Testimony of

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Passenger and Freight Rail: The Current Status of the Rail Network and the Track Ahead

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Amtrak and COVID-19

Introduction

Good morning, Chairman Wicker, Ranking Member Cantwell, and Members of this Committee. Thank you for calling this hearing today to discuss Amtrak and COVID-19. My name is William Flynn, and this is my first opportunity to testify before you as Amtrak's president and chief executive officer, a position I assumed in April of this year.

Let me start by thanking the thousands of Amtrak employees who have risen to the challenges associated with COVID-19 and have remained focused on Amtrak's mission to provide safe, reliable transportation to our customers and your constituents. Ticket agents, conductors, train attendants, red caps, cleaners, and dozens of other specialties are doing their part to keep America moving, and I am very proud of to be a part of the team.

I come from a railroad family. My father and uncle were locomotive engineers, and my brother was an Amtrak conductor and local union chair. My first transportation job during summer break from college was working on a maintenance-of-way gang that was installing welded rail on the Northeast Corridor (NEC) in New England. In 43 years in the transportation industry, I have had the opportunity to serve in a multitude of roles in ocean shipping, airline, and railroad companies. These connections deepen the honor I feel to lead Amtrak, and I will do all I can to further Amtrak's important mission to serve the country.

As Amtrak finished FY 2019 and even through the first five months of FY 2020, the company was in a stronger position than at any time in its soon to be fifty-year history. Ridership, revenue, and financial performance were at record levels. Amtrak was on track to generate passenger revenues exceeding operating expenses in FY 2020 for the first time ever. The company was preparing to take delivery of next generation *Acela* trainsets for its high-speed NEC service, and had a bold vision of expanding train service in new and existing corridors across the country.

Unfortunately, the COVID-19 pandemic then hit this nation. Amtrak, like all transportation providers, was hit especially hard. In a matter of weeks, Amtrak's ridership plummeted by 97% and we undertook immediate actions to protect the health and safety of our customers and employees and reduce capacity.

Shortly thereafter, Congress passed the CARES Act, which provided important emergency funding to Amtrak and our state partners in order to minimize the negative financial impacts of COVID-19 during FY 2020. Unfortunately, recovery has been slow, and our ridership and revenue are still down 80% compared to a year ago. It has become clear that the pandemic's impacts will extend through, and almost certainly beyond, FY 2021 as well, and we, along with our state partners, will continue to face unprecedented challenges in the new Fiscal Year that began this month.

What I would like to do today is discuss with you Amtrak's response to COVID-19 thus far, including how we ensure our customers and employees are safe and healthy, as well as the steps we have taken to manage the loss of revenue. I would also like to focus on two issues that I know are important to this committee: how we are having to adjust our workforce and our train service for FY 2021 given the pandemic's impacts on our ridership. Finally, it is important to understand what happens after we get through this pandemic and the vision for Amtrak and intercity passenger rail for the future.

Amtrak's Response to COVID-19

To provide more detail about how Amtrak has responded to COVID-19, let me offer a quick summary of the steps we have taken since the crisis began to unfold in late winter of this year.

Our number one job is to provide a safe work and travel environment for our employees and our riders. In January, as concern about the virus spreading in the U.S. started to emerge, we began reminding employees about the need to be vigilant about hand washing and sanitizing. As it became clearer that we were about to face a serious public health crisis we developed a safety plan, and over the past several months we have worked to inform and execute our plan with the best available information.

We have taken many actions to minimize health and safety risks to our customers and employees. They include:

- Requiring masks for passengers and employees on our trains and in our facilities.
- Limiting reservations on trains (other than in private sleeping room accommodations) to allow social distancing.
- Adopting and continuously refining new and enhanced cleaning procedures on our trains and in our stations.
- Instructing all employees whose jobs can be performed remotely to work from home.
- Distributing supplies of Personal Protective Equipment to employees across the country.
- Providing every employee infected by or exposed to COVID-19 with up to two weeks of pay protection to safeguard their households and ensure that ill employees stay home. (Similarly, absenteeism due to COVID-19 symptoms has not been subject to the application of our attendance policy.)
- Enhancing our web site and mobile application with features like improved boarding guides and train capacity indicators that help our customers to make safe traveling decisions.

- Installing protective plastic barriers in our café cars and in our stations to support physical distancing, and hand sanitizer dispensers on all our trains.
- Contracting with Quest Diagnostics to make voluntary COVID-19 testing available to all employees. While our employees primarily rely upon testing otherwise available at no cost to them through the CARES Act, this service will provide additional confidence that we are taking the necessary steps to mitigate the risk of infection among our workforce.
- Creating a research partnership with a leading university to study airflow, ventilation, and air filtration systems in passenger railcars to determine if additional measures would further reduce the possibility of airborne spread of infectious particles on our equipment.
- Working with RB, the makers of Lysol, to strengthen our comprehensive disinfection protocols for trains, stations, and lounges. The partnership will launch in NEC stations and on the *Pacific Surfliner* route, before expanding across our network.
- Partnering with the George Washington University Milken Institute School of Public Health to secure ongoing technical expertise and guidance to enhance Amtrak's comprehensive coronavirus pandemic response.

