

**TRANSPORTATION AND HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
APPROPRIATIONS FOR FISCAL YEAR 2012**

TUESDAY, MAY 17, 2011

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:18 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patty Murray (chairman) presiding.
Present: Senators Murray, Lautenberg, and Collins.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

STATEMENT OF HON. JOSEPH C. SZABO, ADMINISTRATOR

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. This subcommittee will come to order.

This morning we are holding a hearing on the President's budget request for the Federal Railroad Administration (FRA) and the budget request for the National Passenger Railroad Corporation (Amtrak).

I want to welcome the Administrator of the Federal Railroad Administration, Mr. Joseph Szabo, and Amtrak's President and CEO, Mr. Joe Boardman. Thank you both for being here this morning, and we look forward to your testimony.

We are now at a pivotal moment for our Nation's transportation policy. Over the last several years, we have made important investments in our rail infrastructure. But the recent focus in the Congress on budget cuts has created a race to the bottom that will make it difficult to continue those investments.

Rail offers an environmentally sound and efficient alternative to move people and goods. It creates jobs, reduces the price of goods being shipped, and helps commuters across the country get to work.

Our population is projected to reach 420 million by mid-century, almost 140 million more than in 2000. If you think travel on our roads and at our airports are crowded today, just wait. Building more and wider roads will not be enough. We have to look to other alternatives such as passenger rail for the future.

But we need to be smart about building intercity passenger rail in a way that works with our systems of road and aviation. We need to make targeted investments where it makes economic sense

to improve mobility options in and between America's congested cities.

I know communities around the country value their rail service. I know families in my home State of Washington deeply value our Amtrak service, the Cascade Line, which just set record ridership for the second year in a row. Which is why I am so disappointed that the new Republican majority in the House of Representatives has targeted rail transportation for their budget cuts.

A year ago, we sat together in this room at our last hearing on rail and discussed the financial constraints of the fiscal year 2011 annual appropriations. A year later, we have instituted the largest 1-year reduction in discretionary spending in our Nation's history. These budget cuts have had a severe impact on our rail transportation programs. Capital grants to Amtrak were cut by \$78 million and new funding for intercity and high-speed rail was eliminated for fiscal year 2011.

But many Republicans in the House say these cuts are not enough, and they are clamoring for more. The House version of the 2011 bill would have cut Amtrak by \$151 million, resulting in furloughs for up to 1,600 employees. It also would have taken back more than \$2.5 billion of high-speed and intercity rail grants.

I agree that leaders here in Washington, DC need to tighten our belts and work together to get our Nation's debt under control. But we cannot be reckless about this. We cannot put together a Federal budget that will put our fragile economy and millions of jobs at risk. And we must continue making investments we know will make our country more competitive in the long term.

As we develop the budget for fiscal year 2012, the bar has never been higher for concrete results to justify Federal investment. The administration used its budget request to show its vision of rail placed on par with other modes of transportation. But in today's environment, a big vision just will not cut it. We need to see realistic alternatives to the kind of slash and burn politics that have taken over our budget debates. I am disappointed that the budget request does not offer that.

You have significant competition for very limited resources in the Department of Transportation (DOT). Transit systems are suffering across the country, shutting down services, and unable to make operating costs under constrained State budgets. The Next Generation Air Transportation System (NextGen) air traffic control system is costly and fundamentally necessary for the future of air transportation as well.

That is why I need more from you, Mr. Szabo. I recognize the hard work that you and the staff at FRA have done to protect the agency's role as a rail safety organization and to build its capacity to oversee multi-billion dollar investment choices. It was no small task, and I commend you for your efforts.

But I need you to improve transparency in FRA's work. We need detailed and compelling answers to basic questions about the awards that FRA is making to States, like what markets make the most sense to target rail investment and why. What will it cost to build? What are the benefits to investment? And what will it cost to operate?

A March 2011 Government Accountability Office (GAO) report on the program found the criteria and evaluation of the grants to be sound. GAO's only recommendation was that FRA provide more detailed information of its record of decisions. And I could not agree more. As this program matures, transparency about the analysis and consideration of projects can only aid in resolving the criticisms about the integrity of the program. We also need to dispel some of the myths that seem to plague the intercity and high-speed rail program.

There should be no question about interest from States. In the most recent \$2.4 billion grant competition, FRA received more than 90 applications from 24 States, the District of Columbia, and Amtrak for projects along the Northeast corridor, with preliminary requests totaling nearly \$10 billion. This includes the State of Wisconsin's application for \$230 million. That was a State that previously returned an American Recovery and Reinvestment Act (ARRA) award.

I support investment in intercity and high-speed rail, but it is now time to address the program's critics head on, and it is time for the program to produce and communicate tangible results that the Congress and American taxpayers clearly understand.

I am sure Mr. Boardman can sympathize with the difficult position you are in, Mr. Szabo. I remember a point not too long ago when there were discussions about the end of Amtrak. This subcommittee saw a series of budget requests coming out of the previous administration that would have bankrupted the railroad. I worked hard for adequate funding for Amtrak and to see reforms of its financial management. The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) helped put Amtrak on the right track for success, and a new management team has done so much to improve the way Amtrak does its work.

Amtrak has a new level of cooperation between its board and management teams. They have worked diligently to complete a new strategic plan, developed a system to prioritize capital projects, built a plan for fleet modernization, improved the transparency of the annual budget, and developed a comprehensive business plan.

As the leadership at FRA and Amtrak face significant challenges in the years ahead, I cannot emphasize enough the importance that you administer your programs and manage their funding effectively and responsibly.

PREPARED STATEMENT

Finally, I look forward today to discussing with you the security challenges that you face and what steps you are taking to safeguard our Nation's rail passengers. As you well know, there is no higher priority, and with details of terrorist plots against rail targets emerging from the raid on bin Laden's compound, I want to make sure you have the resources you need to protect our railways and the passengers.

Thank you very much, and I now yield to Senator Collins for her opening statement.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATTY MURRAY

This morning we will be holding a hearing on the President's budget request for the Federal Railroad Administration (FRA) and the budget request of the National Passenger Railroad Corporation (Amtrak).

I would like to welcome the Administrator of FRA, Mr. Joseph Szabo, and Amtrak's president and CEO, Mr. Joe Boardman.

Thank you for being here this morning, and I look forward to hearing your testimony.

We are now at a pivotal moment for our Nation's transportation policy. Over the past few years, we have made important investments in our rail infrastructure. But the recent focus in the Congress on budget cuts has created a race to the bottom that will make it difficult to continue those investments.

Rail offers an environmentally sound and efficient alternative to move people and goods. It creates jobs, reduces the price of goods being shipped, and helps commuters across the country get to work.

Our population is projected to reach 420 million by mid-century, almost 140 million more than in 2000. If you think travel on our roads and at our airports is crowded today, just wait. Building more and wider roads won't be enough. We have to look to other alternatives such as passenger rail for the future.

But we need to be smart about building intercity passenger rail in a way that works with our system of roads and aviation. We need to make targeted investments where it makes economic sense to improve mobility options in and between America's congested cities.

I know communities around the country value their rail service. I know families in my home state of Washington deeply value our Amtrak service—the Cascade Line which just set record ridership for the second year in a row. Which is why I am so disappointed that the new Republican majority in the House of Representatives has targeted rail transportation for their budget cuts.

A year ago, we sat together in this room at our last hearing on rail and discussed the financial constraints of the fiscal year 2011 annual appropriations.

One year later, we have instituted the largest 1-year reduction in discretionary spending in our Nation's history.

These budget cuts have had a severe impact on our rail transportation programs. Capital grants to Amtrak were cut by \$78 million, and new funding for intercity and high speed rail was eliminated for fiscal year 2011.

But many Republicans in the House say these cuts are not enough, and they are clamoring for more. The House version of the 2011 bill would have cut Amtrak by \$151 million resulting in furloughs for up to 1,600 employees. It also would have taken back over \$2.5 billion of high speed and intercity rail grants.

I agree that leaders in Washington, DC need to tighten our belts and work together to get our Nation's debt under control. But we cannot be reckless about this. We cannot put together a Federal budget that will put our fragile economy, and millions of jobs at risk.

And we must continue making investments we know will make our country more competitive long-term.

As we develop the budget for fiscal year 2012, the bar has never been higher for concrete results to justify Federal investment.

The administration used its budget request to show its vision of rail placed on par with other modes of transportation. But in today's environment, a big vision just won't cut it.

We need to see realistic alternatives to the kind of slash and burn politics that have taken over our budget debates. I am disappointed that the budget request does not offer that.

You have significant competition for very limited resources in the Department of Transportation. Transit systems are suffering across the country shutting down services and unable to make operating costs under constrained state budgets. The Next Generation Air Transportation System air traffic control system is costly and fundamentally necessary for the future of air transportation as well.

That is why I need more from you Mr. Szabo.

I recognize the hard work you and the staff at FRA have done to protect the agency's role as a rail safety organization, and to build its capacity to oversee multi-billion dollar investment choices. This was no small task and I commend you for your efforts. But I need you to improve transparency in FRA's work.

We need detailed and compelling answers to basic questions about the awards that FRA is making to States like: What markets make the most sense to target rail investment and why? What will it cost to build? What are the benefits to investment? And what will it cost to operate?

A March 2011 Government Accountability Office (GAO) report on the program found the criteria and evaluation of the grants to be sound. GAO's only recommendation was that FRA provide more detailed information of its record of decisions.

I could not agree more. As this program matures, transparency about the analysis and consideration of projects can only aid in resolving the criticisms about the integrity of the program. We also need to dispel some of the myths that seem to plague the intercity and high speed rail program.

There should be no question about interest from States. In the most recent \$2.4 billion grant competition, FRA received more than 90 applications from 24 States, the District of Columbia, and Amtrak for projects along the Northeast corridor with preliminary requests totaling nearly \$10 billion. This includes the State of Wisconsin's application for \$230 million, a State that previously returned a Recovery Act award.

I support investment in intercity and high speed rail, but it is now time to address the programs critics head on. And it is time for the program to produce and communicate tangible results that the Congress and the American taxpayer clearly understand.

I am sure Mr. Boardman can sympathize with the difficult position you are in Mr. Szabo. I remember a point not too long ago when there were discussions about the end of Amtrak. This subcommittee saw a series of budget requests coming out of the previous administration that would have bankrupted the railroad.

I worked hard for adequate funding for Amtrak, and to see reforms of its financial management. The Passenger Rail Investment and Improvement Act of 2008 helped put Amtrak on the right track for success, and a new management team has done so much to improve the way Amtrak does its work.

Amtrak has a new level of cooperation between its board and management teams. They have worked diligently to: complete a new strategic plan, develop a system to prioritize capital projects, built a plan for fleet modernization, improve the transparency of the annual budget, and develop a comprehensive business plan.

As the leadership at FRA and Amtrak face significant challenges in the year ahead, I cannot emphasize the importance that you administer your programs and manage their funding effectively and responsibly.

I also look forward to discussing with you today the security challenges that you face and what steps you are taking to safeguard our Nation's rail passengers. As you well know, there is no higher priority, and with details of terrorist plots against rail targets emerging from the raid on bin Laden's compound I want to make sure you have the resources you need to protect our railways. Thank you.

OPENING STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you. Good morning.

First, let me join the chairman in welcoming Mr. Szabo and Mr. Boardman to this important hearing.

I want to begin by thanking the Administrator for working with me, State, and county officials to preserve critical rail freight service in northern Maine. The 233 miles of rail line serving this area of my State had been proposed for abandonment, and that would have endangered some 1,700 jobs. Now, thanks to a cooperative effort, we can begin the important work of upgrading the tracks to preserve and actually improve this important freight rail service. So thank you, Mr. Szabo, for coming to Maine and for all that you did to make that possible.

