95TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 95–1182

AMTRAK IMPROVEMENT ACT OF 1978

MAY 15, 1978.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

together with

MINORITY AND SUPPLEMENTAL VIEWS

[To accompany H.R. 11493]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 11493) to amend the Rail Passenger Service Act to extend the authorization of appropriations for an additional fiscal year, to provide for public consideration and implementation of a rail passenger service study, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Amtrak Improvement Act of 1978".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. (a) Section 601(a)(1) of the Rail Passenger Service Act (45 U.S.C. 601(a)(1) is amended—

(1) in clause (1) thereof (A) by striking out "except for" and all that follows through "sentence" and inserting in lieu thereof "including the payment of the additional operating expenses of the Corporation which result from the operation and maintenance of the Northeast corridor pursuant to title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et sec.)", (B) by striking out "and" immediately after "1977,", and (C) by inserting ", and not to exceed $613,000,000 for the fiscal year ending September 30, 1979" immediately after "1978";

(2) in clause (2) thereof (A) by striking out "and" immediately after "1977,", and (B) by striking out "1978;" and inserting in lieu thereof "1978, and not to exceed $130,000,000 for the fiscal year ending September 30, 1979, which shall include funds for expenditures for compatible equipment under section 703(5) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(5)); and";

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(3) by striking out clause (3) and redesignating clause (4), and all references thereto, as clause (3); and

(4) in clause (3) thereof, as so redesignated, by inserting ", and not to exceed $25,000,000 for the fiscal year ending September 30, 1979" immediately after "1978".

(b)(1) Section 601(a)(2) of such Act (45 U.S.C. 601(a)(2)) is amended by striking out "subsection (a)(4)" and inserting in lieu thereof "subsection (a)(3)".

(2) Section 602(d) of such Act (45 U.S.C. 602(d)) is amended by striking out "clause (4)" and inserting in lieu thereof "clause (3)".

ROUTE REEXAMINATION

SEC. (a) The Secretary of Transportation (hereinafter in this section referred to as the "Secretary"), in cooperation with the National Railroad Passenger Corporation (hereinafter in this section referred to as the "Corporation"), shall immediately develop preliminary recommendations for a route structure for the Corporation which will provide an optimal intercity railroad passenger system, based upon current and future market and population requirements, including where appropriate portions of the Corporation's existing route structure. In developing such recommendations, the Secretary shall consider—

(1) any unique characteristics and advantages of rail service as compared to other modes of transportation;

(2) the role that rail passenger service can play in helping meet the Nation's transportation needs while furthering national energy conservation efforts;

(3) the relationship of benefits of given services to the costs of providing such services, computing the costs in loss or profit per passenger mile rather than total loss or profit per route;

(4) the transportation needs of areas lacking adequate alternative forms of transportation; and

(5) frequency alternatives and the impact of such alternatives on ridership, revenues, and expenses of rail passenger service.

(b) The Secretary shall, no later than May 1, 1978, develop and publish the preliminary recommendations described in subsection (a) of this section and submit a copy of such recommendations to the Rail Services Planning Office and to both Houses of the Congress. The Secretary shall at that time also provide copies of the preliminary recommendations to the Corporation, the Office of Rail Public Counsel, the Interstate Commerce Commission, the Secretary of Energy, the Governors, Departments of Transportation, and Public Utilities Commissions of each State in which rail passenger service is proposed to be modified, the railroads affected by such recommendations, the labor organizations authorized under the Railway Labor Act to represent railroad employees, and the United States Postal Service. In addition, copies of the preliminary recommendations shall be made available by the Secretary to interested persons at a reasonable cost. Such recommendations shall include—

(1) a recommended route system by end points and principal intermediate points to be served;

(2) quality and type of service recommended for each route, including frequency, speed, and classes of services offered;

(3) ranges of projected operating expenses, ridership, and revenues, by route, including a measure calculated by loss of profit per passenger mile and separated for non-State supported routes and State supported routes;

(4) an estimate of the equipment and facilities necessary to support the recommended system;

(5) a recommendation for coordinating passenger rail service at points on the system with other modes of transportation serving such points; and

(6) based upon the route level projections, an estimate of operating and capital appropriations required to operate the system for fiscal years 1980 through 1984.

(c) During the period beginning May 1, 1978, and ending August 31, 1978, the Rail Services Planning Office shall conduct public hearings on the preliminary recommendations developed by the Secretary under this section. Such public hearings shall be held in such places and at such times as the Office determines will afford the affected States and communities the greatest opportunity to participate. During such period, in addition to holding public hearings, the Office shall invite comment on such recommendations from the Corporation, the Interstate Commerce Commission, the Secretary of Energy, the Governors, Departments of

Transportation, and Public Utilities of each State in which rail passenger service is proposed to be modified, the railroads affected by such recommendations, the labor organizations authorized under the Railway Labor Act to represent railroad employees, interested citizens groups, and the United States Postal Service.

(d) The Rail Service Planning Office shall, no later than September 30, 1978, submit to the Secretary a summary and analysis of the evidence received in the course of its proceedings conducted under subsection (c) of this section, together with its critique and evaluation of the preliminary recommendations of the Secretary. The Secretary shall thoroughly consider the material submitted by the Office with respect to such recommendations and, based on such consideration (and further evaluations of the Secretary), develop final recommendations for a route structure for the Corporation as he deems appropriate. In developing such final recommendations, the Secretary shall also consider the impact of such recommendations upon existing tourism markets and the potential for future tourism in areas to be served by the recommended route system. Such final recommendations shall include a summary of the significant recommendations received, together with the reasons for adopting or not adopting any such recommendation.

(e)(1) The Secretary shall, no later than December 31, 1978, submit the final recommendations designating the basic route system, together with supporting and explanatory material, to both Houses of the Congress and to the Committee on Appropriations and the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Appropriations and the Committee on Commerce, Science, and Transportation of the Senate. The final recommendations shall be deemed approved and shall take effect only upon the adoption by both the House of Representatives and the Senate of a resolution approving such final recommendations. If, following submission of the final recommendations by the Secretary, either House of the Congress passes a resolution disapproving such recommendations, the Secretary shall prepare revised final recommendations. All such revised final recommendations shall be submitted to both Houses of the Congress and the committees referred to in this paragraph for approval in accordance with this subsection.

(2) Pending approval of the final recommendations developed by the Secretary under this section and notwithstanding any other provision of law, the route system of the Corporation in effect on January 1, 1978, shall not be modified or restructured prior to October 1, 1979, except with respect to those routes initiated by the Corporation subsequent to January 1, 1978, pursuant to section 404(a) of the Rail Passenger Service Act (45 U.S.C. 564(a)). Nothing in this paragraph shall be construed by the Corporation as precluding the rerouting of existing rail passenger service, or construed as requiring the Corporation to maintain service provided under an agreement with a State pursuant to section 403(b) of the Rail Passenger Service Act if such State fails to meet its share of the costs of such service or requests discontinuance of such service.

(3) Immediately upon approval of the final recommendations of the Secretary, the Corporation shall implement the basic route system designated in such recommendations and shall complete such implementation as soon thereafter as posssible.

(f) The provisions of section 404(c)(1) of the Rail Passenger Service Act (45 U.S.C. 564(c)(1)), including the criteria and procedures developed under such section, shall not apply to the preliminary or final recommendations developed by the Secretary under this section. After the effective date of the basic system designated in the final recommendations of the Secretary, any additions, deletions, or modifications in such basic system may be made by the Corporation in accordance with the criteria and procedures developed under such section 404(c)(1). The basic system designated in the final recommendations of the Secretary shall supersede any other system or route previously in effect.

(g) The Rail Services Planning Office shall, in the course of the hearings conducted under subsection (c) of this section, conduct an evaluation of alternatives to the existing organizational structure of the Corporation and of the relationship of the Corporation to the Federal Government, including its relationship to the Office of Management and Budget, the Secretary of Transportation, and the Congress.

STUDY OF RELATIONSHIP OF AMTRAK FARE STRUCTURE TO THE INTERCITY BUS INDUSTRY

SEC. 4. The Comptroller General shall, in consultation with the Secretary of Transportation and the Interstate Commerce Commission, conduct a study of the economic relationship of the fare structure of the National Railroad Passenger Corporation to the intercity bus industry. The Comptroller General shall, no later than December 31, 1978, submit a report to the Congress setting forth the results of such study.

HEARINGS ON UNFAIR OR PREDATORY PRACTICES

SEC. 5. Notwithstanding the provisions of section 306 of the Rail Passenger Service Act, the Interstate Commerce Commission shall have, upon the application of any aggrieved motor carrier, jurisdiction under any applicable provision of part 1 of the Interstate Commerce Act over any rate, fare, charge, or marketing practice of the National Railroad Passenger Corporation with respect to any route or service which operates at a loss for the purpose of hearing the complaint over an unfair or predatory practice.

NORTHEAST CORRIDOR

SEC. 6. Section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853) is amended—

(1) in paragraph (1)(A)(i) thereof, by inserting "at most" immediately before "a 3-hour-and-40-minute" and "a 2-hour-and-40-minute", respectively;

(2) in paragraph (1)(B) thereof, by inserting "or other responsible parties" immediately after "(or local or regional transportation authorities)"; and

(3) by adding at the end thereof the following new paragraph:

"(5) COMPATIBLE EQUIPMENT.—The Secretary shall develop economical and reliable rolling stock and related equipment designed to be compatible with the track, operating, and marketing characteristics of the Northeast Corridor at and after the completion of the Northeast Corridor improvement project, including the capability to reliably meet the trip times set forth in paragraph (1)(E) of this section in regularly scheduled revenue service in the Northeast Corridor. The Secretary shall consult with the Corporation in the development of such equipment. The Corporation shall submit requests for authorization of appropriations for the production of such equipment and shall, together with the Secretary, include equipment planning in the reports required by paragraph (1)(E) of this section.".

