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INTERCITY PASSENGER RAIL

Issues for Consideration in Developing an Intercity Passenger Rail Policy

Statement of JayEtta Z. Hecker, Director
Physical Infrastructure Issues



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Highlights of [GAO-03-712T](#), a testimony before the Subcommittee on Railroads, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The Rail Passenger Service Act of 1970 created Amtrak to provide intercity passenger rail service because existing railroads found such service unprofitable. Amtrak operates a 22,000-mile network, primarily over freight railroad tracks, providing service to 46 states and the District of Columbia. Most of Amtrak's passengers travel on the Northeast Corridor, which runs between Boston, Massachusetts, and Washington, D.C. On some portions of the Corridor, Amtrak provides high-speed rail service (up to 150 miles per hour).

Since its inception, Amtrak has struggled to earn revenues and run an efficient operation. Recent years have seen Amtrak continue to struggle financially. In February 2003, Amtrak reported that it would need several billion dollars from the federal government over the next few years to sustain operations. However, some have indicated that there needs to be a fundamental reassessment of how intercity passenger rail is structured and financed. Options raise questions about whether or not Amtrak should be purely an operating company, whether competition should be introduced for providing service, and if states should assume a greater financial role in the services that are provided.

www.gao.gov/cgi-bin/getrpt?GAO-03-712T.

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INTERCITY PASSENGER RAIL

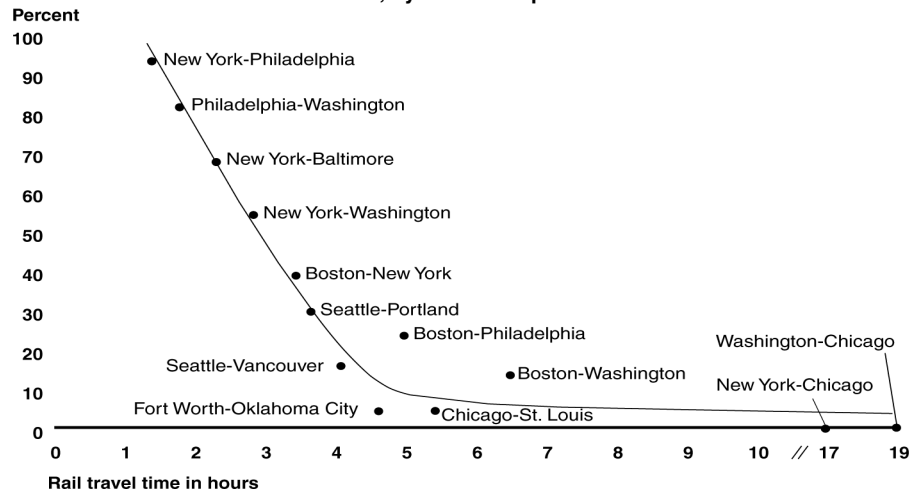
Issues for Consideration in Developing an Intercity Passenger Rail Policy

What GAO Found

Compared to current levels of federal funding, substantially higher federal investment will be required in the future to stabilize and sustain Amtrak's existing network. Amtrak will be seeking about \$2 billion per year over the next several years to stabilize its system and begin addressing its deferred maintenance needs and to cover operating losses. This is about twice the federal funding Amtrak has received annually over the last 5 years. However, Amtrak's identified funding requests do not address potential future needs to enhance or expand service or develop high-speed rail corridors, which Amtrak has previously estimated at up to \$70 billion over the next 20 years. According to Amtrak, this will require additional federal and state investment—over and above the \$2 billion annually in identified needs.

