



MONTHLY ISSUE BRIEF

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The Future of Rail in the Northeast Corridor

by Karen Imas, CSG/ERC Publications Manager

The reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) is high on the agenda of lawmakers and policy advocates concerned with the future of surface transportation in the United States. The act, which has poured billions of dollars into roadways and transit programs nationally, is scheduled to expire at the end of September, but Congress will miss its Sept. 30 deadline to enact a highway and transit funding bill.

The future of Amtrak is closely linked to TEA-21 negotiations, particularly for the Northeast Corridor (NEC), which serves more than 200 million rail passengers per year and is the most heavily used passenger train corridor in the United States.

Over the next few weeks, members of the House and Senate will debate Amtrak's future. Negotiations over reauthorization and appropriations are proving difficult because the federal government and states are in a fiscal crisis. One option is to increase funding so Amtrak can modernize its equipment. Another option, supported by the Bush administration and some senior members of Congress, would shift the cost of maintaining and operating Amtrak to the states. Further, the administration and some congressional leaders believe the

current Amtrak model is broken and must be replaced before any increase in financial investment will be supported.

Intercity passenger rail is increasingly important to the future of transportation in the U.S.

Intercity passenger rail can potentially minimize energy consumption and minimize atmospheric pollution. In the Northeast, the average daily traffic per lane is 116 percent higher than the national level. In 2001, 1.34 billion gallons of fuel were wasted due to congestion in the Northeast states, 50 percent higher than the national average.

Advantages of Intercity Passenger Rail

- Reducing air and highway congestion
- Reducing pollution
- Reducing fuel consumption and energy dependence
- Increasing safety

Disadvantages of Intercity Passenger Rail

- Distance between potential intercity passenger rail cities must be short enough to make rail travel times competitive with air travel times.
- Amtrak is less energy efficient than intercity bus transport and about equal to automobiles. (Congressional Research Service)

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Rail travel, however, does not always hold the competitive advantage. For rail transport to capture the market-share necessary to reduce air travel congestion, the distance between potential intercity passenger rail cities must be short enough to make rail travel times competitive with air travel times (at comparable costs and levels of comfort). According to 2001 testimony by Phyllis F. Scheinberg,

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Director of Physical Infrastructure Issues at the U.S. General Accounting Office, "Intercity passenger rail service can work well in certain situations, such as service between two densely populated cities that are a couple of hundred miles apart, but is not a realistic travel alternative for most longer distance travelers," she said. She also points out that while Amtrak is more energy efficient than air travel, it is less energy efficient than intercity bus transportation.

The events of September 11 demonstrate the importance of redundancy in the transportation system. Analysis presented at the 2003 Transportation Research Board Annual Meeting suggests that eliminating NEC rail service would have a significant effect on delays and costs at several of the region's largest airports. Total increased costs of airport specific congestion in the range of \$150 to \$187 million annually were estimated.

Amtrak and the Northeast Corridor

The NEC is the region's most defining transportation feature. The 460-mile NEC links the Washington, DC-New York City-Boston travel shed. It is the nation's major publicly-owned intercity passenger rail corridor, with ownership shared among Amtrak, New York, Connecticut (in part of the state), and Massachusetts. When the Penn Central Railroad and two other eastern railroads went bankrupt in the late 1960's and early 1970's, states were given the option of purchasing the rail line. Property not acquired by the states and/or commuter agencies became the property of Amtrak.

The corridor is one of the busiest in the world. In the NEC, 11.1 million passengers relied on trains for travel in FY2002. This is more than half of Amtrak's total ridership.

Amtrak shares the Northeast Corridor with seven commuter railroads: Shore Line East (CT), Metro North Commuter Railroad (NY/CT), Long Island Railroad (NY), Port Authority Trans Hudson Corporation (NY/NJ), New Jersey Transit (NJ), Southeastern Pennsylvania Transportation Authority (PA), and Maryland Rail Commuter Service (MD). The Massachusetts Bay Commuter Railroad Co. assumed the MBTA contract from Amtrak in July 2003. Amtrak earns over 13 percent of its annual revenue from commuter rail operations nationwide [13.35% in FY02].

