



## NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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# 3-Year Authorization is Law

## Appropriations Hearings: More Praise for Amtrak

Once again this year, the administration's own witness, Federal Railroad Administrator John H. Riley, made major, positive contributions to the case for continued Amtrak funding. At the Mar. 13 House Appropriations hearing, he shared the witness table with Amtrak President W. Graham Claytor Jr.; Apr. 9 on the Senate side Claytor and Riley testified separately and in that order.

Riley told both the House subcommittee, chaired by William Lehman (D-FL), and its Senate counterpart, chaired by Mark Andrews (R-ND), "the economic realities that led the Department of Transportation to recommend no funding for Amtrak in last year's budget have not changed." At the House hearing, he also noted: "Our proposal [not to fund Amtrak] is not stemming from a desire to kill a program we don't like. Our position is a fiscal one."

Again this year, however, Riley's traditional lavish praise for Amtrak management continued. At one point during the Senate hearing, he attempted to praise Claytor and support the administration's zero funding position in the same sentence. Riley began, "Despite significant improvements in its operating performance over the last few years—and, I must say, Graham is without peer in this field—" This prompted Senator Andrews to interject: "You ought to listen to him [Claytor] a little more!"

**FY '87 Funding Needs:** Claytor began his appearances at both hearings by stating: "My highest priority is to make Amtrak more self-sufficient." He said Amtrak needs the full authorized amount—\$606 million—and noted that the \$591 million Amtrak is actually receiving for FY '86 is \$25 million less than the \$616 million

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### CLAYTOR HOPES DEBATE IS NEAR AN END

"I am hopeful that we will soon progress beyond the policy debate in this country over whether to continue federal support for intercity rail passenger service. Last year, the importance of our rail passenger system and the amount of support needed to sustain it were thoroughly debated during the federal budget process, and Congress voted on several occasions to reject proposals to eliminate or severely curtail funding for Amtrak. It also did something that has not happened since 1980, and that was to enact a three-year authorization for Amtrak as part of the Consolidated Omnibus Budget Reconciliation Act of 1985.

"The debate regarding Amtrak's continued existence is counterproductive because it sends the wrong message to the travelling public and to the employees who have done so much to make rail a productive and viable mode of travel

## 1 of 3 Crucial Funding Steps Is Behind Us!

The first Amtrak reauthorization in 4 years became Public Law 99-272 Apr. 7 when Pres. Reagan signed the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.

The White House position on Amtrak has not changed, of course, and the President signed COBRA only because it encompassed many other programs; the President would not have signed COBRA if Amtrak had been a dominant part of the bill; and COBRA represents only one step in the long, tortuous federal funding process.

That process usually includes: budget resolution, authorization, and appropriation. The authorization is often for a higher level of funding than an agency actually gets, since the authorizing committee's primary expertise is within one program area while the budget and appropriations committees are required to select priorities on a government-wide basis.

Authorizations are important, however, because they can (a.) limit the amount of money Congress appropriates; and (b.) change the restrictions on what Amtrak is allowed to do. This

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**"The President's proposal to eliminate Amtrak represents not only poor transportation policy, but transparent budget gimmickry that will actually have adverse consequences for the Federal deficit."**

—"Views and Estimates of the [House] Committee on Energy and Commerce,"

Provided to the House Budget Committee Feb. 25, 1986

once again. Amtrak now needs to focus all of its energies on the task that Congress has laid out—and that is providing the most efficient and comprehensive rail passenger system possible while reducing the corporation's dependence on the federal government. I believe we are well on our way toward accomplishing this objective and hope that we can count on your continued support. . . .

"I do not believe that anyone could credibly suggest that funding for Amtrak, which amounted to 2.5 percent of the transportation budget, or 7/100ths of one percent of the entire FY '86 federal budget, is a main contributor or even an important factor in causing the deficit."

—Amtrak Pres. W. Graham Claytor Jr.,  
in Apr. 9 testimony before the  
Senate Appropriations Transportation Subcommittee



### \$606 IS THE MAGIC NUMBER!

Please urge your legislators to work for inclusion of \$606.1 million for Amtrak—the full authorized amount—when the appropriations committees “mark up” (write) their FY '87 appropriations bills in May.