We have prominently communicated information about our response to COVID-19 and the changes we have made to address it to our passengers through Amtrak.com, social and print media and station signage. We have also communicated openly and frequently with our employees through employee advisories and companywide town halls. During the townhalls, we have briefed employees on new developments and answered their questions, the responses to which are made available to all employees on our intranet. In addition, our labor relations team has met at least weekly with representatives of our unions to discuss the pandemic and the health and safety steps we are taking.

COVID-19's Financial Impact

We, along with our state partners, have seen stunning revenue losses as a result of the precipitous decline in ticket sales due to COVID-19. As of early March, Amtrak was on track to generate FY 2020 passenger revenues greater than operating costs for the first time in our history. Over the next few weeks, ridership on our trains plummeted by 97%, and since then only a small portion of our passengers have resumed traveling. Our latest projections are that in FY 2020, Amtrak's revenue from ticket sales will be $1.242 billion, which would be only 53% of what it was in FY 2019. For FY 2021, we are projecting only 9 million passenger trips and $598 million in revenue, down from over 32 million and $2.354 billion in FY 2019, respectively, and these assumptions rely on an effective and widely-distributed vaccine becoming available by the middle of next calendar year – which we know is not a guaranteed outcome.

To try to align with the current depressed demand for service, manage our financial losses, and continue to make investments in capital projects for future riders, we made several cost-cutting decisions:

- We have reduced service frequency and train capacity on the NEC, and on our state supported routes in partnership with our 20 state partners.
- We deferred and/or restructured $600 million in capital projects.
- We dramatically reduced overtime.
- We offered voluntary unpaid time off to our employees.
- Several of our unions agreed to defer previously negotiated wage increases, for which we are grateful.
- The reduced number of trains meant that while our agreement employees have not been furloughed, their earnings have been impacted by a reduction in hours worked.
- The 401k match for our non-agreement employees was suspended, and their pay was reduced 7-22% based on a tiered system for the remainder of FY 2020. I have not drawn a salary during this difficult time.

A combination of these cost controls and the FY 2020 CARES Act funding allowed us to avoid involuntary layoffs and furloughs during last fiscal year.

Adjustments to Train Service

In the immediate aftermath of the COVID-19 pandemic's onset, we reduced service frequency on both the NEC and state supported routes by approximately 70%. On the NEC, *Acela* service was suspended entirely, along with all but a few *Northeast Regional* trains; and in consultation with our state partners we reduced service on 10 of our 28 state supported routes and suspended all service on 14 others. Some service has since been restored, including a limited number of *Acela* trains that resumed operation on June 1. A complete list of the service reductions and the restorations made to date is appended to my testimony.

We have joined with our state partners in urging Congress to provide additional funding to help offset the lost revenue that our state partners are experiencing during the pandemic. We are gratified that Congress included additional funding for FY 2020 in the CARES Act, and that the House appropriations bill includes such funding for FY 2021. We will continue to work closely with Congress to find the best way to help our state partners out during these difficult times. We recently updated our forecast and now anticipate needing up to $4.9 billion in funding to operate and invest in our network, support our partners, and address various congressional concerns like avoiding employee furloughs and maintaining daily long distance service. This request reflects the staggering loss of revenue Amtrak is facing, and if funded, will enable Amtrak to avoid more drastic impacts on our infrastructure and national rail system, included an additional reduction of 2,400 jobs beyond the cuts we have made already.

It was disappointing to see that Congress was unable to pass Fiscal Year 2021 appropriations bills before October 1 and instead had to pass a Continuing Resolution (CR), which continued funding at the FY 2020 levels through December 11. Given the low ridership and revenue projected over the next few months, a CR at this level will put Amtrak in a precarious position as we await final decisions on our annual funding levels and our COVID-19 supplemental funding request. Amtrak will work to adjust its operating and capital spend plans during this short-term CR, while minimizing impacts on our customers and employees; however, if this funding level is extended beyond December 11, we will be unable to avoid more drastic impacts that could have long lasting effects upon the national rail system.

We are now looking hard at which specific capital projects and procurements we must defer until we know what funding level Congress will provide in either a full-year FY 2021 appropriations bill, a COVID-19 relief bill, or some combination thereof. In particular, we may need to defer: key aspects of the Gateway Program; early Baltimore & Potomac Tunnel work and property acquisition; an important refresh of our aging long distance train equipment; several New York Penn Station improvements; and various other engineering and mechanical projects on both the NEC and National Network. Such deferrals might lead to further employee impacts for our Engineering and Mechanical workforce who primarily undertake capital projects. While there are no plans to adjust train service beyond the already announced changes to the long distance trains, we will reevaluate this in December when the level of funding available to us for the remainder of the year becomes clear.