Based on analyses of federal investment approaches across a broad stratum of national activities, we have identified several key components of a framework for evaluating federal investments. The Congress might find this framework useful as it deliberates the future of intercity passenger rail. At the outset, clearly defined goals would provide the foundation for making other decisions. For example, if reducing air and highway congestion were a goal, this may only be achievable in limited markets, because Amtrak's market share decreases rapidly as travel time and distance increase. To improve the focus on outcomes, it will be important for Congress to consider a systemwide approach, as opposed to a focus on one mode or type of travel. Establishing the roles of governmental and private entities could better ensure that goals are achieved. Finally, the choice and design of financing mechanisms will also have important consequences for performance as well as transparency and accountability.

Amtrak's Market Share vs. Air Travel, by Time of Trip



Source: McKinsey & Company.

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to testify on the future of intercity passenger rail. Passenger rail travel in the United States remains poised at a critical juncture. Since its inception, the National Railroad Passenger Corporation (Amtrak) has struggled to earn revenues and run an efficient operation, balancing demands from a variety of stakeholders in a changing market. Recent years have seen Amtrak continue to struggle financially. A few months ago, in February 2003, Amtrak reported that it would need several billion dollars from the federal government over the next few years to sustain operations.

Last year, however, the Amtrak Reform Council¹ indicated that a focus on sustaining operations might not be the best way for intercity passenger rail policy to proceed. Instead, it recommended restructuring and rationalizing the national intercity passenger rail system—a move that envisioned, among other things, breaking up Amtrak and introducing competition to provide rail service. In testimony we provided to this subcommittee last April, we stated that the current approach to intercity passenger rail is likely not sustainable given historical funding levels.² Today's hearing, therefore, not only takes place against a backdrop of Amtrak's long-term and ongoing financial crises, but also within a context of uncertainty about how intercity passenger rail service should be provided to the nation.

My statement today attempts to aid the Congress as it debates the future of Amtrak by (1) examining the levels of federal funding needed to support the existing network for providing intercity passenger rail, and (2) describing a framework that could facilitate the development of intercity passenger rail policy. This statement is based primarily on reports we have issued over the past several years.³ In summary:

- Compared to current levels of federal funding, substantially higher federal investment will be required in the future to stabilize and sustain Amtrak's existing network. Amtrak will be seeking about \$2 billion per year over the next several years to stabilize its system and begin addressing its deferred

¹The Amtrak Reform Council is an independent oversight body created by the Amtrak Reform and Accountability Act of 1997.

²U.S. General Accounting Office, *Intercity Passenger Rail: Congress Faces Critical Decisions in Developing a National Policy*, [GAO-02-522T](#) (Washington, D.C.: April 2002).

³See appendix III for a list of related GAO products.

maintenance needs and to cover operating losses. This is about twice the federal funding Amtrak has received annually over the last 5 years. Although Amtrak is currently taking actions to make its business more efficient and control costs, it is unable to determine the extent of its success because it lacks labor productivity measures to determine the efficiency of its workforce. Amtrak's identified funding requests also do not address potential future needs to enhance or expand service or develop high-speed rail corridors—estimated by Amtrak at up to \$70 billion over the next 20 years. According to Amtrak, this will require additional federal and state investment—over and above the \$2 billion in identified needs.

- Based on extensive analyses of federal investment approaches across a broad stratum of national activities,⁴ we have found that the key components of a framework for evaluating federal investments include (1) establishing clear, nonconflicting goals, (2) establishing the roles of governmental and private entities, (3) establishing funding approaches that focus on and provide incentives for results and accountability, and (4) ensuring that the strategies developed address diverse stakeholder interests and limit unintended consequences. The evaluation framework may be useful in several ways as Congress develops intercity passenger rail policy. For instance:
 - Clearly defined goals could provide the foundation for making other decisions. For example, if the goal were to reduce air and highway congestion by achieving particular market-share targets in select origin-and-destination city-pairs, then that goal could shape decisions about developing additional higher-speed rail corridors. To improve the focus on outcomes and potential contributions to customers or communities, it will be important for Congress to consider a systemwide approach as opposed to a focus on one mode or type of travel.
 - Established roles of governmental and private sector entities might better ensure that goals are achieved. For example, it will be important to determine whether route and service decisions will be made using a

