NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
TRAINS: A TRAVEL CHOICE AMERICANS WANT

900 Second Street, N.E. Suite 308 Washington, D.C. 20002-3557
Phone 202-408-8362 ◆ Fax 202-408-8287 ◆ narp@narprail.org ◆ http://www.narprail.org

Amtrak Myths and Facts

1. Myth: Amtrak is unique in operating in the red, at taxpayers' expense.

Fact: All transportation is subsidized by American taxpayers (see #2 regarding highways). Singling out Amtrak assumes taxpayers do not want to invest in passenger rail. Polls consistently show that Americans support federal funding for a national rail passenger system. A *Washington Post* poll taken July 26-30, 2002 (and reported August 5, 2002), found 71% support for continued or increased federal funding of Amtrak. Conservative Columnist George Will, in a June 4, 2003, column, said the poll indicated that "support for Amtrak is strong among all regions, ages, education levels and income groups." A CNN/Gallup/*USA Today* poll conducted June 21-23, 2002 -- near the height of Amtrak's funding crisis -- found 70% support for continued federal funding for Amtrak. Votes in Congress have demonstrated time and again that taxpayers' duly elected representatives agree.

2. Myth: Highways pay for themselves through user fees.

Fact: In 2001, 41% of the $133 billion spent on highways came from payments other than the gas tax, tolls, and vehicle taxes and fees, as follows: 15.3% general fund appropriations; 9.5% bond issue proceeds; 5.8% investment income and other receipts; 5.6% other taxes and fees; 4.8% property taxes. While most of this is at the state and local levels, federal policy encourages this by offering states generous funding matches for highway investments but no match for intercity rail investments. These statistics are in "Improving Efficiency and Equity in Transportation Finance," by Martin Wachs [The Brookings Institution Series on Transportation Reform (April 2003)], which states: "Revenues from fuel taxes have for three decades been rising more slowly than program costs as legislators become ever more reluctant to raise them to meet inflation. As a result, the burden of raising the funds for transportation programs is gradually being shifted to local governments and voter-approved initiatives that are, in most instances, not based on user fees."

3. Myth: Amtrak carries only a half-percent of the US travel market, therefore it is insignificant.

Fact: Where there is a strong Amtrak presence, as in the Northeast Corridor and New York-Albany, Amtrak dominates the airlines and offers a significant alternative to automobile travel. (Amtrak handles over 50% of all New York-Washington airline+railroad traffic. This calculation includes Newark/JFK/LaGuardia and Reagan

National/Dulles Airports; and these rail stations: Stamford/New Rochelle/New York/Newark/Newark Airport/Metropark; New Carrollton/Washington/Alexandria.) As travel volumes grow in the future, and construction of new highways and airports becomes less practical, the need for such services also will grow around the nation. In rural areas, where Amtrak's infrastructure costs are insignificant, Amtrak is often the only transportation alternative to automobiles.

4. Myth: Private Freight Railroad companies subsidize Amtrak.

Fact: The freight railroads urged the federal government to create Amtrak and agreed to provide access to their tracks at an incremental cost basis in 1971. The case can be made for the opposite -- that Amtrak subsidizes the freight railroads. For much of Amtrak's existence, the law prevented Amtrak from contracting out most work while the freight railroads reduced their employment rolls (in some cases by contracting out), thus reducing the amount freight railroads pay into Railroad Retirement. Amtrak workers are "railroad employees." Railroad Retirement obligations-unlike Railroad Unemployment Insurance payments-are calculated on an industry-wide bias, with all companies paying the same rates. Therefore, Amtrak is subsidizing the freight railroads' contribution to Railroad Retirement; Amtrak's "excess Railroad Retirement payments" (about $150 million a year) is what Amtrak contributes to Railroad Retirement for workers that Amtrak never employed. If Amtrak were to go away, Railroad Retirement payments by the freight railroads and their employees would be increased.

Also, capacity enhancements designed for passenger trains benefit freight operations during much of the week. The newest example, with construction just under way, is restoration of double-track on Union Pacific's mainline just west of Sacramento.

5. Myth: Any dollar going to Amtrak is another dollar not going to roads.

Fact: Federal funds for roads come from the Highway Trust Fund, a dedicated long-term source of funding, whereas Amtrak receives federal dollars from the General Fund through the annual appropriations process. However, states and local governments should have the option to spend transportation dollars on the most efficient mode of transportation. Current policy discourages states and local governments from investing in intercity rail.

6. Myth: Shut down Amtrak and the private sector will operate passenger rail.

Fact: Rail passenger service was in private hands from its inception in the 1830's until 1970, when Congress and the Nixon Administration made a policy decision to create Amtrak because the private sector could not make a profit. The private sector operators that have expressed an interest in operating rail passenger service will do so for a fee with the clear expectation that the government will absorb the associated losses. Furthermore, most Amtrak route miles are on tracks whose owners, the private freight railroads, do not want to run their own passenger trains and have a top priority of opposing legislation to give Amtrak's rights (for track access at reasonable cost) to any other entity. The practical result of shutting down Amtrak would be elimination of intercity passenger rail.