In addition to changes in service frequency, we have also adjusted the number and types of cars operated on individual trains, as well as on-board food service, ticketing policies, and other aspects of our customer service. We made these changes to facilitate social distancing, match capacity to reduced demand, avoid unnecessary expenditures, and accommodate COVID-19 driven changes in customer preferences and state partner service change requests on state supported routes.

As we commence operations in the new Fiscal Year, we are following a detailed FY 2021 Operating Plan built on the available data and our best assumptions. This Plan will undoubtedly require frequent adjustments to reflect both the presently unpredictable progress in the battle against COVID-19 and the equally unpredictable impact COVID-19 will have on Americans' willingness to travel during the year ahead. We will constantly evaluate external developments, and changes in Amtrak ridership, ticket revenue, and customer preferences, as we refine that Plan, adjust service levels to match demand, and provide state partners with the changes in services they request. As I mentioned above, the Operating Plan includes the availability of a vaccine next year as one of its key assumptions. Should a vaccine not become available, or be extensively delayed, this will have significant negative consequences for our projections.

Long Distance Frequency Reductions

Throughout FY 2020, Amtrak operated its long distance trains on their normal, pre-pandemic service frequency, despite huge ridership drops and service reductions – or outright service suspensions – on every other North American intercity passenger service. Airlines, intercity bus companies and the Alaska Railroad have all made major reductions in service, as Amtrak has done on the NEC and our state supported routes. VIA Rail Canada, our Canadian counterpart, had suspended all service on its long distance routes until at least November 1, but announced on September 25 that these routes would continue to be suspended indefinitely.

In the early days of the COVID-19 pandemic, we hoped that passenger demand would increase appreciably on long distance routes during what is normally their peak Summer season. Because of the resurgence in COVID-19 infections and the continuing reluctance of travelers to take any trips, particularly long trips on public transportation, that did not happen. In July and August, ridership and revenues on long distance routes (excluding the *Auto Train*) were down by sixty percent compared to the same months in 2019 – even though we had not made the huge reductions in service implemented on nearly all of our other routes.

The sixty percent reduction in revenues has had a major impact on long distance financial performance. While long distance trains had significant operating losses prior to COVID-19 ($475 million in FY 2019), in normal times they cover most of the out-of-pocket costs such as fuel, commissary supplies, host railroad payments, and wages and benefits for on-board employees that are incurred by each train that operates over a route. Therefore, operating service three times a week rather than daily ordinarily would not produce significant and immediate cash savings.

However, these are not ordinary times. Since ridership and revenues on long distance trains (other than the *Auto Train*) have fallen precipitously, we are incurring huge, additional operating losses for each train we operate – for the benefit of just forty percent of the normal number of passengers. Given that, we felt that it would be irresponsible to continue spending a much larger share of our limited funding to provide the same frequency of service for a much smaller number of remaining passengers, particularly as we entered the Fall/Winter season when monthly long distance ridership normally declines up to 40% from the Summer peak.

Over the course of this month, we are temporarily reducing service on most long distance routes from daily to three times per week. The exceptions are the *Auto Train*, which will continue to operate daily because of higher demand levels; the *Silver Meteor*, which began operating four days a week in July to provide daily service between New York City and Miami in combination with the *Silver Star*, which was reduced to tri-weekly operation and operates a similar route between New York City and Miami; and the *Cardinal* and *Sunset Limited*, which already operate three times a week.

Like the more significant service reductions we have made on our NEC and state supported routes, these long distance frequency adjustments will be temporary. We are committed to operating our long distance system and, as ridership returns, we intend to restore service frequency to previous levels. We have notified our host railroads about these temporary reductions in service, including notice that we intend to return service as soon as conditions warrant. We ask that the committee help ensure that our hosts honor their commitments and allow us to restore service at that time. Assuming we receive the necessary Federal funding to continue our planned operations in FY 2021, we will evaluate three metrics throughout the year with our initial plan to decide in February whether to restore daily service on each affected long distance route for summer and beyond. These metrics are:

1) **Public Health: Is the COVID-19 pandemic under control?** Are COVID-19-related hospitalization rates in the regions through which a given long distance route operates stable or declining?
2) **Future Demand: Are customers booking trips near the same rate as in 2020?** Is the percentage of available seat- and room-miles being booked in advance for June 2021 at least 90% of the percentage for June 2020 advance bookings? This will allow us to understand if demand levels are returning to more typical levels at our much lower scale of service and also take into account any caps on ticket sales to promote social distancing or other relevant measures adopted to minimize COVID-19-related risks.
3) **Current Performance: Is ridership close to our projections in our operating plan?** Was systemwide ridership in the First Quarter of FY 2021 (October-December 2020) at least 90% of the projected figure in our FY 2021 operating plan, which already accounts for reduced ridership due to COVID-19?