EXPENSES OF ELECTRIFICATION CONVERSION

SEC. 7. Section 704(a)(1) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 854 (a)(1)) is amended by inserting immediately before the semicolon at the end thereof the following: ", of which not less than $27,000,000 shall be available to finance the cost of the equipment modification and replacement which States (or local or regional transportation authorities) will be required to bear as a result of the electrification conversion system of the Northeast Corridor pursuant to this title".

PURCHASES OF DOMESTIC ARTICLES, MATERIALS, AND SUPPLIES

SEC. 8. Section 305 of the Rail Passenger Service Act (45 U.S.C. 545) is amended by adding at the end thereof the following new subsection:

"(j)(1) Except as provided in paragraph (2) or (3) of this subsection, the Corporation, in carrying out its activities under this Act, shall purchase only—

"(A) unmanufactured articles, materials, and supplies which have been mined or produced in the United States; and

"(B) manufactured articles, materials, and supplies which have been manufactured in the United States substantially from articles, materials, and supplies mined, produced, or manufactured, as the case may be, in the United States.

"(2) The Secretary may, upon application of the Corporation, exempt the Corporation from the requirements of paragraph (1) of this subsection with respect to the purchase of particular articles, materials, or supplies, if the Secretary determines that—

"(A) imposing such requirements with respect to such articles, materials, or supplies is inconsistent with the public interest;

"(B) the cost of imposing such requirements with respect to such articles, materials, or supplies is unreasonable; or

"(C) such articles, materials, or supplies or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

"(3) The provisions of this subsection shall not apply—

"(A) in any case in which the cost of the articles, materials, or supplies purchased is less than $100,000; or

"(B) in the case of articles, materials, or supplies purchased pursuant to a contract entered into before the date of enactment of this subsection.

"(4) For purposes of this subsection, the term 'United States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.".

FOR-PROFIT STATUS OF AMTRAK

SEC. 9. The second sentence of section 301 of the Rail Passenger Service Act (45 U.S.C. 541) is amended by inserting "operated and managed as" immediately before "a for profit corporation".

COMMON STOCK OWNERSHIP

SEC. 10. The Secretary of Transportation shall evaluate the common stock ownership of the National Railroad Passenger Corporation and shall, no later than December 31, 1978, submit a report to the Congress setting forth his recommendations with respect to retention, retirement, or conversion of such common stock. In making such recommendations, the Secretary shall consider the best interests of the United States.

RAILROAD SAFETY SYSTEM PROGRAM

SEC. 11. Title VIII of the Rail Passenger Service Act (45 U.S.C. 641 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 807. RAILROAD SAFETY SYSTEM PROGRAM.

"(a) No later than January 1, 1979, the Corporation shall, in consultation with railroad labor organizations, develop and implement a Rail Safety System Program for employees working on property owned by the Corporation. Such program shall be designed to serve as a model for other railroads to use in developing safety programs.

"(b) The Railroad Safety System Program required under this section shall include but not be limited to—

"(1) a periodic analysis of accident data, including primary and secondary causes, if known;

"(2) a periodic evaluation of the activities undertaken under the program, particularly the specific steps taken in response to accident causes;

"(3) a periodic identification of the expenditures for occupational health and safety activities included in the program;

"(4) a periodic identification of the reduction of costs, fatalities, and casualties resulting from accident prevention under the program;

"(5) a periodic identification of direct accident costs, including claims arising out of such accidents; and

"(6) an identification and evaluation of such other information or data as the Corporation considers necessary or appropriate.

"(c) There is authorized to be appropriated to carry out the provisions of this section not to exceed $250,000.".

CONVERSION OF RAILROAD TERMINALS

SEC. 12. Paragraphs (2), (3), and (4) of section 4(i) of the Department of Transportation Act (49 U.S.C. 1653(i) (2), (3), and (4)) are amended by striking out "60 per centum" each place it appears and inserting in lieu thereof "80 per centum".

REIMBURSEMENT FOR STAFF SERVICES

SEC. 13. Section 403(b)(1) of the Rail Passenger Service Act (45 U.S.C. 563 (b)(1)) is amended by adding at the end thereof the following new sentence:

"The State or agency shall be entitled to reimbursement for staff services in an amount equal to 3 percent of the Corporation's share of operating losses and associated capital costs.".

PETITIONS TO THE INTERSTATE COMMERCE COMMISSION

SEC. 14. Section 403(b) of the Rail Passenger Service Act (45 U.S.C. 563(b)) is amended—

(1) by redesignating paragraphs (2) and (3), and all references thereto, as paragraphs (3) and (4), respectively; and

(2) by inserting immediately after paragraph (1) the following new paragraph:

"(2) Whenever a State, regional, or local agency requests the Corporation to institute service pursuant to this subsection, or to enter into a contract or other agreement or modify an existing contract or agreement relating to rates, fares, charges, scheduling, marketing, or operations of service provided pursuant to this subsection, and the Corporation fails to institute such service or to enter into or modify such contract or agreement, as the case may be, such State, regional, or to comply with its request. If the Commission determines, upon receipt of such a petition and after notice and an opportunity for a hearing, that the request which is the subject of such petition is consistent with the public interest and the purposes of this subsection, the Commission may enter an order directlng the Corporation to comply with such request to or take such other action as the Commission considers appropriate.".

ADDITIONAL SERVICE

SEC. 15. Section 403 of the Rail Passenger Service Act (45 U.S.C. 563) is amended by adding at the end thereof the following new subsection:

(d) The Corporation is authorized to operate commuter rail passenger service under an agreement with a State (or local or regional transportation agency) if such State or agency agrees to reimburse the Corporation for the avoidable cost of operating such commuter rail passenger service. For purposes of this subsection, the term 'commuter rail passenger service' means rail passenger service operated in metropolitan and suburban areas, usually characterized by reduced fare, multiple-ride, and commutation tickets, and by morning and evening peak period operations".

PURPOSE AND SUMMARY

It is the purpose of this legislation to provide authorization for appropriations for the National Railroad Passenger Corporation (Amtrak) for fiscal year 1979 and to direct the Secretary of Transportation to conduct a thorough review and evaluation of the Amtrak route system for the purpose of recommending a new route system based upon current and future market and population requirements. The legislation also contains provisions to facilitate the timely and economical purchase of compatible rolling stock for the Northeast corridor project, to modify the corridor station improvement program to permit the participation of other responsible parties along with States or local or regional transportation authorities and provisions for increased rail passenger services operated by Amtrak on a cost-sharing basis with the States. The legislation also addresses other concerns evidenced under Amtrak's current operational and institutional framework.

BACKGROUND AND NEED FOR THE LEGISLATION

When Congress passed the Rail Passenger Service Act of 1970 (Public Law 91–518), it fully expected the establishment of a national passenger train system which would eventually operate on a for-profit basis. Problems with the thesis arose in the very beginning, when the Secretary of Transportation published a report which provided for a passenger train network that was merely a "cut-and-paste" of the pre-existing railroad-operated system in that the basic system merely entailed a series of discontinuance from the old pattern of service. Starting with a system of questionable scope and intensity, a badly-deteriorated passenger equipment fleet and a generally declining level of track maintenance, the first executive administration of the National Railroad Passenger Corporation (Amtrak) exhibited a policy of ambivalence, hesitation and what some characterized as intentional frustration of the congressional goal to redevelop quality passenger train service on a nationwide basis in the United States.

With a most notable exception during the 1973–74 Arab oil embargo, the rate of increase in intercity passenger train miles has not kept pace with growing Federal grants for intercity passenger train service:

DISTRIBUTION OF INTERCITY TRAVEL BETWEEN AUTOMOBILE AND PUBLIC CARRIERS, 1971–76

[In billions of passenger miles, except percent]

	Public carriers											
	Air		Bus		Rail		Water		Total public carriers		Automobile	
Year	Miles	Percent	Miles	Percent	Miles	Percent	Miles	Percent	Miles	Percent	Miles	Percent
1971	110.7	9.1	25.5	2.1	4.4	0.4	4.1	0.3	144.7	11.9	1,071	88.1
1972	123.0	9.6	25.6	2.0	4.3	.3	4.0	.3	156.9	12.2	1,129	87.8
1973	132.4	9.9	26.4	2.0	5.1	.4	4.0	.3	167.9	12.6	1,166	87.4
1974	135.4	10.9	27.7	2.2	5.8	.5	4.1	.3	173.0	13.9	1,071	86.1
1975	136.9	10.6	25.4	2.0	5.4	.4	4.0	.3	171.7	13.3	1,123	86.7
1976	152.3	11.1	25.1	1.8	5.6	.4	4.0	.3	187.0	13.6	1,187	86.4

Source: Transportation Association of American Transportation Facts and Trends, 13th edition, July 1977, p. 18.

FEDERAL GRANTS TO AMTRAK—AGGREGATE AUTHORIZATIONS, APPROPRIATIONS AND DRAWDOWNS FOR FISCAL YEARS 1971–77

Date	Authorized		Appropriated amount	Drawdown amount
	Public Law No.	Amount		
Sept. 30, 1971	91–518	$40,000,000	$40,000,000	$40,000,000
Sept. 30, 1972	92–316	227,000,000	170,000,000	88,400,000
Sept. 30, 1973			54,000,000	134,700,000
Sept. 30, 1974	93–146	107,300,000	95,100,000	144,200,000
Sept. 30, 1975	93–496	200,000,000	276,500,000	308,300,000
	94–119	1,118,000,000		
Sept. 30, 1976	94–210	115,832,956	1,176,900,000	394,269,016
Sept. 30, 1977	94–555	1,362,817,044	671,500,000	[1] 708,734,251
Total		3,170,950,000	2,484,000,000	1,818,603,267

[1] $482,600 operating grants, $226,134 capital grants.

