

**Before the Committee on Commerce,  
Science, and Transportation  
United States Senate**

---

For Release on Delivery  
Expected at  
2:30 pm EDT  
Thursday  
October 2, 2003  
CC-2003-155

# **The Future of Intercity Passenger Rail Service And Amtrak**

**Statement of  
The Honorable Kenneth M. Mead  
Inspector General  
U.S. Department of Transportation**



Mr. Chairman, Senator Hollings, and Members of the Committee:

We appreciate the opportunity to testify on the reauthorization of intercity passenger rail service and Amtrak, and the Administration's proposed reauthorization legislation. Fiscal year 2004 represents the second year that Amtrak will have received Federal funding without new authorizing legislation providing guidance on how that money should be spent. In the interim, Congress has provided that direction in piece-meal fashion in the appropriations process. At this crossroads for passenger rail service, a comprehensive reauthorization that provides new direction is needed to move the current system beyond the unsatisfactory status quo.

**Current Model Is Broken.** We want to start today by reiterating a point we made to this Committee last spring which is that the current, overall approach to designing, governing, and funding the intercity passenger rail system in this country is broken. As shown in the following table, these problems are evident in the persistence of Amtrak's cash operating loss, growing debt service burden, and declining on-time performance.

	1999	2000	2001	2002	2003*
Cash Operating Loss	\$579	\$561	\$770	\$631	\$671
Debt Service (Principal & Interest)	139	131	145	233	247
On-Time Performance	79%	78%	75%	77%	74%

\* 2003 figures are forecast except for on-time performance which is for the 11 months through August 2003. Cash operating loss and debt service are in millions of dollars.

What is not commonly understood is that these results have developed in an environment in which Amtrak has had access to external funding of \$8.4 billion over the last 6 years (1998-2003). This is an average annual amount of \$1.4 billion per year—*more than twice the average \$670 million in appropriated funds during this period.* These funds consist of Federal funds of \$6.2 billion split between \$4 billion of annual appropriations and a one-time infusion of \$2.2 billion in Taxpayer Relief Act funds. To supplement these Federal funds, Amtrak tapped private financial markets to borrow an additional \$2.2 billion in this period. In spite of the resulting \$1.4 billion per year in funding, the accumulated backlog of capital investment has grown to at least \$6 billion.

**Reauthorization Guidance Is Essential.** The problems with our current approach to intercity passenger rail service extend beyond issues of funding to questions of who decides on the types and amounts of services provided, who controls the investment in infrastructure and operations, who provides service, and who selects the providers. Without a reauthorization that answers these questions, we are likely to see an unfortunate continuation of the status quo that provides too

little money to adequately fund the current system—a system that, as a result, provides unsatisfactory service.

Although that sounds critical of current operations, on the contrary, we think the Department, the Amtrak Board, and David Gunn and his management team have all done a good job over the last year of controlling expenses—an issue we have consistently cited in our annual Assessment Reports as a key to improving Amtrak’s financial performance. Nevertheless, such efforts will not free us from a limp-along Amtrak without either significant increases in funding for the current system or fundamental changes to it. As we have noted before, Amtrak can’t save its way to financial success—pinching pennies alone won’t make this model work.

The Administration’s bill confronts several key issues in a straight-forward and comprehensive manner while leaving others less clear or unanswered. In particular, its provisions on governance and corridor development are well-developed. It leaves unanswered, however, what level of Federal capital funding it supports. Also, we would suggest a different approach to organizing the Northeast Corridor (NEC)—separating operations and infrastructure may risk disruptions to service—and the timing of the phase-out of Federal operating support could prove problematic, especially in the current fiscal climate.

The elimination of all Federal operating support over a short timeframe, in conjunction with stepped-up requirements for the states to match Federal capital funds, would create significant financial difficulties for states wishing to preserve long-distance train service. Although we make clear in this testimony the trade-offs that may need to be made between long-distance and short-distance service if funding remains at recent levels, we recognize that resolving this is a policy call for the Congress and the Administration.

