATES THAT AMTRAK WAS SUFFICIENTLY LIQUID TO AVOID FURLOUGHS AND EARLY RETIREMENT BUYOUTS<sup>14</sup>

- At the end of FY19 (before the pandemic) Amtrak reported cash, cash equivalents, short term investments and securities available for sale of \$2.4 billion.
- At the end of FY20 the equivalent reporting totaled \$3 billion.
- C.A.R.E.S. Act funding of \$1 billion bolstered Amtrak's cash position.

<sup>9</sup><https://www.milman.ca/projects/listing/17/Amtrak-Superliner-I-Re manufacture/>

<sup>10</sup>Federal Railroad Administration, "Intercity Passenger Rail Service Quality and Performance Reports: FY23 Q1 Delay Metrics", <https://railroads.dot.gov/rail-network-development/pas senger-rail/amtrak/intercity-passenger-rail-service-quality-and>

<sup>11</sup>Comati, Byron "Strategic Fleet Planning Amtrak's Approach to Re-fleeting—Planning for the next generation of State Service Corridors", September 2018, page 11 (outlines daily fleet needs) & Amtrak, "Amtrak Equipment Inventory (Detailed), April 21, 2023; Furnished via Freedom of Information Act request & Amtrak, "Equipment Appendices Historic Opportunities—Amtrak's FY 2022–2027 Service and Asset Line Plans", Appendix B (outlines active fleet counts which are lower than daily needs).

<sup>12</sup>Surface Transportation Board "Employment Data", <https://www.stb.gov/reports-data/economic-data/employment-data/> (monthly reporting of employment levels by craft and carrier).

<sup>13</sup>National Railroad Passenger Corporation "Board of Directors; Minutes of Meeting; September 25, 2020" page 7 (ENGINEERING AND MECHANICAL PLAN REVIEW).

<sup>14</sup>Amtrak, "Management's Discussion and Analysis of Financial Condition and Results of Operations and Consolidated Financial Statements With Report of Independent Auditors (Consolidated Balance Sheets)", FY19 to FY21, various pages.

- Additional covid related funding enabled Amtrak to increase these key measures of liquidity to \$4.2 billion by the end of FY21.

#### AMTRAK RECEIVED A CONGRESSIONAL SCOLDING FOR DELAYING THE SUBMISSION OF ITS SUPPLEMENTAL BUDGET REQUEST

- Congressman Daniel Lipinski admonished Amtrak management in September 2020.
- As reported in the September 9, 2020 issue of Roll Call “he expressed frustration that Amtrak didn’t submit its supplemental spending request until 10 days after the House passed a \$3.4 trillion coronavirus spending bill in May. And it submitted its \$4.9 billion request, he said, just one month before the current fiscal year expires”.
- “Lipinski also questioned the passenger railroad’s decision to temporarily reduce service on most long-distance routes from daily to three times a week. He argued that such cuts were “misguided” and would weaken the rail service”.
- “Too often it feels like Amtrak is happy to take money from Congress and then ignore Congress’ directives,” he said.

Rather than aggressively pursuing additional covid assistance, as Chair Lipinski pointed out, Amtrak appears to have deferred the request while concurrently “setting the table” for 3 day a week long-distance service (not daily) and storing rail cars and pausing all but essential maintenance.

Both former Amtrak CEO’s David Gunn and Tom Downs publicly warned that reducing daily service to tri-weekly was a fool’s errand—the cost savings imaginary. Moreover, Mr. Gunn correctly concluded that once equipment and locomotives were placed into storage it would be difficult to return them to service given Amtrak’s propensity to cannibalize idle equipment<sup>15</sup>.

A Freedom of Information Act request I submitted revealed that Amtrak fully utilized its Northeast Corridor covid funding but, as of February 28, 2023, the railroad had unused covid funding exceeding \$200 million that was targeted for the National Network which may need to be returned to the U.S. Treasury as appears to be required by the pending debt-ceiling legislation.

This unspent and, at risk, funding could very well have been used to bolster the long-distance network but clearly was not.

#### AMTRAK SPENT \$41 MILLION DURING THE HEIGHT OF THE PANDEMIC FOR AN OFFICE BUILDING FOR WHICH, THREE YEARS LATER, REMAINS NOTABLY EMPTY

Nevertheless, Amtrak pushed forward with the purchase of the Renaissance Center in Wilmington for \$41 million. DOT had advised Amtrak a month earlier that it was receiving \$1 billion in covid relief as provided for by the C.A.R.E.S. Act. At the same time the Renaissance Center transaction closed Amtrak requested even more emergency funding in a supplemental grant request to Congress.

OIG observations regarding the process followed to support the buildings purchase are all but damning (it is important to note that no one at Amtrak disputed the findings of the OIG in its final report). Moreover, media coverage revealed other aspects of this transaction:

- This acquisition was rushed and it failed to follow corporate processes and procedures (Amtrak OIG)
- After purchase, the structure was found to be unsuited for the purpose it was intended to serve (Amtrak OIG).
- In April 2023, the structure remains largely empty. I was there and visited each floor.
- The Board approved the purchase approved despite being advised that the 30th Station (an Amtrak owned facility in Philadelphia) was the “ideal” solution (March 2019 Board minutes).
- Amtrak agreed to pay a premium price for this distressed property (Delaware on-line).

In March 2019 Amtrak’s OIG had issued a report sharply critical of the realty management function, “In the absence of detailed information about real property

<sup>15</sup> Johnston, Bob “Former Amtrak president revisits previous move to triweekly service”, <https://www.trains.com/trn/news-reviews/news-wire/former-amtrak-president-revisits-previous-move-to-triweekly-service/>, August 3, 2020.

Johnston, Bob “Making the case for daily operation”, <https://www.trains.com/trn/news-reviews/news-wire/making-the-case-for-daily-operation/>, August 6, 2020.

Johnston, Bob “Former Amtrak president Gunn sees perils in service cuts”, <https://www.trains.com/trn/news-reviews/news-wire/former-amtrak-president-gunn-sees-perils-in-service-cuts/>, September 8, 2020.

costs and use, (Amtrak) manages space in an ad hoc manner”. Despite the OIG March 2019 realty evaluation, the Renaissance Center acquisition proceeded and the transaction closed in May 2020 as Mechanical forces were being targeted for covid-related headcount reductions.

AMTRAK PAID TENS OF MILLIONS OF DOLLARS TO BUYOUT THE LEASES OF THE ACELA I FLEET AND THE HHP8 LOCOMOTIVES ALL OF WHICH ARE TARGETED FOR RETIREMENT

In similar fashion, during covid Amtrak was forced to expend many tens of millions of dollars to purchase the HHP8 electric locomotives as well as most of the original Acela trainsets that had either been removed from service or would be shortly. Amtrak was cannibalizing and otherwise not maintaining the HHP8 locomotives triggering a default on this particular transaction.

Amtrak did not own these assets and the railroad defaulted when it failed to maintain the equipment (all the legal filings pertaining to this litigation are available on the federal PACER website). It is important to note that the commuter railroad serving Maryland (MARC) experienced the same reliability issues but did in fact return their units to service after a mechanical assessment and follow-up upgrades.

The HHP8 locomotives were co-mingled with the legacy Acela trainsets in multiple financings the largest being the one subject to the Philip Morris litigation (Amtrak Trust HS-EDC-1) which governed eight Acela trainsets and six HHP8 Locomotives.

CONCLUDING COMMENTS

Moving forward, I strongly believe that Amtrak must aggressively accelerate maintenance and rebuilding of the bi-level fleet.

The active bi-level fleet continues to shrink and is now clearly below thresholds articulated by Amtrak Corporate Planning in 2018.

Moreover, in connection with recapitalizing the long-distance fleet, one of the Fleet Strategy Principles outlined in the 2018 presentation by Amtrak Corporate Planning was “Maximize off-the-shelf, proven products; minimize customization”.

In fact, Amtrak has not adhered to this principle given that the new Acela II trainsets are severely delayed due to being an over-engineered design more suitable for operation in Europe than in the United States.