If all three conditions are met for a given long distance route, we will restore daily service along that route between late May and June 2021. If any route is not yet ready to be restored when we conduct our review, we will continue to analyze these routes to look for improvements and will apply an updated version of the criteria described above as part of our FY 2022 planning cycle.

I know that our long distance services are particularly important to many of the members of this Committee and let me be absolutely clear that these long distance frequency reductions are temporary, as we believe that ridership and demand will return with time as we move past the pandemic. We are committed to continuing to operate our current long distance network and to improving the service we provide to our long distance passengers. However, we need two things from Congress to enable us to provide a viable long distance service when the COVID-19 pandemic is at last behind us. The first is increased funding for essential long distance capital investments, particularly equipment. Most of the passenger cars we operate on our long distance trains are already, or will soon be, more than 40 years old. These cars have reached the end of their useful lives and must be replaced if we are to maintain current long distance services.

The second thing we need from Congress is the ability to enforce our statutory right to dispatching preference over freight trains and gain reasonable access to our host railroad network. The greatest threat to the future of our long distance network is not COVID-19, but rather poor on-time performance that diminishes the value of these services to our customers and ossified routes that cannot be changed or expanded because of host railroad resistance. The leading cause of delays to our long distance trains is the failure of some of our host railroads to comply with this longstanding legal obligation to provide Amtrak trains with preference over their tracks. During FY 2019, our trains incurred over one million minutes of delays due to freight train interference on host railroads. While freight train interference also affects some state supported routes, our long distance passengers – who have the same right to arrive at their destinations on time as passengers on the Amtrak-dispatched NEC – bear the brunt of these railroads' inability or refusal to obey the law. As you are likely aware, the House included a provision in the INVEST in America Act that gives us the ability to enforce our preference rights and have a predictable and fair way to access host railroads for use, which is already required by law. We believe both provisions are critical to our ability to improve service to your constituents.

Our commitment to the future of our long distance network is reflected in the many investments we are currently pursuing, despite funding limitations that the COVID-19 pandemic has exacerbated, to modernize our long distance service and enhance its safety.

- Capital projects to improve accessibility for customers with disabilities and the experience of all customers when they use our stations are under construction at eight stations served only by long distance trains; projects at 16 more long distance-only stations are out for bid or in final design.
- We are scheduled to take delivery this year of the last 15 of the 130 Viewliner II cars that have replaced the long distance cars that were the oldest equipment in our fleet; we are refreshing the interiors of our other long distance passenger cars with new seat cushions, upholstery, and carpet.
- We have ordered 75 new Amtrak Long Distance Charger 4,200 horsepower (ALC-42) diesel locomotives that will begin the replacement of our long distance locomotive fleet; and we are planning for the acquisition of the next generation of long distance passenger equipment.
- We continue to invest in track upgrades across multiple long distance routes, including major upgrades on the *Southwest Chief* route and improvements to Chicago-area tracks used by the *Cardinal*, and are working to install positive train control (PTC) technology or make other safety enhancing investments on portions of eight long distance routes.

Regarding the *Southwest Chief*, which I know is of particular interest to some members of this committee, I would like to report some encouraging news. In late September, the Federal Railroad Administration (FRA) awarded an up-to-$5.6 million CRISI grant for work that will be performed on this route between Trinidad, Colorado and a point south of Lamy, New Mexico. The State of New Mexico will contribute $1 million, and Amtrak has set aside $4.9 million, which means this next round of capital work will represent an $11.5 million investment in this route. As you may recall, what makes this route unique is that it includes the only significant section of Amtrak's national network where Amtrak is the only operator over a host railroad-owned portion of the route and is therefore responsible for all the capital costs required to maintain and improve the infrastructure. This recent grant is the fifth round of federal investment in the portion of this route between Kansas and New Mexico. Between 2016 and 2020, Amtrak has committed $15.8 million in direct funding for the route of the *Southwest Chief*, and an additional $12.8 million in matching funds to previously awarded federal grants. Amtrak has also invested between $4 and $8 million annually in this segment, outside of any grant programs, including selective installation of ties, replacing bolted rail in curves, and bridge or culvert repair. Amtrak values the partnership that has developed between us, the states and local communities, and with BNSF, and looking ahead, we know we will need to build on this cooperation to ensure the long-term viability of this route. In total, Amtrak has invested $23.4 million in the *Southwest Chief* since 2016 and we will continue to make prudent investments and seek federal grant opportunities as part of our long term financial plan in conjunction with our partners.

Adjustments to Workforce

From the outset of the COVID-19 pandemic, what has been most important to us other than ensuring the safety of our passengers and employees is preserving the jobs of our workforce. The aid extended to Amtrak by the CARES Act allowed us to make it through FY 2020 with no involuntary furloughs or layoffs.