7. Myth: Flying is cheaper than taking a long-distance train.

Fact: Anyone with a computer can find a train fare that is less than an airfare, or the opposite. Long-distance trains don't just go from one major market to another like flights, but serve many intermediate markets with poor air service (or no air service, or costly air service). Furthermore, the walk-up fare for an Amtrak trip is often much less than walk-up airfare. There are also people who cannot or do not want to fly.

8. Myth: One particular route (e.g., the *Kentucky Cardinal* between Chicago and Louisville) shows the entire national system is flawed.

Fact: The *Kentucky Cardinal* was instituted in 1999 to grow express package business. The profitable business never materialized and Amtrak discontinued the route on July 6, 2003. Despite limited ridership, no community wants its passenger train to disappear. Residents of Louisville filed a class action suit against Amtrak and the USDOT to bring back the route. While their efforts were not successful, it shows that communities want and desire service, and are angry when it is removed.

9. Myth: The overwhelming majority of Americans have chosen the automobile lifestyle.

Fact: To a large extent, this apparent "choice" reflects a necessary response to pro-highway federal policies, which for decades have encouraged state and local decisions that foster reliance on the automobile. States -- naturally influenced in choosing transportation projects by the federal funding available for those projects -- can obtain generous federal matches for investments in highways-often 80% and 90% of a project's total cost-and aviation, but there is no federal match for states to develop intercity rail projects. The public's interest in more travel choices is reflected both in the aforementioned polls and in ridership increases on Amtrak over five straight years (Fiscal 1997-2001) and on mass transit. At a June 27, 2003, conference on traffic congestion, American Public Transportation Association President William Millar stated, "Since 1995, transit ridership has grown by 21 percent, versus 16 percent for driving and 12 percent for domestic airlines. More people are taking public transportation now than in the last 40 years." Also, on April 17, 2001, The *Washington Post* reported, "Mass-transit ridership grew faster than highway use for the third year in a row last year, according to new national figures."

In their July 2001 report, "Twelve Anti-Transit Myths: A Conservative Critique," Paul M. Weyrich and William S. Lind of the Free Congress Foundation write, "From the advent of the Model T until quite recently, transit was a declining industry. This is not surprising because government offered massive subsidies to cars and highways. Most transit systems, in contrast, were privately owned and operated and, far from receiving subsidies, had to pay taxes ... Post-World War II building codes, which forced a separation of housing, shopping, and work places also hit transit hard." Of course, the private railroads -- including their passenger facilities -- also were privately controlled and publicly taxed.

10. Myth: Amtrak labor protection is outrageous.

Fact: Labor protection flowed from the railroad industry and the creation of Amtrak by Congress. Railroad workers historically have had strong labor protection. At the major freight railroads, protection can be triggered by many more events than at Amtrak. This was true even before Amtrak labor protection was scaled back as a result of the 1997 Amtrak reauthorization law.

Labor protection has no impact on day-to-day operating costs. It only comes into play when a route is discontinued or a mechanical facility is closed. In other words, none of the 1,000 employees Amtrak laid off in the past year got labor protection. Even when a facility is closed, Amtrak can avoid labor protection simply by letting employees follow their work, and -- for employees who choose to do that -- paying moving costs.

In the last reauthorization in 1997, rather than repealing labor protection provided by law outright, Congress sunsetted the provision, subject to negotiation of a substitute labor protection agreement by the unions and Amtrak under the provisions of the Railway Labor Act. The result of those negotiations was an arbitration award which reduced the benefits of labor protection for Amtrak employees.

Looking more broadly at Amtrak labor issues, many Amtrak pay rates are less than for comparable work at commuter railroads and some other companies. Commuter railroads and electric utilities benefit from "Amtrak as training ground," using higher pay to attract Amtrak employees.

- Linemen (who work on overhead electrification) get about $20 an hour at Amtrak but $33-$35 at Newark-based Public Service Electric and Gas Company. Pennsylvania Power & Light Inc. recently advertised positions at $30 an hour.
- Commuter rail examples: Locomotive engineers' hourly rate is $27.24 at Amtrak, $29.92 at Long Island RR, $25.73 at New Jersey Transit. The trackman rate is $16.31 at Amtrak, $19.03 at Metra (Illinois), $20.42 at SEPTA (Philadelphia), $23.33 at Long Island.

Amtrak President and CEO David L. Gunn has made clear his belief that Amtrak pay rates are not excessive, and that the primary focus for Amtrak management in labor negotiations will be productivity and medical cost containment issues.

Unlike many employees in the private sector, Amtrak employees have never benefited from stock options.