Congress may not be able to agree on a FY '87 budget resolution. The Senate Budget Committee approved one which includes continued Amtrak funding at this year's level, apparently giving the appropriations committees enough “elbow room” to fully fund Amtrak. The White House and conservative Republicans, however, oppose the committee's resolution because it includes tax increases and—in their views—not enough Defense funding or domestic cuts. As a result, Majority Leader Robert Dole (R-KS) has not scheduled a floor vote, even though a majority of senators apparently support the resolution.

Meanwhile, there's no formal budget-resolution progress in the House, where Democrats say they won't support a tax increase before the President does. There are gruesome stories about the magnitude of domestic—including transportation—cuts contained in a “no-tax-increase” resolution secretly drafted by House Democrats.

### Appropriations Hearings (continued from page 1)

level he had said last year would force Amtrak to make damaging and ultimately counterproductive cuts in maintenance. [Amtrak received \$684 million in FY '85 and Secretary of Transportation Elizabeth Dole initially recommended a FY '86 Amtrak funding level of \$765 million.]

Claytor indicated that Amtrak is already “in a ditch with deferred maintenance.” He feels he must discontinue some cost-cutting practices implemented as a result of this year's budget cuts, notably the stretching of intervals between heavy locomotive maintenance from 800,000 to a million miles—more than the manufacturer recommends. That move, he said, has already led to “more failures on the run. We've got to go back to the 800,000.”

Rep. Lawrence Coughlin (R-PA), who rides Amtrak frequently, said, “I must say I've already experienced your deferred maintenance. 400 yards from Union Station, the engine went dead.”

“I Have a Little List:” Riley gave the House a list of things he said could improve Amtrak's efficiency, admitted that some of his items “are very, very difficult to do,” said that accomplishing all of them would not come close to eliminating Amtrak's subsidy needs, and said “we can't afford” the losses that would remain.

But this list and the subcommittee's interest in it illustrates the failure of former Budget Director David Stockman's efforts to shift discussion outside the White House from “how-do-we-improve-Amtrak?” to “how-do-we-kill-Amtrak?” [Last year, Stockman was so furious over the low-key tone of Riley's and Secretary Dole's Amtrak testimony that the budget director took the unprecedented step of testifying personally at the final Amtrak hearing of the spring, Apr. 29 before a Senate Commerce subcommittee. He minced no words, calling Amtrak a “waste,” and saying “there are few programs that rank lower than Amtrak in terms of the good they do.”]

After Riley finished his list, Rep. Richard J. Durbin (D-IL), a strong Amtrak supporter who had earlier been very critical of Riley, “commended” him for serving as “administrator instead of funeral director,” and Chairman Lehman expressed similar sentiments, though both members noted the difficulty of accomplishing some of the items. At the hearing, Riley went through the list, noted that Claytor “probably heard” some of the items for the first time, and then Claytor went through the list. For simplicity, we show each item once, with Riley's description followed by Claytor's (WGC) comments.

1. Require states to pay 100% of the costs of 403(b) intercity and 403(d) commuter trains, saving Amtrak a total of \$18 million/year. WGC: Imposing this requirement with no advance notice would kill the program. Claytor indicated that he would favor a law that gives states some advance notice (he suggested language such as, “Starting 2 years from time of enactment”), after which the state contribution would increase by 5% of the short-term avoidable

costs each year until the states paid 100%. “I think that's feasible. The states won't like it. I would support it.” [States now pay 65% of short-term avoidable costs—45% in the first year of a train's existence—and 50% of “associated capital costs.”]

2. Reduce service frequencies. WGC: We did it “this year with a number of trains.” He referred to seasonal reduction to tri-weekly service on “trains that have light loads in the winter-time. . . . We are doing that, and we will continue to do that,” guided in part by a review of the financial results from the January 1986 service cuts.

3. “Combine proximate routes.” [WGC didn't comment on this.]