With the CARES Act funding having mostly run out, and the increasing recognition by everyone in the travel industry that it will be years before travel demand returns to normal, we recognize that we cannot ask Congress and the taxpayers to continue to pay all of the employees for whom we will not have any work in the foreseeable future. Likewise, as the state partners who provide funding for our state supported services struggle with unprecedented fiscal challenges brought about by COVID-19, many of them have made it clear to us that they will not be able to continue to pay for those services unless we reduce our costs to reflect the significant reductions in the number of trains operating, and the much greater losses in ticket revenues. Other companies in the travel industry – an industry severely decimated by COVID-19 – are facing the same dilemma. Most major airlines are significantly reducing their workforces—in some cases, by 20% or more—now that the CARES Act prohibition on airline employee furloughs has ended.

While we saw no alternative to workforce reductions, we took many steps to minimize the number of people whose jobs were impacted. As I mentioned earlier, we offered voluntary unpaid leave to our employees and implemented other cost-saving measures that enabled us to stretch out our CARES Act funding. When it became apparent that we would have to address the size of our company for this period, we implemented a voluntary separation incentive program in which 521 agreement-covered and management employees elected to participate. Ultimately, we made the painful but necessary decision of reducing nearly 100 management positions and furloughing approximately 1,950 of our agreement employees. We will continue to communicate with our employees, their union representatives, and Congress regarding any adjustments to our workforce. Going forward, we will do all we prudently can to bring our furloughed employees back to work as soon as possible.

Looking at both the temporary changes to our long distance service and our recent workforce reductions, I must emphasize that Amtrak really had no choice but to take these actions, given the uncertainty in our federal funding for this Fiscal year. Without these vital cost saving measures, we will burn through nearly $250 million each month. This kind of spending, if not offset by additional Federal funding, would ultimately force us to take drastic measures that would have wide-ranging impacts on the company, our employees, and our ability to serve our customers. If this continued long enough, we would eventually face insolvency.

Capital Commitments

The biggest challenge Amtrak has faced since we began operation in 1971 is the lack of dedicated and reliable capital funding. One of the most significant accomplishments Amtrak has made in recent years is that our increased revenues and more efficient operations have enabled us to set aside money from our annual appropriations, which in years past were used primarily to subsidize operations, so that we can fund critically important capital projects. In addition to the long distance investments I already mentioned, the most urgent investment needs include replacement of the 45-year-old Amfleet I fleet that provides most of our NEC and much of our state supported service and major capital projects such as Portal North Bridge, New York Penn Moynihan Train Hall, and desperately needed improvements at Chicago Union Station.

Some have suggested that Amtrak should not alter its services or workforce to reflect the greatly reduced ridership and financial changes wrought by COVID-19, but should instead take money out of these capital commitments and use it to fund regular operations for the duration of this crisis. I cannot emphasize too strongly that cannibalizing these capital funds is the wrong approach. Using scarce capital funding to operate nearly empty trains would not be productive, nor would it be a prudent use of the American taxpayer's investment in Amtrak. Rather, it would preclude us from undertaking projects that will increase safety, enhance reliability, and improve convenience in ways that will benefit tens of millions of our customers in FY 2021 and the years ahead. It is also critical that Congress understands that slashing capital spending would not prevent workforce reductions since much of this capital spending goes for the wages and benefits of the Amtrak employees who work on capital projects. Maintaining and improving infrastructure supports a large, dedicated, skilled workforce, representing approximately 2,000 full time equivalent employees. To be clear, cutting capital spending would also result in workforce reductions.

It is also misleading to call our capital needs discretionary. Some of our capital dollars are restricted by law from being used for other purposes, such as the federal dollars Congress has directed us to set aside for ADA compliance, upgrades to the *Southwest Chief* route, and important safety technology for certain corridor routes. The Northeast Corridor Commission estimates that the NEC has a more-than-$40 billion state-of-good-repair backlog. When we delay the replacement of century-old infrastructure, the Amtrak employees who would perform the work on those projects bear the immediate cost. But the Amtrak and commuter train passengers who use the NEC every day also pay the cost, as they endure the unreliability that comes with depending on infrastructure never meant for today's demands. We cannot allow the COVID-19 crisis to cost us projects that are essential to restoring and maintaining normal operations and will dramatically improve the safety, reliability, and quality of our services for many decades to come.

Amtrak's Future

2020 has been a hard year for the country and for Amtrak. We will be grappling with the effects of the pandemic for years to come. However, it is important to remind ourselves of deeper trends that still bode well for Amtrak's future, despite the setbacks we are currently facing. COVID-19 has not changed the fact that intercity passenger rail is the most efficient and the most environmentally responsible way to serve the transportation need of the megaregions throughout the country whose rapid population growth will continue. It has not changed the need to address highway congestion by steps other than adding more lanes. In fact, highway congestion is already returning as travelers resume driving between cities and avoid air and transit travel due to social distancing concerns. Nor has COVID-19 reduced the requests Amtrak receives from communities and elected officials across the country for service in corridors and regions we do not serve today. Finally, the extraordinary increase in unemployment that COVID-19 has spawned has reinforced the need for many additional good, living wage jobs for skilled employees of the kind that Amtrak, and the companies from which we buy equipment, goods, and services, provide.