Notwithstanding sophisticated techniques which may be employed, the committee looks forward to something more than a restructuring of the existing economically flawed system. The committee believes that a cost effective and market-penetrating rail passenger system can be developed. Historically, the Federal Government has provided Amtrak with operating expense grants, capital acquisition grants and Federal loan guarantees for the debt financing of equipment purchases. The operating subsidies represent the most significant financial contribution to the rail passenger system since the inception of Amtrak.

AMTRAK FUNDING HISTORY

[In thousands]

Fiscal year	Operating revenues	Operating expenses	Deficits
1971	$22, 645	$45, 301	$22, 656
1972	152, 709	306, 179	153, 470
1973	177, 303	319, 151	141, 848
1974	240, 071	437, 932	197, 861
1975	346, 459	559, 807	313, 348
1976	268, 038	674, 307	406, 269
Transition quarter	77, 167	176, 298	99, 131
1977	311, 272	832, 850	521, 578
Total	1, 491, 078	3, 340, 660	1, 849, 582

Since its inception, Amtrak has made capital acquisitions in excess of $1 billion. Originally, the Congress intended Amtrak to finance its equipment purchases through Federal loan guarantees. The Federal financing bank now holds all of the loans made under that program and amortizes the balance of $825 million at the rate of approximately $25 million per year.

In addition, the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94–210) authorized $1.75 billion for the Northeast corridor improvement project. That authorization includes funds for the purchase of the Northeast corridor property from Conrail and, therefore, those purchase payments need not be authorized on an annual basis. The financial performance of the Northeast corridor is reflected in the following table:

STATEMENT OF NORTHEAST CORRIDOR FINANCIAL OPERATIONS, YEAR ENDED SEPT. 30, 1977

[In millions of dollars]

	Total system	Total Northeast corridor [1]	Northeast corridor spine	Northeast corridor spine segmentation: Washington-Philadelphia	Philadelphia-New York City	New York City-New Haven	New Haven-Boston
Revenue	311, 272	110, 329	104, 698	38, 459	44, 190	8, 722	13, 327
Operating expenses:							
Train operations	213, 720	54, 675	48, 974	18, 860	18, 025	4, 638	7, 451
Maintenance of equipment	232, 705	58, 261	54, 480	18, 134	19, 875	6, 076	10, 395
Maintenance of way	42, 358	31, 377	28, 761	10, 210	11, 735	2, 652	4, 164
Onboard service	89, 106	11, 790	11, 283	4, 804	3, 423	1, 414	1, 642
Station services	57, 247	21, 730	19, 687	7, 029	7, 813	1, 843	3, 002
Marketing and reservations	44, 786	20, 715	18, 874	6, 461	7, 643	1, 803	2, 967
General support	53, 109	20, 022	18, 060	5, 882	7, 637	1, 721	2, 820
Taxes and insurance	18, 870	6, 489	6, 072	2, 053	2, 210	694	1, 115
Depreciation	32, 345	10, 960	10, 342	3, 920	4, 028	968	1, 426
Total	784, 246	236, 019	216, 533	77, 353	82, 389	21, 809	34, 982
Corporate expenses:							
Generel and administrative	22, 942	6, 852	6, 285	2, 247	2, 393	632	1, 013
Interest	33, 898	13, 388	12, 279	4, 390	4, 675	1, 234	1, 980
Total	56, 840	20, 240	18, 564	6, 637	7, 068	1, 866	2, 993
Total expenses	841, 086	256, 259	235, 097	83, 990	89, 457	23, 675	37, 975
Net profit	−529, 814	−145, 930	−130, 399	−45, 531	−45, 267	−14, 953	−24, 648

[1] Philadelphia to Harrisburg and New Haven to Springfield spurs are included in total Northeast corridor but not in the Northeast corridor spine.

An analysis of Amtrak's performance in attempting to improve passenger train economics by increasing the frequency of operations in even the more populated areas outside the Northeast Corridor, leads to a conclusion that passenger train deficits cannot be reduced. (See, the April 5, 1978 GAO Report entitled, "Should Amtrak Develop High-Speed Corridor Service Outside the Northeast?", CED–78–67) However, neither Amtrak nor the Department of Transportation, or any other entity has ever conducted a study on the assumption that the passenger train service map of the country was wiped clean and the process of developing a passenger train network was started over from the beginning. The instant bill provides for such a study and for the reexamination of the institutional and organizational aspects of a national passenger train system as well.

On May 8, 1978, the Secretary of Transportation published a preliminary report reezamining the American train passenger system, which neither satisfies the directive of the Congress, in the December 1, 1977 conference report on the Amtrak supplemental appropriation, nor constitutes a significantly more incisive review and description of an improved system than the report of the Secretary of Transportation delivered in 1971. Although the preliminary report does contain a large amount of data and does exhibit a depth of analysis which could only result from the application of a great deal of time and energy by the staff of the Department, it does not contain an independent marketing study, a cost reduction plan, an inventory of track conditions and a track improvement program, suggested cost savings from modifications in crewing arrangements, the potential for savings by shifting passenger terminal costs to the public sector (as has been done in other modes of transportation), or a discussion of intermodal operations alternatives, such as auto ferry service. The committee looks forward to final recommendations of the Secretary with the hope that they will address these and other more basic operational, financial and marketing initiatives.

The General Accounting Office has issued several reports on the subject of Amtrak in the last 5 years. Its most recent report (CED–78–86) issued May 11, 1978, contained results of a review requested in October 1977 by the Committee's Subcommittee on Transportation and Commerce and the Subcommittee on Transportation of the Committee on Appropriations. In the report the GAO supported the Amtrak position that its subsidy needs cannot be reduced without reducing service.

The Interstate Commerce Commission's annual report on the effectiveness of the Rail Passenger Service Act provides some of the most helpful insights into the reasons for Amtrak's failure to capture a significant share of the intercity passenger travel market. In the March 15, 1978 report the Commission identified 5 persistent passenger service problems including temperature control on board trains, reservations and ticketing failures, poor employee attitudes, declining on time performance and passenger equipment shortages. Both the Commission and the GAO have long indicated that Amtrak must eliminate these passenger service failures if it is to have any hope of improving its operating performance.

The reported bill contains a $613 million authorization for the operating expenses of the Corporation which includes all of the expenses of the State participation program provided for in section 403(b) of the Rail Passenger Service Act. In addition the reported bill includes a $130 million authorization for capital acquisitions and a $25 million authorization for debt retirement. The committee believes that the $613 million operating grant authorization is a most important aspect of the legislation. Although the committee is extremely concerned about the level of Amtrak spending and the failure of Amtrak to develop an effective program of fiscal discipline, the committee feels that full funding of the present system coupled with a prohibition on changes in the present Amtrak route structure are necessary to the integrity of the route reexamination process. Public input, careful analysis and calm and dispassionate Congressional consideration of the new Amtrak system cannot take place in an atmosphere of emotional clamor over immediate service disruptions. The reported bill contains several provisions affecting the institutional and organizational aspects of intercity rail passenger service. These include a provision requiring Amtrak to purchase certain articles only in domestic markets, a provision insuring that Amtrak is operated as a for-profit corporation even though it may continue to require very substantial operating subsidies, a provision requiring the Secretary of Transportation to evaluate the implications of Amtrak common stock ownership which is presently held by four railroads, a provision establishing a model railroad safety system program in Amtrak, and a provision requiring the Rail Services Planning Office to evaluate alternatives to the existing organizational structure of the Corporation and of its relationship with the Federal Government, including its relationship with the Office of Management and Budget, the Secretary of Transportation, and the Congress.

Two provisions in the reported bill reflect the committee's serious concern over the possibility that Amtrak pricing and marketing policy may have a significant predatory impact on motor bus carriers with respect to certain of its routes and services. One provision calls for a GAO study of the issue and the other section affords aggrieved bus companies a forum in the Commission to complain about unfair or predatory practices.

With respect to the provision amending the Railroad Terminal Conversion program, the committee strongly urges the Department to change its standards so as to allow projects to qualify even when present use of the particular terminal does not entail intercity rail passenger trains.

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Committee Consideration

The Subcommittee on Transportation and Commerce held three days of public hearings on March 20 and 21 and April 5, 1978, on H.R. 11493, introduced by Mr. Staggers, Mr. Moss, Mr. Dingell, Mr.

Rogers, Mr. Rooney, Mr. Murphy of New York, Mr. Carney and Mr. Metcalfe. The Subcommittee received testimony from Congressman John J. McFall; Congressman Lionel Van Deerlin; Congressman John W. Jenrette, Jr.; Congressman Richard A. Gephardt; Congressman Albert Gore, Jr.; the Federal Railroad Administration; the Interstate Commerce Commission; the General Accounting Office; the New York Department of Transportation; the California Department of Transportation; the National Conference of State Railway Officials; the Railway Labor Executives Association; the American Bus Association; the National Association of Railroad Passengers; and the Atchison, Topeka and Santa Fe Railway. The Subcommittee met in open markup session on May 9 and 10, 1978, and by voice vote, ordered H.R. 11493 reported to the full Committee on Interstate and Foreign Commerce with an amendment striking all after the enacting clause and inserting in lieu thereof the text of a staff working draft as amended by the Subcommittee during its markup.

The full committee met in open markup session on May 12 and 15, 1978, and by voice vote, ordered H.R. 11493 reported to the House with one amendment striking all after the enacting clause and inserting a new text incorporating the amendments adopted by the subcommittee and seven amendments adopted by the full Committee.

Oversight Findings

No oversight findings and recommendations pursuant to clause 2(1)(3)(A), rule IX, under the authority of rule X, clause 2(b)(1) of the Rules of the House of Representatives are included, in addition to those comments and views contained elsewhere in this report.

