

TESTIMONY

OF

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PRESIDENT AND CHIEF EXECUTIVE OFFICER
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BEFORE THE

**SUBCOMMITTEE ON RAILROADS, PIPELINES AND
HAZARDOUS MATERIALS**

OF THE

**HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE**

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2167 RAYBURN HOUSE OFFICE BUILDING

Good morning, Madam Chair and members, thank you for the opportunity to testify today. I have been blessed in my working lifetime to have spent nearly forty years in the transportation business. I have appeared before this committee in two previous roles--first as the Commissioner of Transportation for the State of New York and then more recently as the Federal Railroad Administrator.

On the day before Thanksgiving of 2008, I was given the opportunity to lead the finest group of men and women in passenger railroading. On that day, I was asked to accept the leadership of Amtrak as its newest President and CEO.

As I took that leadership role, Amtrak had just finished FY 2008 with a record-setting performance. The company set an annual ridership record, carrying 28.7 million passengers, an increase of 11.1% over FY 2007. Each of the three rail business lines (Northeast Corridor, short distance corridors, and long distance trains) grew markedly, and both May and July were record ridership months. Load factors (the percentage of a train's seats or sleeping accommodations that are occupied) were rising across the system and in some time slots and services, the existing fleet was very near capacity at the end of FY 2008. This new record gave everyone a great sense of the strong demand that existed for intercity passenger rail service and of the importance of the rail mode in delivering safer, greener, and healthier transportation for Americans.

However, in the first quarter of FY 2009 beginning this past October, overall ridership has fallen below our expectations by nearly 5%, and revenue is nearly 7% below what we expected. Our Northeast Corridor business line generally, and particularly Acela Express, led our decline in both ridership and in revenue. Acela ridership was 12% below expectations, while revenues were 14% below our expectation. That contributed to a combined decline of ticket revenue for the NEC over 12% below what we expected, and nearly 7% below last year. We are seeing mixed results on our short-distance corridors. Those that connect with our NEC service, like New York City to Albany, are seeing drops in ridership. Our New York to Albany service on the Empire corridor is 10% lower than our expectations, and we are seeing a flattening out on other corridors and our long-distance trains.

These circumstances demonstrate a strong need for investment at the levels in our recently enacted authorization bill, and the critical need for Amtrak to be ready to meet mobility needs of Americans as the United States faces a future marked by higher energy costs, and a need to improve our environment. Congress must help Amtrak with the funding to rebuild, replace and renew its human capital, its passenger and locomotive fleet, and the critical infrastructure owned by both Amtrak and the freight railroads that carry 71% of Amtrak's train miles, or face potential failure of one or many of the components of an efficient and critical rail network. This remarkable network provides surface connectivity for passengers and freight from coast to coast, and border to border. Congressional interest must make this investment a national priority for the next decade or beyond if we are to remain a competitive and healthy economic engine in the world.

We recognize that Congress generally, and both you and Chairman Oberstar specifically, are prepared to step beyond the funding levels authorized in the recent bill. We see the projected \$800 million that we currently have in the House version of the stimulus bill as a real opportunity for Amtrak to invest in some much-needed improvements and repairs that have gone wanting for lack of funds. We thank Congress for that opportunity, and we are preparing to move those funds quickly into productive effort for our nation and for our railroad.

One of the core competencies of our company is the specialized knowledge of our workforce in operating a nationwide passenger railroad. The men and women of our workforce number just a little over 16,000 strong, and they keep this railroad glued together and operating. We were all proud not only of the fact that President Obama and Vice-President Biden made a specific choice to use Amtrak trains to come to Washington for the inauguration, but that the Vice President would choose one of Amtrak's own, veteran conductor Greg Weaver, to introduce him in Wilmington on January 17. Last week was historic for Amtrak, as it was for the nation. Amtrak's workforce looks like many other industries right now: Gray. More than 60% of our managers have been blessed with more than fifty years of life, and more than half of our total workforce is of the same vintage. Rail workers are generally eligible to retire when they reach age sixty and accumulate thirty years of railroad employment. We face the prospect of a major change in our workforce in just a few short years, and we must both invest in and change our approach to human capital planning to maintain our core competence. Amtrak offers an excellent opportunity for those interested in railroading, and our wages and benefits are competitive both within the industry and in the larger economy, so we have the foundation that will allow us to maintain and improve our company with the right decisions.

Our industry (freight and passenger) is greener than our competitors; we have a smaller carbon footprint. But we could make a major leap forward by extending electrification. Amtrak operates the only intercity electrified corridor in the nation from Boston to Washington, DC through New York City. That corridor should be extended so that it operates from Miami to Maine for a greener and healthier future for the East Coast of the United States. Electrification should, however, not stop there; we should endeavor to connect our rail network to the electric grid all over our nation. This is not a new idea, but it is one that would go a very long way toward securing our energy future and improving our environment. Railroads do not need to depend on liquid energy when the electric option exists and is available. This cannot be done, however, without a major policy decision by Congress. I would settle for help extending our electrified territory to Richmond within the next five years, and making plans to extend that on to Atlanta or beyond in the next ten. In fact, Madam Chair, let's electrify to Jacksonville by then. Programs on this scale are being undertaken elsewhere – China, for instance – where they are regarded as a vital component of future economic development. I think it's time for us to look for the investment opportunity that will do for this century what the canals and the transcontinental railroads did for the nineteenth century, and the highways did for the twentieth. This is that kind of project I dream about, and the kind of moment which demands, as the noted architect Daniel Burnham once said, that we make no little plans.

Thank you for the opportunity to testify today, thank you for your support for the men and women of Amtrak, and thank you for providing the support that allowed 28 million Americans to choose Amtrak last year.