



**Testimony of John Tolman
Vice President and National Legislative Representative
Brotherhood of Locomotive Engineers and Trainmen
Before the Senate Committee on Commerce, Science and
Transportation Subcommittee on Surface Transportation
and Merchant Marine Infrastructure, Safety and Security
Hearing on
Northeast Corridor Future of Passenger Rail
April 17, 2013**

Good morning, Chairman Lautenberg, Ranking Member Blunt, and Members of the Subcommittee. My name is John Tolman and I am Vice President and National Legislative Representative for the Brotherhood of Locomotive Engineers and Trainmen, which is a Division of the Teamsters Rail Conference.

On behalf of more than 37,000 active BLET members and over 70,000 Rail Conference members, I want to express our appreciation to the Subcommittee for the opportunity to present our position on Amtrak, high-speed rail, and in particular regarding the development of the Northeast Corridor.

Through comparison and discussion regarding capacity, costs and needs, I will focus on our perspective of the progress Amtrak has made on the Northeast Corridor and the future of passenger rail on the Corridor.

In addition, I will discuss other countries' experience with privatization of passenger rail and high-speed service.

Brief History

Since the Federal Aid Highway Act of 1956, we have spent billions building and maintaining our interstate highway system. That system cost \$114 billion and took 35 years to complete. In today's dollars, it would cost \$426 billion simply to build, and billions more to maintain the system because a significant portion of it is in a serious state of disrepair.

Passenger miles on highways increased 18.1% between 1997 and 2004. Congestion on our nation's roads is at historic levels and it is projected that by 2020, some 90% of urban interstates will either be at or over capacity. Projections are that by 2055 there will be at least 400 million vehicles on our highway system, further taxing our infrastructure. Already, the Texas Transportation Institute estimates that — in 2005 alone — \$63 billion in time and fuel was wasted due to traffic congestion. This will only grow exponentially as the number of cars on our roadways increase with little ability to increase capacity.

Our nation's airports are in a similar state, as anyone who has flown recently knows. Serious problems plague our nation's airports — flight delays and cancellations, lost luggage, and overcrowded planes. Only 82% of commercial flights were on time in February 2009, and most of these delays occurred because of overcrowded airspace along the East Coast.

The solution to these problems lies right before our eyes: Improvements to passenger rail service on the Northeast Corridor are a necessity. Increased rail

travel would reduce congestion on our highways and in our airports, especially on the Northeast Corridor. However, to do this, significant investments are sorely needed.

Comparing Countries

When you compare the level of government funding provided to Amtrak as a percentage of federal funds provided to domestic aviation and highways, with the majority of many European and Asian countries, it frankly is embarrassing. And it is clear that in other parts of the world, privatization of high speed and passenger rail comes with many problems that privatization itself portends to solve. For example, systemic safety and reliability problems that were a direct result of privatization have led to reversals that caused much upheaval in transportation systems in Great Britain and New Zealand, who were forced to re-nationalize all or portions of their systems and provide significant subsidies. Funding cuts always have been the precursor to privatization schemes.

In fact, we cannot forget our own history of private operation of American passenger railroads. Amtrak was founded nearly a half-century ago to provide relief for the freight railroads. Congress recognized need to protect the profitability of the private freight railroads along with the continued need for passenger rail in this country and in 1970, passed the Rail Passenger Service Act. Thus Amtrak was created, as a private company which, on May 1, 1971, began managing a nationwide rail system dedicated to passenger rail service. Since then, Amtrak has received capital and operating subsidies from the federal government, albeit often at levels that have barely allowed its survival. The reauthorization of PRIIA could allow this trend to change by providing long-term, stable funding for Amtrak.

High Speed Rail Profits and Amtrak's Northeast Corridor

In addition to stabilizing Amtrak's funding, there is a need for continued development of passenger rail, and specifically, high speed passenger rail. There is no doubt about the economic benefits of high speed and intercity passenger rail, and Amtrak's Northeast Corridor clearly demonstrates that there is a demand for expanded service.

Ridership trends demonstrate that people are willing to opt to take trains in areas with reliable and frequent service. On the Northeast Corridor, this is especially true. Amtrak now carries more riders on this route than all of the airlines put together. And between Washington, DC and New York City, Amtrak carries *more than twice as many passengers* than all of the airlines combined. Since introducing

its Acela service, Amtrak has almost *tripled* its air/rail market share on the NEC, and today carries 75% of intercity travelers between New York and Washington.¹ Introducing Next Gen high-speed rail on the NEC will improve that performance even further.