Likewise, the Aero Intercity trainsets, which will largely operate on the Northeast Corridor, are based upon a design that minimizes “fungibility”—the equipment is not at all suitable for operation on the long-distance network. Each trainset comes equipped with a locomotive which, when delivered, will result in the retirement of the ACS-64 Siemens Sprinter electric locomotives. These existing locomotives represent a \$700 million dollar investment and will be surplus after service of less than 15 years. The ACS-64 units will represent what the utility industry refers to as “stranded investment”.

The Renaissance Center and lease buyouts demonstrate that many tens of millions of dollars were expended on real estate and equipment that is generating no incremental benefits—no return on investment. If the funds had been invested in railcar repairs those assets would be in service today generating sales revenue.

In closing, I appreciate the opportunity to submit this written testimony.



**Article entitled, “Amtrak Rewarded Executives With Six-Figure Bonuses as Rail Service Struggled,” by Mark Walker and Niraj Chokshi, New York Times, August 5, 2022, Submitted for the Record by Hon. Marcus J. Molinaro**

AMTRAK REWARDED EXECUTIVES WITH SIX-FIGURE BONUSES AS RAIL SERVICE STRUGGLED

*Most of the top leaders received bonuses above \$200,000 in the last fiscal year, as Amtrak worked to recover from the coronavirus pandemic.*

by Mark Walker and Niraj Chokshi

New York Times, August 5, 2022

<https://www.nytimes.com/2022/08/05/us/politics/amtrak-executive-pay-bonus.html>

Amtrak’s top executives received six-figure incentive bonuses in 2021, their biggest payouts in years, despite the service’s lackluster financial performance and weak ridership caused by the pandemic, according to data obtained by The New York Times.

The compensation data, obtained through the Freedom of Information Act, showed that annual incentive payouts made to Amtrak’s senior leaders have grown significantly in recent years. Nine top executives received bonuses exceeding \$200,000 in the 2021 fiscal year, up from six executives in 2019. Far smaller bonuses were awarded in 2016, 2017 and 2018, and none were given in 2015 or 2020.

Last year’s payouts came as the federal government made its largest investment in passenger rail since Amtrak started operating in 1971. As part of the \$1 trillion infrastructure bill that passed in November, Congress set aside \$66 billion for the rail sector, a third of it specifically for Amtrak, which has for years called for greater investment to update, modernize and expand passenger rail service in the United States.

Amtrak has lost money ever since Congress created it a half-century ago to serve as the nation’s passenger rail operator. The service appeared to be on the verge of breaking that losing streak in late 2019, but the coronavirus erased that hope.

As ridership plunged early in the pandemic, lawmakers provided Amtrak with \$3.7 billion in emergency relief. The rail service furloughed more than 1,200 workers, encouraged others to leave with buyout offers and paused hiring for 16 months.

Last fall, its work force was still 1,500 employees—or more than 8 percent—smaller than it was before the pandemic. The service has been hiring rapidly, but ridership this year through May was still down more than a third from the same period in 2019.

Amtrak said the executive bonuses were based on metrics such as ridership, customer satisfaction and financial performance.

Qiana Spain, Amtrak’s executive vice president and chief human resources officer, said in a statement that the incentive payments were aimed at helping the rail service “attract and retain talent.”

In order to earn incentive compensation, “Amtrak must achieve a high level of corporate performance, in support of our company’s strategic plan—and employees must also meet their individual performance goals,” she said. “The company has not made any incentive payments without first meeting its financial target.”

John Samuelsen, the president of the Transport Workers Union, whose members include nearly 1,500 service workers, mechanics and inspectors at Amtrak, said he was disgusted by the payouts.

“They gave themselves nice fat bonuses off the backs of workers that were exposed to harm’s way,” he said. “It just underscores the reason why there should be worker representatives on the Amtrak board.”

No bonuses were given in 2015, but in 2016 the rail service awarded some incentive pay to top executives. It spent no more than \$500,000 annually on payouts in 2016, 2017 and 2018 as it narrowed its losses.

That changed in 2019. With Amtrak getting close to breaking even, the size of the bonus payouts to top executives nearly quadrupled, rising to a total of nearly \$1.8 million, from just over \$480,000 the year before. Amtrak paid no bonuses again in 2020, as the virus brought travel to a near standstill. But in 2021, it paid out \$2.3 million, despite reporting its lowest revenue and biggest losses in more than a decade.

Stephen Gardner, who became Amtrak’s chief executive this year, has received more than \$766,000 in short-term incentive bonuses since 2016, more than any other executive. Eleanor Acheson, the service’s general counsel and corporate secretary, was close behind, having received nearly \$727,000 over that period. Amtrak

declined to provide a fuller picture of how its executives are compensated, including salaries.

Of the dozen members of Amtrak's current leadership team, all but three received bonuses of more than \$200,000 last year, ranging from about \$230,000 to more than \$293,000 for Mr. Gardner, who was president at the time.

A spokesperson said the service increased short-term incentive payouts for managers throughout the company in 2019 to make jobs more competitive and desirable. Amtrak has no private sector counterpart, though the bonuses paid last year pale in comparison with what transportation industry executives earn. The chief executives of freight railroads, which are profitable, received millions in bonus and incentive payments last year, for example.

"I know that in all markets everyone is looking to recruit good people, but this is a bit surprising," Patricia Quinn, the executive director of the Northern New England Passenger Rail Authority, one of Amtrak's state partners, said of the bonuses. "I would hope that these are conversations, as state partners, we could have going forward because we all want to align our goals with Amtrak."

Ms. Quinn said Amtrak did not discuss goal-setting and incentive payouts with its partners. And, in a January audit, Amtrak's inspector general reported that about a third of the company's state partners had "low trust" in Amtrak on cost-sharing issues.

The company said it created the short-term incentive program in 2013 after making changes to its pension program and closing it off for new employees joining the company.

In the 2019 fiscal year, ending in September, Amtrak customers took nearly 33 million trips with the company, a slight increase from the year before. Revenue was also up slightly, while customer satisfaction fell just shy of a goal for the year. In 2021, however, Amtrak reported only about 12 million customer trips, well below the number the year before. The service also reported its worst revenue and losses in more than a decade. Customer satisfaction was well below where it stood before the pandemic, though it surpassed a goal set for the year.

Jim Mathews, the president and chief executive of the Rail Passengers Association, said Amtrak put a lot of stock into its customer satisfaction index, a measurement he takes issue with because it does not capture the full scope of the company's performance.

Mr. Mathews said he would like to see incentive compensation tied to bringing the company back to its prepandemic level and building up from there.

"They don't have the same tools to hand out incentives—they don't have stock or options to make these jobs more attractive," he said. "That said, I think these are all good jobs, and as an advocate I would really like to see these payouts not only tied to the customer satisfaction index but to the recovery scores."

The executives have their work cut out for them. Not only is Amtrak still working to recover from the pandemic, but it also needs to prepare to put the influx of congressional funding to good use.

The company said in a report this year that the money was an "unprecedented level of funding for capital projects" and would help to modernize its fleet and stations, replace major bridges, improve reliability, expand service and replace old equipment. Rail advocates and insiders welcomed the federal spending, saying it will help to address longstanding problems and priorities for passenger rail in the United States, too.

But Amtrak's inspector general has raised concerns about the company's ability to hire the workers it needs to spend the new funds wisely. In a December report, it concluded that Amtrak's human resources department lacked the leadership and staff it needed to "effectively recruit, screen, hire and onboard new employees."

In an update last month, the inspector general said Amtrak was making progress, including by reviewing compensation companywide to ensure that salaries are competitive, but added that there was more work to do.



## APPENDIX

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### QUESTIONS FROM HON. TROY E. NEHLS TO STEPHEN GARDNER, CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

*Question 1.* The commuter rail system in the United States has been a more diverse market than the intercity passenger rail system, with various state and local transit agencies using private contractors to conduct rail operations, as well as numerous publicly operated systems. With the prospect of new and expanded intercity passenger rail services coming online in the next decade, having a competitive rail operator market might offer benefits to the states, the passengers and taxpayers. In the 2022 annual and legislative report, Amtrak cited as evidence that it is an “ever more efficient rail operator”<sup>1</sup> the fact that it had “recently won competitive open bids to provide operations services to commuter railroads (Metrolink and MARC Penn Line).”<sup>2</sup>

*Question 1.a.* What are your thoughts about more involvement of private contractors entering the passenger rail market and competing alongside Amtrak to provide these state-supported rail operations?