⁴See, for example, U.S. General Accounting Office, *Marine Transportation: Federal Financing and a Framework for Infrastructure Investment*, [GAO-02-1033](#) (Washington, D.C.: September 2002); U.S. General Accounting Office, *U.S. Infrastructure: Funding Trends and Opportunities to Improve Investment Decisions*, [GAO/RCED/AIMD-00-35](#) (Washington, D.C.: Feb. 7, 2000); and U.S. General Accounting Office, *Executive Guide: Leading Practices in Capital Decision-Making*, [GAO/AIMD-99-32](#) (Washington, D.C.: December 1998).

top-down approach by a central entity (whether the federal government or an organization like Amtrak) or using a bottom-up approach by state and local governments, in combination with private entities.

- Appropriate financing mechanisms may increase performance, transparency, and accountability. Different mechanisms are available (e.g., grants, bonds, loans, or user fees), but they carry different characteristics, which policy-makers should consider.
- Finally, consideration of diverse stakeholder interests when crafting policy changes could minimize unintended and adverse consequences. Stakeholders such as commuter railroads, states, and freight railroads could be significantly affected by a change in policy.

Background

The Rail Passenger Service Act of 1970 created Amtrak to provide intercity passenger rail service because existing railroads found such service unprofitable. Amtrak operates a 22,000-mile network, primarily over freight railroad tracks, providing service to 46 states and the District of Columbia. (See fig. 1.) Amtrak owns 650 miles of track, primarily on the Northeast Corridor, which runs between Boston, Massachusetts, and Washington, D.C. The Northeast Corridor is the busiest passenger line in the country, and some 200 million Amtrak and commuter rail travelers use the Corridor, or some portion of it, each year. On some portions of the Corridor, Amtrak provides high-speed rail service (up to 150 miles per hour). In addition, access to the Corridor is crucial for eight commuter railroads (operated by state and local governments) that service 1.2 million passengers each work day as well as six freight railroads.

Figure 1: Amtrak's Route System



Source: Amtrak.

At the present time, intercity passenger rail only plays a small part in the nation's overall transportation system (with the exception of some short-distance routes). In fiscal year 2002, Amtrak served about 23.4 million passengers, or about 64,000 passengers a day. According to Amtrak, about two-thirds of its ridership is wholly or partially on the Northeast Corridor. In contrast, preliminary figures for 2002, the latest year data are available, indicate that airlines carried about 1.5 million domestic passengers per day. In 2001, intercity buses carried about 83,000 passengers per day. Amtrak has won sizeable market shares (compared to travel by air), between certain relatively close city-pairs. However, by far, most intercity traffic remains by automobile.

Recent legislation introduced in the Congress has recognized the substantial capital investment required for intercity passenger rail systems. For example, legislation introduced by the Chairman of this

Committee last year, the Rail Infrastructure Development and Expansion Act for the 21st Century (H.R. 2950), would have authorized the issuance of tax-exempt bonds, grants, direct loans, and loan guarantees of over \$71 billion for high-speed rail infrastructure, corridor development, rehabilitation, and improvement. Legislation introduced by a Member of this Subcommittee in the current session of Congress, the National Rail Infrastructure Program Act (H.R. 1617), would establish a national rail infrastructure trust fund and make about \$3 billion available to states for projects that address railroad infrastructure deficiencies in order to provide substantial public benefits, such as mitigating highway congestion and reducing transportation emissions. Projects eligible for funds under this legislation could potentially benefit intercity passenger rail systems. Legislation introduced in the Senate this session (S. 104) would authorize significant funding for passenger rail investment, including about \$2 billion annually for Northeast Corridor growth investments, about \$1.4 billion in capital investments, and about \$1.5 billion annually for development of high-speed rail corridors.⁵