4. Merge train and on-board operating crews to cut the operating costs. WGC: In general, Claytor sees no possibility of merging on-board crews (“you obviously cannot have the conductor serving as a dining car steward”). He allowed one exception: combining supervision on shorter runs by having the conductor assume the train chief's responsibilities after Amtrak takes over the train crews. [Later in the hearing, Claytor noted that, when the train and engine crew takeovers are complete, 1,500 Amtrak employees will perform the work formerly done by 2,100 employees of the contracting freight railroads. He also noted Amtrak is experimenting with having 1 coach attendant for every 3 cars instead of every 2 cars.]

5. Contract out on-board food service. WGC: “We have looked at that before; I do not think that it will save any money.” Claytor said Auto Train food service quality improved and costs declined after he switched responsibility from Marriott to Amtrak itself.

6. Reduce scope of reservation system. WGC: Most short-distance trains are already unreserved; eliminating reservations on long-distance trains probably would cause a bigger decline in revenue than in costs and would deprive Amtrak of advance passenger counts needed for scheduling of equipment. Without

### ‘CARDINAL’ MIGRATES TO INDIANAPOLIS



NARP Graphics/Barry Williams

A 12-year detour ends Apr. 27 when Amtrak's New York-Chicago “Cardinal” returns to Indianapolis. Train is moving because Chesapeake & Ohio is downgrading its Muncie line. “Cardinal” (then named “James Whitcomb Riley”) served Indianapolis 1971-74, until Penn Central track deterioration forced C&O detour. New route, about 20 miles longer, is via Baltimore & Ohio, Conrail, and Seaboard (Chicago-Indy segment is presently served by “Hoosier State,” which “Cardinal” will supplant). Move coincides with completion of \$50 million redevelopment of Indianapolis Union Station (rededication Apr. 25-27). Classic 1888 Romanesque landmark will house shops, offices, hotel, and Amtrak-Trailways station (latter opened Apr. 1985). Chicago-Indianapolis service remains daily.



reservations, Claytor said he'd be running empty coaches some days and have people standing for maybe 800 miles on other days "and then all hell breaks loose."

7. Covering new Amtrak employees with Social Security instead of Railroad Retirement would save at least \$4 million/year at the start, and the saving "really becomes big money as you get into" the future years. WGC: "This would have to be done by statute . . . I don't believe it could pass in Congress and I would not advocate it . . . If you remove 25,000 Amtrak employees from the Railroad Retirement system, that would have a serious impact on the rest of the Railroad Retirement system, which is already in some trouble."

8. Consolidate maintenance facilities. WGC: "This is being done as we develop new ones," which Amtrak has been doing for many years; the newest example is a Washington (DC) facility that will be fully operational in a few months and "will be doing more work that has been spread over other less efficient facilities;" but maintenance consolidations almost always require capital investment and further progress is unlikely "when capital is as tight as it is right now."

9. Sleeping car surcharge. WGC: In a summer 1983 experiment, the group of trains without a surcharge financially outperformed the trains with the surcharge. "This is price-sensitive even though trains sell out." Our overall fares policy is to maximize revenues. "You cannot always guess right on this . . . but we are pretty good at it and have frequently substantially increased our revenues with promotional fares."

10. Allow Auto Train to carry unaccompanied automobiles. WGC: The reconciliation bill will do this (see lead story).

11. Riley said a 1-year wage freeze would yield \$30 million permanent savings. WGC said this was "clearly not feasible"—Amtrak employees have made major work rule concessions and already get 12% less than employees covered by national railroad

#### RILEY PRAISES AMTRAK PRESIDENT GRAHAM CLAYTOR

**"I think Amtrak is an extremely well-managed company. . . . I have nothing but good things to say about Graham's management. . . . I'm satisfied with the [labor relations] progress they've made. I think they're off to a very good start and I commend them for it. . . . It's very difficult to say anything but good things about Amtrak's safety record in intercity carriage. They really do a good job."**

—Federal Railroad Administrator John H. Riley,  
before the House Appropriations Subcommittee  
on Transportation, Mar. 13, 1986

agreements. "I think we turn the boat over," he said, if we ask for a wage freeze on top of the other concessions. This prompted Rep. Durbin to observe that the issue at TWA, whose strike had inconvenienced him, was how much to cut wages. [Later, Riley himself said of Amtrak's labor relations: "I'm satisfied with the progress they've made. I think they're off to a very good start and I commend them for it."]