*Question 1.b.* How would a competitive operator market affect Amtrak?

*Question 1.c.* Should new and expanded passenger rail services be subject to Federal competitive open bidding procedures?

*ANSWERS to Question 1.a.–1.c.* Amtrak believes that a strong national intercity passenger railway—the model used by nearly all nations across the globe to deliver intercity services—is the most efficient way to provide an interconnected network of services across the nation. Economies of scale and the ability to utilize common assets for a variety of services, including ticketing and reservations, fleet, and maintenance facilities, allow the high fixed costs of the business to be shared across the network and our Capital assets to be utilized more productively. Additionally, a national carrier can focus on the interstate needs, looking beyond state borders, to ensure that the overall passenger transportation needs of the nation are met.

However, Amtrak’s role as the national carrier doesn’t preclude others from entering the market or from working with Amtrak and our partners as part of an integrated network. In fact, Amtrak already faces competition in the provision of the various services required for operation of state-supported routes. A number of states contract with private companies for maintenance of equipment, on-board food service, customer information service, and marketing. Amtrak is happy to work with states that choose to use other companies to provide services for state-supported routes.

As for attempts to competitively bid out the operation of various Amtrak service, this has been tried unsuccessfully several times, and any consideration of competitive bidding for Amtrak-operated services must take into account several myths regarding that topic.

The first myth is that there are numerous U.S. companies qualified to operate passenger rail services and eager to do so. That is not the case.

- Few private U.S. rail operators—and none of the major U.S. railroads—have shown any interest in operating Amtrak or other intercity passenger rail services, even with government subsidies. Since 2010, four of the five Class I railroads that had been operating commuter rail services under contracts with public authorities have decided to get out of that business. A 2017 Federal Railroad Administration solicitation of bidders to take over the operation of one or more

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<sup>1</sup>AMTRAK, GENERAL AND LEGISLATIVE ANNUAL REPORT at 45 (Apr. 27, 2021), available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-General-Legislative-Annual-Report-FY2022-Grant-Request.pdf>.

<sup>2</sup>*Id.*

Amtrak long-distance routes, with government subsidies, did not attract a single proposal.

- Most of the companies that operate commuter rail services in the United States or have expressed interest in operating U.S. intercity passenger rail services are not really “private companies” and are not based in the United States. Rather, they are subsidiaries of national railroads controlled by the governments of China, Japan and European countries.

The second myth is that competitive bidding will invariably produce a lower price and better service. That has not been the case with respect to intercity passenger rail services in the United States.

- A 2021 Congressional Research Service report concluded that past efforts to foster competition for services provided by Amtrak have not resulted in improvements in intercity passenger rail service.<sup>3</sup>
- Ridership fell 10% and mechanical delays increased 35% during the first year after a Midwestern state contracted with a private company for provision and maintenance of equipment, food service and marketing for an Amtrak state-supported route following a competitive procurement. After just 17 months, the state’s contractor ceased providing services when the state declined its request for a large increase in payments.

Other countries have had similar experiences. Franchising of train operations in Great Britain resulted in increases in government subsidies, higher fares, service deterioration and a pattern of contractors submitting low bids to secure contracts and then walking away from their obligations. The British government recently abandoned franchising and has resumed direct operation of many train routes.

The third myth is that there is a level playing field among Amtrak and potential competitors. That does not exist today for state-supported services because Amtrak is subject to many statutory requirements that do not apply to other parties. Among other things, Amtrak must price the services it provides in accord with a statutorily-mandated costing methodology; must ensure that the customer service, professional and IT services it utilizes are performed in the United States; and must maintain specified levels of liability insurance. Some operators of intrastate passenger rail services are not subject to the Railroad Retirement Tax Act and other federal laws that apply to Amtrak, which gives them an additional cost advantage. All of these issues would have to be addressed through legislative changes in order to create fair competition among Amtrak and other potential operators.

The fourth myth is that privately-owned freight railroads would be willing to allow non-Amtrak passenger trains to operate over their lines on reasonable terms. That is often not the case. Proposed commuter rail services in Charlotte and Atlanta have been stymied by the refusal of the railroad that owns the lines over which they would operate to even consider operation of passenger trains. Because Amtrak’s unique statutory access rights to operate existing or new services over freight railroad-owned lines are not transferable to states or other parties, a state that selected a non-Amtrak operator would have no recourse if a freight railroad demanded unreasonable investments or compensation for operation of passenger trains over its lines, or simply refused to allow them to operate or to continue to operate.

A fifth myth is that state-supported Amtrak services are, like most commuter rail services, isolated operations that could easily be provided by different operators without harm to passengers or negative impacts on ridership and revenues. Amtrak’s state-supported services are part of an interconnected national network serving 46 states. Many of their passengers are connecting to or from other Amtrak routes with which those services share stations, equipment maintenance facilities and employees. Any consideration of competitive bidding must take into account the inefficiencies of having multiple operators; the increased costs resulting from them; and the impact on ridership, revenues and customer satisfaction if travelers are required to deal with more than one operator and use multiple websites, apps or 800 numbers to obtain information about schedules and book travel.

*Question 2.* Last March, the Amtrak OIG issued a report about challenges that Amtrak might face implementing the Infrastructure Investment and Jobs Act (IIJA).<sup>4</sup> Among the challenges cited was Amtrak’s workforce and your ability to build and maintain a sufficient number of employees with the right skills.

<sup>3</sup> *Improving Intercity Passenger Rail Service in the United States*, p. 25. (2021, February 8). Congressional Research Service. Retrieved July 14, 2023 from <https://sgp.fas.org/crs/misc/R45783.pdf>

<sup>4</sup> See AMTRAK, Office of Inspector General, OIG-SP-2022-008, AMTRAK: AREAS FOR MANAGEMENT FOCUS IN ADVANCE OF INFRASTRUCTURE INVESTMENT AND JOBS ACT FUNDING, (Mar. 31, 2022), available at <https://amtrakoig.gov/sites/default/files/reports/OIG-SP-2022-008.pdf>.

*Question 2.a.* What is the current status of your workforce and ability to retain workers and fulfill your staffing needs?

*ANSWER.* As of June 30, 2023, Amtrak's current workforce stands at 21,032 active employees. We continue to develop and expand our workforce to execute on the investments made by Congress in the IIJA, and to support our new and improving services nationwide.

To minimize employee turnover and boost employee engagement, organizations develop retention strategies, which aim to reduce attrition and increase retention rates. Although some turnover is unavoidable, a sound retention strategy can save time and resources for Amtrak. Retaining current employees is less costly and less time-consuming than constantly hiring new ones. Therefore, it is crucial to focus on attrition to gauge the organization's health and capacity to deliver.

Some of the initiatives planned or deployed to support workplace fulfillment and retain employees include flexible paid time off, enhanced benefits, retention awards for key crafts and skills, incentive programs, and student loan support.

*Question 2.b.* Have any passenger rail services been impacted by Amtrak's hiring challenges? If so, please describe the impacts.

*ANSWER.* Challenges in hiring employees impacted restoration of some train frequencies and routes as travel demand recovered from the COVID-19 pandemic, required limitations in food service on some routes, and impacted our ability to perform overhauls and repairs on out-of-service equipment to provide sufficient capacity to meet passenger demand. We completed restoration of service on all routes suspended during the pandemic at our state partners' request in April; have restored pre-pandemic service frequency on nearly all routes and pre-pandemic food service on all routes; and have increased mechanical staffing above pre-pandemic levels to enable us to accelerate overhauls and repairs to return equipment to service. Some isolated trained employee shortages exist today which reduce our ability to cover vacations and employee illness; trainees currently qualifying will soon bring staffing levels across the system to levels that allow us to better cover all the services in these cases.

*Question 2.c.* Are you confident in Amtrak's ability to staff and crew its current and proposed future passenger rail services, especially the state-supported routes?