**Focus on Short-Distance Corridors.** The Administration’s bill proposes to focus Federal capital funding on developing and investing in short-distance corridors (routes with end-to-end distances of less than 500 miles). This would target service improvements to the services that are most patronized today and that hold the greatest potential for passenger growth in the future. Specifically, Amtrak ridership in 2002 totaled about 23.4 million passengers, and short-distance corridor trains carried 19.8 million (84 percent) of them—47 percent in the Northeast Corridor and 37 percent on other corridor trains. The remaining 16 percent of passengers (3.6 million) rode the 17 long-distance trains. (Attachment 1 provides more details on ridership and revenue by route for 2002.)

In addition, most long distance trains overlap at least one and often two or more corridors. As a result, many of the passengers on long-distance trains are traveling *only* between stations located on existing corridors and could be served by

improved service on corridor trains rather than riding on long-distance trains that continue on beyond the corridor. For example, on the Coast Starlight from Seattle to Los Angeles, only 5 percent of passengers (about 27,000) in 2000 rode from one end of the route to the other. Over 50 percent of passengers (277,000) boarded and alighted within one of the three corridors on the route. In other words, if the Coast Starlight had not run, 55 percent of the passengers it carried had alternative rail service on either the Cascades, Capitols, or Pacific Surfliner services. (Attachment 2 provides the “end-to-end” and “corridor” passengers for each of the 17 long-distance trains in 2000.)

**Maintain Integrated NEC and Slow the Pace of Operating Subsidy Phase-Outs.** We would take a different tack than does the Administration on certain issues, however, particularly on the separation of NEC infrastructure from operations and the pace of the phase-out of operating assistance. Maintaining the NEC as an integrated railroad is likely to introduce the least risk to the successful transfer of its governance to the northeastern states or of disruption to operations in the period leading up to that transfer. The proposed phase-out of long-distance subsidies is likely to prove logistically and financially difficult for the states to deal with in the timeframes contemplated. In today’s state budget climate, requiring a large, rapid increase in state operating subsidies for both long- and short-distance trains is more likely to lead to their elimination than restructuring and improvement.

**Funding and Fiscal Capacity Are Open Questions.** We note also that the Administration’s proposal leaves open the question of the level of funding committed to short-distance corridor development and its source. This lack of clarity has fostered the perception that the burden of funding system operating losses would fall on the states with no compensating Federal commitment to significantly expanded Federal capital funding. Such a perception weakens support for the governance reforms in the proposal, particularly given the current fiscal climate in the states.

The basic equation confronting the Congress in reauthorizing intercity passenger rail service is that, without a substantial increase in funding, the entire current, interconnected system cannot be adequately maintained while also investing in short-distance corridor development. In fact, it will require an increase in appropriated funds of nearly **50 percent** compared to 2003 enacted levels just to maintain the current system (\$1.50 billion versus \$1.05 billion). To significantly increase investment in the corridors, which serve the majority of passengers, would require **an additional increase of a like amount**. If such funding increases are not feasible, new investments in corridors could only come from either cuts to long-distance train services or, as reflected in the Administration’s bill, the transfer of the funding responsibility for their operating losses to the states.

A number of reauthorization proposals have been made in addition to the Administration's bill. Although each has its strengths, the incremental improvements we discuss in this testimony could be lost if this contention between funds for new investments or for long-distance train subsidies results in a stalemate. Then we are likely to see a continuation of the ugly status quo into the indefinite future.

**Amtrak's 2004 Funding Needs.** We think that Amtrak can maintain reliability on its system and meet its other obligations if its 2004 appropriation were near to or matched the Senate figure of \$1.346 billion. Although Amtrak has requested \$1.8 billion, about \$300 million of this amount is for reducing the backlog of capital investments on the system or for lower priority investments. Therefore, we estimate that Amtrak can get by with about \$1.5 billion in 2004 by limiting capital spending to the minimum needed to maintain reliability. Amtrak should be able to cover the difference between this amount and the Senate mark from its carryover funds from 2003, which are about \$200 million.