As we look towards the future, I want to offer an update about our ongoing efforts to restore service to the Gulf Coast. Amtrak is committed to restoring service between New Orleans and Mobile. We have been working with the Southern Rail Commission (SRC) established by the States of Louisiana, Mississippi, and Alabama; the FRA; and the two host railroads over which the service would operate to identify any necessary infrastructure investments so that we can reach agreements with the host railroads and secure additional public funding to cover infrastructure and operating costs. To date, the U.S. DOT and FRA have awarded grants totaling over $45 million for Gulf Coast Service investment and operating costs, for which states, localities, and Amtrak have agreed to provide matches.

Unfortunately, despite nearly five years of joint planning and negotiations, we are still not providing this passenger service to the Gulf Coast. We are currently working to complete the second round of infrastructure capacity modeling that FRA is funding. This process has been extraordinarily time and resource intensive for all parties and has required the direct intervention of Senate staff to keep things moving. The introduction of two daily round trips on this corridor should not take five years of effort.

Again, this is why we need to reform the process that provides Amtrak access to host railroad infrastructure. By law, Amtrak has the right to use all railroads, generally at incremental cost, that are part of the nation's interstate system with the presumption that host railroads must allow Amtrak's desired use, requests for accelerated speeds or additional frequency with terms set by the STB if the parties cannot agree. Yet today, most carriers are hostile to permitting Amtrak to use available capacity and engage in extensive delay tactics, despite the fact that access to the nation's freight railroads is perhaps the singular principal on which Amtrak was created and the private railroads allowed to be relieved of their obligations to provide passenger service themselves.

I also want to speak about the Cascades service, which I know is another important route to this committee. While our trains have not returned to the Point Defiance Bypass yet, we and WashDOT have been working closely with Sound Transit as they have the lead role in the installation of positive train control on that section of track and determining when service can begin on the route. We will continue to work with Sound Transit and other stakeholders, and we will make sure that everyone's safety concerns are addressed before service is resumed over this segment.

We want to be ready to provide the passenger rail service America needs as the country returns to normal: along the Northeast Corridor where the much-anticipated replacement of the *Acela* fleet will begin next year; on our state supported routes and new intercity corridors, where we see our greatest opportunities to help address the climate crisis and enhance mobility as our population continues to grow; and in the small towns throughout rural America where our long distance trains help connect our riders to their family and friends. Looking to the future, we need Congress to act on a multiyear surface transportation reauthorization. As you know, earlier this year, the House passed the INVEST Act, which proposed robust funding levels and addressed some of the most serious challenges to intercity passenger rail. In particular, the INVEST Act would authorize, and I ask this Committee to also include in its version of a reauthorization bill, the following provisions:

- **Preference enforcement**: Provide Amtrak with the ability to hold freight host railroads accountable when they disregard the law by interfering with Amtrak trains and delaying customers, as unfortunately some of our hosts often do;
- **Additional trains**: Provide an improved process for fairly and expeditiously providing Amtrak access to the host railroads, including determining whether investments are necessary to support new routes or additional trains; and
- **Corridor growth**: Authorize a five-year cost sharing scheme whereby Amtrak can utilize federal funds to cover the up-front costs of starting new service and gradually shift costs to states consistent with Sec. 209.

These provisions would prove critical for our long-term growth, and in fact, in the short- and medium-term they would help us finally provide improved and expanded service to some of the regions that we have discussed at length with this committee, such as along the Gulf Coast. In the meantime, I am committed to working through the current crisis with you, our employees, our state partners, our customers and other stakeholders to best manage the near-term challenges while protecting the future we all want for intercity passenger service in the next 50 years.

Thank you for your time and your support of Amtrak. I look forward to your questions.

COVID-19 SERVICE REDUCTIONS ON
NORTHEAST CORRIDOR AND STATE-SUPPORTED ROUTES

Note that daily totals for some routes may be averages.