In a hearing before the House Committee on Appropriations, Subcommittee on Transportation, Treasury, and Independent Agencies, held on April 10, 2003, the President of Amtrak and the Deputy Secretary of Transportation offered differing views on Amtrak and the future of intercity passenger rail service in America. Amtrak's President focused primarily on the importance of Amtrak's receiving the funding it needs to improve the condition of its equipment, its reliability and utilization, and its infrastructure. The Deputy Secretary, in contrast, stated that the administration has declared principles for a fundamental restructuring of the manner in which federal assistance is provided for intercity passenger rail service. These principles include creating a rail service that is driven by sound economics, fosters competition, and establishes a long-term partnership between states and the federal government to sustain an economically viable system.

⁵This bill would also repeal the requirement that Amtrak be operationally self-sufficient.

Current Federal Funding Not Sufficient to Support Existing Level of Intercity Passenger Rail

Current federal funding is not sufficient to support the existing level of intercity passenger rail service being provided by Amtrak. Over the long-term, significantly higher levels of investment will be needed to stabilize the existing system and get it into a state of good repair. Amtrak has reported that just doing that will require nearly \$2 billion annually over the next several years—about twice the amount provided annually over the last 5 years. The total amount of additional funding needed is not known but will likely be in the tens of billions of dollars. From fiscal year 1976 through fiscal year 2003, the federal government has provided Amtrak with over \$26 billion (nominal dollars) in operating and capital subsidies.⁶

Amtrak's financial condition has never been strong, and the corporation has been on the edge of bankruptcy several times. The Amtrak Reform and Accountability Act of 1997 required Amtrak to reach operational self-sufficiency by December 2002.⁷ However, Amtrak's financial outlook since this legislation was enacted has remained troubled, and the corporation has gone from one financial crisis to the next. In March 1998, we reported that Amtrak's financial condition had continued to deteriorate and that it would continue to face challenges in improving its financial health.⁸ In September 2000, we again reported that Amtrak was struggling in its quest to achieve operational self-sufficiency and that it had made limited progress in reducing its need for operating support.⁹ Amtrak's financial struggles have become even more acute in recent years. For example, in 2001 Amtrak mortgaged a portion of Pennsylvania Station in New York City to generate enough cash to meet its expenses, and in July 2002, the Department of Transportation approved a \$100 million loan because the railroad was running out of cash. As recently as a few months ago, Amtrak said that its financial and physical condition was still precarious and that federal support of about \$1.8 billion would be required in fiscal year 2004

⁶This is \$41.7 billion in 2002 dollars.

⁷The Amtrak Reform and Accountability Act of 1997 prohibited Amtrak from using federal funds for operating expenses, except an amount equal to excess Railroad Retirement Tax Act payments, after 2002. However, this prohibition would not apply if Congress specifically appropriates funds for Amtrak to cover operating expenses in a particular fiscal year, as Congress did in fiscal year 2003 (see the Consolidated Appropriations Resolution, 2003, P.L. 108-7).

⁸U.S. General Accounting Office, *Intercity Passenger Rail: Outlook for Improving Amtrak's Financial Health*, [GAO/T-RCED-98-134](#) (Washington, D.C.: Mar. 24, 1998).

⁹U.S. General Accounting Office, *Intercity Passenger Rail: Decisions on the Future of Amtrak and Intercity Passenger Rail Are Approaching*, [GAO/T-RCED-00-277](#) (Washington, D.C.: Sept. 26, 2000).

just to stabilize its system. This is about twice the approximately \$1 billion in federal funding Amtrak has received annually over the last 5 years. For fiscal years 1999 through 2003, Amtrak received a total of about \$4.7 billion in federal operating and capital support.