Over the past few years, FRA has begun to transform itself from essentially a safety oversight agency to one with the added responsibility of allocating and overseeing billions of dollars in high-speed rail and intercity passenger rail projects. I agree with the chairman that we need to have a better understanding of how money is being allocated under this program.

Many, however, have questioned the basic economic efficiency of building a high-speed rail network in our country. Several States have already rejected funding for which their States had been awarded. With looming budget shortfalls in many States, the cost

of building and maintaining high-speed rail lines is proving to be daunting. FRA has an ambitious national rail plan in place. However, the agency has yet to provide cost estimates on what it would take to build and maintain a new network of this magnitude.

In March, Secretary LaHood approved the latest designated high-speed rail corridor, the Northeast corridor. This designation now allows Amtrak to apply directly for high-speed rail funding. Amtrak has projected that the planning and construction of the high-speed rail lines for the Northeast corridor could cost upward of \$117 billion over the next 30 years. I can only imagine the cost to complete a national system when the other 10 corridors are included.

The administration's budget also calls for a significant change in the manner in which Amtrak is funded. Under this proposal, the direct appropriation to Amtrak would be eliminated, and it appears to force Amtrak to compete for funding through FRA. I am interested, as a longtime Amtrak supporter, in better understanding how that would work.

With more than 28 million passengers in the last year, Amtrak ridership has increased, I believe, by 5.5 percent, with more than 137,000 passengers from March 2010 to March 2011. I suspect that escalating gasoline prices will push ridership levels even higher.

Amtrak's Downeaster service between Portland, Maine and Boston has become very successful, and last August we celebrated the arrival of the first shipment of rail for the Downeaster expansion project which will expand the line from Portland to Freeport to Brunswick. And I appreciate the Administrator's participation in that celebration. This infrastructure project is particularly welcome in the Brunswick area, given the recent closure of the Brunswick Naval Air Station.

Federal investment plays an important role for Amtrak, but in this time of budget constraints, it must be done in a fiscally responsible manner. I do commend Amtrak for cutting its debt level substantially from \$4 billion in 2002 to \$1.8 billion today. But there still is a net operating loss, which for fiscal year 2012 is some \$616 million, which is nearly \$200 million more than the fiscal year 2010 operating loss. This stems largely from the unprofitable long-distance routes that continue to prove unsuccessful from a dollars and cents standpoint.

Finally, let me just add to what Chairman Murray said. Only a few days after our operation in Pakistan removed Osama bin Laden as a threat to our country, the Department of Homeland Security (DHS) and the Federal Bureau of Investigation (FBI) released an alert about rail security. This was a result of the intelligence that was gathered from bin Laden's compound. I was pleased to see the quick turnaround that intelligence gathered from halfway around the world was analyzed so quickly and an alert issued.

Although this intelligence was not connected to any particular city or rail line and was dated from early last year, it demonstrates that mass transit remains a tempting target for terrorists. And of course we all know that, based on terrorist attacks on trains and subways in Madrid, in London, in Mumbai, and in Moscow. We are all thankful that there has not yet been a similar attack here in

our country, but we cannot become complacent as al Qaeda or even homegrown terrorists could launch attacks, particularly given the warning that we have received from the intelligence from bin Laden's compound.

With an eye toward ensuring that taxpayer dollars are used as efficiently as possible, we must be certain that adequate security measures and technology deployment are implemented throughout the passenger rail sector, and although that is primarily the responsibility of the Transportation Security Administration (TSA), I look forward to getting the thoughts of our witnesses on this issue today.

PREPARED STATEMENT

Thank you, Madam Chairman.
[The statement follows:]

PREPARED STATEMENT OF SENATOR SUSAN COLLINS

Good morning, and thank you Chairman Murray for holding this important hearing. I welcome the Federal Railroad Administrator (FRA) and the National Passenger Railroad Corporation's (Amtrak) CEO to this hearing.

Let me begin by thanking Administrator Szabo for his working with me, State, and county officials to preserve critical rail freight service in northern Maine. I worked closely with the Department of Transportation to secure \$10.5 million in Federal funds on a crucial rail line project in my home State. The 233 miles of rail line serving northern Maine had been proposed for abandonment, which would have endangered nearly 1,700 jobs. Now we can begin the important work of upgrading the tracks to preserve and improve this rail service.

Over the past few years, FRA has begun to transform itself from essentially a safety oversight organization to one with the added responsibility of allocating and overseeing billions of dollars in high-speed rail and intercity passenger rail projects.

Many question the economic efficiency of building a high-speed rail network in the United States. Several States have already rejected funding for which their States have been awarded. With looming budget shortfalls in many States, the cost of building and maintaining high-speed rail lines is daunting.

FRA has an ambitious national rail plan in place; however, the agency has yet to provide cost estimates on what it will take to build and maintain a new network of this magnitude.

In March of this year, Secretary LaHood approved the latest designated high-speed rail corridor, the Northeast corridor. This designation now allows Amtrak to apply directly for high-speed rail funding. Amtrak has projected that the planning and construction of the high-speed rail lines for the Northeast corridor to cost upward of \$117 billion over the next 30 years. I can only imagine the cost to complete a national system when the other 10 corridors are included. I am hopeful the FRA will be able to provide a cost estimate to the subcommittee soon.

The administration's budget also calls for a significant change in how Amtrak is funded. Under the proposal, the direct appropriation to Amtrak would be eliminated, forcing Amtrak to compete for funding through FRA. I am interested in hearing the details regarding the potential outcomes of such a change.

Amtrak has been operating intercity passenger train service since 1971. With more than 28 million passengers in fiscal year 2010, ridership has increased over the previous years, with a 5.5-percent increase, more than 137,000 passengers, from March 2010 to March 2011. I suspect the escalating gasoline prices will push ridership levels even higher.

Amtrak's Downeaster service between Portland, Maine, and Boston has become a success. Last August, we celebrated the arrival of the first shipment of rail for the Downeaster Expansion Project, which will expand the line from Portland to Brunswick. I appreciate Administrator Szabo's participation in that event. This infrastructure project is especially welcome in the Brunswick area, which is coping with the closure of the Brunswick Naval Air Station.

Federal investment plays an important role for Amtrak, but must be done in a fiscally responsible manner. Amtrak has cut its debt level from \$4 billion in 2002 to \$1.8 billion today. While progress has been made in reducing the debt level, more needs to be done. Amtrak's net operating loss for fiscal year 2012 is \$616 million,

which is nearly \$200 million more than fiscal year 2010's net operating loss. This stems from the unprofitable long distance routes that continue to prove unsuccessful from a business standpoint.

Only a few days after our U.S. Navy SEALs removed Osama bin Laden as a threat to America, the Department of Homeland Security and the Federal Bureau of Investigation released an alert about rail security. I was pleased with the quick turnaround that intelligence gathered from halfway around the world was analyzed and an alert was issued.

Though this intelligence was not connected to any particular city or rail line and was dated from early last year, it demonstrated that mass transit remains a tempting target for terrorists.

We all remember watching in horror as the television relayed the devastating aftermath of the terrorist attacks on trains in Madrid in 2004, London in 2005, Mumbai in 2006, and Moscow in 2010.

We are thankful that there have not yet been similar attacks here in America, but we cannot become complacent as al Qaeda or even homegrown terrorists could launch attacks, particularly given the intelligence from bin Laden's compound.

With an eye towards ensuring taxpayer dollars are used as efficiently as possible, we must make certain that adequate security measures and technology deployment are implemented throughout the passenger rail sector.

I am looking forward to working with you Chairman Murray as well as Administrator Szabo and Mr. Boardman as we consider the fiscal year 2012 budget requests.

Senator MURRAY. Thank you very much.

Senator Lautenberg.

STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thank you, Madam Chairman. It is good to be sitting with colleagues who understand the urgent need to get on with investing in rail systems, and Amtrak particularly, and improving the opportunity to get cars off the road and improve air quality and save money on fuel.

Trains have helped move America's economy forward since the 19th century when the transcontinental railroad was built—an engineering marvel that captured imaginations across the world. Almost 150 years later, railroads are still an engine of economic success, but the United States is no longer leading the way.

I recently returned from China, which spends heavily on high-speed rail, investing about 9 percent of its GDP on infrastructure, more than three times the amount we invest here in the United States. China's investments are paying off. When I was there, I rode on a train that moved faster than 200 miles an hour—also, I might add, without, Mr. Boardman, the rattle, shake, and move, hard to write as it is now on Amtrak. And I use it twice a week. So I do not want people to think my handwriting is a product of age, but rather a rough ride.

By comparison, our fastest trains travel 150 miles an hour and that is under optimal conditions over very short distances.

And to remain competitive globally, America must strengthen its high-speed rail network and give more people access to faster trains. It is going to help spark job creation as businesses flock to communities served by new train stations. And we see that. We have seen it abundantly in New Jersey, where we added a couple of new rail sections, and within a very short period, businesses will move to places convenient to train travel. It is better for their employees and their customers and their staff alike. So we found also that it boosted property values in the areas that were served by good rail service.

Now, in our State, I am working with Amtrak to help build the Gateway Tunnel with an innovative project that will expand high-speed rail in the Northeast corridor. Each week, this corridor takes 30,000 cars off our highways and 243 flights out of the skies. I cannot help but repeat something that everybody can understand, and that is Penn Station in New York handles more passengers in a day than all three major airports that service our area. It is quite a fantastic thing. And more would come if there was room and high speed and comfort.

I commend Amtrak on its success in the Northeast corridor. It demonstrates that when Americans have access to trains, they will gladly take them. I came down last night and the train was pretty much filled, and I have seen that more often than not.

President Obama recognizes this, and the administration has made a \$1 billion investment in improving high-speed rail in our region.

Now, the President's bold vision to build a world-class high-speed rail network will carry America into the future. Faster trains give Americans a better alternative to spending their time stuck in traffic on our congested highways, absorbing the air pollution that accompanies it, and waiting in endless lines at the airport.

Now, unfortunately, some say we cannot afford an investment in high-speed rail right now, and they are determined to slam the brakes on our progress. But I say we cannot afford the cuts proposed in the House budget without imperiling a return to a more robust economy. It is part of the plan and we must do it. This short-sighted view ignores great transportation achievements of the past, like the George Washington Bridge built during the Great Depression. It created jobs, but also created a travel opportunity between New York and New Jersey and principal highways going north and south.

So, Madam Chairman, I look forward to hearing from today's witnesses about how we can reclaim our role as the world's leader in rail and get our economy back on track. Thank you.

Senator MURRAY. Thank you very much.

We will now turn to our witnesses for their opening statement. Mr. Szabo, we will begin with you.

SUMMARY STATEMENT OF HON. JOSEPH C. SZABO

Mr. SZABO. Thank you, Chairwoman Murray, Ranking Member Collins, Senator Lautenberg, and members of the subcommittee. I am honored to appear before you today on behalf of President Obama and Secretary LaHood to discuss the President's proposed fiscal year 2012 budget for the Federal Railroad Administration.

By 2050, the U.S. Census Bureau projects a population increase of an additional 100 million people. To put that in context, that is like adding the population of another New York, California, Florida, and Texas combined.

To plan for the future, this budget proposal details how strategic investments will build an innovative, national rail network to move people and goods safely with speed and flexibility.

Railroad safety remains a top priority, and I am pleased to report that the industry's safety record for 2010 achieved all-time lows in the number of accidents per million train miles traveled. And this

is a direct result of FRA's multifaceted approach to bringing about change, taking one of the most dangerous industries and making it now one of the safest.

To continue this progress, the fiscal year 2012 budget proposes \$223 million for Safety and Operations. With more freight and passengers moving as the economy improves, this funding enables FRA to remain squarely focused on new and comprehensive safety strategies while building a national rail network.

And while we remain squarely focused on safety, the momentum and groundwork for the high-speed intercity passenger rail program continues. Over the past year, FRA has obligated more than \$5.8 billion from ARRA and annual appropriations, bringing dollars to States and real projects across the country and putting Americans to work.