- *Acela*: Suspended entirely March 23 – June 1. Currently operating 5 daily round trips.
- *Northeast Regional*: Most service initially suspended Currently operating 12 round trips Washington-New York City and 8 round trips New York City-Boston on weekdays, and reduced service on weekends.
- *Adirondack*: Suspended Albany-Montreal since March 17.
- *Blue Water*: Unchanged
- *Capitol Corridor*: Operating 8 daily round trips, down from 12, with reduced weekend service.
- *Carolinian*: Suspended entirely April through June. Now operating with reduced capacity.
- Cascades: Operating 1 round trip Seattle-Portland-Eugene, down from 4; no service Vancouver, BC-Seattle.
- *Downeaster*: Initially suspended entirely; now operating 4 round trips, down from 5.
- *Empire* Service: Operating 7 weekday round trips, down from 12, with reduced service on weekends.
- *Empire* West/*Maple Leaf*: Initially reduced to 1 daily round trip, now 2, down from 3. Service suspended between Niagara Falls, New York and Toronto, Canada.
- *Ethan Allen*: Suspended north of Albany since March 17.
- *Heartland Flyer*: Unchanged.
- *Hiawatha*: Initially suspended; now operating 4 weekday round trips, down from 7.
- *Illini/Saluki*: Operating 1 daily round trip, down from 2.
- *Illinois Zephyr/Carl Sandburg*: 1 daily round trip, down from 2.
- *Keystone*: Suspended March 18 to June 1. Full service recently restored Harrisburg-Philadelphia; Philadelphia-New York City only operating 3 weekday round trips.
- *Lincoln* Service: Operating 2 daily round trips, down from 4.
- *Missouri River Runner*: 1 daily round trip, down from 2.
- New Haven – Springfield/*Valley Flyer*: Operating 5 daily New Haven-Springfield round trips, down from 8; 1 round trip north of Springfield, down from 2.
- *Pacific Surfliner*: 6 daily round trips between Los Angeles and San Diego, down from 13; 4 of normal 5 round trips north of Los Angeles.
- *Pennsylvanian*: Suspended March 19; resumed June 1.
- *Pere Marquette*: Suspended March 21; resumed June 29.
- *Piedmont*: Operating 1 daily round, down from 3.
- *San Joaquins*: Operating 4 daily round trips between Bakersfield-Oakland, down from 5. Bakersfield-Sacramento service suspended.
- *Vermonter*: Suspended north of New Haven since March 26.
- *Wolverine*: 1 daily round trip, down from 3.
- Washington-Roanoke: Unchanged.
- Washington-Newport News: Full service recently restored.
- Washington-Norfolk: 1 daily round trip, down from 2.
- Washington-Richmond: 1 daily round trip suspended.

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William J. Flynn
President and Chief Executive Officer

October 8, 2020

The Honorable Michael Pence
President of the Senate
U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. Capitol
Washington, DC 20515

In February of this year, Amtrak transmitted its Fiscal Year 2021 General and Legislative Annual Report to Congress, which included our base FY 21 grant request for $2.040 billion. Given the dramatic loss in ridership and revenue that Amtrak experienced due to COVID-19, we submitted a supplemental request for $1.475 billion in additional funding on May 25, for a total FY 21 request of $3.515 billion. Since then, we have seen that our ridership is not returning as quickly or at the levels that we had hoped for, and over recent months we updated our forecast for FY 21. **This letter is to formalize that we anticipate needing up to $4.857 billion in FY 21 to support the company and our employees through this unprecedented situation**. Furthermore, as Congress considers programs for stimulating the economy, Amtrak has identified $5.193 billion in additional investments we recommend be included as part of any economic recovery proposal enacted by Congress before the end of the term to help the nation recover from the impacts of the pandemic. Additional detail is provided in Table 1 of the appendix.

Of the $4.857 billion we are requesting, $3.227 billion is directly to preserve Amtrak's services and capital program in response to the dramatic loss of revenue due to the pandemic, with $1.704 billion for the Northeast Corridor, $413 million for the Amtrak share of State Supported services, and $1.110 billion for Long Distance service. The remaining $1.63 billion is to support Amtrak RRIF/debt payments, state and commuter partner payments that are payable to Amtrak under Sections 209 and 212, the costs of any congressional workforce or service directives, and added revenue risk beyond our current projection.

When considered in their totality, our FY 21 needs and our economic recovery proposal equal a total federal investment of $10.050 billion, an amount equivalent to the total appropriation for Amtrak included in the House of Representatives' FY 21 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill (H.R. 7616). These funding needs have been shared in detail with the House and Senate Appropriations and relevant authorizing committees during recent months. Such funding could be provided in the annual appropriations bill, as part of a COVID-19 relief bill, in an economic stimulus bill, or via any other legislative vehicle.

On September 30, Congress passed a continuing resolution (CR), which provides funding at the FY 20 rate of $2 billion until December 11. In addition, on October 1, the House passed an updated version of the HEROES Act, which included $2.4 billion in emergency supplemental funds for Amtrak. While we were grateful for this sign of support, at this time, there is no clear path to finalize such supplemental funding in Congress and the Administration. Therefore**,** given this uncertainty, as well as the low levels of ridership and revenue projected over the next few months, and the limited funding provided under the short-term continuing resolution (CR), Amtrak is in a very precarious position as we await final decisions on our funding levels.