Amtrak has indicated that it will require \$2 billion annually in federal contributions over the next few years, with a focus on stabilizing its system. It does not address additional capital investments that might be required for enhancements or expansions of Amtrak's system. In February 2002, Amtrak estimated that its deferred capital backlog was about \$6 billion (\$3.8 billion of which was attributed to the Northeast Corridor). Additional capital funds would be needed to enhance and modernize its system, such as undertaking infrastructure improvements that permit faster trip times for Amtrak's trains. For example, in January 2000, Amtrak estimated that about \$12 billion (in 2000 dollars) would be needed between fiscal years 2001 and 2025 to improve the Northeast Corridor between New York City and Washington, D.C., in order to increase the reliability of the Corridor and make enhancements that permit higher speed service. Amtrak's share of this cost—estimated at about \$6 billion—is not fully included in its expected funding request.¹⁰

To cover needed operating subsidies, Amtrak can be expected to need about \$800 million per year, or about \$4 billion over the 5-year period 2005 to 2009. This amount appears to be included within the projected request for \$2 billion annually. For fiscal year 2004, Amtrak estimates that it will require about \$768 million in operating subsidies—nearly 50 percent above its 2003 appropriation (\$522 million). By comparison, Amtrak received about \$200 million in fiscal year 2002. Operating subsidies are needed because virtually all of Amtrak routes fail to generate operating profits. For fiscal year 2002, only one of Amtrak's routes, the Acela Express/Metroliner, earned an operating profit (about \$78 million). Operating losses on other routes ranged from about \$700,000 to about \$77 million.¹¹ Although Amtrak's President has said that actions to maintain solvency and create a lean organization with tight financial controls have

¹⁰The remaining \$6 billion would come from commuter railroads and other users of the Northeast Corridor.

¹¹Operating results exclude depreciation, net interest expense, and special trains. In addition to the Acela Express/Metroliner, one other route, the Heartland Flyer between Texas and Oklahoma, made a profit of \$1.1 million, primarily because state contributions provided Amtrak with about \$4.9 million, about 83 percent of the route's total revenue.

been initiated, operating a national intercity passenger rail system structured similar to Amtrak's current system will likely require substantial operating subsidies for the foreseeable future. The amount of those operating subsidy needs, however, is unknown.

Part of Amtrak's need for operating subsidies involves Amtrak's ability to control costs. In fiscal year 2002, Amtrak's operating costs decreased by \$76.7 million compared with fiscal year 2001.¹² According to Amtrak, this was partially accomplished by streamlining its business and eliminating 1,000 positions. Amtrak's President recently testified before the House Appropriations Committee that one of the challenges for Amtrak would be generating a higher level of productivity from its workforce. As we reported in 2000, Amtrak had attempted to control cost growth by improving labor productivity, but it had no measures of labor productivity for its different lines of business to measure its progress or efficiency.¹³ Amtrak is still in the process of developing these measures.

Amtrak's identified funding requests do not address the future needs that might be required to expand or enhance service or develop high-speed rail corridors. According to Amtrak, additional federal and state investment—over and above the \$2 billion per year—would be required to address these issues and begin developing high-speed rail corridors. As we reported last year, the total cost to develop high-speed rail corridors is unknown because these initiatives are in various stages of planning.¹⁴ However, preliminary Amtrak estimates indicate the capital costs to develop these other corridors (along with the Northeast Corridor) could be between \$50 billion and \$70 billion over the next 20 years. The American Association of State Highway and Transportation Officials—a trade association of state and local transportation officials—also recently reported that about \$60 billion would be required to develop these corridors and Amtrak's Northeast Corridor over a 20-year period.

¹²Excludes depreciation.

¹³U.S. General Accounting Office, *Intercity Passenger Rail: Amtrak Will Continue to Have Difficulty Controlling Its Costs and Meeting Capital Needs*, [GAO-RCED-00-138](#) (Washington, D.C.: May 31, 2000).

¹⁴[GAO-02-522T](#).