One should keep in mind, however, that the Senate level of funding merely postpones the day of reckoning and that day is surely coming. Amtrak cannot continue to operate the current system without *eventually and soon* addressing the backlog of investment needed to bring that system to a state-of-good-repair. Otherwise, unacceptable and unpredictable equipment and infrastructure problems will surely begin a downward spiral of diminished service levels and disappearing passenger revenue.

**Cost of the Administration's Bill.** The Administration's bill provides no guidance on funding levels, but merely authorizes "such sums as may be necessary." As a result, providing a projection of the costs in the bill requires making assumptions about the annual spending totals and the amount of funds to allocate among capital backlog investment, corridor development, and debt amortization.

We have made the following assumptions to give the Committee an illustration of how the bill might work. First, we have assumed that, given the fiscally constrained Federal budget environment, total annual funding would remain flat throughout the reauthorization period at about \$1.5 billion. This is the amount we have estimated Amtrak needs in 2004 to maintain system reliability and have arbitrarily adopted that as the 2005 baseline. We note this is more than Amtrak has ever received in a single appropriation.

After allocating funds to cover projected operating requirements, we have allocated the remaining funds in each year between capital and debt based on the following approach: we have dedicated sufficient funds to amortize about

two-thirds of Amtrak's non-defeased equipment debt while providing sufficient funds to increase capital funding continuously over the period. The slow but steady growth in capital funding should permit the parties to plan for and efficiently invest the new capital funds. The reduction in debt would provide the needed flexibility to either use Amtrak's legacy equipment or retire it depending on each route's future operating requirements or alternative equipment opportunities. Otherwise, this legacy expense will fall on the states, saddling them with a burden they did not create, or new service providers, reducing their inclination to compete to provide existing services.

The detailed projection of the bill's cost based on these assumptions is provided as Attachment 3 and the table below provides an abbreviated version of that estimate.

	Amtrak Request 2004	OIG Estimate 2004	OIG Estimate Of Administration's Bill						Total 2005-2010
			2005	2006	2007	2008	2009	2010	
Capital (except debt)	\$927	\$600	\$600	\$650	\$700	\$800	\$1,000	\$1,200	\$4,950
Debt Principal	117	117	113	88	177	138	126	120	762
Net Added Debt Service	0	0	0	4	37	272	276	83	672
<b>Total Capital</b>	<b>\$1,044</b>	<b>\$717</b>	<b>\$713</b>	<b>\$742</b>	<b>\$914</b>	<b>\$1,211</b>	<b>\$1,402</b>	<b>\$1,403</b>	<b>\$6,384</b>
Operating Loss	\$607	\$607	\$634	\$664	\$476	\$189	\$ 2	\$ 2	\$1,966
Interest Expense	163	163	153	118	111	104	98	92	676
<b>Total Operating</b>	<b>\$771</b>	<b>\$771</b>	<b>\$787</b>	<b>\$782</b>	<b>\$587</b>	<b>\$293</b>	<b>\$100</b>	<b>\$94</b>	<b>\$2,642</b>
<b>Total Request</b>	<b>\$1,814</b>	<b>\$1,487</b>	<b>\$1,499</b>	<b>\$1,524</b>	<b>\$1,500</b>	<b>\$1,503</b>	<b>\$1,502</b>	<b>\$1,497</b>	<b>\$9,026</b>

Keep in mind, however, that the Administration's bill and these figures assume that the Federal government would share in capital investments, but the states will pick up the full cost of subsidizing operating losses on both the long-distance and corridor trains. After the 3-year phase-in period in the bill and absent any restructuring, this would amount to \$650 million per year. In addition, for the states to fully tap the capital funding we have projected, the Administration's proposal would require a 50 percent capital match at full phase-in, totaling \$600 million per year. Thus, the \$1.5 billion in Federal funding we have projected for 2010 would require a state match of about \$1.2 billion.