*ANSWER.* Yes, based on current forecast and hiring run rate we are very confident in our ability to staff and crew current and proposed future rail services including state-supported routes. However, our ability to retain employees and staff and operate current and proposed routes will continue to depend on the receipt of adequate federal funding through the annual appropriations process.

*Question 2.d.* What external factors may affect Amtrak's hiring and workforce sustainment capability?

*ANSWER.* For certain parts of our workforce, there are some challenges to hiring. For example, there are often difficulties in certain geographic regions for hiring on-board service roles on our trains (such as conductors and service attendants, among others) due to a narrow candidate pool. Increased demand for skilled critical trades workers in our Agreement Workforce generally outpaces graduation from trade schools, requiring higher compensation in more competitive labor markets.

In terms of broader trends, as the youngest of the "Baby Boomer" generation (those aged 57 to 75 at present) reach retirement age, we anticipate an increasing workforce need approaching 2031. Coupled with lagging rates of trade school graduates and workforce entrants, this demographic shift may pose a substantial challenge for sustaining our Agreement Workforce.

We are working to prepare for this challenge by devoting resources to the development of a pipeline of qualified applicants. For example, Talent Acquisition is working to establish deeper relationships with specific universities, colleges and tech schools with curriculum in the Transportation and Rail industry while providing information to students and career service centers about employment opportunities available at Amtrak. Our newly, rebranded Future Careers Program will offer internship opportunities in the Fall/Spring and the Summer. These sessions are longer and offer the intern additional experience working with Amtrak.

In addition to our efforts with educational institutions and our internship program, and in addition to the strategies outlined in the response to Nehls Question 2 (a), we are also adopting the following practices as part of our long-term workforce strategy:

- Implementing targeted recruitment marketing campaigns and hiring events segmented by both key critical positions and geographies/markets;

- Continuing to partner with Union leaders during Quarterly Labor Leadership meetings to inform Union members about hiring initiatives and progress and partnering with Union leaders to promote Amtrak hiring events;
- Upskilling our current workforce to expand capabilities in alignment with future business needs;
- Reskilling our workforce to develop cross-functional skillsets and enhance organizational readiness

*Question 3.* Amtrak was provided a privately financed proposal Amtrak was provided a privately financed proposal to improve Amtrak's single digit market share on the Northeast Corridor with more frequencies, faster service, new routes and stations.

Why is Amtrak ignoring this joint venture proposal which will not cost taxpayers anything and will generate more ridership and revenue for Amtrak?

*ANSWER.* Amtrak did not ignore the proposal your question references. Senior Amtrak officials met numerous times with the proponent of the proposal and determined that it was not viable. The proposal is also inconsistent with the NEC FUTURE Plan developed by the Federal Railroad Administration, which had rejected the same proposal.

*Question 4.* Amtrak was also provided a private sector proposal to offer equitable and affordable Coach accommodations on Amtrak's publicly supported high-speed trains.

Why can Amtrak not utilize this private sector initiative to operate with the same efficiency as high-speed rail in Europe and Asia who serve Coach passengers on all high-speed trains?

*ANSWER.* Amtrak officials met numerous times with the proponent of this proposal and determined that it was not credible or feasible. Additionally, like passenger railroads in Germany, Japan, and other countries, Amtrak operates premium service trains along the Northeast Corridor—the Acelas—that make fewer stops and generally charge higher fares, and other trains—the Northeast Regionals—that operate at slightly slower speeds (maximum of 125 mph), serve more communities, and generally have lower fares. Private companies in virtually every industry offer a range of services to customers and charge more to those who choose premium or faster services (such as non-stop flights). If Amtrak did not do that, it would generate less revenue and require additional federal funding. Finally, Amtrak has already purchased a fleet of 83 new, modern, domestically built trainsets to replace our aging Amfleet equipment used on our Northeast Regional and other corridor services. These trains are anticipated to be in service starting in 2026.

*Question 5.* The Amfleet cars are nearly 50 years old.

*Question 5.a.* Does Amtrak have a privately funded proposal to replace the Amfleet cars by 2025 on the Northeast Corridor by adding onto the Alstom Avelia Liberty high-speed trainset order now being built? If so, please provide further details about this proposal.

*ANSWER.* No proposal of any type could enable the replacement of the Amfleet cars Amtrak operates on Northeast Regional trains on the Northeast Corridor by 2025. Intercity passenger railcars compliant with U.S. safety standards and Buy America laws cannot be bought off the lot like a new automobile. Designing, procuring, manufacturing and testing them takes years. The Avelia Liberty trainsets the question refers to are only capable of operating on electrified rail lines like the Northeast Corridor. They would not be able to operate on Northeast Regional trains, which operate over both the Northeast Corridor and unelectrified lines connected to it.

*Question 5.b.* Is including Coach seating on these new trainsets the fastest way to provide all passengers on the Northeast Corridor with the highest level of safety with these new trainsets?

*ANSWER.* Amtrak has already purchased new Airo trainsets capable of operating over both electrified and non-electrified lines, and this is the fastest way to acquire modern replacement equipment for the Amfleet cars. The Airo procurement is well advanced: Amtrak selected an experienced passenger rail manufacturer more than two years ago; the first carshell has already been manufactured; and the first trainset is expected to enter service in 2026. Canceling the multi-billion-dollar contract for the Airo trainsets without cause and restarting the process of procuring new equipment would delay the replacement of the Amfleet cars by many years and greatly increase the costs of acquiring new equipment even if there was a bona fide alternative proposal.

QUESTIONS FROM HON. DONALD M. PAYNE, JR., TO STEPHEN GARDNER, CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

*Question 1.* What percentage of stations across the Amtrak network are currently ADA compliant? Is there a discrepancy in percentages for stations that are owned by Amtrak and those that are owned by an entity other than Amtrak? Could you confirm that all the stations Amtrak serves will be fully ADA compliant by the end of 2028?

*ANSWER.* Amtrak has primary or shared ADA responsibility for 385 stations. We expect nearly all of the stations for which Amtrak has primary responsibility, and the elements at shared responsibility stations for which Amtrak is responsible, to be compliant by 2028, and the remainder of Amtrak-responsible stations/elements to be compliant by 2029. Amtrak cannot confirm what the 2028 level of compliance will be at the 130 stations for which other parties have ADA responsibility, or for third party-responsible elements of stations for which Amtrak has shared responsibility, but we will continue to work with these entities to advocate for full compliance.

*Question 2.* Newark Liberty Airport, located in my district, is one of a few airports in the United States served by passenger rail. How many, and which, other airports around the country have Amtrak or other passenger rail services? Does Amtrak have plans to partner with air carriers?

*ANSWER.* Amtrak currently serves five airport stations, all of which are located at or adjacent to an airport to which they are connected by a fixed guideway system such as a monorail or frequent shuttle service:

- BWI Thurgood Marshall Airport (Baltimore)
- General Mitchell International Airport (Milwaukee)
- Hollywood Burbank Airport
- Newark Liberty International Airport
- Oakland International Airport

Amtrak is also in negotiations to relocate its Miami, Florida station to the Miami Intermodal Center at Miami International Airport, and recently submitted an application for a Federal-State Partnership for a National Network grant for a planned station at Crystal City in Arlington, Virginia that would be located adjacent to Ronald Reagan Washington National Airport and connected to it via a pedestrian bridge.

The only other U.S. intercity passenger rail station at an airport, located at Ted Stevens International Airport in Anchorage, is served only by Alaska Railroad charter trains. Brightline, a private intercity passenger rail operator, plans to begin service to Orlando International Airport later this year.

All of the Amtrak airport stations identified above, with the exception of General Mitchell and Oakland, are also served or would be served by commuter rail. Other commuter rail lines, all but one of which Amtrak connects with, serve stations at the following airports:

- Dallas Fort Worth International Airport
- Denver International Airport
- Fort Lauderdale International Airport
- O'Hare Airport (Chicago—limited rail service)
- Philadelphia International Airport
- Rhode Island T.F. Green International Airport (Providence)
- South Bend International Airport (no Amtrak connection)

Many other airports are served by subways and light rail lines.