Framework for Creating a National Intercity Passenger Rail Policy

Based on GAO's analyses of federal investment approaches across a broad stratum of national activities, we have found several key components of a framework for evaluating federal investments.¹⁵ Congress may find this framework useful to consider as it develops a national intercity passenger rail policy. Components of the framework include: (1) establishing clear, nonconflicting goals, (2) establishing the roles of governmental and private entities, (3) establishing funding approaches that focus on and provide incentives for results and accountability, and (4) ensuring that the strategies developed address diverse stakeholder interests and limit unintended consequences.

Defining Goals Will Provide a Foundation for Making Other Decisions

By clearly defining nonconflicting goals for an intercity passenger rail system, the Congress could provide a basis for guiding federal participation. Nonconflicting goals provide a clear direction, establish priorities among competing issues, specify the desired results, and lay the foundation for such other decisions as determining how the assistance will be provided, the duration of that assistance, and what the total value of the assistance should be. Such goals are best considered in the context of the relationship of an intercity passenger rail system to other transportation modes. Transportation experts highlight the need to view any part the system plays in the context of the entire transportation system in addressing congestion, mobility, and other challenges. A systemwide approach to transportation planning and funding, as opposed to focusing on a single mode or type of travel, could improve the focus on outcomes and the contribution to customer or community needs.

The Congress could choose any number or type of goals when developing a national policy. For instance, it might decide that the goals should maximize some or all of the benefits of intercity passenger rail. As we

¹⁵See, for example, U.S. General Accounting Office, *Marine Transportation: Federal Financing and a Framework for Infrastructure Investment*, [GAO-02-1033](#) (Washington, D.C.: September 2002); U.S. General Accounting Office, *Intercity Passenger Rail: Congress Faces Critical Decisions in Developing a National Policy*, [GAO-02-522T](#) (Washington, D.C.: Apr. 11, 2002); U.S. General Accounting Office, *Commercial Aviation: A Framework for Considering Federal Financial Assistance*, [GAO-01-1163T](#) (Washington, D.C.: Sept. 20, 2001); U.S. General Accounting Office, *U.S. Infrastructure: Funding Trends and Opportunities to Improve Investment Decisions*, [GAO/RCED/AIMD-00-35](#) (Washington, D.C.: Feb. 7, 2000); U.S. General Accounting Office, *Executive Guide: Leading Practices in Capital Decision-Making*, [GAO/AIMD-99-32](#) (Washington, D.C.: December 1998); and U.S. General Accounting Office, *Federal Budget: Choosing Public Investment Programs*, [GAO/AIMD-93-25](#) (Washington, D.C.: July 23, 1993).