12. Increase freight carriers' payments for use of the Amtrak Northeast Corridor. WGC: Reconciliation will do it, although Amtrak won't benefit in FY '86 because "it will take us 6 months" to get it through the Interstate Commerce Commission.

(3 less important items will be in a future News).

#### Other Items:

● Senator Andrews, after listening to Claytor, said: "In other words, the American people are voting" for trains by buying tickets; "the trend lines of growth are clearly there." Claytor noted that, during Oct.-Feb. (first 5 months of FY '86), NY-Florida ridership was up 21.7% over year-earlier figures, and "Empire Builder" was up 9.5%. In a humorous but pointed statement, after Claytor had agreed that the "Builder," which serves the senator's home state, is one of "our most important trains," Andrews said, "It's one of your favorite trains;" Claytor: "Yes, sir."

● Andrews praised the recently-completed renovation of the Fargo, ND, station and the Apr. 5 ceremony held in honor of the work. "I think the number of people who showed up on a rainy day indicates a great deal of interest" in the service.

● Responding to a question from Sen. Lawton Chiles (D-FL), Claytor said he thought the savings Amtrak is realizing from reduced fuel costs would be "more than eaten up by reduced revenue,"

since people drive their cars more when gasoline is cheap.

● From NARP's viewpoint, the one discordant note sounded by a legislator during these hearings came from Rep. Carl D. Pursell (R-MI), who said, at one point, "I don't know how we can preserve the Amtrak program," and, at another, "I wish we could scale it down and run the cost-effective lines and let it grow rather than start with a big system and scale it back." But Amtrak has already been "scaled down!" During pre-Reagan budget-cutting efforts, rigorous performance standards were instituted for all routes; routes that didn't measure up were killed; in response to these and other economies, Amtrak's cost-recovery has dramatically improved. Hopefully, the more supportive sentiments expressed by the other legislators during these hearings will set the tone for future policy. ■

#### TRAVELERS' ADVISORY

**EFFECTIVE APRIL 27 with Amtrak's Daylight Time system timetable:**

● Meals (and wine and cheese baskets) will be included in room charge nationwide for these first class accommodations: Superliner deluxe, economy, family, and handicapped ("special") rooms; Heritage bedrooms and roomettes. This arrangement has existed on New York-Florida trains for several years.

● A new Chicago-Springfield, IL, 403(b) train, the "Loop," goes into service, operating daily except Su on this schedule: dp Chicago 8:15 AM, ar Springfield 11:25 AM; dp Springfield 3:20 PM, ar Chicago 6:30 PM. Jointly funded by Amtrak and Illinois, this service addition is part of the agreement in which Amtrak altered service in the Chicago-Champaign-Carbondale corridor Jan. 12.

#### Authorization Law (continued from page 1)

authorization is particularly significant because it suggests that the Senate Committee on Commerce, Science, and Transportation (which has authorizing jurisdiction over Amtrak) is less sympathetic to Pres. Reagan's Amtrak views than was the case a year ago when the Committee's Chairman, John C. Danforth (R-MO), called Amtrak "a trip down memory lane."

Conferees from the Senate Commerce and the House Energy & Commerce Committees agreed to COBRA's Amtrak provisions on Dec. 13, 1985, but uncertainty continued for months about whether Congress and the President would be able to agree on the rest of COBRA. The reauthorization includes ascending levels of Amtrak funding—\$606.1 million in FY '87 and \$630.3 million in FY '88; gives Amtrak some opportunities to increase revenues; and, unfortunately, forces up some of Amtrak's costs (see "Bad News" box). [The \$600 million authorized in COBRA for FY '86 was rendered moot by a somewhat more generous appropriations bill passed last December which, in turn, was cut Mar. 1 by Gramm-Rudman.]