Codeshares allow airlines to sell tickets to passengers whose trip includes both a flight on the airline and a connecting flight, train or bus trip on another carrier. Amtrak has had codeshare agreements with airlines, most notably a codeshare agreement at Liberty Newark International Airport with United Airlines (and its predecessor Continental Airlines) that ended several years ago. Amtrak is continually having conversations about other potential codeshare agreements with airlines and would welcome a partnership that was mutually beneficial to Amtrak and the partner.

Challenges to establishing such partnerships include:

- The limited number of airports located near Amtrak lines with the frequent train service that is necessary for viable air-rail connections (so that passengers arriving at the airport by train will not have unduly long waits before their flight, and will be able to travel on a later train if they miss their train connection because their arriving flight is late).

- Federal Aviation Administration regulations that prohibit use of federal Airline Improvement Program (AIP) grants and Passenger Facility Charges (PFCs) collected from air travelers, a primary source of funding for construction of airport parking garages and other airport facilities, for rail stations at airports unless the station is actually located on airport property. Since most railroad lines do not pass through or terminate at airports, this effectively precludes use of AIPs and PFCs to build or improve rail stations at most airports that are located near existing or proposed Amtrak routes. Amtrak has proposed that this impediment to developing more air-rail connections be removed via modification of these regulations or a statutory amendment.
- Consolidation of the U.S. airline industry, which has reduced the number of potential airline partners and created large airlines that have less interest in developing codeshares with connecting carriers.

*Question 3.* The Federal Railroad Administration's Corridor ID program provides an opportunity for Amtrak to operate new intercity passenger rail corridors. How will Amtrak work with freight or other host railroads to create potential new corridors or expand existing ones?

*ANSWER.* The FRA-led Corridor ID program is the primary vehicle for securing Federal financial support for new or improved intercity passenger rail services throughout the United States. The Corridor ID multi-step process, which includes the development of a Service Development Plan (SDP), Preliminary Engineering, and environmental clearance, will include FRA-led host railroad engagement to facilitate early and consistent communication. For those corridors that select Amtrak as the operator, Amtrak will provide technical resources to the corridor sponsors and will actively participate and support FRA's host railroad engagement process.

QUESTIONS FROM HON. DAVID ROUZER TO STEPHEN GARDNER,  
CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER  
CORPORATION (AMTRAK)

*Question 1.* Amtrak uses requests for proposals and other competitive bidding procedures to procure goods and services, both because it is a common requirement of federal law and procurement regulations, but also because it generally assures the best value for the taxpayer and prevents fraud and abuse.

In North Carolina, there are two state-supported routes, the Piedmont (between Raleigh and Charlotte) and the Carolinian (between Richmond to Raleigh). The state contracts with Amtrak to operate these trains, as well as to handle the mechanical work for one of these routes (the other is handled by a private contractor). North Carolina is also exploring expanded passenger rail services, including new passenger rail lines to locations like Asheville, Greenville and Wilmington.

*Question 1.a.* Should the operation of these passenger rail services be subject to competitive bidding procedures—specifically, should the current routes that Amtrak operates, or any future routes that North Carolina proceeds with, be subject to open competition, where private companies can offer proposals to handle operations or other work, alongside Amtrak's proposals, and allow the state to determine what is the best offer and value?

*ANSWER.* Amtrak already faces competition in the provision of services required for operation of state-supported routes. As your question notes, North Carolina contracts with a private contractor for maintenance of the equipment operated on the Piedmont. Other states that fund Amtrak state-supported services utilize non-Amtrak contractors for on-board food service, customer information services, and marketing. Amtrak is happy to work with states that choose to use other companies to provide services for state-supported routes.

Any consideration of competitive bidding for Amtrak-operated services must take into account several myths regarding that topic.

The first myth is that there are numerous U.S. companies qualified to operate passenger rail services and eager to do so. That is not the case.

- Few private U.S. rail operators—and none of the major U.S. railroads—have shown any interest in operating Amtrak or other passenger rail services, even with government subsidies. Since 2010, four of the five Class I railroads that had been operating commuter rail services under contracts with public authorities have decided to get out of that business. A 2017 Federal Railroad Administration solicitation of bidders to take over the operation of one or more Amtrak long-distance routes, with government subsidies, did not attract a single proposal.

- Most of the companies that operate commuter rail services in the United States or have expressed interest in operating intercity passenger rail services are not really “private companies” and are not based in the United States. Rather, they are subsidiaries of national railroads controlled by the governments of China, Japan and European countries.

The second myth is that competitive bidding will invariably produce a lower price and better service. That has not been the case with respect to intercity passenger rail services in the United States.

- A 2021 Congressional Research Service report concluded that past efforts to foster competition for services provided by Amtrak have not resulted in improvements in intercity passenger rail service.<sup>5</sup>
- Ridership fell 10% and mechanical delays increased 35% during the first year after a Midwestern state contracted with a private company for provision and maintenance of equipment, food service and marketing for an Amtrak state-supported route following a competitive procurement. After just 17 months, the state’s contractor ceased providing services when the state declined its request for a large increase in payments.

Other countries have had similar experiences. Franchising of train operations in Great Britain resulted in increases in government subsidies, higher fares, service deterioration and a pattern of contractors submitting low bids to secure contracts and then walking away from their obligations. The British government recently abandoned franchising and has resumed direct operation of many train routes.

The third myth is that there is a level playing field among Amtrak and potential competitors. That does not exist today for state-supported services because Amtrak is subject to many statutory requirements that do not apply to other parties. Among other things, Amtrak must price the services it provides in accord with a statutorily mandated costing methodology; must ensure that the customer service, professional and IT services it utilizes are performed in the United States; and must maintain specified levels of liability insurance. Some operators of intrastate passenger rail services are not subject to the Railroad Retirement Tax Act and other federal laws that apply to Amtrak, which gives them an additional cost advantage. All of these issues would have to be addressed through legislative changes in order to create fair competition among Amtrak and other potential operators.

The fourth myth is that privately-owned freight railroads would be willing to allow non-Amtrak passenger trains to operate over their lines on reasonable terms. That is often not the case. Proposed commuter rail services in Charlotte and Atlanta have been stymied by the refusal of the railroad that owns the lines over which they would operate to even consider operation of passenger trains. Because Amtrak’s unique statutory access rights to operate existing or new services over freight railroad-owned lines are not transferable to states or other parties, a state that selected a non-Amtrak operator would have no recourse if a freight railroad demanded unreasonable investments or compensation for operation of passenger trains over its lines, or simply refused to allow them to operate or to continue to operate.

A fifth myth is that state-supported Amtrak services are, like most commuter rail services, isolated operations that could easily be provided by different operators without harm to passengers or negative impacts on ridership and revenues. Amtrak’s state-supported services are part of an interconnected national network serving 46 states. Many of their passengers are connecting to or from other Amtrak routes with which those services share stations, equipment maintenance facilities and employees. Any consideration of competitive bidding must take into account the inefficiencies of having multiple operators; the increased costs resulting from those inefficiencies; and the impact on ridership, revenues and customer satisfaction if travelers are required to deal with more than one operator and use multiple websites, apps or 800 numbers to obtain information about schedules and book travel.

*Question 1.b.* While this may be a procurement decision led by the State of North Carolina, what are Amtrak’s views of competing with the private sector to provide these passenger rail operation services?

*ANSWER.* Please refer to my response to Rouzer Question 1.a.

*Question 1.c.* Are there any reasons why competitive bidding would not work in these settings?

*ANSWER.* Please refer to my response to Rouzer Question 1.a.

<sup>5</sup> *Improving Intercity Passenger Rail Service in the United States*, p. 25. (2021, February 8). Congressional Research Service. Retrieved July 14, 2023 from <https://sgp.fas.org/crs/misc/R45783.pdf>

QUESTIONS FROM HON. LANCE GOODEN TO STEPHEN GARDNER,  
CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER  
CORPORATION (AMTRAK)

*High Speed Rail:*

*Question 1.* According to emails obtained through an open records request, the North Central Texas Council of Governments and Amtrak were actively trying to conceal their relationship with Texas Central from the public. Why would Amtrak want to conceal that relationship?