High speed rail will not operate in a vacuum. All modes of transportation can work together as part of the transportation network. High-speed rail and airlines also complement one another in providing safe, fast and efficient travel to the public.² And multi-modal passenger transportation is not limited to comparing rail travel with air travel.

Fifteen years ago DOT estimated the savings from reduced highway delays range from \$489 million to \$2.9 billion annually, depending on the corridor. Those are savings that can only be realized by providing appropriate investment in high-speed passenger rail.³ Amtrak trains consume 20% less energy per passenger mile than airlines and 30% less than automobiles.

Additionally, countless studies have shown the impact of investment in rail. In fact, a recent APTA report, published in July 2012, showed that discontinuing high-speed passenger rail investments in the Midwest, California, the Pacific Northwest and the Northeast Corridor would possibly cause \$24.6 billion in **net** forgone economic benefits over the next 40 years.⁴

The Teamsters Rail Conference believes that the reauthorization of the Passenger Rail Investment and Improvement Act (PRIIA) provides an opportunity for Amtrak to finally attain stable long-term funding levels, enabling Amtrak to support the jobs and rights of their skilled and dedicated employees, who provide the traveling public with safe, reliable transportation. PRIIA reauthorization offers many opportunities to sustain and build on the great work Amtrak is doing.

¹ Amtrak, "State-Supported Corridor Trains, FY2011-2012," April 2012.

² Amtrak NEC Briefing.

³ High Speed Ground Transportation for America," U.S. Department of Transportation, September 1997.

⁴ "Opportunity Cost of Inaction High Speed Rail and High Performance Passenger Rail in the United States: <http://www.apta.com/resources/reportsandpublications/documents/HPPR-Cost-of-Inaction.pdf>

Important to include in a reauthorization of Amtrak are the provisions of Section 205 of PRIIA 2008, which allow for the repayment or restructuring of Amtrak's debt by the Department of Treasury. Using its authority under this provision, the Treasury Department has worked with the U.S. Department of Transportation and Amtrak to exercise early buyout options on 13 leases held by Amtrak for its train equipment, producing savings for Amtrak, and by extension the taxpayer, by avoiding future rent and end-of-lease payments – payments which Amtrak otherwise would have relied on the government to fund. However, these provisions expire in FY 2013, even though additional buyout opportunities and their associated savings remain. If the provisions of Section 205 of PRIIA were reauthorized, an additional 33 leases could be terminated over Fiscal Years 2014 to 2019. This would entail an up-front cost of \$572 million, but would save \$965 million in future payments, a net savings of \$393 million.

Last year, Amtrak logged its best ridership year ever with more than 31 million passengers. Despite this achievement, some political leaders refuse to acknowledge the economic advantages of this increase in ridership. Unfortunately, some members of Congress are seeking to divest in Amtrak or attempt to outsource good jobs for Amtrak's front line workers by pointing to straw man issues such as cheeseburger costs. It is important to note that these on-board service employees provide more than a good meal – they are some of the first responders if a safety problem occurs on board.

And for those critics of Amtrak who demand private investment: Amtrak's long-term plan for the Northeast Corridor provides a template for a public/private partnership. We believe that such a partnership should never be subordinate to the public interest — or the interests of the professional rail employees — to private profits or investment strategies. That said, such partnerships would improve service and provide the public with greater transportation choices in decades to come.

PRIIA's reauthorization should also help foster a sustained national rail policy. It will curb privatization schemes that fail to acknowledge the history of privatization failures and the problems of outsourcing safety to workers who are paid minimum wage and receive no benefits. The cycles of funding neglect must end.

In closing, Amtrak is vital to the Northeast Corridor. It must be part of a future moving toward a higher speed Northeast Corridor with long term funding. Amtrak is moving in the right direction, utilizing programs and provisions already in place, and its reauthorization offers many opportunities for expansion and renewal of these programs and provisions. Political will is necessary for America to compete

globally by moving our people safely and efficiently via high-speed passenger rail. High-speed rail will also create good middle class jobs for a lasting economic recovery, and provide energy security for America. Again thank you, for the opportunity to address you today.