Committee on Government Operations

No findings or recommendations on oversight activity pursuant to clause 2(b)(2), rule X, and clause 2(1)(2)(D) of Rule XI of the Rules of the House of Representatives have been submitted by the Committee on Government Operations for inclusion in this report.

Cost Estimate

With respect to clause 7(a) of rule XIII of the Rules of the House of Representatives, the committee estimates that the cost in carrying out this bill are as follows: $613 million for Amtrak operating expenses; $130 million for Amtrak capital expenditures; $250,000 for development of a rail safety program; and $25 million for reduction of Amtrak debt owed to the United States. All of the estimated expenditures will be made in Fiscal Year 1979.

The cost estimate by the Congressional Budget Office referred to in clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives was not available for HR 11493 at the time of filing this report.

Effect of Legislation on Inflation

In accordance with rule XI, clause 2(1)(4) of the Rules of the House of Representatives, this legislation is assessed to have minimal inflationary impact on prices and costs in the operation of the national economy.

This bill represents a substantial part of the total Amtrak budget but its inflationary impact must be seen in light of the total national railroad picture.

Since Amtrak by its very nature has substantial direct sources of revenue, mainly from passenger fares and ancillary services such as postal and parcel express contracts, throughout the United States, and since Amtrak provides a vital service to communities throughout the country, a service towards which many states have been ready to contribute financially, it is estimated that the increased fiscal year 1979 Amtrak outlays would not have a significant inflationary impact on any one particular segment of the economy. Furthermore since the social needs of the nation for public transportation are not completely fulfilled, the funds provided under this bill will not materially contribute to competitive pressures which might contribute to inflation.

Section-by-Section Analysis

SHORT TITLE

Section 1 of the bill states that this Act may be cited as the "Amtrak Improvement Act of 1978."

AUTHORIZATION OF APPROPRIATIONS

Section 2 of the bill amends section 601(a)(1) of the Rail Passenger Service Act (RPSA) by (1) providing an authorization of appropriations for fiscal year 1979 to the National Railroad Passenger Corporation (Amtrak) for operating funds, capital acquisitions and improvements, and repayment of outstanding obligations (other than leases) guaranteed by the Secretary of Transportation and (2) eliminating the separate operating expense category for the Northeast corridor. Funds are authorized in the following amounts:

(1) For the payment of operating expenses for the basic system, including the Northeast corridor, and for operating and capital expenses of rail passenger service requested by the States pursuant to section 403(b) of RPSA, $613 million for the fiscal year ending September 30, 1979.

(2) For the payment of the costs of capital acquisitions or improvements of the basic system, $130 million for the fiscal year ending September 30, 1979.

(3) For the payment of principal obligations (other than leases) guaranteed by the Secretary of Transportation pursuant to section 602 of RPSA, $25 million for the fiscal year ending September 30, 1979.

The authorization of funds for capital acquisitions and improvements under subsection (a)(2) of section 2 of the bill includes funds for expenditures for compatible equipment required to be developed by the Secretary of Transportation in connection with the Northeast corridor Improvement Project, pursuant to subsection (3) of section 4 of the bill.

ROUTE REEXAMINATION

Subsection (a) of section 3 of the bill directs the Secretary of Transportation, in cooperation with Amtrak, immediately to develop preliminary recommendations for an Amtrak route structure which will provide an optimal intercity railroad passenger system, based upon current and future market and population requirements, including where appropriate portions of the existing route structure. In developing these recommendations, the Secretary is required to consider any unique advantages of rail service vis-a-vis other modes of transportation; energy conservation aspects of rail passenger service; the relationship between the benefits and cost of providing such service, computing the costs in loss or profit per passenger mile rather than total loss or profit per route; the transportation needs of areas lacking adequate alternative forms of transportation; and the impact of service frequency alternatives on ridership, revenues and expenses.

Subsection (b) of section 3 requires the Secretary to submit the preliminary recommendations to Congress no later than May 1, 1978. Copies must be submitted to various persons and entities interested in and potentially affected by the recommendations. The preliminary recommendations must include a recommended route system by end points and principal intermediate points to be served; quality and type of service for each recommended route; and ranges of projected operating expenses, ridership, and revenues by route. The recommendations also must contain an estimate of equipment and facilities for the recommended system, a recommendation for coordinating service proposed in the recommendations with that of other transportation modes; and an estimate of operating and capital appropriations required to operate the recommended system for fiscal years 1980 through 1984.

Subsection (c) of section 3 requires the Rail Services Planning Office (RSPO) to conduct public hearings on the preliminary recommendations during the period from May 1, 1978 to August 31, 1978. The hearings must be held in such a manner so as to afford affected States and communities maximum possible participation. RSPO is also required to invite comments on the recommendations from certain persons and entities interested in and potentially affected by the recommendations.

Subsection (d) of section 3 requires RSPO to submit to the Secretary by September 30, 1978 a summary and analysis of the hearings and an evaluation of the preliminary recommendations. The Secretary is required to consider this input in developing final recommendations for an Amtrak route structure. He is also required to consider the impact of these recommendations upon existing and potential tourism markets. The final recommendations must include a summary of significant recommendations received by the Secretary and reasons for adopting or rejecting each of those recommendations.

Subsection (e)(1) of section 3 requires the Secretary to submit the final recommendations with explanatory analyses to both Houses, and certain Committees of Congress, by December 31, 1978. These recommendations shall be effective only if both Houses adopt a resolution of approval. If either House passes a resolution of disapproval, the Secretary must prepare and submit revised final recommendations for Congressional review in the manner described above.

Subsection (e)(2) of section 3 provides that the Amtrak route system in effect on January 1, 1978 shall not be modified or restructured prior to October 1, 1979. Minor exceptions to this requirement are the addition by Amtrak of routes or services discontinued by other railroads pursuant to section 404(a) of RSPA and the rerouting of existing service. In addition, Amtrak is not required to maintain service provided to a State under section 403(b) of RSPA if the State fails to pay its share of section 403(b) costs or requests discontinuance of the service.

Subsection (e)(3) of section 3 provides that upon approval of the final recommendations, Amtrak is required to commence implementation of the recommended system and complete implementation as soon as possible.

Subsection (f) of section 3 provides that section 404(c)(1) of RSPA and the criteria for route and service additions, modifications, and deletions, developed discontinuances thereunder shall not apply to the preliminary or final recommendations. After the final recommendations have been approved by Congress, the route and service criteria may be employed to alter the new system.

Subsection (g) of section (3) requires RSPO, in the course of the conduct of the public hearings, to evaluate alternatives to the existing Amtrak organizational structure and of Amtrak's relationship to the Federal government, including the Office of Management and Budget, the Secretary, and Congress.

STUDY OF RELATIONSHIP OF AMTRAK FARE STRUCTURE TO THE INTERCITY BUS INDUSTRY

Section 4 of the bill directs the Comptroller General, in consultation with the Secretary and the Interstate Commerce Commission (ICC), to study the economic relationship of Amtrak's fare structure and the intercity bus industry and to report to Congress on the results of the study by December 31, 1978.

HEARINGS ON UNFAIR OR PREDATORY PRACTICES

Section 5 confers jurisdiction upon the ICC (notwithstanding section 306 of RPSA, which provides that the ICC shall not have jurisdiction over certain of Amtrak's policies and practices) to hear the complaint of any aggrieved motor carrier addressing any rate, fare, charge or marketing practice with respect to any Amtrak route or service which operates at a loss. The ICC's jurisdiction under part I of the Interstate Commerce Act, for the limited purpose of the conduct of the hearing, is contingent upon the aggrieved motor carrier filing an application to the ICC setting forth its complaint.

NORTHEAST CORRIDOR

Section 6 of the bill addresses the Northeast Corridor Improvement Program, amending section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act). Paragraph (1) of section 4 makes a technical clarification; providing that the statutory trip-time goals are to be construed as maximum goals and that shorter trip-times may be achieved.

Paragraph (2) amends section 703(1)(B) to permit "other responsible parties" in addition to States (or local or regional transportation authorities) to fund the costs of the improvement of non-operational portions of stations in the Northeast corridor in accordance with the 50-percent statutory formula.

Paragraph 3 of section 6 adds a new section 5 to section 703 of the 4R Act directing the Secretary of Transportation to develop, in consultation with Amtrak, economical and reliable rolling stock and equipment that is compatible with the track, operating, and marketing characteristics of the Northeast corridor and the trip-time goals. Amtrak is required to include requests for this equipment in its annual authorization requests and, with the Secretary, include equipment planning in reports to Congress required under 703(1)(E).

EXPENSES OF ELECTRIFICATION CONVERSION

Section 7 of the bill amends section 704(a)(1) of the 4R Act to provide that at least $27,000,000 of the $1,600,000 authorized for achievement of the statutory trip-time goals and improvements in certain facilities under the Northeast corridor improvement program shall be available to finance the equipment modification and replacement costs which States or local or regional transportation authorities will be required to bear as a result of the electrification conversion system of the Northeast corridor.

PURCHASES OF DOMESTIC ARTICLES, MATERIALS, AND SUPPLIES

Section 8 amends section 305 of RPSA by adding a new subsection (j). New subsection (j) requires Amtrak to make purchases of its supplies from domestic sources. This requirement may be suspended if the Secretary of Transportation determines, upon application by Amtrak, that the requirement is inconsistent with the public interest, that the cost of complying with the requirement would be unreasonable, or that the supplies sought to be purchased are not reasonably available or of a satisfactory quality. Moreover, the domestic purchase requirement does not apply in any case in which the cost of supplies is less than $100,000 or in the case of supplies purchased under a contract entered into prior to the effective date of this Act.