*Question 2.* Is it Amtrak's goal to take over the right-of-way for the Dallas to Houston high-speed rail line?

*Question 3.* Please explain, in detail, Amtrak's involvement with the Texas High Speed Rail Project, including Amtrak's expectations for having a future role in the project.

*Question 4.* Please provide a detailed timeline of Amtrak's involvement with the Texas High Speed Rail project, including how Amtrak became involved in the project. Additionally, please list all entities, including Texas Central Railway and any federal, state, and local governments, and any private entities that Amtrak has interacted with regarding the TXHSR project.

*Question 5.* Please discuss any federal funding, including grants, that Amtrak plans to use or apply for or has used or applied for related to the construction and/or operation of the TXHSR. Please list all grant programs Amtrak plans to use to obtain any funding for the project.

*Question 6.* Is it Amtrak's goal to take over the right-of-way for the Dallas to Houston high-speed rail line?

*ANSWERS to Questions 1–6.* Amtrak exists to provide high quality, safe and efficient rail services to America, thereby connecting people and communities. It does this via a complex mix of services, including those on the Northeast Corridor, through State supported services, and on its long-distance routes. Amtrak's five-year vision is to progressively build ridership and expand service, while maintaining the existing system in a state of good repair. Key to everything is ongoing, sustainable and sufficient funding to enable Amtrak to succeed.

As part of its current work, and consistent with the policy and new funding opportunities created by the Infrastructure Investment and Jobs Act, Amtrak is exploring the potential for new services in two ways. The first is via the Corridor Identification and Development Program (CIDP) in partnership with the Federal Railroad Administration, individual states and local/regional governmental entities with a view to introduction of new service where this does not currently exist, reinstatement of discontinued services or enhancement of existing service. In Texas, Amtrak supports the consideration and potential development of up to 5 new or enhanced conventional intercity corridor services, with new corridor train service connecting the "Texas Triangle" cities, added frequencies to the Heartland Flyer route and possible Long Distance service connecting Dallas-Fort Worth to the east.

The second area being explored relates to potential new routes utilizing high speed train technology and dedicated new infrastructure. To facilitate this review, Amtrak has set up a High-Speed Rail Program to review a number of discrete, potential corridors of which Dallas to Houston is one because, at face value, it meets the criteria for viable high-speed operation. In the case of Dallas to Houston, Amtrak has held discussions with Texas Central to assess whether Amtrak wishes to play a role in its existing project going forward.

A timeline of Amtrak's engagement with Texas Central may be found below and is followed by a list of entities Amtrak has interacted with on this initiative.

- June 2016: At Texas Central's request, Amtrak met with its representatives and attorneys and submitted a letter to the Surface Transportation Board (STB) advising that it was open to exploring opportunities to develop connections with Texas Central.
- August 2016–December 2016: After Texas Central confirmed that it was interested in developing connections with Amtrak, Amtrak and Texas Central negotiated and entered into a Voluntary Coordination Agreement providing for through ticketing and provision of Amtrak services to Texas Central.
- January 2017–June 2017: Amtrak and Texas Central had communications and an in-person meeting to discuss implementation and announcement of the Voluntary Coordination Agreement.
- July 2017–October 2017: Amtrak and Texas Central negotiated and entered into a Reservation and Ticketing Agreement.
- April 2018–June 2018: Amtrak communicated with Texas Central and its attorneys in connection with a Texas Central press release and filings that Texas

Central and Amtrak submitted to the STB regarding the agreements between Amtrak and Texas Central.

- June 2019–October 2019: Following an STB request for additional information about projected connecting ridership between Amtrak and Texas Central trains, Amtrak communicated with Texas Central and its attorneys regarding STB filings and data and information provided by Amtrak that was included in Texas Central’s filing.
- March 2022–July 2023: Amtrak has been engaged in discussions with Texas Central and the various entities that have been working with or for Texas Central to undertake a due diligence analysis regarding ways the two companies could potentially further work together to advance a high-speed rail corridor between Dallas and Houston and the grant applications identified below.

Entities with which Amtrak Has Interacted Regarding the Texas Central Project

- |                                   |                               |
|-----------------------------------|-------------------------------|
| • Bechtel                         | • Mitsubishi                  |
| • Citibank                        | • NEC                         |
| • Federal Railroad Administration | • Renfe                       |
| • Hatch LTK                       | • Sidley & Austin             |
| • Hitachi                         | • Suffolk Construction        |
| • HTeC                            | • Texas Central               |
| • JR-Central                      | • The Shinkansen United (TSU) |
| • Kiewit Corporation              | • Toshiba                     |
| • L.E.K. Consulting               | • Venable LLP                 |
| • Mass. Electric Construction Co. | • WeBuild Group               |

Grant applications under the Consolidated Rail Infrastructure and Safety Improvements Program (CRISI), Corridor Identification and Development Program (Corridor ID) and Federal-State Partnership for Intercity Passenger Rail-National Network Program (FSP-National) have been developed to support further developmental work on the project. The outcome of these applications is expected to be known in Fall 2023.

It is premature to predict the result of Amtrak’s review of the project, or what role Amtrak might play in the development of the project or any future operation. Amtrak will only proceed to a developmental phase following completion of its current due diligence work, and only then if grant funding is forthcoming.

*I–20 Corridor:*

*Question 7.* The proposed I–20 Corridor project would pass through North and East Texas and have a significant impact on my district. I sent a letter to FRA Administrator Bose in support of Amtrak’s plan to implement the project, which has the ability to provide vigorous economic and quality-of-life benefits to Mineola, Dallas, and other communities in Texas’ Congressional District 5. Mr. Gardner, how will the I–20 Corridor revitalize cities and towns in Texas and provide more work opportunities for my constituents?

*ANSWER.* Amtrak has applied for an FTA Federal-State Partnership grant for the I–20 Amtrak Crescent Extension from Meridian to Dallas-Fort Worth. This new corridor will connect 6.5 million people in the Dallas-Fort Worth Metroplex with millions more in Atlanta and across the Southern and Mid-Atlantic Regions of the United States. The route would fill an important gap in Amtrak’s National Network along the I–20 corridor through Mississippi, northern Louisiana, and Texas and would provide connection opportunities to existing services such as the Texas Eagle, City of New Orleans, Crescent, and Heartland Flyer.

Construction activities and ongoing operations will generate jobs and investment. The assessment estimates the new service will add or support 661 permanent jobs across all industries, including 224 directly connected to the new service. Results from the 2023 Economic Benefits Assessment IMPLAN model show that new induced visitor spending on lodging, restaurants, entertainment, shopping and local transportation, combined with the stimulus effects of savings from reduced vehicle miles traveled (VMTs) and spending on the rail operation itself, can be expected to support an additional labor income increment of \$46.5 million and value-added effects—i.e., incremental contribution to Gross Domestic Product from industry-to-industry transactions—of \$91.8 million annually.

The service will connect Texas communities with the economic epicenters of the region. These direct connections strengthen the ability for smaller communities to attract and retain businesses, jobs, employees, residents, and visitors. Additional service at stations or new stations can also generate economic development around the station areas.

*Border Crisis:*

*Question 8.* An existing contract with ICE allows Amtrak to transport undocumented immigrants across the country to detention facilities or deliver them to immigration hearings or court appearances. Are there any limitations or restrictions on Amtrak's involvement in transporting migrants, such as in regard to the types of individuals or locations that can be transported?

*ANSWER.* Amtrak has not engaged in any organized transport of undocumented migrants with any entity, including ICE. Amtrak and the Amtrak Police Department (APD) do have policies governing the transportation of prisoners by law enforcement agencies using Amtrak services, but there are no specific allotments or provisions pertaining to the transportation of undocumented migrants.

*Question 9.* Is Amtrak currently or have they ever entered a contract of any kind with a non-profit charitable organization or non-governmental organization to transport migrants throughout the United States? If so, please provide any existing contracts and list of any NGOs using Amtrak trains to transport migrants.