Amtrak supporters will also be pleased to learn that Chairman Danforth co-signed with Sen. Ernest F. Hollings (D-SC), Commerce's ranking Democrat, a letter to the Senate Budget Committee supporting a FY '86 budget resolution consistent with the authorization. The letter also stated: "While there is some support in the Committee and in Congress for terminating Amtrak funds, there is not a majority."

#### Revenue-Raisers

**Northeast Corridor User Fees.** The new law requires the Interstate Commerce Commission to alter its Northeast Corridor cost-allocation decision so that freight users of the NEC pay Amtrak a more equitable share of the costs Amtrak incurs in operating and maintaining the line. Specifically, freight users will pay Amtrak fully allocated, rather than simply long-term avoidable costs. In FY '87, this means freight carriers would pay Amtrak an estimated total of \$55.5 million instead of \$20 million. (Conrail would pay over 90%; the balance would come from Delaware & Hudson, Boston & Maine, and Providence & Worcester.) This change in the law was initially suggested by Federal Railroad Administrator John H. Riley in his 1985 testimony before the Appropriations Sub-



committees on Transportation (Senate Mar. 19; House Apr. 3) as a way to help reduce Amtrak's need for public funding without harming service.

[The increased charges may also reduce the amount of freight traffic handled on the Corridor, but Amtrak's present management believes this would be offset by corresponding reductions in track maintenance costs.]

**Federal Government Travel.** The law will also enable Amtrak to increase its revenues by "allowing [it] to participate in the contract air program administered by the General Services Administration in markets where service provided by the Corporation is competitive as to rates and total trip times." Amtrak had at one time enjoyed some federal travel, but lost this trade when federal travel contract policies changed some years ago.

**Auto Train.** Amtrak, for the first time, may now ferry *unaccompanied* "used" autos on its Auto Train on a space-available basis. This provision, authored by Rep. Matthew Rinaldo (R-NJ), will enable Amtrak to contract with rental car companies to ship rental cars between the Northeast and Florida, which should generate a modest increase in revenues.

#### Cost-Saver

**Labor-related Cost Savings.** "Amtrak and the representatives of employees of Amtrak shall negotiate changes in existing agreements between such parties that will result in substantial cost savings to Amtrak, and shall report the results of such negotiations to the Congress within six months after the date of enactment of this Act."

Such labor contract reforms are already underway, with Amtrak on Apr. 16 [originally scheduled for Apr. 1] taking over train and engine personnel in the New England and Great Lakes regions.

#### Other Provisions

**Report Consolidation.** The law streamlines and consolidates numerous Amtrak reporting requirements to Congress.

Section 308(a) of the Rail Passenger Service Act (45 U.S.C. 548(a)) is amended to read as follows:

"(a) The Corporation shall submit to the Congress a report not later than February 15 of each year. The report shall include, for each route on which the Corporation operated intercity rail passenger service during the preceding fiscal year, data on ridership, passenger miles, short-term avoidable profit or loss per passenger mile, revenue-to-cost ratio, revenues, the Federal subsidy, the non-Federal subsidy, and on-time performance. Such report shall also specify significant operational problems which have been

#### 'SAN DIEGAN' STUDY GROUP FORMED

Following the demise of the Los Angeles-San Diego bullet train proposal, the California Legislature has created a study group to consider more modest, affordable improvements to the existing Santa Fe/Amtrak line which traverses the state's 3 most populous counties. The 10-member panel includes "San Diegan" conductor and NARP Dir. Lawson Chadwick.

"State Sen. William A. Craven (R-Oceanside), whose legislation established the [LA-SD] State Rail Corridor Study Group, said it was a direct result of demands from constituents for a more environmentally conscious alternative to the bullet train, which cities along the route had vigorously opposed" [*Los Angeles Times*, Dec. 12, 1985].

The 2-year study is aimed at finding ways to improve Amtrak service and increase speeds. The panel will even evaluate public acquisition of the Santa Fe track. Santa Fe Vice Pres. Robert Welk, a panel member, says his company has no strong feelings about public ownership. "There are certain areas south in the line where more and more Amtrak trains are operating, where it might be proper to review... whether we should be the tenant or the landlord" [*Orange County Register*, Dec. 12, 1985].