With the help of FRA, States have entered into groundbreaking agreements with freight rail partners on four major corridors that assure that Federal investments will produce quantifiable performance outcomes for passenger rail while preserving and improving a world class freight rail system.

The demand is stronger than ever by States competing to get into the rail business. Just last week, we announced \$2 billion in high-speed rail awards for 15 States and Amtrak. The competition was tough. Twenty-four States submitted more than 90 applications requesting nearly \$10 billion. And for our fiscal year 2010 funding request, FRA received 132 applications from 32 States. And since the award selections in October, we have been busy obligating these projects. Response to the program has been overwhelming.

And it is no wonder that States are clamoring to be a part of the rail movement. Gas prices are on the rise, and future population growth figures are skyrocketing. We know that our existing air and roadway systems are among the best in the world, but congestion and traffic threaten to stymie the American economy and our productivity. We have to provide Americans with new and enhanced mobility options.

The President's budget strategically invests \$8.2 billion in fiscal year 2012 for the continued development of high-speed intercity passenger rail, as part of the bold, \$53 billion, 6-year transportation proposal. And \$8.2 billion will lay the foundation for the passenger railways of the future, consolidating passenger rail into two accounts through the Transportation Trust Fund: Network Development and System Preservation. The budget proposal places passenger rail on equal footing with other surface transportation programs. Funding for Amtrak and new passenger rail corridors keep us on track, providing 80 percent of Americans access to a high-speed rail network within the next 25 years.

Our goal is to create a balanced transportation system, with highways, transit, and aviation enhanced with high-speed intercity passenger rail. Developing a passenger rail network requires a long-term commitment at both the Federal and State levels to keep the American people moving and communities connected.

The strategic investments in rail that were made in 2009 and 2010 are paying off. We are enhancing the global economic competitiveness of America, boosting domestic manufacturing, reducing re-

liance on imported oil, and creating a new base of highly skilled, well-paying jobs. And we are establishing a pipeline of rail projects for future corridor development.

PREPARED STATEMENT

For decades, investments in transportation have connected cities and States from coast to coast and served as a foundation for economic growth and our prosperity. By providing a long-term commitment for high-speed intercity passenger rail today, we are taking a bold and definitive approach to addressing the Nation's near- and long-term passenger and freight mobility demands, and ensuring that future generations will have access to the high quality, safe, and efficient rail transportation for decades to come.

I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF HON. JOSEPH C. SZABO

Chairman Murray, Ranking Member Collins, and members of the subcommittee, I am honored to appear before you today on behalf of President Obama and Secretary LaHood to discuss the administration's fiscal year 2012 budget proposal for the Federal Railroad Administration (FRA).

The President is requesting a bold new 6-year, \$53 billion rail plan that will bring high-speed rail in line with our other surface modes in order to meet the Nation's transportation needs today and into the future. In fiscal year 2012, \$8.2 billion sets the framework for building networks and infrastructure to realize the President's vision of providing 80 percent of Americans with access to an intercity passenger rail network featuring high-speed service within 25 years while continuing to make the necessary investments in FRA's highest priority—assuring the safety of all aspects of our rail industry—freight, commuter, traditional intercity passenger service as well as high-speed rail.

While safety is our highest priority, the President's budget proposal will provide critical new travel options for Americans. But it must also be the right level of investment for the market needs which will serve to underwrite the future of true American high-speed rail.

INVESTING IN TOMORROW

The President, in his State of the Union Address said:

“The future is ours to win. But to get there, we can't just stand still . . . Sustaining the American Dream has never been about standing pat. It has required each generation to sacrifice, and struggle, and meet the demands of a new age. Now it is our turn.”

The administration didn't come up with our high-speed rail initiative overnight. National, State, and local high-speed rail interest and planning has permeated throughout U.S. transportation history. Capitalizing on the timing and decades of work, this administration leveraged the American Recovery and Reinvestment Act of 2009 (ARRA) funding as a way to provide a beginning—a “down-payment” on a new and needed transportation alternative while also putting people to work.

MOBILITY CHOICES

Our existing air and roadway systems are among the best in the world, but congestion and highway traffic are threatening to stymie the American economy and our productivity. High-speed rail will help complement today's systems and keep goods and people moving. Americans experience an average delay of 36 hours every year while idling in highway traffic and this number rises to 51 hours in the largest metropolitan areas.¹ Aviation congestion, meanwhile, has also risen in recent years, with an estimated annual economic impact of \$10 billion according to the Air Transport Association.²

¹Texas Transportation Institute, “2009 Annual Urban Mobility Report”.

²Air Transport Association, “Annual and Per-Minute Cost of Delays to U.S. Airlines”.

The Nation expects a nearly 25-percent increase in the population (to 390 million)³ by 2035. The U.S. Census Bureau projects growth will be concentrated in a small number of growing and merging areas of urbanization known as mega-regions. All of this new growth, and the ensuing economic output, will need development of new and enhanced mobility options. A more comprehensive and balanced transportation system of highways, transit, and aviation assets would be strengthened by high-speed intercity passenger rail, which can be effective in meeting the intercity travel demands in such regions.

Investments in rail will ease demand for Federal and State highway and aviation funding and create balanced public funding options. By providing an alternative to regional flights that clog runways and airspace, high-speed rail investment will permit the aviation industry to focus on the market segment of higher yielding long-haul flights.

INVESTMENT PROFILE

Developing a comprehensive intercity passenger rail network will require a long-term commitment by Federal, State, and local as well as private partners. ARRA's down-payment on high-speed intercity passenger rail, followed by fiscal year 2010 appropriations, emphasized strategic investments that will yield tangible benefits to rail infrastructure. We're starting to see a "pipeline" of projects for future corridor development and the beginnings of a domestic market for world-class rail engineering, equipment, and technology development. Since the jump-start of ARRA funding, FRA has ramped up its high-speed rail team, hammered out service agreements with freight railroads and forged partnerships with State and local stakeholders. To date, we have entered into 49 cooperative agreements obligating nearly \$5.8 billion.

To further enhance this progress, the fiscal year 2012 budget proposes \$53 billion over 6 years to continue construction of a high-speed rail network. It places passenger rail on equal footing with other surface transportation programs and includes funding for long-deferred capital investments in Amtrak's aging equipment and infrastructure, state of good repair, and systems performance reliability. It envisions the construction of new "core express", "regional", and "emerging" corridors which will be backed by careful cost-benefit analysis. The proposal offers high-speed rail where it makes sense, cost-justified, and at the right level of investment for the market needs. It will underwrite the future of true American high-speed rail.

To effectively accomplish this going forward, the right organizational and administrative construct is required. The fiscal year 2012 President's budget consolidates passenger rail programs into two accounts to ensure comprehensive and effective management of high-speed rail. Through the proposed rail account of the new Transportation Trust Fund, Network Development and System Preservation focus on two main business lines: building high-speed rail and operating/maintaining existing and new assets and infrastructure. Included in the request is \$5.5 billion from the President's "up-front" \$50 billion call for transportation investment, which will begin corridor development and address existing long-standing backlog such as Amtrak's aging assets and rail stations inaccessible to those with disabilities.

Just recently, we received more than 90 applications from 24 States, the District of Columbia, and Amtrak totaling nearly \$10 billion for competition for \$2 billion available for high-speed rail projects. The demand to participate transcended political lines because communities will grow, manufacturing activity will expand, and mobility will improve. Not unlike the bold step under President Eisenhower, the development of our interstate highway system needed significant spending even during the recessionary period of the late 1950s. Our leaders recognized this spending was simply needed and worth it, not only for the many transportation benefits but also for the creation of industries, communities and jobs of the future.

CREATING JOBS TODAY

While the President's vision describes a goal for tomorrow, it's also about creating jobs today. We're seeing real results from existing high-speed and intercity passenger rail projects. For example, through ARRA investments, State and freight rail working together, the Union Pacific Railroad's modern Track Renewal Train is pulling up antiquated wooden crossties and replacing them with modern concrete crossties, all in one step. This will permit increased passenger train operations to 110 miles-per-hour; and lay the groundwork for frequent service with competitive trip times in the Chicago to St. Louis corridor. The Union Pacific estimates that it will have 700 employees working on the project this year. In addition, during fiscal year

³Table 1.—Projections of the Population and Components of Change for the United States: 2010 to 2050, Population Division, U.S. Census Bureau, Release Date: August 14, 2008.

2011, we will see construction activity from Amtrak's Northeast corridor to the Pacific Northwest, which will create hundreds of rail-related jobs.

Similar to the Interstate System plan in the 1950s, we haven't finalized all the lines on the map or precisely calculated the costs, but we know a major undertaking like this will have a ripple effect on job creation across the Nation. The impact extends beyond the regional transportation and economic development benefits. The rail being laid today is coming from places like Pueblo, Colorado; Columbia City, Indiana; and Steelton, Pennsylvania. The crossties are coming from places like Tucson, Arizona; Durham, Connecticut; and Sciotoville, Ohio. Specialized track work such as turnouts and crossovers are coming from places like Birmingham, Alabama; Newport, Arizona; Newton, Kansas; Knoxville, Tennessee; Sherman, Texas; and Vancouver, Washington. Ballast is coming from places like Sprague, Washington; Westbrook, Maine; Gad's Hill, and Iron Mountain, Missouri. Most of these places are not likely to see high-speed passenger rail service in the near future. However, they are seeing the positive employment impacts of high-speed rail development today.

ECONOMIC BENEFITS

While mobility is essential to our current and future economic well being, high-speed rail offers the potential for further long-term economic benefits. Throughout our history, transportation has served as a catalyst in developing the new industries and businesses that make our economy the envy of the world. The 19th century railroad investments were a catalyst for the creation of a steel industry. The development of improved highways served as a catalyst for the development of the automotive industry. The development of airports and aids to navigation has served as a catalyst for advancements in the civilian aircraft industry.

High-speed intercity passenger rail offers an opportunity for equipment, component, and supporting manufacturers to build a robust and sustainable passenger rail system. Once "Made in America" meant the standard for the world in passenger rail transportation. The President, Secretary LaHood, and I are committed to re-invigorating that standard through implementation of a strong "Buy America" policy that will ensure that whenever possible, American companies will provide the materials and equipment we need to keep our rail lines up and running.

Companies from across the Nation—from New York to California—are starting up, expanding or leveraging work already begun to compete in terms of quality, price, and U.S. content. U.S. companies are applauding that our program makes domestic production a competitive advantage. The manufacturer of Amtrak's new single-level long-distance coaches committed to exceeding minimum U.S. content requirements and moved functions in-house that were previously performed offshore. The Canadian manufacturer of Amtrak's Acela rail cars in the 1990s opened a factory in New York State that can do work once done beyond our borders. But the key to building a sustainable domestic industry, an industry where companies strategically plan, develop new products, and create stable, long-term employment with good salaries and benefits, is a sufficiently large and reliable domestic market demand. Our proposal provides the stability needed to grow the industry and will provide U.S. companies manufacturing opportunities.

Rail investments also influence our communities and invite new development and economic activity. Washington's Union Station was once in a depressed part of town and the station was in ruins. With determination and vision, our predecessors restored the rail station as an intermodal hub linking high-speed rail service on the Northeast corridor to Washington's regional and local transportation. Union Station attracts over 32 million visitors per year and its intermodal connections attracted new companies like Sirius XM, Kaiser Permanente, and CNN who were eager for good workers. Creating an opportunity for corporate development and investment goes beyond the rail platform and station to include surrounding localities.

High-speed rail not only benefits larger cities but also small, rural communities. The Northern New England Rail Passenger Authority (NNEPRA) has been tracking the influence of intercity passenger rail service on the communities served by Amtrak's Downeaster. The service began 10 years ago and NNEPRA estimates that more than \$350 million in public/private development projects have been completed or are underway in Maine, creating jobs, revitalizing downtowns, and generating new revenues for the surrounding areas. Within weeks of DOT's announcement that it was allocating funds for the expansion of the service, private developers began to invest near rail stations in Freeport and Brunswick. Many cities and towns contact us every week looking to compete and bring high-speed rail and those benefits to their area.

