

NARP LOOKS AT PASSENGER RAIL AND THE FUTURE

Presentation to the Standing Committee on Rail Transportation (SCORT) at its annual meeting in Buffalo, N.Y.
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PASSENGER RAIL IS IMPORTANT TO SENIORS

AARP Public Policies 2003 at last include clear support for an intercity passenger rail network:

“Passenger rail is another mobility option for midlife and older people who travel both within congested regional corridors and between cities separated by long distances.

“The 1995 American Travel Survey found that people age 65 and older make more than a half million trips (100 miles or longer) by train. . .

“In addition, passenger rail provides essential service to many rural communities, and it is an alternative to air travel in the more congested corridors, such as in the Northeast.

“Many states perceive rail as an important contributor to economic development. . .

“Congress should. . .

- “Support nationwide passenger rail service that is integrated and coordinated with regional, state and local passenger rail; and
- “Establish a dependable funding mechanism that ensures continuing passenger rail service.”

This was the result of many communications from individual AARP members, but it is just half the battle because of the difficulty of getting AARP staff to focus on this when so much is happening on their top priority issues. In any event, over the next 15 years, the U.S. population is projected to increase by over 37 million, with nearly 80% of that growth among people 55 years and older.

The nation had its consciousness raised last month on the subject of seniors and their transportation alternatives as a result of the tragic accident in California where an 86-year-old driver thought the accelerator was his brake.

One important response to this problem should be recognition of the need to create more places where people can live with little or no reliance on the automobile. Amtrak *is* relevant to this discussion because good intercity terminals can become magnets for good local transit and walkable neighborhoods, as in Emeryville, California.

BE CAREFUL BEFORE FRAGMENTING AMTRAK

NARP’s primary concern is results, not organizational structure. We seek dramatic expansion of corridor service and modest expansion of long-distance services. However, we are concerned about the political impact of fragmenting Amtrak. Even if the U.S. does not go anywhere near the British extreme—almost 200 different entities

doing what British Rail did—it is reasonable to question whether fragmentation of Amtrak might critically weaken the political support for passenger rail.

After all, we are a nation where—unlike in Britain—intercity passenger rail’s market share is fairly small, and the very need for the service remains is still debated. This is true notwithstanding a polls showing strong support for the service. As George Will noted in a recent column, The Washington Post poll found that 71% of respondents wanted federal funding for Amtrak maintained or increased.

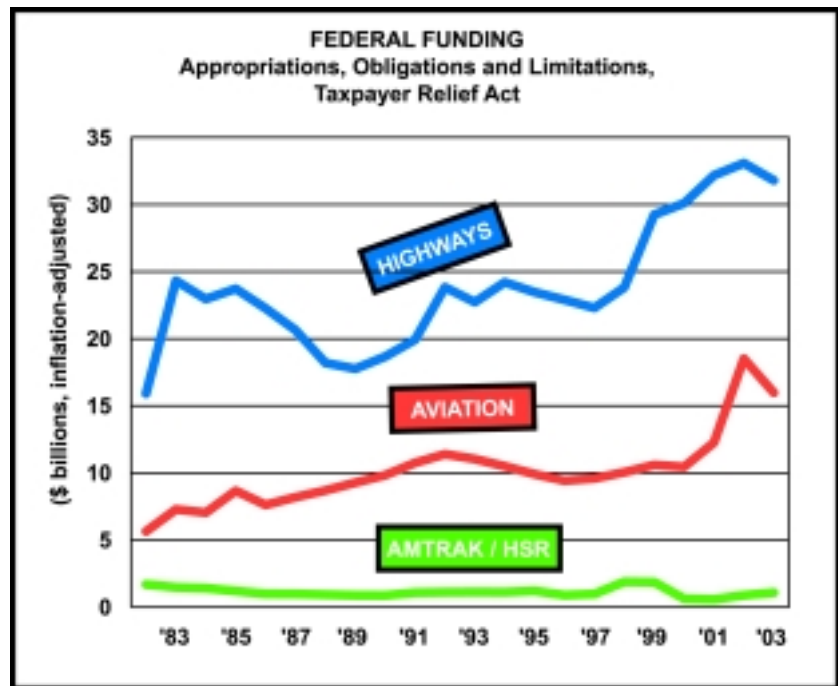
Funding is critical at this point. As DOT Inspector General Ken Mead has noted, the organizational structure doesn’t matter if funding is inadequate to get the job done.

It is frustrating to watch the debate among two types of people who believe they are rail passenger supporters—those who understand the value of what Amtrak and the states have already accomplished, and those who do not see that value, including a certain representative from Florida.

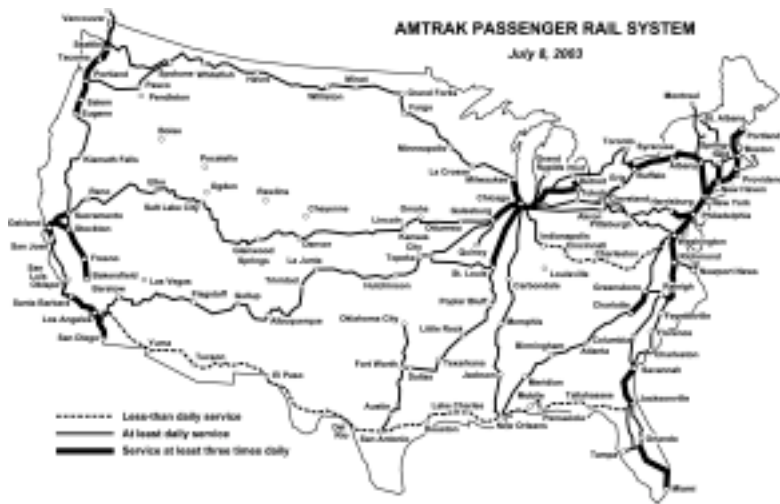
AMTRAK VOTES IN THE HOUSE OF REPRESENTATIVES

Funding, of course, is critical. As Rep. Jack Quinn has often said, “You get what you pay for,” so the system that exists today is perhaps better than we have a right to expect given these funding comparisons.