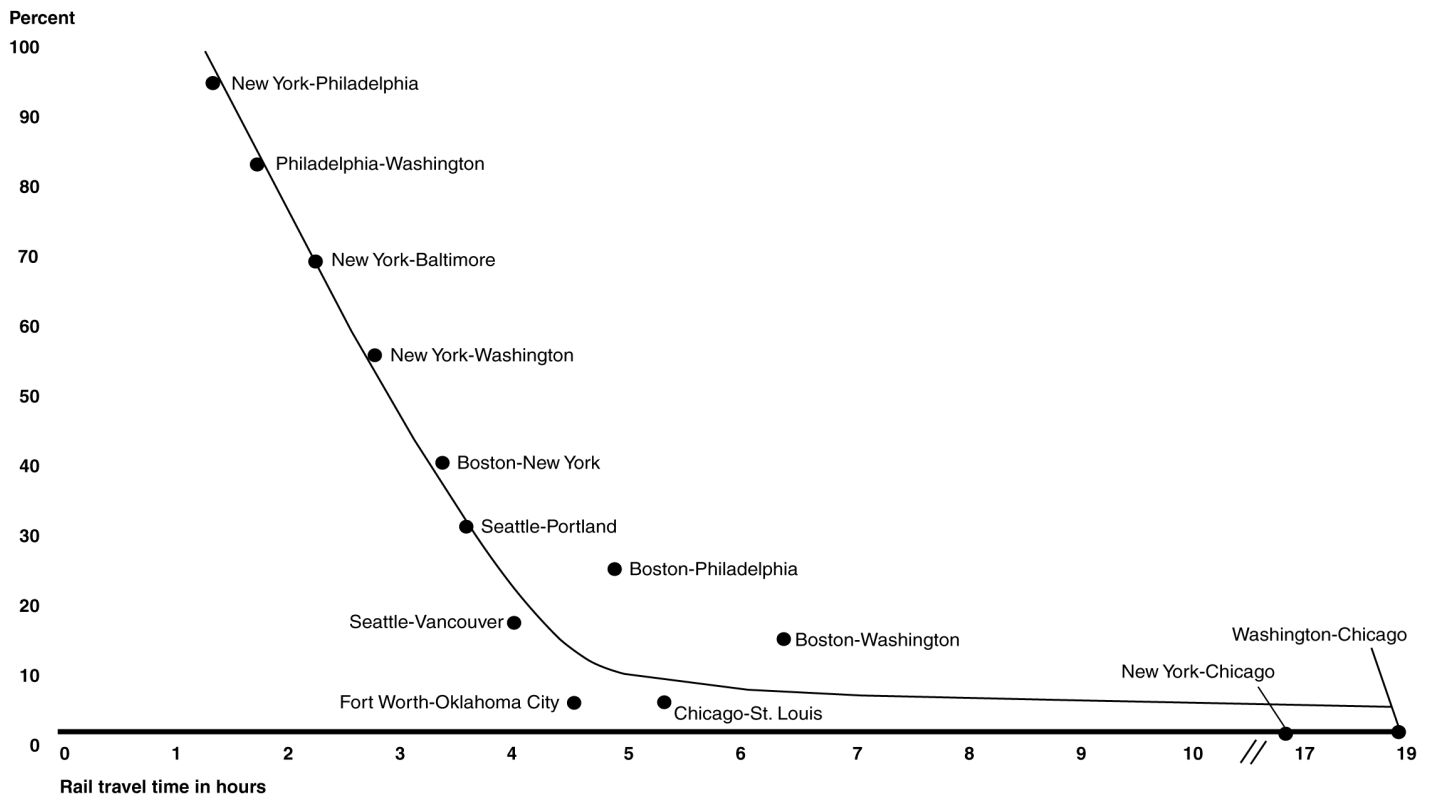
reported last year, intercity passenger rail has the potential to provide broad public benefits, such as stemming increases in highway and air congestion, reducing automobile pollution, and reducing fuel consumption and energy dependency.¹⁶

We pointed out, however, that some of these benefits might be difficult to obtain. For instance, for rail transport to capture the market share necessary to reduce air travel congestion, the distance between potential intercity passenger rail cities must be short enough to make rail travel times competitive with air travel times (at comparable costs and levels of comfort). Amtrak's market share decreases rapidly as travel time and distance increases. As we previously reported, compared with air service only (as most travel is by automobile), between New York City and Philadelphia and between Philadelphia and Washington, D.C.—both relatively short-distance markets—Amtrak's market share was over 80 percent. But for longer distance markets, such as New York City to Chicago, Illinois, and Chicago, to Washington, D.C., Amtrak's market share compared with air service was less than 10 percent.¹⁷ (See fig. 2.) Studies suggest that as the speed of intercity passenger rail increases, the potential benefits attributable to reductions in airport and highway delays increase, as does the potential distance over which passenger rail is able to compete with air transport. The potential for intercity passenger rail to reduce air congestion is also greater where there is little, or no, room for additional runways and where there is limited competition between airlines resulting in relatively high air fares. See appendix I for more information on potential benefits from intercity passenger rail travel.

¹⁶GAO-02-522T.

¹⁷GAO-02-522T.

Figure 2: Amtrak Market Share Compared to Air Service for Selected Origins and Destinations



Source: McKinsey & Company.