ENERGY AND ENVIRONMENT BENEFITS

High-speed intercity passenger rail uses less energy, often from cleaner sources than other transportation alternatives. The U.S. transportation sector consumes 13.8 million barrels of oil every day and consumption per capita is nearly twice that of the European Union.⁴ Imported oil accounts for two-thirds of U.S. demand and has substantial implications for our economy and national security—each day, the United States spends \$1 billion from foreign countries.⁵ More efficient than airplanes and vehicles, high-speed rail offers the opportunity to power intercity transportation with domestically generated electricity. Instead of travelers spending more money for higher cost imported fuel, we can keep the money here and help strengthen our economy.

Fuel savings will result in a healthier environment by reducing emissions. The United States emitted 14 percent more greenhouse gases in 2008 than it did in 1990 with nearly one-third of emissions from the transportation sector. There's a concern growing about climate change and other air pollutants. Our vehicles, aircraft, and rail will need to reduce emissions in the years ahead. Rail can help our economy and our environment, with its greater efficiency and the opportunity it affords to use domestically produced, renewable, or low-emissions electricity.

AMTRAK

For the last several years, Amtrak's Northeast corridor service has been a real world demonstration of the potential for high-speed rail in the United States. Amtrak increased ridership on its high-speed service—Acela—from 2.5 million trips in 2005 to 3.2 million in 2010. The Northeast corridor carried more than 10.3 million passenger trips in 2010. The Northeast regional economy wouldn't be the engine it is today without passenger rail. Just last month, Amtrak posted its 18th consecutive month of year-over-year increased ridership and it is on target for another record year. In the first half of the fiscal year, Amtrak's ridership is up 5.9 percent, while its yields are up 5.5 percent—more than twice the rate of inflation.

Amtrak and its new management have made many positive changes to maintain an effective and reliable train system. However, years of underinvestment and cyclical Federal support have challenged Amtrak's ability to provide service levels the public expects. This is evident in antiquated bridges (some old as 100 years) and main power systems (going on 80 years of service) on the Northeast corridor. Rail stations need improvement and accessibility to comply with ADA requirements, and Amtrak's aging fleet is due for major replacement.

The fiscal year 2012 budget proposes stable and sufficient resources to operate and maintain a safe and reliable rail system for the American public. First, we recognize that Amtrak provides important national connectivity and backbone systems such as ticket reservations upon which intercity passenger rail depends. The proposal provides dedicated funds to Amtrak for the near-term to continue foundational systems as well as develop integrated and improved high-speed and intercity passenger rail service.

Further, Amtrak's vital special services such as custodians of the intercity passenger rail equipment fleet and other publicly controlled assets and infrastructure require directed funds in the short-term. However, as ownership of rail equipment for Regional Express and Emerging High-Speed Rail Corridors mature and develop, that approach will be revisited and other service providers will compete for funds. In the area of new corridor development, Amtrak would be the lone recipient or partner with States. The key for Amtrak is that the competition be based upon a "level playing field" and that the corporation continues its progress in improving efficiency and responsiveness which will be essential in a competitive environment.

The fiscal year 2012 proposal builds on the paradigm of Federal rail investment created by PRIIA. Historically Federal investment in intercity passenger rail was a bilateral arrangement—FRA grants to Amtrak. Going forward, many different arrangements would be available to develop and operate intercity passenger rail. There will also be an important role for private capital investment as well. The transition has begun with the funding provided in ARRA and in fiscal year 2010. I am confident that Amtrak will continue to play an important and growing role in America's emerging high-speed intercity passenger rail program.

⁴ CIA World Factbook.

⁵ "Remarks by the President to the Nation on the BP Oil Spill." 15 June 2010.

SAFETY

FRA's backbone mission is safety. Together with the rail industry, FRA has made significant progress in changing what was once one of the most dangerous sectors to one of the safest. An independent study conducted as part of the fiscal year 2009 Annual Enforcement Report states that "the safety program as a whole, including the effects of civil penalties, is highly effective." However, when rail accidents do occur, they carry a high probability of risk to lives and communities. The budget proposes safety funding and programs that build upon existing approaches to prevent accidents and reduce potential injuries.

The most significant element of our new strategies is the risk reduction program (RRP). We are supplementing our existing regulatory and inspection system with a new focus on the precursors of accidents and incidents. FRA's RRP is an FRA-led industry wide initiative which builds strong safety cultures by addressing systemic contributive factors using "upstream" predictive data. This system is most effective with a range of programs such as confidential close call reporting system, peer-to-peer coaching, management development systems and collision hazard analysis currently in place on some commuter railroads.

FRA's Office of Safety and Office of Research and Development have been collaborating on the development of new metrics, such as the Track Quality Index, that address trends in safety-sensitive infrastructure and equipment and identifies those precursors needing monitoring. Those offices are also developing technologies such as the autonomous track geometry system, the joint bar inspection system, and guided wave rail flaw detection that will permit FRA and the rail industry to more closely monitor infrastructure and equipment to prevent accidents before they occur.

MOVING FORWARD

The new strategies that FRA is pursuing require not just more resources but different skills and abilities to build upon our traditional safety program. Our staffing request focuses on additional safety and safety-related research and development personnel. Specifically, it includes an increase of 83 full-time equivalents including 24 for the high-speed rail program. The proposal also gives FRA the authority to use program funds for FRA's costs related project implementation and oversight. Ultimately, FRA's assistance programs will closely mirror familiar Federal Highway and Federal Transit Administration programs. These resources are essential for FRA to continue successful implementation of our new mission.

Despite the challenges FRA has faced, I am proud of the job FRA has done. The Government Accountability Office's (GAO) recent report: Intercity Passenger Rail: Recording Clearer Reasons for Award Decisions Would Improve Otherwise Good Grantmaking Practices praised FRA's merit-based practices in identifying projects and awarding grants and particularly called FRA a top agency for communicating critical information on the competitive high-speed intercity passenger rail program. Conversely, GAO's suggestions for improvement will be incorporated into the grant making process. Coming from an independent source such as GAO, I still see this as validation of the efforts of a small agency that just 5 years ago had only \$30 million in discretionary grants.

WHERE WE'RE HEADED—WINNING THE FUTURE

The President's fiscal year 2012 budget and bold vision to invest in high-speed rail is important not only for folks hoping for another option, but for our children and their children who will need one. One of the projects funded by ARRA is the replacement of a nearly 100-year-old bridge over the Pattagansett River near East Lyme, Connecticut. It has been a vital link for Amtrak and travelers through seven wars, 19 Presidents, and numerous cycles of our economy. That bridge was an investment by our great grandparents' generation and helped America develop the greatest economy and transportation system in the world.

The challenge today is for us to recognize—as our forefathers did—that even in uncertain times, we must invest in our infrastructure to ensure we meet the transportation needs of the future. A long-term commitment to developing high-speed intercity passenger rail will pay significant dividends for our children and grandchildren. We must be willing to make this investment to win the future.

Senator MURRAY. Thank you very much.
Mr. Boardman.

NATIONAL RAILROAD PASSENGER CORPORATION
(AMTRAK)

**STATEMENT OF HON. JOSEPH H. BOARDMAN, PRESIDENT AND CHIEF
EXECUTIVE OFFICER**

**ACCOMPANIED BY JOHN O'CONNOR, VICE PRESIDENT AND CHIEF OF
POLICE, AMTRAK POLICE DEPARTMENT**

Mr. BOARDMAN. Thank you. Good morning, Senator Murray, Senator Collins, and Senator Lautenberg.

Before I get into the 2012 funding need, I would like to take just a second to discuss some of the revelations that have come in the wake of Osama bin Laden's demise.

We have worked closely with both domestic security organizations and foreign rail organizations. The European network of Railway Police Forces (RAILPOL), for example, has been created, and I have our Vice President and Chief of Police John O'Connor with us today, who has taken an active role in making sure that we are keeping an eye on what is happening not only in this country, but in Europe, in terms of the way that this is being investigated.

We are most concerned with the possibility of an external attack on a train at a vulnerable point, whether that be a bridge or a tunnel, and we are seeking as best we can, in cooperation with DHS and TSA, additional support to find warning and detection systems that would help us in the event of such an attack.

The Administrator talked a little bit about his program, and there is a large part of his program that involves development. And if you look at some of the technology that is available today, adopting that, extending it, and using it for the future, we think, has real possibilities for us.

I think it is important to really think about what we are really threatened with, rather than some of the other ideas that have been expressed. And what we are really looking at today is ridership that has increased month-over-month for the last 18 months in Amtrak. We see people flocking back to using rail. And as Senator Lautenberg talked about, there is standing room only in many, many of our trains today. Our ridership has grown 36 percent since 2000, and last week the DOT awarded us a \$450 million grant to improve speeds on our Northeast corridor, a line through New Jersey. And the Senator already asked me this morning when that was going to be done, and I do not have that schedule yet, Senator. That improvement will be one of the steps in recognizing for the future our vision for a greatly improved Northeast corridor service that was talked about this morning.

For fiscal year 2012, Amtrak has asked for a total of \$2.22 billion, divided into \$616 million to support our operations, \$1.285 billion for capital programs, and \$271 million for debt service, as we are working hard on debt, as you have already recognized. With the exception of about \$50 million in funding we requested for the

Northeast corridor Gateway Project in New York, and the additional debt service money to buy out leases, these are levels that are authorized by the Passenger Rail Investment and Improvement Act of 2008.

We have detailed many of our major programs in the written portion of our testimony, and we have just updated the fleet plan. We placed orders for new electric locomotives and single-level long-distance cars. We need to add capacity to the Acela services; we expect to be able to add 40 cars to the existing 20 Acela passenger service vehicles. This investment will generate for us about \$100 million of additional revenue once we deploy it. We plan to begin that procurement with these cars in fiscal year 2012.

Amtrak has focused heavily on controlling its costs. We have cut our debt level from \$4 billion to \$1.8 billion, as has already been mentioned. We are the most cost-efficient passenger railroad in America, covering 85 percent of our total operating costs from revenue, of which 76 percent is generated through ticket sales.

We are improving how we are doing our work with point-of-sale solutions on our trains, with e-ticketing, with Wi-Fi on the Acela trains, which in and of itself increased an incremental 1.5 percent improvement in our ridership, translating into 47,000 riders and \$6.5 million of incremental revenues in 2011.

PREPARED STATEMENT

I understand, as Amtrak understands, there will be difficult fiscal choices for you to make. As you know, continued capital funding will allow us to reduce or eliminate problems that translate into increased operating expenses. Over the long term, an effective capital investment program can translate into permanent reductions in expenses. I also look forward to questions.

[The statement follows:]

PREPARED STATEMENT OF HON. JOSEPH H. BOARDMAN

Good morning, Chairman Murray, Ranking Member Collins, and members of the subcommittee. On behalf of the Amtrak Board of Directors and the men and women of Amtrak, I'm pleased to have the opportunity to come before the subcommittee today to discuss our fiscal year 2012 funding request. To start with, I have some very good news to report: Amtrak has just finished 18 straight months of year-over-year ridership growth. This was our best April ever, and we're on track to set another annual ridership record. This is part of a long-term trend we've seen since 2000 of growth in demand for our services, and many of our individual services are likewise setting records and seeing similar trends of growth—the Downeaster service in Maine, for example, just finished its best April ever in terms of ridership and revenue.