We note that the Administration's proposal has an increasing state capital match requirement over the course of the reauthorization period. Both highway and transit programs over their histories have had changing state matching requirements, some as low as 5 or 10 percent, that grew over time as the programs matured. Because of the tough fiscal climate facing the states, setting the value of the state matching percentages as well as the timing of the phase-out of operating support will be points for negotiation and compromise in this reauthorization.

In the remainder of our testimony, we would like to comment in more detail on six reauthorization issues and how the Administration's bill proposes to address them:

- Targeting system development and capital investment to short-distance corridors;
- Implications for long-distance trains of refocusing investment;
- Maintaining the Northeast Corridor as an integrated railroad and addressing its capital needs;
- Improving the governance of intercity passenger rail service by giving the states more control;
- Funding the legacy expenses of the current system including debt and excess retirement costs; and,
- Providing reliable Federal funding for passenger rail service.

The first two issues address the nature of intercity passenger rail service, the second two focus on how to produce and govern that service, and the last two address funding issues.

### **Targeting development and investment to short-distance corridors**

The Administration's bill would target investments in intercity passenger rail service to short-distance corridors with the goals of increasing speeds, increasing frequency, and improving the quality of the services offered. Short-distance corridors are those routes whose endpoints are less than 500 miles apart. This distance lends itself to services that can compete with the automobile for both leisure and business travelers and with air service if the trip times are low enough and frequencies of service are high enough.

Because constraints on Federal and state budgets are likely to persist for many years, investments in these corridors by necessity must be made on an incremental basis. Track capacity, train equipment, and signaling and control improvements will have to be added as funding permits and in phases that gradually increase speeds, decrease travel time, and improve service quality. Realistic goals are to achieve eventual top speeds of 110 miles per hour, end-to-end travel times of 3 to 4 hours, and 5 to 15 round trips per day in these corridors.

Section 301 of the Administrations' bill proposes a capital investment program for these corridors that would match Federal capital funds to those raised by the states. Successful development of the corridors will require such a dedicated program with a separate funding allocation. Success, however, requires more than a program, it will hinge on identifying reliable levels of funding.

Corridor services currently exist in the Northeast, in the Pacific Northwest on the Cascades route between Vancouver and Eugene, between San Diego and Santa Barbara on the Pacific Surfliner service, and between Chicago and Milwaukee on the Hiawathas. Examples of emerging service corridors are Chicago-Detroit and Chicago-St. Louis in the Midwest and Washington-Richmond and Richmond-Charlotte in the East.

### **Implications for long-distance routes of investment in short-distance service**

There is no magic answer to the fundamental dilemma of corridor development versus long-distance service facing the Administration and Congress. Without a significant boost in funding from some source, whether Federal or not, investment in short-distance corridors is not possible without reducing funding for long-distance service. However, as we pointed out last spring, the long-distance trains have been the political glue that has held the Amtrak system together for the last 30 years.

One option that might provide some fiscal relief is the restructuring of some long-distance trains into corridor feeder services. Much of the territory and stations covered by the 17 long-distance trains are also covered by short-distance corridors and trains today. In fact, on some long-distance trains, significantly fewer than half of the passengers travel the entire route from endpoint to endpoint. (See Attachment 2.) By redesigning train services that operate in the gaps between corridors, but not overlapping them, feeder services could continue to provide services to stations currently served by the long-distance trains and do so on more convenient, daytime schedules and likely on more frequent schedules. This restructuring can be accomplished over a period of years that would minimize transition costs and would allow for the growth of the complementary short-distance corridor services.

Some long-distance trains are not well-suited for restructuring as corridor feeder services, particularly the trains from Chicago to the West Coast. To maintain services to the stations on these routes may require the indefinite continuation of operating subsidies. Corridor feeder services may require operating subsidies as well, but are likely to be less expensive to operate and generate more revenue resulting in lower losses and subsidy requirements.

Restructuring most long-distance trains into feeder services mitigates the “free rider” problem in cost sharing with the states. If one state in the middle of a route refuses to contribute to the operating subsidy, bordering states may be required to bear an increased burden to maintain the service. Because most of the feeder



routes would operate in only one state, funding responsibility and operating control would reside with that state alone.