While Amtrak operates trains on the entire length of the corridor, the commuter railroads operate only on limited segments, generally within their respective states. The NEC is the only high-speed rail corridor in the world sharing infrastructure with heavy freight.



Photo: Courtesy of Amtrak

Amtrak owns the rail infrastructure and physically operates most of the NEC by providing dispatching services for trains as well as maintaining the track, roadbed, bridges, signals, fencing, and electric traction system that make up the rights-of-way. The commuter railroads pay Amtrak for the use of its tracks through negotiated trackage-rights agreements. Several freight railroads serving busy ports also operate over these tracks.

Age of the system

A major source of concern for Amtrak, other government officials, and rail passengers is the age of the NEC's rail system. "The current system has never been in a state of good repair. After the safety of its passengers, Amtrak puts fixing the infrastructure as its top priority... we have to walk before we can run," said Frances Bourne, Director of Intergovernmental Relations for Amtrak.

Some lines have not undergone major upgrades since the early 1900's such as the track and catenary structures on the Hell Gate line in New York City. In Connecticut, some railroad bridges built in the early 1900's are failure prone causing increasing delays between Boston and New York. The reduced travel time since the advent of the Acela train between Boston and New York could not have come about without many federally funded improvements on the line.

Amtrak is implementing a multi-year strategic plan, a key part of which is to bring the NEC to a state of good repair. Part of the plan involves upgrading 162 miles of track. Depending on the location, speeds will be increased from 60mph to 110mph. Amtrak is also rebuilding older locomotives and returning repaired equipment to service.

All states have invested in capital improvements. For example, New York is contributing funds to tunnel work

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A Breakdown of Proposed Legislation on Amtrak

Name of Bill	Sponsor	Key Provisions	Impact on Northeast Corridor (NEC)
H.R. 2571 ("RIDE-21")	<p>Authored by Representative Don Young (R-AK), Chairman, House Transportation and Infrastructure Committee.</p>	<ul style="list-style-type: none"> • The bill provides authorization of \$70 billion (mostly credit assistance) over ten years for passenger and freight rail projects. • This spring the full Transportation & Infrastructure Committee unanimously passed RIDE-21 by a voice vote. • Sequentially referred to the House Ways and Means Committee. 	<p>Could be used for "Amtrak" projects but decision-making would lie with states. The NEC remains a part of Amtrak.</p>
S. 104 National Defense Rail Act	<p>Authored by Senator Ernest Hollings (D-SC), Ranking Member, Senate Commerce Committee.</p>	<ul style="list-style-type: none"> • This legislation authorizes \$4.6 billion per year for five years for Amtrak, high-speed corridors, long distance routes and corridors between city pairs. 	<p>It mandates reforms for Amtrak. The NEC remains part of Amtrak.</p>
S. 1501 Administration Bill	<p>Introduced by request by Senator John McCain (R-AZ), Chairman, Senate Commerce Committee.</p>	<ul style="list-style-type: none"> • The administration believes that the Amtrak business model is fundamentally flawed and therefore basic institutional reform is needed. • They propose dividing Amtrak into three corporations. • The bill allows for competition among service providers. • The bill would not provide federal funding for operating subsidies. Makes long distance routes financial responsibility of states. 	<p>Creates interstate compact to govern NEC. Provide federal funding for passenger rail projects at 50/50 share with states, patterned on Transit New Starts Program.</p>
S. 1505 ("AREA")	<p>Introduced by Senator Kay Bailey Hutchison (R-TX). This bill is cosponsored by Senators Conrad Burns (R-MT), Trent Lott (R-MS), and Olympia Snowe (R-ME).</p>	<ul style="list-style-type: none"> • Comprehensive rail bill that authorizes \$12 billion in operating funds over six years for Amtrak. • It establishes national system for long distance routes. • The bill creates Rail Infrastructure Finance Corporation to issue tax credit bonds to generate financing for rail infrastructure. • The bill establishes dispute resolution process to ease Amtrak access to freight lines that accept financing. 	<p>The NEC is transferred to a newly created office in the Federal Transit Administration. Improvements to the NEC would be funded at 80% bond-20% other share.</p>



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being done in New York City in a joint project between Amtrak and the Long Island Railroad.