Systemwide, our ridership has grown more than 36 percent since 2000, and I expect that trend to continue—and if gas prices continue to rise, to accelerate; our only restriction will be the available capacity. Last year, we carried more than 28.7 million people. Of those, about 10.4 million rode Northeast corridor (NEC) trains, and 13.8 million rode other short-distance corridor, many of them in California, whose three corridor services carried about 5.2 million riders. Our 15 long-distance trains, which carried more than 4.5 million riders, are the only Amtrak service in 23 States and at 223 of the 516 stations we serve. They provide an important service to passengers with disabilities who travel on long-distance trains at a proportionally higher rate than the other services; 42 percent of the passengers with disabilities who took an Amtrak train in 2010 traveled on one of those 15 trains.

Amtrak plays an important role as a provider of rural transportation services, which has become increasingly important as bus and air services to rural areas contract. The Bureau of Transportation Statistics estimates that almost 16 percent of Americans enjoy access to only 1 of 3 intercity transportation modes (train, bus, or

airplane), and bus routes today serve 12 percent fewer rural residents than they did in 2005. About 152 of Amtrak's stations serve rural communities, many of which have no intercity bus service.

To sustain this system, Amtrak has asked for a total of \$2.22 billion in fiscal year 2012, divided into \$616 million to support our operations, \$1.285 billion for capital programs, and \$271 million for debt service. With the exception of the \$50 million in funding we've requested for our NEC Gateway project in New York, and some additional debt service money to buy out leases, these levels are those authorized by the Passenger Rail Investment and Improvement Act of 2008. The administration has proposed a considerably higher number, totaling more than \$53 billion over a 6-year period. As Secretary LaHood recently testified, this money would both preserve the existing system and continue construction on a national high-speed rail network. Their plan will level the playing field, funding high-speed rail in a manner similar to the way other modes such as aviation and highways have been funded for decades. The administration's proposal will simultaneously help to fund Amtrak's state-of-good-repair needs, and it will go a long way toward advancing the goal of making passenger rail more accessible to more Americans.

These are major needs, and Amtrak strongly supports this effort to invest in transportation modes that provide Americans alternatives to congested highways and airports. We detailed some of the major programs in our grant request, which we submitted in February. Foremost among the needs we have identified are rolling stock replacement and capacity development. We have just published an update to our fleet plan, which identifies some of our major equipment needs, and we have placed orders for new electric locomotives and single level, long-distance cars to replace the aging Heritage Fleet that we inherited from predecessor railroads.

As an interim measure, we have used American Recovery and Reinvestment Act of 2009 funding wisely to return stored cars and diesel locomotives to service. A total of about 60 Amfleet cars (enough for 11 NEC trains) and 15 locomotives, as well as 21 Superliner cars, were put back to work after rebuilding at our shops in Bear, Delaware and Beech Grove, Indiana. This equipment has eased the strain on a fleet that's aging and hard-run and has helped us to expand capacity on our heavily patronized Northeast Regional trains. We would like to expand capacity on our Acela Express trains, but to do so will require the addition of 40 cars to the fleet. We plan to begin the procurement of these cars in fiscal year 2012.

Amtrak is also working to realize our vision for high-speed rail in the Northeast. We recently unveiled our vision for "next-generation" high-speed rail in the NEC, and we announced our plans for the "NEC Gateway" into New York in January. Our grant request included a specific request for \$50 million in funding to begin this project, and we are also actively pursuing High-Speed Intercity Passenger Rail Program (HSIPR) grant funding from the Federal Railroad Administration for components of the project. We are working closely with States to pursue projects that will improve existing services. The States of Washington and Oregon have received about \$590 million in HSIPR grant funding to improve the Cascades route, lay the groundwork for faster service, and make immediate improvements in service reliability, route capacity, on-time performance, and trip times. Maine has received a \$35 million grant to restore 30 miles of track and extend the Downeaster service to Brunswick and Freeport. In addition to these ongoing projects, Amtrak has partnered with Maine, Oregon, and Washington, among others, to seek additional grant funding under the HSIPR program. Last month, we supported applications for \$62 million to add double track on portions of the Downeaster route. We also supported a series of applications for more than \$105 million in funding to replace aging bridges, eliminate bottlenecks, and add equipment to the Cascades service.

Amtrak is focusing heavily on cost-effectiveness, and projects like these will sustain the system, reduce operating costs, and generate additional revenues. We've made significant progress in paying down our debt, cutting our debt level in half, from \$4 billion in 2002 to \$1.8 billion today. Amtrak reduced its debt by \$850 million in fiscal year 2010 alone, and we have addressed recent audit findings to improve our financial controls and accountability. We're in the process of launching a new financial accounting system, and I expect that this will help us greatly in our ongoing efforts to improve accountability and management procedures.

Amtrak is already the most cost-efficient passenger railroad in America, generating 76 percent of its operating need out of the farebox and covering more than 85 percent of its total operating costs from revenues. We are working constantly to find solutions that will generate more revenue from each person-hour worked. For example, we are developing electronic "point-of-sale" solutions for our on-board environment that will replace the time-consuming and costly process of manually tracking stock in every café and dining car on every trip with a system that will automatically track sales and allow our workforce to focus instead on selling food. Simi-

larly, we are in the process of implementing an e-ticketing system that will deliver a real-time manifest and ultimately replace the traditional conductor's ticket punch with a handheld "smart phone" device to lift tickets electronically. The first phase of this system went into operation on the Auto-Train, where we use gate check-in, in February, and it is already providing us with improved customer service and manifest information. We expect to extend testing with the conductor handheld to the Downeaster service this month, followed by the Capitol Corridor in California. The program, which should be complete by the end of fiscal year 2012, will greatly improve our manifest system, make ticketing easier, and allow better customer service and reduced costs.

Wi-Fi on our Acela trains, which we introduced in fiscal year 2010, is another such success. Conservatively we estimate Wi-Fi has delivered an incremental 1.5 percent improvement in Acela ridership, which translates into 47,000 riders and \$6.5 million in incremental revenues in fiscal year 2011. In fiscal year 2012, we expect incremental ridership and revenue from Acela Wi-Fi to grow to 63,000 and \$8.6 million, respectively. Given this proven success, and working with our State partners, Amtrak is now in the process of extending Wi-Fi to our eastern and western corridor services this year. In fiscal year 2012, these new offerings are expected to generate an additional \$13.7 million in ticket revenue while simultaneously adding more than 250,000 additional riders (the exact number is 280,400).

Solutions like these are dependent on capital funding, but have proven themselves capable of raising revenues and improving our cost recovery rate. Similarly, the process of replacing outdated infrastructure can reduce maintenance and operating expenses, and for that reason, we're seeking every penny we can get so that we can continue to develop a more cost-efficient and effective operation.

I understand that there will be some difficult choices this year and in the coming years with regard to Federal spending and the budget deficit. Amtrak recognizes the funding challenges and will continue to provide financial transparency for all of our programs so that the Congress and our stakeholders have the information they need regarding the way in which we are expending federally appropriated funds. As you can appreciate, continued capital funding will allow us to reduce or eliminate problems that translate in turn into higher levels of operating expense. Over the long term, an effective investment in capital can translate into a permanent reduction in expenses, and I hope the subcommittee members will consider this carefully as they discuss our proposed funding levels in coming months.

Thank you and I welcome the opportunity to answer your questions.

Senator MURRAY. Thank you very much.

RAIL SECURITY AND TERRORIST THREATS

As has been mentioned a number of times now, we have discovered credible and specific documentation about al Qaeda's interest in launching an attack against our national rail network from information that was gathered at Osama bin Laden's compound. That information strongly suggests the administration become more diligent in recognizing rail transportation as a potential target, and we have got to take some active steps to secure our passengers and hazardous materials in particular.

Mr. Boardman, can you please comment on the steps you are taking to protect your passengers, your partnership with DHS, and what financial support they provide to assist the corporation with its homeland security mission?

Mr. BOARDMAN. Yes, ma'am. We have a very strong partnership with DHS and TSA. My vice president for security and chief of police has almost a daily conversation with TSA staff in terms of what we can work together to do.

Security grants since 2005 total almost \$200 million, and we have used those for infrastructure protection—for bridges, for example—and also to expand our K-9 program. Our K-9 program has grown from about 23 animals and handlers to 47 today, and we believe that we are probably the best in the United States with both vapor wake dogs and with determining or detecting impro-

vised explosive device (IED) explosives. Even in one of our recent competitions, our dogs and team handlers came in first, third, and fourth across the country in terms of our ability. We have the ability to train—and we do—every single day to stay at a high level of readiness with those animals and with their handlers.

OFFICE OF INSPECTOR GENERAL

We have increased our patrols. We have had a public outreach program and worked diligently with DHS and the Secretary on “See Something, Say Something.” We have a Regional Alliance Including Local, State, and Federal Efforts (RAILSAFE) program, which really is a multistate and multi-agency effort to immediately mobilize and provide assistance from all of the community resources that are available for security and enforcement. We have been able to demonstrate our ability to set that up in a very short period of time, as a matter of fact.

We were able to help Alabama with our own mobile command post, and our employees in Hackleburg, Alabama, by providing them with assistance during the recent tornado, and we have an entire team of Amtrak police and security folks that provided that assistance.

We work with the TSA on regular screenings on an irregular basis, and we are proposing today and looking at an inspector right-of-way patrol, some of the visible intermodal prevention and response (VIPR) operations, maybe even some air support on things that we are trying to provide across the country.

The no-ride list issue is a very difficult one for everybody to deal with, especially in railroads. Railroad security is very different than aviation security in the sense of the access there is, even on the Northeast corridor. So often we talk about Amtrak ridership nationally being 28 million, but every day we handle in the neighborhood of 600,000 to 700,000 commuters on the Northeast corridor, using most of the facilities that we operate, handle, manage, and control. So we are well into the millions of ridership that depend on Amtrak’s ability to do that job.

Senator MURRAY. What about additional security checks?

Mr. BOARDMAN. Pardon me?

Senator MURRAY. What about additional security checks?

Mr. BOARDMAN. Additional security checks?

Senator MURRAY. Yes.

Mr. BOARDMAN. We have worked with especially the New York City police agencies to make those additional checks at Penn Station, and also up and down the corridor—we have many of our VIPR teams providing that.

COLLABORATION WITH OTHER SECURITY FORCES

Senator MURRAY. Mr. Szabo, do you want to comment on FRA’s collaboration with Homeland Security?

Mr. SZABO. Well, I think that President Boardman did a great job articulating it from an Amtrak perspective.

From an FRA perspective, we talk at least weekly with TSA, who has primary jurisdiction here—more often if necessary. We meet with them at least quarterly, more often if necessary, to ensure that we have the proper level of coordination. We are deeply in-

volved in the inspection and implementation of programs to protect hazardous material shipments and work very closely with TSA on that.

I think one of the most important things we can do for the future is to ensure that we have appropriate funding for research and development (R&D). There is quite a bit that we can do through enhanced technology to make sure that there is no interference with the railroad right-of-way, to make sure that both passenger trains, as well as freight trains, are properly protected. We have got some R&D underway that I think would be helpful on this as far as rail detection in real time. But ensuring that programs like that, technologies like that move forward would be very important.

We do require and regularly inspect both the rail carriers' and the shippers' plans for their personnel security, what guarantees they have to prevent unauthorized access to the property and their en route security plans.

Senator MURRAY. Well, I appreciate the comments from both of you. I want to reiterate that rail security going forward is going to be very important. As both of you know, and we all know, long before potential plots were uncovered in Osama bin Laden's compound, security officials have been warning the United States that our railways were potential terrorist targets. They did that, in part, because we had seen attacks abroad, but also because there were failed attacks on our surface transportation systems here at home.

The Congress passed the 9/11 Commission Implementation Act which required TSA to address a variety of surface transportation security issues, including passenger rail and mass transit. But unfortunately, there are many unfilled requirements of the act that are of concern. TSA developed several risk assessments to address rail and other public transportation at high risk of attack, but they have not done a comprehensive risk assessment of all modes of transportation. And I am concerned that TSA's security strategy for freight rail focuses almost exclusively on rail shipments of toxic inhalation hazards, despite other assessments that have identified potential security targets, such as tunnels and bridges.