## **Maintain the Northeast Corridor as an integrated railroad**

The Administration's bill proposes to divide activities on the Northeast Corridor among two companies, separating train operations from the maintenance and control of the infrastructure. Separating operations from infrastructure increases the risk that conflicts will arise between operations and investment because each company will be responding to different incentives that may not be reconciled. The result could be disruption to service and a decline in on-time performance. Outside the Northeast Corridor, operations and infrastructure are separated and system performance there is markedly worse than on the NEC.

The fundamental goal of the Administration's proposed realignment is to facilitate the eventual transfer of control of the NEC to the northeast states. Maintaining the NEC as an integrated railroad, however, can achieve this goal just as well while also providing additional benefits. In particular, keeping operations and infrastructure integrated offers advantages of simplicity, performance, efficiency and risk.

**Simplicity.** Realigning the NEC as an integrated railroad would merely involve reestablishing something similar to the old NEC Strategic Business Unit (SBU). A combination of the old Intercity and Amtrak West SBUs would constitute the nationwide passenger rail service provider.

**Performance.** Consolidated control of infrastructure and operations would produce substantially better on-time performance based on current experience with on- and off-corridor results, (on-time performance in the 90 percent range versus 70 percent and below for intercity services).

**Efficiency.** An integrated NEC provider of track maintenance, capital programs, operations, and dispatching is likely to be more efficient and less costly than two providers, each having a monopoly over a subset of these services.

**Risk.** A bifurcated approach would require a fully functional oversight and control organization at the outset lodged in the NEC Compact to coordinate between operations and infrastructure. If the NEC Compact is delayed, there could be disruptions to smooth operation of the corridor.

## **Improving system governance through greater state control**

The Administration's bill proposes to vest primary control of intercity passenger rail services in the states. It also proposes to shift significant funding responsibilities to the states as well. We support this refocusing of decision-making authority onto the state level because a new relationship must be established among Amtrak, the Federal Government, and the states if higher speed, higher frequency, short-distance corridors are going to be successfully developed.

Many interested parties have raised concerns that multi-state compacts will be needed for many of the routes currently operated and that, depending on the number of states involved, they will either be impossible to negotiate or unworkable in practice. This concern is overstated. Most corridor and feeder services will be primarily in one or two states. A few will extend to 3 states. Though not without potential difficulties, negotiating these compacts should not present an insurmountable obstacle to corridor development.

The most complicated compact will involve the NEC states (nine states). Although the potential problems in developing a workable governance, operating, and funding structure are perhaps great, the potential benefits to the states are great as well from assuming control of the NEC. There should be sufficient incentive to reach a workable consensus on the NEC because the problems for these states for their commuter operations as well as intercity services would be severe without a rebuilt and efficiently functioning corridor.

The Administration proposal models a Federal passenger rail program on the current transit program for New Starts. Under this approach, states would: 1) decide on the corridor service attributes such as speed, frequency, and quality, 2) choose who operates the service, and 3) negotiate with freight railroads to operate and invest in the services, and 4) apply for Federal capital grants for equipment and track investment.

We have heard concerns about how complex and time-consuming the application and other processes might be that are developed to implement the program. One way of dealing with this issue is to tie the level of Federal requirements and control to the Federal funding requested for a project. As the Federal funding percentage exceeds certain thresholds, then additional criteria and procedures would apply, and where state and private funds exceed some percentage of a project's total cost, maximum local flexibility and minimum filing requirements would apply.

## **Funding the current system's legacy expenses, principally debt**

Adopting a new approach to organizing, investing in, and operating intercity passenger rail service as proposed by the Administration raises the question of what to do about the legacy expenses of the current system. Amtrak has long-term debt with amortization periods as long as 25 years that must be financed. In addition, Amtrak pays excess railroad retirement taxes (excess RRTA) because of the decline in freight railroad employment over the last 30 years that is unrelated to passenger railroad employment which has been essentially constant over the same period. Direct and separate Federal funding of these legacy expenses would facilitate the development and experimentation with alternative operating models and route structures. Otherwise, these legacy expenses, principally debt, will fall on new service providers and the states, reducing their inclination to compete for existing services and, in the case of Amtrak's debt load, saddle them with a burden they did not create.