*ANSWER.* Amtrak has never been, and is not currently, under contract of any kind with any organization to transport migrants. In the months prior to the discontinuation of Title 42, Amtrak engaged with non-governmental organizations and charities to provide a dedicated customer service telephone line for organizations seeking to buy tickets. This service received extremely limited use and was eventually folded into our general reservation system.

*Question 10.* Is Amtrak currently or have they ever entered a contract of any kind with a local, state, or federal entity for the purpose of transporting migrants throughout the United States? If so, please provide a list of any NGOs using Amtrak trains to transport migrants. For example, has Amtrak received money from the Federal Emergency Management Agency to transport an undocumented immigrant?

*ANSWER.* Amtrak is not currently and has not previously been under contract with any local, state, or federal entity for the purpose of transporting migrants in the United States, nor has Amtrak received funding from any government institution for that purpose.

QUESTIONS FROM HON. RUDY YAKYM III TO STEPHEN GARDNER,  
CHIEF EXECUTIVE OFFICER, NATIONAL RAILROAD PASSENGER  
CORPORATION (AMTRAK)

*Question 1.* Mr. Gardner, you testified that Amtrak's starting up the *Great River* route this year, with a daily roundtrip train between Chicago and St. Paul, Minnesota.

The trip is projected to be seven and a half hours.<sup>6</sup> You can drive from Union Station in Chicago to Union Depot in St. Paul in under six hours. You can fly from Chicago-O'Hare to Minneapolis-St. Paul in an hour and a half, and the route is well-served, with my staff identifying 26 nonstop flights on four major airlines on a day picked at random.

Can you please describe the market research that was undertaken before deciding to establish this route, as well as the key facts and figures that contributed to the decision?

*Question 1.a.* What is the target demographic that Amtrak anticipates riding the *Great River*?

*Question 1.b.* Was the market research Amtrak conducted ahead of the *Great River* route in line with the typical market research it conducts as it evaluates new service?

*Question 1.c.* What is the overriding factor as Amtrak considers a new service? Is it profitability, ridership, or something else?

*ANSWERS to Questions 1, 1.a., 1.b., & 1.c.* Like airlines, Amtrak uses ridership and revenue forecasting models to project future ridership and revenues on all of its existing and proposed routes, including the *Great River*. These models incorporate a large number of different demographic inputs that affect travel demand and historical data on demand for Amtrak services.

Under Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (Section 209) and 49 U.S.C. 24712, it is up to states to decide whether they wish Amtrak to operate routes of 750 miles or less outside of the Northeast Corridor, such as the planned *Great River* route. On these routes, which are referred

<sup>6</sup><https://wisconsin.gov/Documents/projects/multimodal/rail/TCMC-booklet20210526.pdf>

to as “state-supported routes,” states—Minnesota, Wisconsin and Illinois in the case of the *Great River*, which will be a Milwaukee-to-St. Paul extension of existing state-supported Chicago-to-Milwaukee trains—are responsible for funding or securing funding for most operating costs that are not covered by passenger revenues, and for certain capital costs.

In advancing new routes, Amtrak considers many factors, including current market conditions; the existence and performance of current intercity service; and changing demographic, economic development and growth patterns, along with current and anticipated congestion and reliability conditions of other modes. Of course, Amtrak must also consider all the operational factors, including feasibility, host railroad access and the availability of equipment (for which states pay a capital charge) and other necessary resources in evaluating any service. When good candidate routes are identified, the overriding factor that Amtrak considers regarding whether to operate a new state-supported route is whether a state or states is prepared to provide or secure funding for the necessary costs. While different states have a variety of reasons for funding state-supported routes, the primary one is usually to provide more mobility options for their residents.

Like Amtrak’s other services, the *Great River* service is not targeted at one particular market segment or demographic. Similar state-supported services carry significant numbers of college students; passengers traveling to visit family members; travelers making personal business trips (e.g., for medical appointments, weddings and funerals); and passengers making leisure trips. (Chicago, Milwaukee and Minneapolis/St. Paul are all significant leisure destinations with multiple attractions and major league sports teams, and Wisconsin Dells attracts approximately four million annual visitors.) Many of these travelers prefer the experience of rail travel or are unable to drive or fly, and in many cases flying is not an option between the points they are traveling.

As you point out, there is frequent airline service between the two large metropolitan areas—Chicago and Minneapolis/St. Paul—the *Great River* will connect. However, there is no air service in most of the communities along the *Great River* route. Of the seven planned stops between Milwaukee and St. Paul, only one—La Crosse, Wisconsin—has any scheduled air service, and the only destination to which one can fly directly from La Crosse is Chicago. Airfares for passengers who are not traveling between major airline hubs or are unable to book tickets in advance are often prohibitively expensive. The lowest airfare for the 215-mile flight between Chicago and La Crosse is \$259, and passengers booking same- or next-day flights between Chicago and Minneapolis/St. Paul can expect to pay a similar fare. While Amtrak’s long-distance Chicago to Seattle/Portland *Empire Builder* serves the same stations the *Great River* will serve, it operates at different times of day than the *Great River* will; is frequently sold out between Chicago and St. Paul; and is often late eastbound because of delays encountered while operating over host railroad lines west of St. Paul.

*Question 2.* Amtrak projects annual ridership of 124,000 for the *Great River* in a “travelshed” that sees 10 million annual trips across car, plane, bus, and train.<sup>7</sup>

*Question 2.a.* How did Amtrak arrive at this ridership estimate?

*Question 2.b.* When was the estimate released in relation to the COVID–19 pandemic? If it was before the COVID–19 pandemic, why did Amtrak not update the figure to account for the new ridership realities?

*Question 2.c.* If ridership comes in below the projected level, what steps does Amtrak plan to take to increase ridership?

*Question 2.d.* If ridership comes in below the projected level, are the additional financial losses borne by Amtrak, the Federal Restoration and Enhancement Grant, or the state partners?

*Question 2.e.* What ridership does Amtrak project for this route in fiscal year 2029?

*Question 2.f.* Amtrak projects revenue growth for the *Great River* route to be about 4.5% between fiscal year 2024 and 2029—an average of 0.9% annual growth.<sup>8</sup> On a one-for-one basis of ridership to revenue, this appears to mean that Amtrak anticipates attracting only about 5800 additional riders in six years. Given the 10 million-trip travelshed, why does Amtrak not project more robust growth in ridership?

*ANSWERS to Questions 2.a.–2.f.* The manner in which Amtrak ridership estimates are developed is described in the response to Yakym Question 1 above. Amtrak has recently updated its ridership estimates for the *Great River*. The updated projections

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

take into account changes in the operating plan for the service, which is now planned to operate as an extension of an existing Chicago-Milwaukee state-supported train. They also reflect changes in demand for Amtrak services since the onset of the COVID-19 pandemic and during the ongoing recovery from the decrease in travel demand it triggered. Amtrak's growing ridership now approximates or exceeds pre-pandemic ridership on most state-supported routes.

In conjunction with its state partners, Amtrak uses a variety of methods to attract and grow ridership on its state-supported services, including pricing actions and marketing campaigns. Under the state-supported service cost allocation methodology adopted pursuant to Section 209, if revenues for a state-supported service are less than projected, states are responsible for making up the difference. Restoration and Enhancement grants are awarded in fixed amounts.

Amtrak has not yet developed 2029 ridership projections that reflect the revised operating plan.

*Question 3.* Amtrak projects an operating cost for the *Great River* route of around \$12.3 million, revenue around \$5.0 million, and a federal and state subsidy of about \$7.2 million, with the federal government shouldering the lion's share in the early years and transitioning fully to the state partners in fiscal year 2027.<sup>9</sup>

*Question 3.a.* Does Amtrak project that the *Great River* service will ever be profitable?

*Question 3.b.* Does Amtrak consider a route whose revenue only covers 40% of operating costs to be a valuable use of limited resources?

*Question 3.c.* Is a route whose revenue only covers 40% of operating costs sustainable? If so, for how long?