So despite nearly doubling TSA's surface transportation security budget, these issues do remain unaddressed and unanswered. In fact, a Wall Street Journal article recently pointed out the fact that for every \$50 TSA spends on aviation security, the agency budgets \$1 to protect surface transportation.

Now, I realize that these issues are not solely under the jurisdiction of our witnesses today, but I do feel that they are very critical issues moving forward, and I want to work with my friend and colleague, Sue Collins—she and I wrote the Port Security Act—and move forward on that. And I think that is very important, that we really focus on this as we move forward, and I look forward to working with anyone who will work with us again to do that.

Thank you very much. And I will turn it over to Senator Collins. Senator COLLINS. Thank you.

AMTRAK RESPONSE TO AL QAEDA TERROR THREAT

Mr. Boardman, let me just follow up on the chairman's questions. You mentioned—and you are exactly right—that it is far more challenging to deal with train security than air security. Air secu-

urity—you can vet every passenger. The plane is presumably out of danger during the transit if there has been appropriate screening of passengers and baggage and other freight. But trains can be vulnerable every step of the journey.

So my question to you, without asking you to disclose classified information, is: When you received the joint intelligence bulletin about the data that was confiscated in bin Laden's compound, what specific additional steps did you take to improve rail security for Amtrak? You talked about inspections and K-9 use, but those have been around for some time. What additional measures did you put in place in response to this intelligence?

Mr. BOARDMAN. I think the answer to that is that we needed to think about how this may happen and where it might happen, for example. And you have already pointed out that it could happen anywhere. It could happen anywhere across the country.

So one of the things I looked at, being the former FRA Administrator, was to look at what does FRA and what does the industry have on its plate, and looking at development of the detection devices that we might be able to employ, using work already done by the FRA and industry. FRA, as was pointed out earlier, has been primarily a safety organization, and works on rail flaw detection to see where there might be a potential for a derailment based on some flaw in the rails that exist.

But the technology began to come forward with ultrasonic testing and laser-based projection of that technology to see ahead of a train, to see how far ahead we could investigate whether a rail had the ability to sustain the train, and maybe even if you are looking ahead and looking at the gauge of the track, whether there was any widening of the gauge or narrowing of the gauge in some fashion. So the first real step was to think about what it was that we could do for the future to detect it through technology. And there is some potential.

Right now, the way they are looking at it, though, is at speeds of 40 miles an hour. That is okay for freight, but it is not okay for passenger, especially for our very high-speed rail. There needs to be an improvement in that. There is not funding there to do that, and whether the capability is there or not, investigation funding needs to happen to see us improve that technology.

The second thing was that we needed more right-of-way patrols that we could look at and find whether there was any difficulty at vulnerable locations. There have been studies in the past done to identify vulnerable infrastructure, at least in many places early on. After 9/11, we began to look and catalog what those vulnerable locations are so that there would be an increase in the number of patrols. Some of that has occurred. More of it needs to happen. We are working with TSA and DHS to find a better way to do that as well.

PARTNERING WITH STATE AND LOCAL LAW ENFORCEMENT

Senator COLLINS. One of the lessons that we have learned in the Homeland Security Committee is the importance of the partnership among all levels of government, and it occurs to me that given the challenge you face, in addition to looking to technology, maybe we should look at some sort of program like Operation Stonegarden,

which DHS has, where the Border Patrol works with State, county, and local law enforcement to do patrols along the border. Because Federal officials, Federal law enforcement, Homeland Security, Amtrak officials, cannot be everywhere. It is simply impossible. But if in fact you tap into State, local and county law enforcement, it really is a force multiplier, and the Operation Stonegarden program has worked very well in that regard.

So I would be interested in your taking a look at whether we should create some sort of similar program for training security where you can work in partnership with State, local, and county officials to do some of those patrols along your railways. I think that would be a way to expand coverage in an economical way. The partnership is absolutely essential if we are going to increase the security of our country, no matter the mode of transportation.

Mr. BOARDMAN. May I respond?

Senator COLLINS. Yes, please.

Mr. BOARDMAN. I absolutely agree with you and I think a few years ago, Amtrak had lost its way in terms of what it was going to do for security. We now have a direction of a very strong relationship in community policing that begins or helps with the kind of thing that you are talking about, and we do that with RAILS SAFE.

The one caveat—and I am sure you already recognize this—is we have to be careful with having untrained people in any kind of right-of-way along the railroad because of the danger that is involved. Even our own folks have lost their lives because of how quick a train is upon somebody.

So, yes, I agree with what you are saying. Yes, I think we can do better and do something different, and I will talk to our staff about doing that. But it needs to be people that are knowledgeable about the environment they are in.

Senator COLLINS. Thank you.

Senator MURRAY. Senator Lautenberg.

Senator LAUTENBERG. Thank you each for the work that you do and the leadership that you provide in your respective departments. We see really good progress being made.

FUNDING FOR RAIL SECURITY

However, it is not enough. This is not a discredit to you. It is the fact that we are not devoting enough energy, enough funding, and enough attention to what the circumstances are with rail. Last year, we saw 700 million airline passenger trips on airlines, 10 billion on transit and rail trips, and yet we spend 98 percent of our money on aviation security and 2 percent on rail security. And we know the risks are real. I mean, if we look at the experience of Madrid, London, Moscow, and Mumbai, we know that these are soft points for terrorists, and that is confirmed, obviously, by the information obtained as a result of the Osama bin Laden information that has come out.

So we have got a job to do, and it is frustrating, and I am sure you feel it as we do here. Why is this subject overwhelming and not a place that we have to battle to get basic funding for these projects? The George Washington Bridge was built during the De-

pression. Jobs, and improvement in the future—and that is what we are looking about.

Now, when we talk about the population growth that might come in 30 or 40 years, when I get there, I want to feel that we can travel with ease. So I would like that word of cooperation from you. Say: Frank, 40 years from now, when that population growth includes you, you will be able to move around.

HIGH-SPEED RAIL INVESTMENTS IN THE NORTHEAST CORRIDOR

But apart from that attempt at humor, I commend the administration for recognizing the importance of the Northeast corridor by awarding Amtrak nearly \$500 million in high-speed rail funds to upgrade the corridor in New Jersey. And I ask specifically, Mr. Szabo, how will these funds, like the Gateway Tunnel, help advance the President's national high-speed rail plan?

Mr. SZABO. It is about making those improvements that really do three things: reduce trip times, improve reliability, and provide for additional capacity. The improvements that were announced last week, particularly those investments in the power supply in the catenary, do all three. They have been a source of reliability problems historically. So we will help fix that problem. The new catenary is going to allow for top-end speeds up to 160 miles per hour. And so with that, it is reducing trip times. And the ability to expand utilization of the Northeast corridor has historically been hindered because of the power supply. So it provides that additional power that will allow for future enhancements.

I think it has to be viewed as, these are only first steps, but they are very, very important steps that do those three things: improve reliability, reduce trip times, and provide for additional capacity.

Senator LAUTENBERG. Mr. Boardman, Amtrak included \$50 million for the Gateway Tunnel project in its budget request for next year. What will be the impairment of these ideas to the ability to develop a more reliable, higher-speed system? What will be the impairment if we do not build that Gateway Tunnel?

Mr. BOARDMAN. I think we are out of capacity in the Northeast corridor. We cannot add, especially in Penn Station. So we have tunnels. We have signals and approaches. We have power. We have nowhere to put the New Jersey Transit trains, for example, that come into Penn Station. Whereas the Long Island Railroad trains come in and go to the west side yard and get out of the way, we do not have an ability to find a place to put the New Jersey Transit trains. So capacity is really beginning to constrain the ability to add service, and then the fluidity of high-speed service. If we are really going to have high-speed service that works so we have 3 hours between Boston and Washington, DC, we need not to have New York be any more of a bottleneck than it already is.

Senator LAUTENBERG. So that is a key item in the development of the high-speed system.

Mr. BOARDMAN. Absolutely critical.

Senator LAUTENBERG. Without question, a tunnel is essential.

Mr. BOARDMAN. Yes.

Senator LAUTENBERG. You know, we have had a few attempts at other designs and so forth, but this one, in this early stage, looks like it really fills the bill, will permit more Amtrak trains to get

through on an hourly basis and improve the transit business, the transit opportunities as well.

Mr. BOARDMAN. We all work together.

Senator LAUTENBERG. Thank you, Madam Chairman. I assume that we will have an opportunity to submit questions for the record.

Senator MURRAY. Yes, you will have an opportunity to submit questions. Any member will. Thank you very much.

HIGH-SPEED RAIL GRANT SELECTION CRITERIA

I know that FRA has done extensive work to develop a commercial feasibility study for high-speed rail development, a strategic plan, and a progress report on the national rail plan. And as GAO reported recently, you have done a good job of developing clear application criteria and a merit-based review process for high-speed rail grants.

At this point, the Congress is looking for more detailed information about the designated corridors, regional services, and emerging routes you have identified. For example, we want to know, where does it make sense to focus investment in the short and long term? What it will cost in terms of initial capital and operations and maintenance? And what are the tangible benefits that we achieve with these investments.

Mr. Szabo, when will you have answers for this subcommittee on questions like that?

Mr. SZABO. First off, let me say this. We were very pleased with the GAO report backing up to that. It was the first time in more than a decade that the term "good" has been used in a title of a GAO report. It happens once for every 12,000 reports that they issue. So we appreciate the fact that the vast majority of that report was complimentary in our selection process.

You made a statement in your opening address which is imperative, and that is that we show that these corridors make economic sense. We absolutely have to provide the business case that shows we are not simply building high-speed rail just to build high-speed rail, but in fact that we are selecting corridors that make sense from both an economic standpoint, public benefit standpoint, as well as a transportation standpoint.

We are in the process now of putting together both what I would call a broader business case that will analyze and quantify the broad benefits of high-speed rail for the Nation, and then as a second component of that, building the business case on the individual high-speed rail projects for the corridors. We intend to have information out to you in the next couple of months.

Senator MURRAY. In the next couple months. The budget is not going to get any better, and we need to be able to show exactly what we are doing and why. So if we can get that sooner rather than later and have a clear idea of how you evaluate the public benefit for us and what those investments need to be, we will need this as we put this budget together.

STATE SUPPORT FOR HIGH-SPEED RAIL INVESTMENTS

The high-speed and intercity rail grants that have been awarded so far have largely supported capital projects. Obviously, there are

costs associated with operating new rail services. One of the reasons that Florida and Ohio pulled out of the program was due to concerns by the newly elected Governors about the life-cycle costs for operations and maintenance and services.

Can you tell us how FRA is ensuring that States will be capable of sustaining services from those investments?

Mr. SZABO. Yes. First off, I think it is important to note, while there is a lot of chatter about the fact that three States chose to pull out, one of them chose to get back in and apply again, No. 1. And more important than that, 32 States and the District of Columbia and Amtrak continue to move forward with projects. So the vast majority of States in this Nation are choosing to move forward.

To your question, first off, there is an old saying that the more you capitalize, the less you have to subsidize relative to operations. By having modern infrastructure, modern equipment, and a good on-time performance and frequency of service, you can actually drive down the operating subsidy to the point where in many cases, if you choose the right markets, you can eliminate it entirely. I think the Northeast corridor is a great example there, that there is the appropriate level of service, frequency, and reliability that allows them to actually generate a net operating profit.

If you take a look at the President's fiscal year 2012 proposal, our budget proposal, we do propose in there transitional assistance for the States with the understanding that as some of these corridors go through their initial startup period, it does take a period of time to grow the ridership. And so we are, in fact, proposing in the 2012 budget this transitional help for the States, to be phased out over a period of time at the point that either they become self-sustainable or at least the State knowingly went in to a position that they would have to cover operating support because of other public benefits that they are receiving.