The Debate Over Funding: Appropriations

Amtrak submitted a five-year funding request plan that ranged from \$1.8B in FY04 to \$1.5B in FY08. According to Amtrak President David Gunn, Amtrak's requested \$1.7 billion and \$100 million loan deferral for a total of \$1.8 billion is necessary to begin the five-year strategic plan that would bring the railroad into a state of good repair.

On September 4, the full Senate Appropriations Committee maintained the subcommittee level of \$1.346 billion plus \$100 million loan deferral for Amtrak. At subcommittee on September 3, Senator Patty Murray (D-WA) had all the Democratic votes plus two Republican proxies: Senator Kay Bailey Hutchison (R-TX) and Senator Arlen Specter (R-PA). Representing nearly \$500 million more than the Administration's proposed amount, the Senate Committee approved the higher amount.

On September 9 the House passed HR 2989. The House maintained the Administration's recommended \$900 million level. There were four amendments debated on the floor pertaining to Amtrak. Two amendments to increase the amount closer to Amtrak's request were withdrawn on points of order. However, another two amendments to reduce funding for Amtrak were defeated by over three quarters of the U.S. House of Representatives.

In supporting HR 2989, Representative Rodney Frelinghuysen (R-NJ) said "New Jersey has a strong interest in seeing a stable and continuing Amtrak operation, with increased funding. That said, the Chairman and the Congress have every right to demand necessary reforms of Amtrak management, strict accountability, and reasonable labor agreements."

Gunn is encouraged by the Senate funding level, but it still falls \$300 million short of what Amtrak required.

Six Amtrak unions announced that their members would stay off their jobs October 3 to protest efforts by the administration to block additional funding. Another union representing half of Amtrak's unionized employees won't protest.

The Debate Over Funding: Capital

The high cost of repair and capital, especially for the NEC, has led the White House, the USDOT, and several members of Congress to offer some alternatives. Many state advocates want the federal government to bring the current

intercity passenger rail system up to a "state of good repair" before any major institutional change is made.

Senator Roger Madigan of Pennsylvania, Chairman Senate Transportation Committee and ERC Committee Chairman, expressed concern when he asked Allan Rutter, Administrator of the Federal Railroad Administration, "When states take control, what kind of state of repair will it (the railroad) be in?"

According to Rutter, the S. 1501 Administration Bill is sound. The six-year proposal would be a gradual process that would culminate in a 50/50 federal-state match. The federal government would act as a capital partner investing in infrastructure but giving states responsibility for operations and maintenance. States could put their funds towards Amtrak or other providers of their choosing. In the Northeast, a multi-state compact would be created to manage the rail corridor.

While some of these initiatives are worrisome to states in a fiscal crisis, Rutter explains the federal government does not want to damage Amtrak and has acted "extraordinarily to keep Amtrak afloat for the past two years." Rutter also argues that the federal bill would make it easier for states to choose rail providers.

With current fiscal woes, states are not eager to absorb the capital costs of running Amtrak. In addition, determining fair cost-sharing arrangements for capital improvements among the states would be difficult.

"What if one state wants it and another doesn't?" asked Representative Sherman Packard of New Hampshire, Chairman House Transportation Committee and ERC Transportation Committee Vice-Chairman, in a recent conference call with Rutter and other government officials. The question poses the dilemma of some states not deeming it valuable to continue investment into certain rail lines. The *DownEaster*, which runs through Maine, New Hampshire, and Massachusetts, could potentially be exposed to such problems.

Many questions remain unanswered about the long-term future of Amtrak in the Northeast Corridor. While some debate may take place in the House Ways & Means Committee this fall on the finance provisions of HR 2571 ("RIDE-21"), the bulk of the debate will take place during the second session of this Congress.

- ***Additional Research: David Ewing, CSG/ERC Transportation Consultant***

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