To manage this situation, Amtrak will work to adjust its operating and capital spending plans during this short term CR, with the aim of minimizing further impacts on our customers and employees. However, if the FY 20 funding level is extended beyond December 11, 2020, and supplemental funding has not yet been provided, we will be unable to avoid more drastic impacts that could have long lasting effects on our Northeast Corridor infrastructure and the national rail system. For example**, insufficient funding levels could force Amtrak to reduce its workforce by an additional 2,400 jobs** as we scale back capital projects (approximately 775 jobs) and because our state partners have advised us that they would likely further reduce their train service (approximately 1,625 jobs). A more detailed breakdown of potential impacts on customers, employees and capital projects can be found in Table 2.

Not only would deferring capital projects and procurement inhibit our ability to address the reliability and capacity needs of our rail network and impact the aforementioned corresponding capitalized Amtrak workforce, but such capital delays would also impact a specialized domestic supplier network that supports these projects, such as: Building locomotives and passenger equipment; providing rail, ballast, communications and signaling equipment, and other materials to maintain our infrastructure; and providing IT equipment to support our company. For context, in FY 19 Amtrak purchased materials and other products and services from companies in all 50 states in the U.S., and we spent more than $2 billion on these purchases, supporting the national economy and many thousands of jobs. For illustrative purposes, Table 3 includes some of the specific capital projects that may be deferred if Amtrak does not receive sufficient funding in FY 21. This initial list will be finalized and updated throughout the year based on specific appropriated levels, service levels, actual revenue, and other factors.

We thank Congress for all of its support in FY 20, and we sincerely hope that additional funding between $4.9 billion and $10 billion can be finalized as soon as possible and be provided to Amtrak in order to avoid the aforementioned negative impacts in FY 21 and also fund critical capital investments to help the nation recover from the pandemic. Thank you again for your trust and support.

Sincerely,

William J. Flynn
President & Chief Executive Officer

Appendix

Table 1 – FY 21 Grant Request and Economic Recovery Proposal	
FY 2021 Grant Request	
Base Request from February 2020 (pre-COVID-19)	$2,040
Supplemental Request for Amtrak, PRIIA Sec. 209 and Sec. 212 Payments	$1,683
Supplemental Request for RRIF and Other Debt Payments	$92
Potential Congressional Directives (furloughs; long distance)	$546
Revenue Risk	$496
Total	**$4,857**
Amtrak's Economic Recovery Proposal	
Fleet Replacement (Amfleet and Superliner)	$642
NEC Infrastructure (Hudson Tunnel Project, Portal North Br., Sawtooth Bridge, East River Tunnel, B&P Tunnel, Susquehanna River Bridge, Pelham Bay Bridge, Connecticut River Bridge	$1,242
Nat'l Network Infrastructure (Southeast Corridor Expansion, Gulf Coast, *Southwest Chief*, Chicago Gateway, new and expanded routes)	$1,893
Major Stations (Chicago, Phila., NY Penn, Baltimore Penn, Washington Union, and Others), and ADA compliance/improvements	$809
Other Key Initiatives (PTC and safety improvements; Workforce development and apprenticeship, and RRIF and other debt payments)	$607
Total	$5,193
Combined Total (FY21 Request and Economic Recovery Proposal)	**$10,050**

Table 2 – Potential Impacts on Customers, Employees and Projects
Amtrak's Sec. 209 state partners have advised Amtrak that they will be forced to reduce service by up to roughly 65% compared to pre-COVID service levels because state payments will increase to unaffordable levels (for context, Amtrak has 20 partners in 17 states, comprising 28 state supported routes; in FY 2019, Amtrak had more than 15 million riders in total on our state supported trains).
Approximately 1,625 transportation, stations and mechanical jobs are at risk (depending on individual state decisions, TBD) due to potential service cancellation by Sec. 209 state partners.
Defer numerous capital projects and procurement critical to the railroad (detail in Table 3).
Approximately 775 capitalized jobs associated with these capital projects are at risk, mostly in operations, engineering, mechanical, stations, and IT.

Table 3 – Detailed List of Capital Projects at Risk	
Key aspects of the Gateway Program, including property acquisition, design of tunnels, and design of bridge capacity upgrades	New York, New Jersey, Northeast
B&P Tunnel replacement	Maryland, Northeast, Southeast
Refresh of our long distance train equipment (coach, lounge, diner, and sleeper for Viewliners and Superliners)	Systemwide
NY Penn Station platform improvements and design work	New York
Various interlocking renewal and SOGR projects	Northeast
Bridges replacement and improvements (CT River, Shaws Cove)	Connecticut, Northeast
Engineering and Mechanical Facility Upgrades	Illinois, Indiana, Delaware, Massachusetts, Florida, California, and other locations
Washington Union Station Sub-basement structural replacement and other improvements	D.C., Northeast, Southeast
Los Angeles yard facility renovations	California
Seattle yard improvements	Washington
Customer onboard Wi-Fi improvements, IT network projects	Systemwide
Stations and facilities signage	Systemwide