But that is a part of the application that we review from the States, their business plan, and they understand their commitment to have to cover the cost of operations should there be a deficit.

OVERTIME PAYMENTS TO AMTRAK EMPLOYEES

Senator MURRAY. Mr. Boardman, I wanted to ask you about some recent criticism about Amtrak for excessive overtime payments to some of its employees. As we try to put together a bill in this very tough environment, we need to know that every expense is justified. So I wanted to ask you today if you can explain why the corporation faces those expenses, or whether or not it is more cost-effective than increasing the workforce and what steps you are taking to manage those costs.

Mr. BOARDMAN. Thank you. Yes, ma'am.

The particular area of overtime costs is really on maintenance-of-way and the capital work that we are sustaining. It is not a new problem for Amtrak. It has been a series of problems over the years on being able to control that cost. It is very difficult to control initially because it requires 24 to 30 months of training for the people that are involved to do the work that is expected to be done.

It is difficult to do that planning—and I think it is part of what the Administrator was talking about on their proposal of having a

different way of giving Amtrak money for the future—on a 12-month timetable that we operate on for our capital program. For example, when we got the additional ARRA funds, one of the things that increased the overtime cost was the demand to get so much of that work done as quickly as it needed to get done.

But in terms of whether you hire more staff or not and take that couple of years to train them, the overtime is actually at a lower cost burden. In other words, there is about a 54 percent or so benefit package that goes along with full-time employees and then the overtime. That comes down to about 18 percent. And even though the numbers of overtime dollars look high—and they are—there actually would have been an overall higher cost if we would have been able to get people on board, train them, and get them working at that point in time. And then when the ARRA funding went away, we would have had to lay them off and we would not have gotten it done in the same period of time.

All that being said, we were not doing as good a job managing the overtime as we could have with the work rules that were available, even though those work rules in some cases are not very flexible for us and so the percentage of the amount of overtime paid as opposed to the percentage of straight-time paid was escalating beyond where it should be.

That has backed down now already with a focus on that. The Chief Financial Officer and the Chief Engineer have made great strides in making that happen. I know that has happened because the number of grievances has gone up among the workforce because of their concerns about having some of that overtime down.

Senator MURRAY. Thank you very much. I appreciate it.

Senator COLLINS.

Senator COLLINS. Thank you.

AMTRAK OPERATING LOSSES

Mr. Boardman, let me ask you a fundamental question. In your testimony, you noted that Amtrak has enjoyed 18 straight months of year-over-year ridership increases. Yet, as I noted in my opening statement, your projected deficit, your operating loss, for this year is actually projected to be worse than last year.

So reconcile this for me. I do not understand how you can be serving more passengers than ever before—and it is not just a quick blip. It is every month for the last 18 months. So that presumably means you are getting more revenue and fuller trains by everyone's experience. So how come you are losing more money?

Mr. BOARDMAN. It is a difficult thing to understand, but I think I can explain it pretty well. It is the long-distance trains, and it is almost entirely the long-distance trains. There are several reasons. Wages have gone up. The fuel costs have gone up. The expenses for us to operate those services have increased. While there has been an increase in both revenue and ridership on the long-distance trains, it is nowhere near what the increase in revenue and ridership has been on the Northeast corridor.

What makes it look even worse is we were able to, in the past, use some of the money that we received over and above the Northeast corridor revenues to offset and reduce the demand or need for long-distance train subsidy. Now it is more difficult because we are

actually executing a fleet plan and we are using the potential of the revenue that is coming from the Northeast corridor to go to pay for the debt costs on the 70 electric locomotives that we purchased, which means that there is a greater need again on the long-distance trains.

If the business model for long-distance trains does not work—and the pro-rail folks always shudder and worry and get very concerned when I talk like this. And that is part of what is necessary for this transparency, to understand that you are not going to cut costs far enough on the long-distance trains to make the long-distance trains profitable. We can cut costs. Food and beverage costs are continuing to be something we are focusing on to bring down.

There is a fairly significant cost today, about \$60 million, that we pay the freight railroads for on-time performance. That needs to be adjusted. The program does not work in every fashion and form the way we would like it to do.

So it becomes more a question of policy in the United States about whether we are going to have a border-to-border, coast-to-coast surface transportation connectivity in the United States. Forty-two percent of the disabled people that ride Amtrak ride the long-distance trains. The rural isolated are particularly dependent on the long-distance trains. And it is not just the long-distance trains. About \$180 million worth of subsidy is needed for the State-supported trains because we have not gotten back from the States yet the amount that was expected in the PRIIA legislation. So, on the corridors that they operate, some of them are part of the long-distance network and some of them operate independently. But it is that area where there is a low density that it is difficult to recover those kinds of costs.

Senator COLLINS. Would you consider recommending the termination of some of those long-distance routes that are unprofitable year after year?

Mr. BOARDMAN. They are all unprofitable. They are all unprofitable.

Senator COLLINS. Some are more unprofitable than others.

Mr. BOARDMAN. And as soon as we eliminate those, there will then be some that are more unprofitable than the remaining ones. It is kind of like the old story about if you live in a red house and people are coming to take away the people in the red house, the people in the yellow house do not care until they come for the people in the yellow house.

The fact is that my recommendation is we either run them or do not run them. But if you do not run them, the first-year cost—and this is a business decision—is a little more than \$1 billion because of the protections that are there for labor, but also putting away the equipment and protecting it and so on and so forth.

We bring a huge benefit economically to the rural portions of the United States by having a place that people can actually get on a surface transportation mode of service.

The FAA itself, the whole FAA is 50,000 people in the DOT out of 60,000. Fifty thousand people are paid for for the FAA for aviation, and about 33 percent of their salaries are covered back from the aviation industry. But because of the way that we are financed

or subsidized compared to other modes, it does not stick out like that where we have that kind of cost.

Senator COLLINS. I assume, therefore, that you are not a fan of former Pennsylvania Governor Ed Rendell's proposal to spin off the Northeast corridor into a separate public/private corporation because that would reduce the subsidy that you have available for those other lines. Is that an accurate—

Mr. BOARDMAN. I am not. British Rail, when they spun off, they went from about, let us say, \$1 billion a year to about \$7 billion a year in public subsidy by the time they were done. And I believe that you need a connected intercity passenger rail service in the United States.

Senator COLLINS. Thank you. I was not endorsing it. I was just soliciting the views of the witness.

Madam Chairman, I am participating in the Holocaust Remembrance Ceremony in the Capitol which begins very shortly, so I am going to excuse myself. Thank you for holding this hearing.

Senator MURRAY. You can submit all of your further questions for the record.

Senator COLLINS. Thank you.

Senator MURRAY. I just have a few more.

FUNDING FOR AMTRAK'S CAPITAL INVESTMENTS

Mr. Boardman, I really appreciate that Amtrak's new leadership has focused on strategic long-term capital planning. The fleet strategy is evidence of that. It describes how Amtrak will replace its railcars and locomotives, and I understand that Amtrak applied for a \$563 million loan from DOT to pay for those 70 electric locomotives back in October 2009. However, FRA and Amtrak have yet to finalize the loan agreement.

So, Mr. Szabo, can you explain why this process is taking so long, and when do we expect to have this agreement finalized?

Mr. SZABO. We are prohibited about talking about pending applications, but I will say this. We are incredibly close to having that closed.

Senator MURRAY. Incredibly close, okay.

Amtrak is requesting \$79 million to fund its fleet plan in fiscal year 2012, and of this, \$16 million is for the first four installments to purchase new Acela cars along the Northeast corridor. I understand this investment would result in sufficient revenue to repay the cost of procurement by 2018.

Mr. Boardman, why have you asked for a direct appropriation rather than a DOT loan for those Acela cars?

Mr. BOARDMAN. I do not remember. Hold on a minute.

It is a backup plan. If we do not receive the loan, then we need to get the money, but we need to move forward.

Senator MURRAY. Okay. So you are hoping that that is what happens at this point?

Mr. BOARDMAN. The application for the loan is not in yet, but we intend to.

THE FEDERAL ROLE IN THE NATIONS RAIL SYSTEM

Senator MURRAY. Mr. Szabo, at our hearing last year, you indicated one reason for the delay in the development of a national rail

plan was that the Congress shaped this program as a State-driven process, and the FRA's 2012 budget request argues that there should be a stronger Federal role in the development of rail infrastructure than the current statutory framework allows.

Can you define for us what an enhanced Federal authority means and how it would change FRA's relationship with the States?

Mr. SZABO. Think interstate system. Frankly, this is based on the feedback that we received from the States and from our partners over the past year—the past 18 months in implementing this brand new program. It will always continue to be a strong Federal-State partnership. It is going to have to continue to be a strong partnership.

But we believe, particularly when you start talking about the core express service—the top tier where you are talking 150 to 220 miles per hour, because this is going to be multiple States, more regionally based in most every case—there needs to be a stronger hand in the development of those segments of the high-speed rail network.

In addition, our experience in the past 18 months has shown us that States continue to need a much higher level of support from us than I think we first anticipated. A great example would be dealing with the freight rail industries who are the hosts, in many cases, for the emerging rail lines. They are national in scope, and so the States have been coming to us looking for a much stronger hand from FRA.

You know, we have got basically 70–80 years of experience with the U.S. DOT and State DOTs in building highways. We have now got about 24 months of experience in building high-speed rail corridors, and clearly there is a need for a stronger Federal hand.

POSITIVE TRAIN CONTROL

Senator MURRAY. I wanted to ask you about positive train control. The Rail Safety Improvement Act mandated it, and as we know, the GAO has been saying that delay risks completing the remaining steps necessary. Can you tell us where we are? Are we going to meet the 2015 deadline on positive train control?

Mr. SZABO. It is a statutory deadline, and FRA is absolutely committed to ensuring that that deadline is met. And we do believe that it is achievable. The implementation plans are in from all of the carriers. Particularly for the class 1s, they are very, very strong. There is no question it is an aggressive timeline and that everything must fall into place—

Senator MURRAY. You are not proposing any changes to—

Mr. SZABO. We are not. We are not. Now, there is a more significant challenge for the commuters than there is for the class 1s. But, no, we believe the deadline can and should be met.

AMTRAK COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

Senator MURRAY. Mr. Boardman, I wanted to ask you about American with Disabilities Act (ADA) compliance. Can you explain to us what challenges you have been encountering and how those will affect Amtrak's ability to meet the ADA compliance targets?

Mr. BOARDMAN. I think the challenge, Senator, was first to understand what needed to be done, who owned the station, whether we could get agreement from either the local community or the freight railroad or both to get whatever it was that was necessary for that particular station done. All that was a bigger challenge than we ever really expected across the country, with the number of stations that we were dealing with, well into the hundreds—400-some-odd stations.

But we are now making real progress, we believe, in terms of making that happen. And yes, because of that progress, we are going to meet, at least in the spirit of what needs to be done, our responsibilities for ADA.

Senator MURRAY. Okay, thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

I do have additional questions I will submit for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. JOSEPH C. SZABO

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

ROLLING STOCK

Question. How can this funding help bring railcar and manufacturing jobs to Illinois? What actions is the Federal Railroad Administration (FRA) taking to help bring manufacturing jobs to the United States to build new passenger rail rolling stock?

Answer. The Department of Transportation (DOT) is committed to expanding economic activity and the jobs across the country including Illinois. This is a core part of our High-Speed Intercity Passenger Rail Program. In fact, the track work that was undertaken this summer between Chicago and St. Louis created a significant number of jobs in Illinois. While construction jobs are the most visible, new jobs are also created at manufacturers through supply orders; for example, track components for the project were made at the Nor-Trak plant in Decatur, Illinois. To date the Congress has committed more than \$10 billion to developing high-speed rail. That Federal investment means many new orders and jobs at suppliers across the country, even in areas that will not see new service immediately. On the Illinois project alone, supplies have been produced in Arizona, Colorado, Nebraska, Nevada, Texas, Arkansas, and Missouri.

