



# U.S. Senate Committee on Appropriations

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## **U.S. Senate Appropriations Transportation and Housing and Urban Development Subcommittee Testimony of Mr. Alex Kummant, Amtrak**

WASHINGTON, D.C. . The U.S. Senate Appropriations Transportation and Housing and Urban Development Subcommittee on Wednesday held a hearing to examine the proposed Fiscal 2008 budget for Amtrak. The subcommittee heard from Mr. Alex Kummant, President and CEO of Amtrak. Mr. Kummant's testimony is below.

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Thank you for the opportunity to testify before the Subcommittee today. While my testimony will primarily focus on the FY08 budget request, I would like to take a few minutes to update you on how the company is doing.

We finished FY06 by establishing new ridership and revenue records. Through January we are continuing to outpace the previous year with ridership and revenue ahead by 4% and 10% respectively. The ridership increases are reflected across all services, and outside the Northeast, corridor ridership is up about 5 percent nationwide though some corridors have seen double digit growth. Overall, the big driver right now is the Northeast Corridor (NEC) and particularly the Acela service where ridership is up about 19% over the same period last year. This is the result of a number of improvements both to the onboard experience, better reliability and much better on time performance (OTP). We have been consistently hovering around 90% OTP for Acela, and that is the result of having significantly reduced the backlog of state-of-good repair work, leaving the NEC in the best shape it has been for years. Our safety numbers, another key indicator, are also lower than last year's final numbers and we finished this January at a 40% run rate improvement over last year. Finally, we continue to pay down our debt and have not assumed any new debt for four years in a row.

Within the next few months we expect to send to Congress an update of our multi-year strategic plan which will underscore again the need for our FY08 funding request and provide a vision of where we hope the company will be within the next few years. But, in summary, our vision for Amtrak is one of growth (particularly in corridor services), product excellence (as we are demonstrating with Acela), and sound management overall. Looking forward, much of the success of passenger rail service will lie in the establishment of clear multi-year federal policy, including a federal-state matching program to fund corridor development. The other major initiative we will have to

undertake soon is procurement of new equipment. We have an aging fleet with little excess equipment, and as corridor service grows, it will be exhausted.

Let me turn to FY08 request. On February 15 we submitted to Congress our FY08 Grant and Legislative request. This document contains both the specific request and details to explain the need for this funding. In short, Amtrak has requested \$1.53 billion which is less than last year's request of \$1.598 billion, and a slight increase over the FY07 enacted amount of \$1.3 billion.

The budget request breaks down as follows:

Operating	\$485 million
Capital	\$760 million
Mandatory debt service	\$285 million

We have also suggested that Congress fund \$100 million for a state corridor match program and an additional \$50 million for ADA station accessibility needs. It is worth noting that the Administration's FY08 budget request for Amtrak also recommended \$100 million for a state corridor match program.

With regard to our operating request, the \$485 million continues a downward slope of operating needs over the past 10 years. For comparison sake, in FY96, operating support represented 23% of our total budget request. The FY08 amount now represents about 19%. This reduced operating need is accomplished in the face of rising costs particularly in the areas of health and benefits, insurance and fuel. Keep in mind, the absence of new labor agreements has helped to keep operating costs relatively constant.

For our capital needs, Amtrak has requested \$760 million which would be used to continue state of good repair initiatives including modernization of our fleet. As I said earlier, Amtrak has completed a substantial investment of the NEC infrastructure which we own and maintain. The on time performance numbers for all users of the corridor reflect the benefit of these investments to the NEC plant and structures. For instance, on time performance for New Jersey Transit, a major user of the Northeast Corridor, was 94% for FY06. Finally, we continue to invest in our fleet and expect by the end of FY09 to bring the entire fleet to a state of good-repair.

During the short time that I have been with Amtrak I have been struck by the enthusiasm and support that exists for passenger rail service, particularly at the state and local levels. I believe that we are on the verge of significant growth and development of our nation's rail infrastructure and the steps we are taking today are essential to meet the need for the eventual expansion of passenger rail service. Thank you again for the opportunity to testify before the Subcommittee today and I look forward to working with each of you in the coming months. I would be happy to answer your questions.

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