FOR-PROFIT STATUS OF AMTRAK

Section 9 amends section 301 of RPSA to conform the law to reality, providing that Amtrak shall be "operated and managed as" a for-profit corporation. This amendment recognizes that Amtrak is not a for-profit corporation.

COMMON STOCK OWNERSHIP

Section 10 requires the Secretary of Transportation to evaluate the common stock ownership of the National Rail Passenger Corporation and report to Congress by December 31, 1978, on his recommendations with respect to retention, retirement, or conversion of such common stock. In making his recommendations, the Secretary shall consider the best interests of the United States.

RAILROAD SAFETY SYSTEM PROGRAM

Section 11 of the bill adds new section 807 to RPSA, which requires Amtrak to develop and implement a rail safety system program to serve as a model railroad safety system program for other railroads. An authorization of $250,000 is included for this purpose. The new section also sets forth certain requirements for inclusion in the program.

CONVERSION OF RAILROAD TERMINALS

Section 12 of the bill amends section 4(i) of the Department of Transportation Act to provide that the Federal share of projects for the conversion of intercity passenger train terminals into intermodal passenger terminals, or community and cultural centers, shall be increased for 60 percent/80 percent.

REIMBURSEMENT FOR STAFF SERVICES

Section 13 amends section 403(b)(1) of RPSA to provide that a State which has entered into an agreement with Amtrak for provision of rail passenger service shall be entitled to reimbursement for staff services in an amount equal to 3 percent of Amtrak's 50 percent share of the operating losses and association capital costs of such service.

PETITIONS TO THE INTERSTATE COMMERCE COMMISSION

Section 14 of the bill amends section 403(b)(1) of RPSA to permit a State, regional or local transportation agency whose request to Amtrak to institute service under section 403(b)(1) or to modify any aspects of such service has been refused to petition the ICC for an order directing Amtrak to comply with the request. If the ICC determines, after notice and hearing, that the request is consistent with the public interest and the purposes of section 403(b)(1), it may order Amtrak to comply with the request to take other appropriate action.

ADDITIONAL SERVICE

Section 15 of the bill amends section 403 of RPSA to authorize Amtrak to operate commuter rail passenger service under an agreement with a State (or local or regional transportation authority) if the State or agency agrees to reimburse Amtrak for the available cost of operating the service. Reimbursement shall consider any revenues received by Amtrak attributable to the provision of the service.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

RAIL PASSENGER SERVICE ACT

* * * * * * *

TITLE III—CREATION OF A RAIL PASSENGER CORPORATION

SEC. 301. CREATION OF THE CORPORATION.

There is authorized to be created a National Railroad Passenger Corporation. The Corporation shall be *operated and managed as* a for profit corporation, the purpose of which shall be to provide intercity rail passenger service, employing innovative operating and marketing concepts so as to fully develop the potential of modern rail service in meeting the Nation's intercity passenger transportation requirements. The Corporation will not be an agency or establishment of the U.S. Government. It shall be subject to the provisions of this Act and, to the extent consistent with this Act, to the District of Columbia Business Corporation Act. The right to repeal, alter, or amend this Act at any time is expressly reserved.

* * * * * * *

SEC. 305. GENERAL POWERS OF THE CORPORATION.

(a) * * *

* * * * * * *

(j)(1) Except as provided in paragraph (2) or (3) of this subsection, the Corporation, in carrying out its activities under this Act, shall purchase only—

(A) unmanufactured articles, materials, and supplies which have been mined or produced in the United States; and

(B) manufactured articles, materials, and supplies which have been manufactured in the United States substantially from articles, materials, and supplies mined, produced, or manufactured, as the case may be, in the United States.

(2) The Secretary may, upon application of the Corporation, exempt the Corporation from the requirements of paragraph (1) of this subsection with respect to the purchase of particular articles, materials, or supplies, if the Secretary determines that—

(A) imposing such requirements with respect to such articles, materials, or supplies is inconsistent with the public interest;

(B) the cost of imposing such requirements with respect to such articles, materials, or supplies is unreasonable; or

(C) such articles, materials, or supplies or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

(3) The provisions of this subsection shall not apply—

(A) in any case in which the cost of the articles, materials, or supplies purchased in less than $100,000; or

(B) in the case of articles, materials, or supplies purchased pursuant to a contract entered into before the date of enactment of this subsection.

(4) For purposes of this subsection, the term "United States" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

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TITLE IV—PROVISION OF RAIL PASSENGER SERVICES

* * * * * * *

SEC. 403. NEW SERVICE.

(a) The Corporation may provide intercity rail passenger service in excess of that prescribed for the basic system, either within or outside the basic system, where the Corporation, based on its own or available marketing studies or other similar reports or information, determines that experimental or expanded service would be justified, if consistent with prudent management. In determining the establishment of the additional routes, the Corporation shall take into account the current and the estimated future population and economic conditions of the points to be served, the adequacy of alternative modes of transportation available to those points, and the cost of adding the service. The Corporation shall cooperate with State, regional, and local agencies to encourage the use of trains established under this subsection and shall make reasonable efforts to assure high quality of customer services. Any intercity rail passenger service provided under this subsection for a continuous period of two years shall be designated by the Secretary as a part of the basic system.

(b)(1) Any State, regional, or local agency may request of the Corporation rail passenger service beyond that included within the basic system. The Corporation shall institute such service under an agreement if the State, regional, or local agency agrees to reimburse the Corporation for 50 percent of solely related costs and associated capital costs of such service if service can be provided with the resources available to the Corporation and if it is consistent with the following requirements:

(A) The State or agency must make an adequate assurance to the Corporation that it has sufficient resources to meet its share of the costs of such service for the period such service is to be provided under this section.

(B) The State or agency has conducted a market analysis acceptable to the Corporation to insure that there is adequate demand to warrant such service.

An agreement made pursuant to this section may by mutual agreement be renewed for one or more additional terms of not more than 2 years. Any divisions which are likely to have a significant effect on the scheduling, marketing, or operations of the service provided pursuant to this section shall be made by contract or other agreement between the Corporation and the State or agency which is obligated to reimburse the Corporation for all or part of the operating loss, and associated capital costs, of such service. *The State or agency shall be* *entitled to reimbursement for staff services in an amount equal to 3 percent of the Corporation's share of operating losses and associated capital costs.*

(2) Whenever a State, regional, or local agency requests the Corporation to institute service pursuant to this subsection, or to enter into a contract or other agreement or modify an existing contract or agreement relating to rates, fares, charges, scheduling, marketing, or operations of service provided pursuant to this subsection, and the Corporation fails to institute such service or to enter into or modify such contract or agreement, as the case may be, such State, regional, or local agency may petition the Commission for an order directing the Corporation to comply with its request. If the Commission determines, upon receipt of such a petition and after notice and an opportunity for a hearing, that the request which is the subject of such petition is consistent with the public interest and the purposes of this subsection, the Commission may enter an order directing the Corporation to comply with such request or to take such other action as the Commission considers appropriate.

[2] *(3)* If more than one application is made for service and all applications are consistent with the requirements of this subsection, but all the services applied for cannot be provided with the available resources of the Corporation, the Board of Directors shall decide in its discretion which application or applications best serve the public interest and can be provided with the available resources of the Corporation, except that a proposal for State support of a service deleted from the basic system shall be given preference.

[3] *(4)* The Board of Directors shall establish the basis for determining the solely related costs and associated capital costs and the total revenue of the service provided pursuant to this subsection. The Corporation, at the request of States, may conduct studies during the fiscal year ending June 30, 1976, to determine benefits of seasonal routes to recreational areas.

* * * * * * *

(d) The Corporation is authorized to operate commuter rail passenger service under an agreement with a State (or local or regional transportation agency) if such State or agency agrees to reimburse the Corporation for the avoidable cost of operating such commuter rail passenger service. For purposes of this subsection, the term "commuter rail passenger service" means rail passenger service operated in metropolitan and suburban areas, usually characterized by reduced fare. multiple-ride, and commutation tickets, and by morning and evening peak period operations.

* * * * * * *

TITLE VI—FEDERAL FINANCIAL ASSISTANCE

SEC. 601. AUTHORIZATION FOR APPROPRIATIONS.

(a)(1) There are authorized to be appropriated to the Secretary for the benefit of the Corporation in fiscal year 1971, $40 million, and in subsequent fiscal years through June 30, 1975, a total of $597,300,000. There are authorized to be appropriated to the Secretary for the benefit of the Corporation—

(1) for the payment of operating expenses for the basic system, [except for the additional expenses that are to be paid from

funds authorized by clause (3) of this sentence] *including the payment of the additional operating expenses of the Corporation which result from the operation and maintenance of the Northeast corridor pursuant to title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et seq.)*; and for operating and capital expenses of rail passenger service provided pursuant to section 403(b) of this Act, not to exceed $350,000,000 for the fiscal year ending June 30, 1976, not to exceed $105,000,000 for the transitional fiscal period ending September 30, 1976, not to exceed $430,000,000 for the fiscal year ending September 30, 1977, [and] not to exceed $470,000,000 for the fiscal year ending September 30, 1978, *and not to exceed $613,000,000 for the fiscal year ending September 30, 1979;*

(2) for the payment of the costs of capital acquisitions or improvements of the basic system, not to exceed $110,000,000 for the fiscal year ending June 30, 1976, not to exceed $25,000,000 for the transitional fiscal period ending September 30, 1976, not to exceed $130,000,000 for the fiscal year ending September 30, 1977, [and] not to exceed $130,000,000 for the fiscal year ending September 30, [1978;] *1978, and not to exceed $130,000,000 for the fiscal year ending September 30, 1979, which shall include funds for expenditures for compatible equipment under section 703(5) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(5)); and*