With respect to passenger cars and locomotives, DOT and FRA are actively supporting the Administration's goal to rebuild domestic passenger equipment manufacturing under three initiatives:

- Development of standard designs for the equipment so that it can be used in emerging high-speed corridors nationwide. This will reduce unit costs, improve maintenance and provide a significant degree of flexibility to the States and Amtrak;
- Creation of a large enough order of a single-equipment design that it will attract the interest of manufacturers and create the critical mass necessary to stand-up the necessary domestic manufacturing facilities; and
- Establishment of a strong Buy America program that will assure the equipment and its components are manufactured in the United States, not just assembled here. We will be working with the Department of Commerce's Manufacturing Extension Program to identify U.S. companies that can make components and subcomponents for the trains of the future. Not only does this provide jobs in the short-term, it helps provide U.S.-based manufacturers with the incentive to build upon prior equipment designs that can then result in equipment that meet both domestic and international market needs.

Year to date tangible achievements include:

- The Section 305 Committee, which is comprised of Amtrak, the States, and FRA, has already developed standard designs for passenger equipment.

- FRA grants to California and Illinois are expected to result in the largest order of new intercity passenger rail equipment in a generation.
- The solicitation of proposals and contract awards for this equipment will incorporate FRA's aggressive new Buy America standards.

AIR QUALITY—UNION STATION AND DIESEL EMISSIONS

Question. What are your thoughts about creating a way for Amtrak some other entity to make a pool of trainsets and then allowing States to lease the equipment rather than have to purchase and maintain the equipment themselves?

Answer. FRA is very interested in this concept and is exploring it within the context of the Next Generation Corridor Train Equipment Pool Committee established by Section 305 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). FRA also awarded over \$200 million in High-Speed Intercity Passenger Rail Program grants to Illinois to purchase rail cars and locomotives for a Midwest equipment pool. FRA requires a final equipment ownership, management, and maintenance plan to be developed by August 2012 that will address issues related to a multi-State equipment pool, in addition to many other issues. This plan will be developed by California, Illinois, Michigan, Missouri, and Washington, in collaboration with the PRIIA Section 305 Committee, and submitted to the FRA for prior review and approval.

Question. Administrator Szabo, what can FRA do to help improve the diesel emissions of passenger trains?

Answer. The Environmental Protection Agency regulates the emissions from diesel locomotives, with progressively more stringent standards applying to locomotives newly manufactured or remanufactured after 2004 (tier 2), 2011 (tier 3), and 2014 (tier 4). FRA oversees and manages rail financial assistance programs available to States and passenger rail operators for investing in new technologies and systems such as modern and more environmentally sound locomotives.

In addition, FRA's Research and Development Program is actively funding research to develop technologies to reduce diesel fuel emissions. Among those initiatives are:

- Development of battery-powered locomotives;
- Addressing improvements in clean energy storage such as advanced battery and super capacitor designs; and
- Use of biodiesel that reduces certain types of emission.

Finally, FRA's Office of Safety is involved with Metra's working groups that are working to identify and address means of reducing the worker and public exposures to diesel exhaust in the Chicago union station environment.

QUESTIONS SUBMITTED TO HON. JOSEPH H. BOARDMAN

QUESTION SUBMITTED BY SENATOR PATTY MURRAY

Question. As you know, the fiscal year 2010 conference agreement provided \$3 million for Amtrak to deploy and study the use of human emulation technology on the Amtrak Web site. The subcommittee and the Congress agreed this technology had the potential to reduce Amtrak's operating costs, improve customer service over the telephone and online, and to provide consumers with better feedback through voice, text and page navigation support, as has been the case with deployment of such technology on private sector, transportation booking Web sites, among others. Furthermore, Amtrak was directed to provide a comprehensive report to the House and Senate Committees on Appropriations an evaluation of the impact of the utilization of such technology in achieving cost savings, and improving customer service and overall utilization. The deadline for this report is December 16, 2011. The subcommittee is aware that Amtrak has initiated a request for information (RFI), thus, beginning this process, however, I am concerned that Amtrak is in danger of missing the deadline set for this report. Therefore, I want to take this opportunity to reiterate the subcommittee's interest in this subject and request that Amtrak provide me with a specific timeline for consideration of such technology improvements to the Amtrak Web site.

Answer. Human emulation technology (HET) allows users to query an automated system to answer questions and/or provide issue resolution. It engages users through natural language dialog and has intelligence to understand a question and determine the correct answer with a high degree of accuracy. The system can deliver this cost savings by answering questions through automated systems and reducing call volume.

Amtrak's exposure to this technology dates back to November 2007. Though still an emerging technology, HET suppliers suggested it could deliver a more satisfactory experience for the online customer than the current Web site search engine. However, internal research conducted at that time surfaced limitations including prohibitive costs, unknown benefits and an immature, untested technology. As a result, Amtrak initially deferred exploration of HET.

In August 2010, Amtrak found that the technology had matured and undertook a 5-month pilot program with an external vendor. As this trial found mixed results, Amtrak subsequently issued an RFI to gain more industry insights, including into functionality it was not able to explore during the pilot. The resulting 3-month review allowed Amtrak to evaluate four potential solutions. The two highest-scoring vendors presented in-depth presentations of their technology. It was concluded from the RFI that this technology continued to improve and had the potential to be a worthwhile investment for Amtrak both in terms of customer service and cost savings. The team subsequently began developing a request for proposals (RFP).

Presently, the RFP has been finalized and is scheduled to be issued in late August. Assuming bids can meet RFP goals within a reasonable cost, Amtrak anticipates awarding the contract in October or November and is targeting completing full implementation in late summer 2012.

The following timeline outlines in more detail the history and actions Amtrak has taken in regard to HET.

TIMELINE

November 2007

Amtrak was introduced to HET technology, and though it appeared promising, the cost of the solution was priced as a function of usage, exposing Amtrak to unknown costs. As the technology was new, the value to our customers and contribution to the bottom line were unclear.

June 2010

Amtrak issued a request to implement a proof-of-concept trial recognizing that this technology was still emerging and questions remained about its efficacy with customers. One vendor offered a unique product and was willing to test the solution with us. Conditionally, if the trial proved promising and Amtrak wished to pursue this further, the solution would be put out for competitive bidding.

June 29, 2010

Amtrak representatives met with Senator Murray's staff to discuss HET. The group agreed that Amtrak would:

- Explore the technology further to more accurately assess the value, including through results from the pilot program; and
- Assuming the pilot proved that the technology was worthwhile, solicit an expanded program through a competitive bid process (per Amtrak's internal procurement policy).

The amount of money required to support this program was not yet known, but was expected to be within \$3 million.

August 2010 to January 2011

In August 2010, Amtrak began a pilot program to test the value of HET. The pilot program ended with generally favorable results, though results were limited to qualitative findings and it was not possible to quantitatively demonstrate changes in customer handling costs. Based on these findings, Amtrak began the procurement process through development of an RFI. An RFI was then issued at the beginning of January 2011. The goal of the RFI was to learn more and to improve the team's confidence in the application's potential benefits.

February to March 2011

RFI responses were received in February. The RFI evaluation committee reviewed and scored the four submissions, and then asked for demonstrations from the top two vendors. Both vendors showed strong expertise in a key factor for evaluation: enterprise-wide (multi-channel) support.

April 2011

Vendor presentations concluded and the team determined that this technology had the potential to be a worthwhile investment for Amtrak both in terms of customer service and cost savings. Beyond customer handling savings, the team came to understand that there could also be efficiencies in reducing content management costs. As the HET interface would allow companies to manage/modify their enter-

prise-wide content from a single source, for example, it mitigates the expense of placing all relevant content in one place.

May 2011

An interdepartmental Amtrak team agreed to move forward and issue an RFP; Amtrak's Finance Department agreed funding would be available through fiscal year 2012 (until the project's completion).

July 2011-Forward

The RFP was finalized. Procurement is expected to issue the RFP in August and to award the contract in October/November. Work is expected to be completed by late summer 2012.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

ROLLING STOCK

Question. President Boardman, States across the country are expanding passenger rail service. For example, in Illinois we are adding new routes from Chicago to the Quad Cities and Rockford. However, the trains running in the Midwest now are very old and seem to breakdown more frequently.

Does Amtrak currently have enough equipment to serve these new routes? Are there other areas across the country where there is an equipment shortage?

Answer. Amtrak's existing fleet of aged equipment is experiencing very high levels of utilization across the country, and we currently have very little spare equipment that can be used on new routes.

Recently announced Federal grants will support the procurement of new equipment to be used throughout the Midwest States and California. This equipment will replace some of the older, less reliable equipment Amtrak operates, as well as provide capacity for planned new and expanded services. The State of Washington has also received Federal funds to procure equipment necessary for additional service once infrastructure improvements are completed.

Amtrak continues to experience unprecedented ridership growth that is expected to continue into the future. Without new equipment, capacity issues will likely be experienced on many routes throughout the country. Additionally, managing growth with the aging profile of our current fleet will be more difficult than it would otherwise be with modern equipment. In order to meet the increasing demands for new services and to increase the efficiency and reliability of existing services, obsolete and costly to maintain equipment must be systematically replaced, as outlined in Amtrak's Fleet Strategy Plan. To execute this plan, additional investment in equipment beyond the scope of the recent Federal grants will be necessary.

AIR QUALITY—UNION STATION AND DIESEL EMISSIONS

Question. Last fall, the Chicago Tribune conducted an investigative report showing Metra commuters and workers may be exposed to excessively high levels of diesel soot. The Tribune found dangerous levels of particulates in both the train cabins and in Union Station in Chicago. The Tribune's studies show the increased levels of air pollution are the result of Metra and Amtrak's aging locomotives.

Mr. Boardman, what can Amtrak do to help clean up the air quality in and around Union Station?

Answer. Results from Amtrak industrial hygiene surveys indicate that the operating areas of Chicago Union Station are below Occupational Safety and Health Administration standards for air contaminant exposure, including particulate concentrations. However, further reducing exposure is important to Amtrak passengers and employees, and there are a number of measures that could improve the current situation.

For one, upgrading Amtrak's diesel locomotive fleet could certainly improve air quality in and around Union Station. Amtrak's current diesel locomotive fleet meets Environmental Protection Agency tier 0 emissions standards. Tier 4 emissions standards, which will have to be met by 2015, are expected to reduce particulate matter emissions by 95 percent.

The Next Generation Corridor Equipment Pool Committee developed a specification for a new high-speed diesel locomotive that will be compliant with tier 4 requirements. Additionally, Amtrak's Fleet Strategy Plan contemplates a large number of diesel locomotives being delivered in 2015. Combining Amtrak's diesel locomotive requirements with those of the States would make for a substantially larger and more cost-effective procurement of lower-emission, tier 4-compliant locomotives.

In addition to procuring new locomotives, plugging locomotives waiting at the station into 480-volt ground power sources would reduce idling and associated diesel emissions.

Further, for the holders of air rights above Chicago Union Station, there is semi-annual testing of their station-area fan equipment. The results of these tests are used as a tool to monitor compliance with the building owner's responsibility for maintaining their exhaust equipment. This testing is performed in the spring and fall. A system to check that the ventilation systems are operating continuously would be helpful as a monitoring tool.

Amtrak is also undertaking a study for concept-level design of an improved ventilation system at the station. We expect this study to begin shortly and be completed during fiscal year 2012 or fiscal year 2013, subject to available funding.

CONCLUSION OF HEARINGS

Senator MURRAY. I appreciate both of your testimonies today, and I just want to reiterate that safety is a concern to everyone, as we all know, and I look forward to working with you as a number of proposals come forward on the safety and security of our national railway systems. Thank you very much.

[Whereupon, at 11:30 a.m., Tuesday, May 17, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]