The House of Representatives just had three Amtrak-specific roll call votes, the first since 1995. All the votes cast by current members of the House on six amendments (1993, 1994, 1995, and three this month) are available at <www.narprail.org>. One of the votes was on an amendment by Rep. Pete Sessions (R.-Tex.) to eliminate all trains whose FY 2001 operating ratio (costs divided by revenues) was greater than 2.0, that is, revenue-to-cost ratio was less than 50%. This would eliminate Chicago to Milwaukee, Detroit and St. Louis, and all but six long-distance routes. Interestingly, the Empire Builder across Montana and North Dakota would survive even though Anthony Perl’s demand map based on overall traffic flows was blank in that part of the nation. This shows that trains can have special appeals and strengths that do not necessarily match overall traffic flows.



In any event, this amendment was soundly defeated, as were two that would have cut Amtrak back from \$900 million to the \$580 million originally approved by Chairman Istook’s (R.-Okla.) subcommittee. On all three roll calls, even a majority of Republicans voted against the amendments.



Two amendments to increase Amtrak funding were ruled out of order and were not voted on. This was just as well, because they would have lost due to offset problems. The offset in Rep. Jack Quinn’s (R.-N.Y.) \$1.8 billion amendment was a 4% across-the-board cut in Treasury funding. (Transportation and treasury are handled in the same bill, after the appropriations subcommittee restructuring that followed creation of the Department of Homeland Security.) Rep. John Olver (D.-Mass.), ranking member of the appropriations subcommittee, offered a \$1.4 billion amendment whose offset was a reduction in the Republican tax cut on upper income people. Olver and many others could not support Quinn’s Treasury cut; conversely, Quinn and many others could not support Olver’s tax cut reduction.

The House probably sent the best message to the forthcoming House-Senate conference committee that one could expect: three resounding votes against anti-Amtrak amendments, plus lots of positive talk about—but no votes on—pro-Amtrak amendments. It’s unfortunate that the pro-\$1.8 billion letter signed by a majority of House members could not be translating into legislation, but finding offsets acceptable to everyone in the partisan House is a daunting task.

THE ADMINISTRATION PLAN

1. Where is the money? As events unfold in Washington, it seems that President Bush must carefully choose those issues where he will insist on a “pro-spending” position in the face of Rep. DeLay’s opposition. It is far from certain that the President would pick intercity rail passenger service as such an issue. And, yes, DeLay voted for all three of those anti-Amtrak amendments this month.

2. The Administration would eliminate Amtrak’s existing right of access to freight tracks for any new routes or frequencies not existing at the time of enactment. This would destroy one of the key foundations on which intercity passenger rail rests, and give freight railroads the opportunity to kill new services by setting prohibitive terms.

Private, luxury trains like American Orient Express also exist thanks to Amtrak’s right of access, and Amtrak engine crews. [Amtrak could certainly investigate emulating The Alaska Railroad, where cruise-line-owned passenger cars help support the regular passenger service on the same trains, but it is not clear what the market

potential for this sort of thing is on Amtrak routes, and the magnitude of bottom-line contribution that could be obtained. The Alaska Railroad has a single route with spectacular scenery that is directly fed by cruise ships.]

3. I've already discussed our concerns about fragmentation.

4. To expect states to assume any part of operating-grant responsibility for long-distance trains is to kill them. Or, as Sen. Kay Bailey Hutchison put it: "If you turn Amtrak over to the states, it's gone." Even if one accomplished the seemingly impossible task of "signing up" all the states along a given long-distance route, the success would be illusory because of the network effect, that is, the "lack-of-network" effect. Roughly half of the passengers transfer at least once on their trip, so elimination of connecting trains would drastically impact revenues on the "saved" route.

The map shows the 27 states (of the lower 48) whose only Amtrak service is long-distance service, which clearly would disappear under the Administration plan. In theory, this would lead to a 21-state network, but in reality this might be the end of intercity rail passenger service, since a "network" that small—and in four isolated segments: Pacific Northwest; California; Midwest; Northeast—might not command the votes for any federal funds.



THE PATH TO SUCCESS

Predictions about anything that costs money in the wake of the President's \$87 billion speech may be a fool's errand. But I predict that:

1. Congress finally will reach agreement on a bill that makes the federal government a genuine funding partner with states that want to invest in intercity passenger rail.
2. The gap between Amtrak's needs and appropriations will gradually close, thanks to Gunn's growing credibility, and possibly a catastrophic failure consistent with some of his warnings—such as loss of train power in New York's Penn Station for several days.
3. Speeds will improve on corridors, ridership and frequencies both will grow. This will be reinforced by the growing constituency of actual train-riders. To use a terrible mixed metaphor, the rolling snowball will pick up steam. Long-distance trains will become more reliable as a by-product of corridor infrastructure improvements.
4. Union Pacific will have an epiphany regarding public investment in infrastructure, and the Association of American Railroads will join short lines and passenger interests in pushing through a bill that incorporates Sen. Hutchison's ideas about addressing chokepoints in the mainline freight infrastructure to the benefit of both the freights and long-distance trains. This may not be as far-fetched as it sounds because I understand UP President Dick Davidson, in response to complaints from freight shippers and others about too many slow orders, recently did an internal budget reset which increased track investment.