[(3) for the payment of the additional operating expenses of the Corporation which result from the operation, maintenance, and ownership or control of the Northeast Corridor, pursuant to title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 851 et seq.), not to exceed a total amount of $68,000,000 for the transitional fiscal period ending September 30, 1976, and the fiscal year ending September 30, 1977, and not to exceed $75,000,000 for the fiscal year ending September 30, 1978; and]

[(4)] *(3)* for the payment of the principal amount of obligations (other than leases) of the Corporation which are guaranteed by the Secretary pursuant to section 602 of this Act, not to exceed $25,000,000 for the fiscal year ending September 30, 1978, *and not to exceed $25,000,000 for the fiscal year ending September 30, 1979.*

Not more than $25,000,000 of the amounts authorized by clause (1) of the preceding sentence for the fiscal year ending June 30, 1976; not more than $7,000,000 of the amounts so authorized for the transitional fiscal period ending September 30, 1976, not more than $35,000,000 of the amounts so authorized for the fiscal year ending September 30, 1977, and not more than $40,000,000 of the amounts so authorized for the fiscal year ending September 30, 1978, shall be available for payment of rail passenger service operating and capital expenses, pursuant to section 403(b) of this Act. Funds appropriated pursuant to such authorization shall be made available to the Secretary during the fiscal year for which appropriated and shall remain available until expended. Such sums shall be paid by the Secretary to the Corporation for expenditure by it in accordance with spending plans approved by Congress at the time of appropriation and general guidelines established annually by the Secretary. Payments by the Secretary to the Corporation of appropriated funds shall be made no more frequently than every 90 days, unless the Corporation, for good cause, requests more frequent payment before the expiration of any 90-day period.

(2) Funds appropriated for capital grants pursuant to this section (other than subsection (a) [(4)] *(3)* shall be paid to the Corporation in each fiscal quarter, and such grants may be used by the Corporation for temporary reduction of outstanding loan balances, including loans guaranteed by the Secretary pursuant to section 602 of this Act.

(b)(1) Whenever the Corporation submits any budget estimate or request to the President, the Department of Transportation, or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

(2) Whenever the Corporation submits any legislative recommendation, proposed testimony, or comments on legislation to the President, the Department of Transportation, or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Corporation to submit its legislative recommendations, proposed testimony, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

SEC. 602. GUARANTEE OF LOANS.

(a) * * *

* * * * * * *

(d) The aggregate unpaid principal amount of securities, obligations, leases, or loans outstanding at any one time, which are guaranteed by the Secretary under this section, may not exceed $900 million. Such $900,000,000 maximum shall be reduced by an amount equal to the total principal amount of such securities, obligations, or loans paid by the Corporation from funds made available pursuant to clause [(4)] *(3)* of section 601(a) of this Act. The Secretary shall prescribe and collect a reasonable annual guaranty fee.

* * * * * * *

TITLE VIII—MISCELLANEOUS PROVISIONS

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SEC. 807. RAILROAD SAFETY PROGRAM.

(a) No later than January 1, 1979, the Corporation shall, in consultation with railroad labor organizations, develop and implement a Rail Safety System Program for employees working on property owned by the Corporation. Such program shall be designed to serve as a model for other railroads to use in developing safety programs.

(b) The Railroad Safety System Program required under this section shall include but not be limited to—

(1) a periodic analysis of accident data, including primary and secondary causes, if known;

(2) a periodic evaluation of the activities undertaken under the program, particularly the specific steps taken in response to accident causes;

(3) a periodic identification of the expenditures for occupational health and safety activities included in the program;

(4) a periodic identification of the reduction of costs, fatalities, and casualties resulting from accident prevention under the program;

(5) a periodic identification of direct accident costs, including claims arising out of such accidents; and

(6) an identification and evaluation of such other information or data as the Corporation considers necessary or appropriate.

(c) There is authorized to be appropriated to carry out the provisions of this section not to exceed $250,000.

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RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976

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TITLE VII—NORTHEAST CORRIDOR PROJECT IMPLEMENTATION

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REQUIRED GOALS

SEC. 703. The Northeast Corridor improvement project shall be implemented by the Secretary in order to achieve the following goals:

(1) INTERCITY RAIL PASSENGER SERVICES.—(A)(i) Within 5 years after the date of enactment of this Act, the establishment of regularly scheduled and dependable intercity rail passenger service getween Boston, Massachusetts, and New York, New York, operating on *at most* a 3-hour-and-40-minute schedule, including appropriate intermediate stops; and regularly scheduled and dependable intercity rail passenger service between New York, New York, and Washington, District of Columbia, operating on *at most* a 2-hour-and-40-minute schedule, including appropriate intermediate stops.

(ii) Improvements in facilities in accordance with route criteria approved by the Congress, on routes to Harrisburg, Pennsylvania, and Albany, New York, from the Northeast Corridor main line, and from Springfield, Massachusetts, to Boston, Massachusetts, and New Haven, Connecticut, in order to facilitate compatibility with improved high-speed rail service operated on the Northeast Corridor main line.

(B) The improvement of nonoperational portions of stations (as determined by the Secretary in consultation with the National Railroad Passenger Corporation) used in intercity rail passenger service and of related facilities and fencing. Fifty percent of the cost of such improvements shall be borne by States (or local or regional transportation authorities), *or other responsible parties*, except that the Secretary may, in his sole discretion, fund entirely any safety-related improvement.

* * * * * * *

(5) *COMPATIBLE EQUIPMENT.—The Secretary shall develop economical and reliable rolling stock and related equipment designed to be compatible with the track, operating, and marketing characteristics of the Northeast Corridor at and after the completion of the Northeast Corridor improvement project, including the capability to reliably meet the trip times set forth in paragraph (1)(E) of this section in regularly scheduled revenue service in the Northeast Corridor. The Secretary shall consult with the Corporation in the development of such equipment. The Corporation shall submit requests for authorization of appropriations for the production of such equipment and shall, together with the Secretary, include equipment planning in the reports required by paragraph (1)(E) of this section.*

FUNDING

SEC. 704. (a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary—

(1) $1,600,000,000 to remain available until expended in order to effectuate the goals of section 703(1)(A)(i) of this title and after such goals have been achieved, the goals of section 703(1)(A)(ii), *of which not less than $27,000,000 shall be available to finance the cost of the equipment modification and replacement which States (or local or regional transportation authorities) will be required to bear as a result of the electrification conversion system of the Northeast Corridor pursuant to this title;*

(2) $150,000,000 to remain available until expended in order to effectuate the goal of section 703(1)(B);

(3) for payment to the National Railroad Passenger Corporation—

(A) $10,000,000 to remain available until expended for nonrecurring costs related to the initial assumption of control and responsibility for maintaining rail operations on the Northeast Corridor;

(B) $120,000,000 to acquire the properties of the Northeast Corridor;

(C) $650,000 to remain available until expended, for the development and utilization of mobile radio frequencies for high-speed rail passenger radio telephone service; and

(D) $20,000,000, to remain available until expended, for acquiring and improving properties designated in accordance with section 206(c)(1)(D) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 716(c)(1)(D)).

Amounts appropriated pursuant to subparagraphs (B) and (D) of this paragraph shall be used first for the repayment, with interests, of that portion of obligations issued by the National Railroad Passenger Corporation and guaranteed pursuant to section 602 of the Rail Passenger Service Act (34 U S C 602), the proceeds of which have been used for the payment of expenses resulting from the acquisition of the properties referred to in such subparagraphs (B) and (D)

*   *   *   *   *   *   *

Section 4 of the Department of Transportation Act

GENERAL PROVISIONS

Sec. 4. (a) * * *

* * * * * * *

(i)(1) The Secretary shall provide financial, technical, and advisory assistance in accordance with this subsection for the purpose of (A) promoting on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals; (B) preserving railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and (C) stimulating State and local governments, local and regional transportation authorities, common carriers, philanthropic organizations, and other responsible persons to develop plans for the conversion of railroad passenger terminals into intermodal transportation terminals and civic and cultural activity centers.

(2) Financial assistance for the purpose set forth in paragraph (1)(A) of this subsection shall be granted in accordance with the following criteria: (A) the railroad terminal can be converted to accommodate such other modes of transportation as the Secretary deems appropriate, including motorbus transportation, mass transit (rail or rubber tire), and airline ticket offices and passenger terminal providing direct transportation to area airports; (B) the railroad passenger terminal is listed on the National Register of Historic Places maintained by the Secretary of the Interior; (C) the architectural integrity of the railroad passenger terminal will be preserved and such judgment is concurred in by consultants recommended by the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation and retained for this purpose by the Secretary; (D) to the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activities, especially when such use is recommended by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts, or the consultants retained by the Secretary upon their recommendation; and (E) the railroad passenger terminal and the conversion project meet such other criteria as the Secretary shall develop and promulgate in consultation with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation. Any grant made by the Secretary under this paragraph shall not exceed [60] *80* per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.

(3) Financial assistance for the purpose set forth in paragraph (1)(B) of this subsection may be granted in accordance with regulations, to any responsible person (including a governmental entity) who is empowered by applicable law, qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal: *Provided*, That (A) such terminal has, in the opinion of the Secretary, a reasonable likelihood of being converted to or conditioned for reuse as an intermodal transportation terminal, a civic or cultural activities center, or both;

and (B) planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner. Funds appropriated for the purpose of this paragraph and paragraph (1)(B) of this subsection shall be expended in the manner most likely to maximize the preservation of railroad passenger terminals capable reasonably of conversion to intermodal transportation terminals or which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Chairman of the National Endowment for the Arts or the Advisory Council on Historic Preservation. The amount of the Federal share of any grant under this paragraph shall not exceed [60] *80* per centum of the total cost of such interim maintenance for a period not to exceed five years.