- **Long-term Debt.** Because Amtrak requires Federal operating and capital subsidies greater than its debt principal and interest payments, these obligations are currently financed by Federal funds. Just to service the current long-term debt and capital lease obligations will require an average of \$285 million per year through 2010. Because all current and future Amtrak debt would likely be paid by the Federal Government, Amtrak's ability to incur additional long-term debt should be permanently frozen, except for refinancing opportunities that lower interest expense and do not increase the outstanding principal. Furthermore, because Amtrak borrows at higher interest rates than the Federal Government, a one-time appropriation that repays immediately any debt that can be economically amortized would produce long-term Federal savings.
- **Excess RRTA.** Future retirement tax payments for any passenger rail providers that would qualify today as excess Railroad Retirement Tax Act payments should be funded through a direct appropriation to the Railroad Retirement Board. The estimated annual cost to Amtrak for excess RRTA is about \$160 million per year. Direct funding would establish and maintain a level playing field for all competitors to provide intercity passenger rail services.

## **Securing a Federal consensus for consistent funding**

As we have noted before, the Federal quid pro quo to a stepped-up state funding role in passenger rail services should be the provision of some assurance to the

states that past uncertainty concerning the levels of Federal funding would not recur. Investments in corridor development can proceed most efficiently where long-term decisions and multi-year investments can be made without the threat of a disruption in Federal funding.

This is, perhaps, one of the toughest nuts to crack considering the tight fiscal constraints facing the Federal budget. Highway, transit, and aviation trust fund revenue projections are down and, as a result, those programs are likely to add new demands on the general fund over the next few years. Alternate funding arrangements, such as tax credit bonds, have not found favor. In spite of these difficulties, a reliable Federal funding commitment will likely be needed to generate state support for a new Federal-State financing partnership. A broad and committed consensus needs to be reached so that achieving the authorized funding levels and Federal capital funding commitments will be much more tractable in future budgets.

Mr. Chairman, this concludes our statement. I would be pleased to answer any questions.

Attachment 1

**Amtrak 2002 Ridership Distribution**

	Fiscal Year 2002			
	Riders (000)	% of Total	Revenue (000)	% of Total
<b>Long Distance Train</b>				
16 - Silver Star	252	1.1%	\$ 25,088	1.9%
17 - Three Rivers	27	0.5%	9,863	0.8%
18 - Cardinal	74	0.3%	3,921	0.3%
19 - Silver Meteor	48	1.1%	28,347	2.2%
26 - Capitol Ltd.	46	0.6%	12,558	1.0%
45 - Lake Shore Ltd.	88	1.2%	24,295	1.9%
48 - Silver Palm	206	0.9%	18,262	1.4%
57 - Pennsylvanian	76	0.3%	2,855	0.2%
63 - Auto Train	202	0.9%	50,742	3.9%
25 - Empire Builder	368	1.6%	39,717	3.1%
27 - California Zephyr	327	1.4%	36,521	2.8%
28 - Southwest Chief	256	1.1%	36,770	2.8%
30 - City of New Orleans	159	0.7%	11,676	0.9%
32 - Texas Eagle	129	0.6%	14,349	1.1%
33 - Sunset Ltd.	97	0.4%	13,794	1.1%
34 - Coast Starlight	446	1.9%	33,272	2.6%
<b>Total Long Distance</b>	<b>3,646</b>	<b>15.6%</b>	<b>\$ 387,315</b>	<b>30.0%</b>
<b>NEC</b>				
1 - Acela Express/Met.	3,214	13.7%	\$ 364,150	28.2%
5 - Regional	5,760	24.6%	298,788	23.1%
13 - Clocker	1,979	8.5%	18,867	1.5%
<b>Total NEC</b>	<b>10,953</b>	<b>46.8%</b>	<b>\$ 681,804</b>	<b>52.7%</b>
<b>Other Corridor</b>				
3 - Ethan Allen	39	0.2%	\$ 1,726	0.1%
4 - Vermonter	67	0.3%	3,759	0.3%
6 - Twilight Shoreliner	215	0.9%	13,291	1.0%
7/15 - Maple Leaf/Empire	1,241	5.3%	47,853	3.7%
9 - Downeaster	245	1.0%	3,844	0.3%
14 - Keystone	949	4.1%	21,969	1.7%
40 - Adirondack	91	0.4%	4,116	0.3%