The study group consists of representatives of Amtrak, Federal Rail Administration, Santa Fe, rail labor, and state and local government entities.

Last year's rail ridership in this corridor hit 1.29 million—an all-time record (including pre-Amtrak years).

#### ...NOW FOR THE BAD NEWS

It's good the Amtrak Reauthorization Act will increase Amtrak's revenues, because two other provisions in COBRA will increase Amtrak's costs.

Sec. 13301 of COBRA includes a 5-year "Railroad Unemployment Repayment Tax" on Amtrak and the freight railroads to reimburse the Railroad Retirement Fund for monies borrowed earlier by the Railroad Unemployment Insurance system. This provision's estimated cost impact on Amtrak: FY '86: \$4 million; FY '87: \$8-14 million; FY '88: \$10-17 million; FY '89: \$5-11 million; FY '90: \$6-12 million.

Sec. 13031 will also add to Amtrak's costs by repealing Sec. 503(i) of the Rail Passenger Service Act, which had exempted Amtrak from customs and immigration expenses on its four international trains. Amtrak estimates this will cost \$250,000 a year. In addition, a \$5 per railcar tax—up to a maximum of \$100 per car per year—to be levied on Amtrak cars crossing the Canadian border, is expected to cost about \$25,000 annually.

identified by the Corporation, together with proposals by the Corporation to resolve such problems."

**Charter Trains.** The 1979 Amtrak Reorganization Act directed Amtrak to "enter into a [nationwide] contract with rail carriers to establish rights for the operation of special or charter trains," but this concept proved unworkable and has been repealed.

**Frequency Reduction.** A provision prevents Amtrak from reducing frequency, "by reason of any provision in this [law]," on any triweekly route. This was authored by Rep. Ralph Hall (D-TX).

**Revenue-Cost Ratio.** Amtrak is to set 61% cost-recovery as its '86 goal. This is a goal, not a statutory mandate.

Section 404(c)(4)(A) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)(a)) is amended by adding at the end the following new sentence: "Commencing in fiscal year 1986, the Corporation shall set a goal of recovering an amount sufficient that the ratio of its revenues, including contributions from States, agencies, and other persons, to costs, excluding capital costs, shall be at least 61 percent."

[In Apr. 9 Senate testimony, Amtrak Pres. W. Graham Claytor Jr. reported that Amtrak achieved 58% in FY '85 and that he was confident of reaching 61% this year and 63% next year. At other times, however, he has made clear that lower-than-necessary funding levels would jeopardize Amtrak's achievement of cost-recovery goals.]

**Route and Service Criteria.** The 1979 Amtrak Reorganization Act imposed two performance criteria on Amtrak trains: avoidable loss per passenger-mile (ALPM), and passenger-miles per train-mile (PMTM). The new law repeals the PMTM criterion [minimum 80 PMTM for short-distance trains and 150 for long-distance]. Amtrak had argued that PMTM is not a valid measure because lower fares can always increase it, even in cases where they would hurt a train's economic efficiency. NARP's position has been that PMTM is "insignificant because it reflects revenues only indirectly, and costs not at all. Costs and revenues [are] both directly reflected in ALPM..." [Jan. '82 News].

**Meaning of 'Discontinuance' For Labor Protection Purposes.** This language permits Amtrak to reduce train frequencies—to a point—without incurring labor protection liability. If frequency is cut to less than triweekly, service is considered "discontinued" and labor protection obligations are triggered.

Section 405(a) of the Rail Passenger Service Act (45 U.S.C. 565(a)) is amended by adding at the end thereof the following: "For purposes of subsection (c) of this section and any agreement designed to implement the provisions of such subsection, a 'discontinuance of intercity rail passenger service' shall not include any adjustment in frequency or seasonal suspension of intercity rail passenger trains the effect of which is a temporary suspension of service unless such adjustment or suspension causes a reduction of passenger train operations on a particular route to a frequency of less than three round trips per week at any time during any calendar year." ■