(4) Financial assistance for the purpose set forth in paragraph (1)(C) of this subsection may be granted, in accordance with regulations, to a qualified person (including a governmental entity) who is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the rail passenger terminal is located as well as requirements under this subsection; who shall incorporate into the designs and plans proposed for the conversion of such terminal into an intermodal transportation terminal, a civic or cultural center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation; and who shall complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance under this subsection. In making grants under this paragraph, the Secretary shall give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion. Funds appropriated for the purpose of this paragraph and paragraph (1)(C) of this subsection shall be expended in the manner most likely to maximize the conversion and continued public use of railroad passenger terminals which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts. The amount of the Federal share of any grant under this paragraph shall not exceed [60] *80* per centum of the total cost of the project or undertaking for which the financial assistance is provided.

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MINORITY VIEWS ON H.R. 11493, AMTRAK AUTHORIZATION EXTENSION OF MESSRS. DEVINE, BROWN OF OHIO, COLLINS OF TEXAS, AND STOCKMAN

The minority members attempted a number of amendments at committee and subcommittee in order to constructively address some of the problems inherent in Amtrak. For example, Mr. Madigan offered an amendment in committee which would require Amtrak to go through the Office of Management and Budget just like any other Federal agency in submitting its budget request to Congress. That amendment was voted down by the committee which presumably enjoys playing railroad at the taxpayers' expense.

Mr. Devine offered an amendment which would remove the artificial freeze on Amtrak operations which arbitrarily keeps every Amtrak train in place until October 1, 1979 apparently for the purpose of guaranteeing the continuance of a particular experimental train. That amendment was also voted down. Mr. Madigan offered an amendment which would at least permit the Secretary of Transportation's restructuring plan to go into effect if neither House of Congress disapproved of his plan within 60 days. That amendment also was defeated because the committee insisted on keeping a provision in this bill which requires both the House and the Senate to act affirmatively before any recommendation made by the Secretary can take effect. The majority refused to discuss any proposal irrespective of its merit which would in any way give Amtrak financial responsibility. A proposal to establish a Finance Committee made up of the Secretary of Transportation, the Secretary of the Treasury, and the President of Amtrak was prepared for the Subcommittee to consider, but it fell on deaf ears. An amendment to at least make Amtrak responsive and responsible to its own employees by establishing an employee assistance program for helping employees suffering from alcoholism, drug addiction, or debilitating emotional stress was likewise summarily defeated.

Unfortunately, this bill seems determined to simply throw more money at Amtrak as it rolls to what appears to be a disasterous destination. The time has come to vote against this bill or any other legislation which prolongs the life of Amtrak for the following reasons:

1. Amtrak has failed.
2. Amtrak costs the taxpayers too much.
3. Amtrak provides no public benefit.
4. The freeze in this particular bill guarantees another 18 months of extravagant waste.
5. The bill in effect prohibits even the Secretary of Transportation from taking off a single Amtrak train, now or in the future.

Amtrak has failed

In May of 1971, Amtrak began its operations with the fond hope that it could prove once and for all that inter-city rail passenger service has a future if someone other than the railroads were given the opportunity to run it. The General Accounting Office report prepared for the Committee and entitled, Amtrak Subsidy Needs Cannot Be Reduced Without Reducing Service, dated May 11, 1978 reaches the following conclusions about Amtrak:

Amtrak's operations since 1971 have demonstrated that nationwide passenger rail service cannot be justified on economics alone, even though Amtrak's present system is mostly made up of the best routes available. (Page 54.)

In testimony before our committee on March 20, the Director of the Community and Economic Development Division of GAO testified that:

> Amtrak's biggest problem is that there are not enough people who want to use the train for inter-city travel. While Amtrak attracted about three million more passengers in fiscal year 1977 than it did in 1972, it did so by substantially increasing the number of trains available. The number of revenue passengers per train have decreased. The reasons why demand does not exist in spite of Amtrak's low fares (fare revenue averaged only about 35% of operating costs) are fairly straightforward. Air travel is much quicker and more convenient for time sensitive travellers, smoother and more comfortable, (expecially considering the comparatively short time the traveller must occupy the airplane), and on longer trips, almost the same price as Amtrak. Busses go more places than Amtrak, usually at a lower cost to the traveller. Automobiles give travellers more control over where and when they go, are convenient to have at a destination, and, on a marginal basis most people use to make travel decisions, are perceived as being much cheaper than the train, particularly when more than one traveller is involved. (Page 55).

The fact of the matter is that less than 2 percent of inter-city passengers use the railroads. The hope for growth in inter-city rail passenger service simply has not occurred. Through fiscal year 1977, Congress pumped 1.865 billion Federal dollars into Amtrak. Over that period of time, revenue passenger miles per train declined as follows:

Through fiscal year 1977 1.856 billion Federal dollars have been poured into Amtrak. Over that period of time revenue passenger miles per train mile declined as follows:

	Revenue passenger miles per train mile
October 1974 through February 1975	126. 81
Fiscal year 1976	103. 81
Fiscal year 1977	96. 60

This decline occurred even though Amtrak (1) increased trains, (2) increased train miles, and (3) increased routes.

1971:	
Trains per week	1, 247
Train miles per week	461, 432
Routes	25
1977:	
Trains per week	1, 503
Train miles per week	636, 328
Routes	25

Amtrak carried only 15.6 percent more passengers in 1977 than in 1972, its first year of operation.

It should be pointed out that Amtrak's growth has not only been marginal but has occurred only because Amtrak has greatly increased the size of its system. Clearly the Amtrak experiment has been a failure.

Amtrak costs too much

The following table, taken from the GAO report, graphically demonstrates the gigantic Federal subsidies which have been keeping Amtrak rolling with its empty trains.

[In thousands of dollars]

Fiscal year	Operating revenues	Operating expenses	Deficits
Past:			
1971	22, 645	45, 301	22, 656
1972	152, 709	306, 179	153, 470
1973	177, 303	319, 151	141, 848
1974	240, 071	437, 932	197, 861
1975	246, 459	559, 807	313, 348
1976	268, 038	674, 307	406, 269
Transition quarter	77, 167	176, 298	99, 131
1977	311, 272	832, 850	521, 578
Total	1, 495, 664	3, 351, 825	1, 856, 161
Projected: [1]			
1978	352, 866	943, 366	590, 500
1979	403, 254	1, 072, 325	669, 071
1980	444, 987	1, 172, 140	727, 153
1981	505, 652	1, 293, 940	788, 288
1982	578, 274	1, 432, 340	854, 066
Total	2, 285, 033	5, 914, 111	3, 629, 078
Grand total	3, 780, 697	9, 265, 936	5, 485, 239

[1] Amtrak estimates.

As can be seen from the table above, through fiscal year 1977, $1.856 billion had been dumped into Amtrak for operating subsidies alone. By the end of fiscal year 1982, $5.485 billion will have been given to Amtrak for operating subsidies alone.

In addition to the operating subsidies, the Federal government has loaned Amtrak over $900 million and has provided nearly $1.8 billion in capital grants. The total cost for Amtrak by the end of fiscal year 1982 could exceed $10 billion.

Any taxpayer attempting to pay his mortgage, his car payment, his child's education, or nursing home care for a loved one should be asked if this $10 billion expenditure is justified. Clearly, Amtrak costs too much.

Amtrak provides no public benefit

Even though Amtrak costs too much, it could be justified if there was a compensating public benefit. That compensating public benefit simply does not exist.

The clearest indicator that Amtrak provides no public benefit is found in the fact that Amtrak has been unable to attract substantially larger numbers of people to ride the train. As pointed out above, the growth in intercity rail passenger traffic has been far less than the growth in the system itself. As a practical matter, revenue passenger miles per train mile have decreased from 126.81 in February 1955 to less than 96.6 in February 1977. Amtrak has carried only 15.6 percent more passengers in 1977 than in 1972, its first year of operation. In every single case where an Amtrak train goes, alternative forms of public transportation are available. Airplanes cover more than 60 percent of the Amtrak route points and intercity motor buses cover 100 percent.

Some argue that rail passenger trains are energy efficient. The preliminary report to Congress by DOT entitled, "A Re-examination of the Amtrak Route Structure" (May, 1978) clearly indicates that the fuel efficiency of the rail passenger train is a myth. For example, that report points out:

> At worst, Amtrak operations are much worse than even the automobile, let alone the bus. The Floridian, according to Amtrak estimates, used more fuel in FY 1976 than if everyone had travelled by automobile and the mail had been carried by truck.

Under the best of circumstances, Amtrak's fuel efficiency is not as good as the intercity motorbus. Therefore, one cannot argue that a public benefit accrues as a result of Amtrak saving our precious energy. It is simply untrue.

What public benefits, then, are there to justify continuation of Amtrak? We see none. The one example which can be persuasive is that someday in the future, this nation may need to use the inter-city passenger train because of an energy crisis. The possibility for that use exists because the tracks and roadbeds stay in place, not because we have empty passenger cars crisscrossing the country. Therefore, it is clear that no public benefit exists which outweighs the tremendous cost inherent in Amtrak operations.

The freeze in this particular bill guarantees another 18 months of extravagant waste

Paragraph 2 of subsection (e) of section 3 of this bill locks into place every single train operating on the Amtrak system until at least October 1, 1979. It is ironic that the same section requires the Secretary of Transportation to re-evaluate the Amtrak route system and then turns around and freezes every bit of that route system in place. The Secretary in his preliminary report indicates that at least 25 percent of the Amtrak route system needs to be stopped. What possible justification can the committee have for continuing to waste the taxpayers' dollars in total disregard of every shred of evidence? It appears that the only way to justify the continuation of a train called the

Shenandoah was to freeze every other unprofitable train into the Amtrak system. Only total disregard for to Federal tax dollar can justify such crass politicization of Amtrak.

It makes no sense to provide a freeze in this particular bill which guarantees another 18 months of extravagant waste while the Secretary of Transportation is attempting to rationalize the Amtrak system.