**Amtrak 2002 Ridership Distribution**

	Fiscal Year 2002			
	Riders (000)	% of Total	Revenue (000)	% of Total
<b>Other Corridor (continued)</b>				
66 - Carolinian	215	0.9%	11,328	0.9%
67 - Piedmont	44	0.2%	596	0.0%
20 - State House	226	1.0%	5,656	0.4%
21 - Hiawatha	404	1.7%	6,689	0.5%
22 - Wolverine	300	1.3%	9,695	0.8%
23 - Illini	92	0.4%	2,886	0.2%
24 - Illinois Zephyr	94	0.4%	2,339	0.2%
29 - Heartland Flyer	53	0.2%	903	0.1%
35 - Pacific Surfliner	1,725	7.4%	28,357	2.2%
36 - Cascades	580	2.5%	13,004	1.0%
37 - Capitols	1,080	4.6%	11,014	0.9%
39 - San Joaquins	734	3.1%	17,620	1.4%
41 - International	92	0.4%	2,774	0.2%
54 - Kentucky Cardinal	21	0.1%	664	0.1%
56 - Mules	144	0.6%	3,153	0.2%
65 - Pere Marquette	60	0.3%	1,604	0.1%
XX - Special Trains & Buses	98	0.4%	8,640	0.7%
<b>Total Other Corridor</b>	<b>8,808</b>	<b>37.6%</b>	<b>\$ 223,480</b>	<b>17.3%</b>
<b>Grand Total</b>	<b>23,407</b>	<b>100.0%</b>	<b>\$ 1,292,600</b>	<b>100.0%</b>

Source: Amtrak's Fiscal Year 2002 Ridership and Revenue summary.

**End-to-End vs. Corridor Passengers  
On Long Distance Trains**

Train	2000 Passengers			%	%
	End-to-End	Corridor <sup>1/</sup>	Total	End-to-End	Corridor <sup>1/</sup>
1 Auto Train	233,900	233,900	233,900	100%	100%
2 California Zephyr	33,362	72,198	382,002	9%	19%
3 Capitol Limited	62,481	16,698	145,196	43%	12%
4 Cardinal	3,631	16,087	74,479	5%	22%
5 City of New Orleans	39,433	0	200,682	20%	0%
6 Coast Starlight	26,174	277,299	505,098	5%	55%
7 Crescent	8,561	77,610	265,789	3%	29%
8 Empire Builder	40,307	155,159	433,404	9%	36%
9 Lake Shore Limited	67,264	99,326	300,989	22%	33%
10 Palmetto	28,148	70,524	217,865	13%	32%
11 Pennsylvanian	0	33,590	33,590	0%	100%
12 Silver Meteor	52,063	69,913	254,229	20%	28%
13 Silver Star	34,877	129,397	269,577	13%	48%
14 Southwest Chief	47,079	2,683	268,267	18%	1%
15 Sunset Limited	13,685	5,972	119,444	11%	5%
16 Texas Eagle	2,192	30,675	145,023	2%	21%
17 Three Rivers	20,599	55,947	133,206	15%	42%
<b>Total Long Distance</b>	<b>713,756</b>	<b>1,346,978</b>	<b>3,982,740</b>	<b>18%</b>	<b>34%</b>

<sup>1/</sup> Represents the number of passengers who get on and get off the train within the confines of a single corridor. Corridors include stations on existing Amtrak corridors and those on planned high-speed rail corridor routes.