*ANSWERS to Questions 3.a.–3.c.* Amtrak has recently updated its forecasts for the *Great River* to reflect changes in travel demand, operating plans and inflation since previous forecasts were prepared. The updated forecasts project that, in Fiscal Year 2024, the *Great River* will have ridership of 231,900 passengers, including passengers traveling between Chicago and Milwaukee since the train is now planned to operate as an extension of an existing Chicago-to-Milwaukee state-supported train. Projected revenues are \$10.2 million, and the projected annual state payment will be \$6.1 million under the Section 209 methodology. We project a farebox recovery of approximately 57%.

While Amtrak does not expect the *Great River* to be profitable, its projected financial performance compares favorably to that of other U.S. publicly-funded transportation services. The Northern Indiana Commuter Transportation District's South Shore Line you asked me about at the hearing, which prior to the COVID-19 pandemic had one of the best financial performances among U.S. passenger railroads, covered 48% of its operating costs from farebox revenues in 2019. Likewise, airline and highway services, particularly in less populated communities like those the *Great River* will serve, receive both direct and indirect public subsidies. Among other things, Congress provided \$61 billion in funding to sustain the airline industry during the COVID-19 pandemic and has appropriated \$275 billion in general taxpayer revenues to the Highway Trust Fund since it became insolvent in 2008.

The *Great River* and Amtrak's other state-supported services are sustainable. As with commuter trains, airline services and federal highways, the federal, state and local governments that fund them recognize that they are essential to mobility and national and local economic prosperity. Despite the funding challenges states face, and lack of federal funding to match state investments in Amtrak state-supported services until the enactment of the Infrastructure Investment and Jobs Act, Amtrak's state-supported services and their ridership have grown significantly in recent decades. In the past 25 years, only one state has ceased providing funding support for a state-supported route. Given the mobility, economic and other benefits passenger rail provides, and growing travel demand that already congested highways and airports will be unable to accommodate, Amtrak believes that the funding federal and state governments provide to Amtrak and its state-supported services is a necessary and very prudent use of limited public funding.

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<sup>9</sup> Ibid.

QUESTIONS FROM HON. TROY E. NEHLS TO MITCH WARREN,  
EXECUTIVE DIRECTOR, NORTHEAST CORRIDOR COMMISSION

*Question 1.* In the Northeast, there is a diverse approach to passenger rail operations. This currently includes both publicly and privately operated commuter rail lines, as well as intercity passenger rail operated by Amtrak and a privately-operated, competitively-selected service, the CTRail.

*Question 1.a.* With a number of new routes under consideration in New England, as well as the rest of the country, please describe your views on whether Amtrak should be the sole rail operator providing intercity passenger rail services, or whether there are benefits to having private operators as well?

*Question 1.b.* Do you think competitive bidding between private operators and Amtrak would have benefits for these routes and their state sponsors? Please explain your answer.

*ANSWERS to Questions 1.a. & 1.b.* You are correct about the diverse approach to passenger rail operations on the corridor. Most agencies run their own services, although Amtrak operates MARC Penn Line service for Maryland and Shore Line East service for Connecticut, and MBTA and CTrail Hartford Line services are operated on behalf of the agencies by private contract operators based on competitive bidding. Amtrak runs intercity services on the corridor.

Intercity routes outside the Northeast Corridor are outside of the Commission's purview, although our state members appreciate the flexibility to bid out their commuter service operations when appropriate and believe that flexibility to competitively bid passenger rail operations helps to maximize public benefit. Of course, there are added complexities in privatizing intercity operations outside the NEC, such as the rights to operate on freight railroads. In many cases, due to its access rights on freight railroad lines and other advantages such as the efficiencies gained when operating multiple services within a geographic area, Amtrak may be the best operator of intercity routes.

QUESTIONS FROM HON. DONALD M. PAYNE, JR., TO MITCH WARREN,  
EXECUTIVE DIRECTOR, NORTHEAST CORRIDOR COMMISSION

*Question 1.* The Northeast Corridor is unique as it is one of the few electrified rail corridors in the country. This means that as the country moves towards greener energy sources, communities along the corridor stand to benefit greatly. What are partner agencies on the commission doing to facilitate greater use of the corridor's electrification?

*ANSWER.* Rail travel produces up to 83 percent fewer greenhouse gas emissions than driving and up to 73 percent fewer than flying, and electric rail service is cleaner than diesel service. In addition to its climate benefits, electric rail service also does not emit particulate matter and helps to promote cleaner air.

The vast majority of trains on the Northeast Corridor are electrified. This includes all Amtrak Acela, Regional, and Keystone trains, all Metro North and Long Island Rail Road trains, all New Jersey Transit trains, and all SEPTA trains.

Last year, Connecticut electrified all Shore Line East trains and realized the benefits of faster acceleration and deceleration compared to the diesel sets they replaced. As a result, CTDOT and Amtrak worked to develop new schedules that saved up to ten minutes in travel time. These new, electrified trains also reduce air pollution, resulting in improved air quality for the surrounding communities, and are quieter, resulting in less noise pollution. CTDOT has initiated an electrification feasibility study as part of the department's goal to fully electrify the CTrail network. The study will focus on the feasibility of electrification on the Danbury, Waterbury, and Hartford lines.

Massachusetts and Rhode Island have submitted a CRISI application to study electrification of MBTA's highest ridership service, the Providence Line. The NEC mainline tracks between Boston and Wickford Junction are already electrified and Amtrak runs dozens of daily Regional and Acela trains over those tracks. However, MBTA's trains are currently powered by diesel locomotives and some station platforms are only accessible via non-electrified tracks. The expectation is that by shifting MBTA's Providence Line to electric service, the faster acceleration and deceleration will allow for improved trip times and reduce conflicts with Amtrak's higher speed intercity trains. Faster, cleaner electric train service on the Providence line will not only reduce greenhouse gas emissions directly, but the hope is that improved rail service will encourage mode shift from cars to trains and further reduce greenhouse gas emissions and promote cleaner air.

Maryland MTA plans to return to electric service on the MARC Penn Line upon completion of the Frederick Douglass Tunnel. Penn Line service accounts for 68 percent of MARC's weekday trains and 100 percent of weekend service. In addition to cleaner air and reduced greenhouse gas emissions, Maryland expects that faster acceleration between stations, higher maximum speeds, and faster schedule recovery will allow for reduced trip times on the Penn Line.

*Question 2.* What are Northeast Corridor Commission members doing to ensure bipartisan infrastructure funding will help create a level playing field for socially and economically disadvantaged individuals?

*ANSWER.* Investments in new and upgraded stations provide access to opportunity for socially and economically disadvantaged individuals. Improvements to the existing station in Coatesville, Pennsylvania provide ADA access and multimodal connections that will boost economic development, serving a community that is 80 percent nonwhite and for which, among the population that commutes by public transportation, 78 percent are 60 years and over. ADA improvements at the West Baltimore MARC station will serve a community that is 12 percent 65 years and older, and 73 percent Black or African American. The Penn Station Access project will result in four new stations served by Metro North Railroad in majority nonwhite neighborhoods in the Bronx, bringing new service to Penn Station in New York City.

Nearly 30 projects in the Commission's 15-year CONNECT NEC 2037 plan incorporate ADA accessibility improvements. This work will ensure that riders with disabilities have safe access to passenger rail service along the corridor. Amtrak also is advancing numerous ADA accessibility projects across the country with its supplemental IIJA appropriations.

Investments along the corridor create direct, indirect, and induced jobs. Direct job creation refers to jobs that are required to deliver rail investments, such as project planners, designers, engineers, and construction workers. The latter are typically union jobs that do not require college degrees. Indirect jobs include non-construction jobs at suppliers of materials generated to support infrastructure investment, such as steel, concrete, wood, and specialized railroad equipment. Induced jobs are those created by the spending of monies such as project salaries for items such as groceries, gas, and entertainment.

Amtrak's workforce development initiatives within its B&P Tunnel Replacement project in Baltimore will include a jobs center in West Baltimore and partnerships with local universities and technology programs.

Many NEC agencies are also already implementing or planning adjustments to schedules that spread train service more evenly throughout the day. This method of delivering service will benefit those with travel needs outside of morning and evening peak periods. In addition, increases in commuter service will allow those living in less expensive housing to access opportunities in economic centers.