The bill in effect prohibits even the Secretary of Transportation from taking off a single Amtrak train, now or in the future

Section 3 of the bill directs the Secretary of Transportation to evaluate Amtrak and undertake a route reexamination. By the end of 1978, he is directed to report to Congress as to how Amtrak should be changed so as to improve its dismal record. That provision in and of itself would be laudatory, considering Amtrak's gross unprofitability. However, subsection (e) of Sec. 3 in paragraph 1 contains an interesting "catch 22" which in effect negates any findings by the Secretary of Transportation. That subsection makes it clear that the Secretary's recommendations shall be deemed final only after approved by both Houses of Congress. This provision is but a blatant attempt by Amtrak to continue perpetually its grossly inefficient intercity passenger train service. As a practical matter, Congress is on the one hand shifting the buck to the Secretary of Transportation to propose Amtrak route reductions, but on the other hand, heaps upon itself the impossible task of having to vote on each one of the Secretary's recommendations This is an absolute sham. If this provision stays in the bill, we should be aware of the fact that we are committing this country to spending billions of dollars more for a toy railroad that nobody rides and only Congressmen seem to want.

As indicated above, Amtrak is not needed, has been a failure in attracting business, has no redeeming social benefits, and is a waste of taxpayer dollars. Now is the time to dismantle the model railroad created by Congress for our own political amusement.

SAMUEL L. DEVINE.
CLARENCE J. BROWN.
JAMES M. COLLINS.
DAVE STOCKMAN.

SUPPLEMENTAL VIEWS OF HON. JOE SKUBITZ ON H.R. 11493, AMTRAK AUTHORIZATION EXTENSION

I have been a strong supporter of Amtrak since its creation in 1971. Year after year, I have urged that sufficient funding be given the corporation so that it would have the ability to provide first class rail passenger service for this country.

In view of my strong support for Amtrak, it is with some apprehension that I must write these views. I fear that the freeze provisions contained in the bill and the difficult mechanism for permitting the Secretary of Transportation to improve the Amtrak structure create an impediment in the legislation which may be difficult to defend. If those impediments were not enough, the extraordinarily large operating subsidy of $613 million may be more than members of Congress are willing to swallow. At committee, I offered a modest amendment which would cut the operating subsidy from $613 million to $600 million. I did so realizing that the President's Budget contains only $510 million and the Senate has also adopted that figure. Moreover, our Committee was assured by Secretary Adams that if we were to freeze all of Amtrak's routes and services until October, 1979, only $575 million would be needed to operate Amtrak. Knowing that the President's Budget was entirely too low and fearing that Secretary of Transportation Adams had been a little too conservative, I had hoped that the Committee would adopt my proposal of $600 million. Unfortunately, the committee chose to report a bill which is so top-heavy with subsidy dollars that it may sink of its own weight.

JOE SKUBITZ.

SUPPLEMENTAL VIEWS OF HON. EDWARD R. MADIGAN ON H.R. 11493, AMTRAK AUTHORIZATION EXTENSION

This bill provides AMTRAK with another $613 million in operating expenses and $130 million for capital expenditures. I would not object to funding Amtrak at any level except that Amtrak's present philosophy and poor management guarantees the waste of millions of tax dollars and guarantees absolutely no improvement in intercity rail passenger service. It is with great difficulty that I approve of the Committee reporting this bill. Had we not reached the last legislative day permitted for reporting authorization bills under the Budget Act, I would have insisted on more careful consideration by the committee before action was taken on this legislation. In my judgment. the legislation does not reflect the usual high degree of legislative competence and thorough consideration generally exhibited by my committee. A number of colleagues from both sides of the political aisle attempted to offer amendments designed to make Amtrak more responsible. All of our efforts were for naught in the 11th Hour rush to file a report before midnight, May 15. Consequently, this bill had at least three major problems.

1. The bill fails to reform Amtrak's governing body, its board of directors.
2. The bill fails to provide Amtrak with any structural guidelines for financial responsibility.
3. A "Catch 22" provision makes future restructuring of Amtrak impossible.

The bill fails to reform Amtrak's governing body, its Board of Directors

Amtrak's present Board of Directors shares with all of its predecessors the distinction of being the least effective board of directors of any government-sponsored corporation. The reason for their ineffectiveness comes in parts because of the congressional restrictions placed on appointments to the Board and its unwieldy size. Moreover, even though Amtrak receives the bulk of its funds from the Federal Government, the administration had but a limited role on the Amtrak Board of Directors.

Chairman Rooney and I requested that the Comptroller General investigate Amtrak and report to Congress with his findings and an evaluation. On May 11, 1978, the Comptroller General published his report, "Amtrak Subsidy Needs Cannot Be Reduced Without Reducing Service." In his report, the Comptroller General made the following observation:

> Amtrak had been and remains on an expansionary course. It had developed major departments to handle all phases of corporate activity, including the direct operation or management responsibility for passenger trains and related facilities; and substantial support activities, such as engineering, procurement, planning, marketing, and financial and computer

services. In addition to corporate expansion, Amtrak has added routes or trains in 34 States and extended service into Canadian provinces.

Such expanded day-to-day activities now cost Amtrak about $2.58 million per day. Income generated meets about one-third of these costs.

Apparently, the Board of Directors has felt that expansion and expansion alone would win the hearts and minds of Congress. They may be right, but if so, those areas of the country where intercity rail passenger service makes sense are the losers because the expansionary strategy has pushed Amtrak's cost so high that they threaten to destroy even those parts of Amtrak which should be saved.

During fiscal year 1977, Amtrak's original 25 routes produced 86 percent of its ridership, 85 percent of its revenues, 80 percent of total train miles and 83 percent in cost. Amtrak's best routes are in the Northeast Corridor. In fiscal year 1977, those routes accounted for 57 percent of Amtrak ridership, 31 percent of its revenues, and only 24 percent of the costs. It is clear from the figures provided the Committee by the GAO and the ICC that Amtrak would lose considerably less money if it concentrated its service around the Los Angeles, Chicago, and Northeast corridor operations. At no time, has its Board of Directors presented to Congress ways and means for Amtrak to cut costs. Instead costs have been added at a pace intended to attract political support at the expense of efficient inter-city rail passenger service. Until clearer goals are set for the Board of Directors and the quality of directors is increased, there will be no change in Amtrak performance.

The bill fails to provide Amtrak with any structural guidelines for financial responsibility

Amtrak has had a history of financial irresponsibility. Nearly every year since its existence, it has expended the money appropriated to it and has come to the Congress for a supplemental appropriation.

In Committee, I attempted to introduce some structural changes which would make Amtrak more financially responsible. I offered amendments which would require Amtrak to go through the Office of Management and Budget just as any other federally funded agency must do. The Department of Transportation did not oppose this amendment, but nevertheless the committee voted the amendment down. I can only conclude from the actions of the majority that they feel that Amtrak cannot stand budget scrutiny by OMB. I believe that conclusion is unfortunate because unless some financial responsible agency of government examines Amtrak's budget process, its expansionary appetities will produce a budget request which is so large that the entire Amtrak system will topple. At present, there is no accountability for Amtrak because it caters to 435 Members of the House and 100 Senators, none of whom can be totally blamed for Amtrak's financial excesses. At a minimum, Amtrak should be required to go through the budget process just like any other Federal agency.

I also explored another mechanism for giving Amtrak greater financial responsibility. I proposed that a Finance Committee be established similar to the one we have created to monitor the funding of ConRail by the U.S. Railway Association. The Finance Committee would be made up of the Secretary of Transportation, the Secretary of the Treasury and the President of Amtrak. The purpose of the Finance Committee would be to make sure that Amtrak lives within its budget whatever that may be. At a minimum, the creation of a Finance Committee would discourage Amtrak from using the threat to Congress that half its system will stop if it does not receive a supplemental appropriation. The supplemental appropriation routine has been repeatedly used by Amtrak. It is a simple routine whereby Amtrak waits until at least half the fiscal year has expired before realizing that they do not have enough money to run all the trains for the rest of the year. A Finance Committee would force Amtrak to more evenly distribute its losses and perhaps even operate a financially responsible system.

Unfortunately, this bill totally disregards placing any financial responsibility on Amtrak and its operations.

A "Catch 22" provision makes future restructuring of Amtrak impossible

The bill, as reported by committee, contains a provision in section 3 which has all the appearances of a legitimate study by the Secretary of Transportation in order to restructure Amtrak routes in order to save money. Unfortunately, it is a restructure provision in name only. Subsection (e) of section 3 completely undoes any good that might come from the Secretary route study by requiring that both the House and Senate enact bills to approve the Secretary's finding before it can become effective. This "Catch 22" provision would constitute a full-fledged violation of the Federal Trade Commission advertising regulations if it appeared anywhere but in a public law.

The Secretary's route study will contain recommendations for eliminating at least 25 percent of the present Amtrak route. To require Congress to affirmatively vote to discontinue trains which affects its constitutuents makes any suggested restructuring of Amtrak a false promise. I propose to the committee that the requirement for both Houses to approve any route restructuring be changed to a one-House disapproval provision similar to that used for the creation of ConRail when Congress had an opportunity to disapprove the final system plan developed by U.S.R.A. The committee did not act favorably upon my amendment. I would hope that the House would consider substituting a provision which would require both the House and Senate to disapprove the Secretary's recommendations if they were not to go into effect. If we are serious about creating a strong Amtrak, we must make sure that provisions for restructuring Amtrak are reasonable and workable. The bill as now written is neither reasonable nor workable.

While I strongly support the concept of Amtrak, I am disheartened by the provisions of this bill because in my judgment, congressional greed will simply hasten the day for Amtrak's complete demise.

EDWARD MADIGAN.

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