Source: OIG's analysis of Amtrak's 2000 Origin/Destination station pair data.

## Attachment 3

Section	Account	Amtrak	OIG	Administration's Bill			2008	2009	2010	6 Year
		2004	2004	2005	2006	2007				Total
<b><u>Capital</u></b>										
104	Capital Backlog [100% Federal; Section 202 Plans]	252	-	-	-	350	400	500	600	<b>1,850</b>
207/301	Capital Grants [100%-50% Federal; Section 207 for 05/06]	<u>675</u>	<u>600</u>	<u>600</u>	<u>650</u>	<u>350</u>	<u>400</u>	<u>500</u>	<u>600</u>	<b>3,100</b>
	<b>Total Capital (except debt principal)</b>	<b>927</b>	<b>600</b>	<b>600</b>	<b>650</b>	<b>700</b>	<b>800</b>	<b>1,000</b>	<b>1,200</b>	<b>4,950</b>
	[Section 301--States' Capital Match]	-	-	-	-	88	267	500	600	
	[Section 301--States' Percentage Match]	0%	0%	0%	0%	20%	40%	50%	50%	
<b><u>Operating</u></b>										
207/106	Long Distance Losses [Amtrak 2005; PRSP thereafter]	563	563	580	501	395	187	-	-	<b>1,662</b>
207	Short-Distance Losses [Amtrak 2005; PRSP 2006]	188	188	194	169	-	-	-	-	<b>362</b>
207	Multi-State Administrative Transition	-	-	4	5	4	-	-	-	<b>13</b>
207	Amtrak Administrative Expenses	-	-	-	2	2	2	2	2	<b>10</b>
103	NEC Compact Commission	-	-	2	-	-	-	-	-	<b>2</b>
105	Employee Buyouts [PRSP & PRIM]	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>150</b>
	<b>Total Operating (except interest expense)</b>	<b>751</b>	<b>751</b>	<b>779</b>	<b>752</b>	<b>476</b>	<b>189</b>	<b>2</b>	<b>2</b>	<b>2,200</b>
	<b>NEC Operating Loss/(Profit)</b>	<b>(144)</b>	<b>(144)</b>	<b>(146)</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(234)</b>
<b><u>Amtrak Legacy Debt</u></b>										
207/206	Amtrak/PRSP Principal	117	117	113	88	177	138	126	120	<b>762</b>
206(d)	Additional Principal Paydown	-	-	-	-	39	292	315	130	<b>776</b>
207/206	Amtrak/PRSP Interest	163	161	153	118	111	104	98	92	<b>676</b>
206(d)	Interest Savings from Paydown	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(20)</u>	<u>(39)</u>	<u>(47)</u>	<b>(108)</b>
	<b>Total Debt Service</b>	<b>280</b>	<b>278</b>	<b>266</b>	<b>206</b>	<b>325</b>	<b>515</b>	<b>500</b>	<b>295</b>	<b>2,107</b>
	<b>TOTAL</b>	<b>1,814</b>	<b>1,485</b>	<b>1,499</b>	<b>1,520</b>	<b>1,500</b>	<b>1,503</b>	<b>1,502</b>	<b>1,497</b>	<b>9,023</b>
		<b>2004</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
<b><u>Amtrak Legacy Debt</u></b>										
	Total Principal	117	117	113	118	207	168	156	150	
	Total Interest	163	163	153	148	139	130	122	114	
<b><u>NEC Compact</u></b>										
	Operating Profit	144	144	146	148	150	152	155	157	908
	Amtrak Legacy Principal	-	-	-	(30)	(30)	(30)	(30)	(30)	(150)
	Amtrak Legacy Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(28)</u>	<u>(26)</u>	<u>(24)</u>	<u>(22)</u>	<b>(130)</b>
	<b>Compact Net Profit</b>	<b>144</b>	<b>144</b>	<b>146</b>	<b>88</b>	<b>92</b>	<b>96</b>	<b>101</b>	<b>105</b>	<b>628</b>