To help ensure that the goals are achieved, conflicting goals should be avoided to the maximum extent possible to reduce the possibility that achieving one goal reduces the likelihood of attaining another goal. In addition, the goals should be measurable—that is, they should identify the amount of public benefits to be obtained. Having measurable goals better assists in determining the success or failure in attaining the goals and in holding intercity passenger rail systems accountable for results.

In this context, we note that the statements made by the President of Amtrak and the Deputy Secretary of Transportation on April 10 both reflect efforts to establish goals. The President of Amtrak stated that his goals over the past year were to maintain solvency, begin a program of critical capital investment, create a lean organization with tight financial controls, and build a zero-based budget. The Deputy Secretary stated that the Administration would support specific performance targets that can be met on an annual basis, and he discussed five principles articulated by the

Secretary of Transportation for reforming intercity passenger rail.¹⁸ While these efforts are clearly important, a broader consideration of how the passenger rail system fits with other modes of transportation and how changes to the system might maximize public benefits would be a critical first step in developing intercity passenger rail policy.

Establishing Roles of Governmental and Private Sector Entities Will Better Ensure That Goals Are Achieved

Establishing the relative roles of federal, state, and local governments and private sector entities, to the extent practicable, could better ensure that goals are achieved. The Deputy Secretary of Transportation touched on this issue when he stated on April 10 that the department hopes to establish a long-term partnership between the states and the federal government to support intercity passenger rail service. The President of Amtrak also described how Amtrak had entered into negotiations with state partners to have them cover 100 percent of the direct operating loss for intercity passenger rail services that receive state support.

Defining roles helps to establish incentives for leadership, financial participation, risk-sharing, and accountability among the participating parties. Roles are defined not only by specific structures and organizations, but also by the forms, conditions, and terms of assistance. Regarding structures and organizations as they pertain to intercity passenger rail travel, the Congress will need to pose and resolve such questions as:

- Should there be a government-established entity, such as Amtrak, with a monopoly over intercity passenger rail, or could federal and state governments allow private operators to receive government assistance on a competitive basis to provide intercity passenger rail service?
- How much independence should the entity or entities providing rail service have to make decisions? A recent report on passenger rail restructurings in other countries stated that successful reform plans involved an increasing degree of independence of the rail entity from

¹⁸These five principles are to (1) create a system driven by sound economics; (2) require that Amtrak transition to a pure operating company; (3) introduce carefully managed competition to provide higher quality rail services at reasonable prices; (4) establish a long-term partnership between the states and the federal government to support intercity passenger rail service; and (5) create an effective public partnership, after a reasonable transition, to manage the capital assets of the Northeast Corridor.

political influence.¹⁹ The Amtrak Reform Council reported in February 2002 that one of the factors influencing Amtrak's decisionmaking and financial performance was a susceptibility to political pressure.²⁰

- Will routes and services be determined using a top-down approach by a central entity, such as the federal government or an organization like Amtrak, or with a bottom-up approach at a state or local level focusing on where intercity passenger rail can generate the most public benefits for particular citizens?

Establishing the roles of the federal, state, and local governments will be particularly important. The federal government is currently the major financier of intercity passenger rail systems and has provided Amtrak with about \$1 billion per year in federal support over the last 5 years. Although several states and localities may receive significant benefits from Amtrak's operations, state support for Amtrak has been relatively limited—about \$168 million in fiscal year 2002. One option for restructuring intercity passenger rail is to increase the role of state and local governments in financing the rail system.

The ability of states to provide and maintain financial support for intercity passenger rail is unknown, however. We reported last year that most of the officials from 17 state departments of transportation we contacted were willing to provide funds for intercity passenger rail.²¹ However, they said that continued federal investment would be required, and they expressed concern over their ability to successfully form partnerships with other states to finance intercity passenger rail service. One of the potential impediments cited was determining a fair cost-sharing arrangement for capital improvements. This is consistent with what we found in our 1998 report on the potential issues of Amtrak liquidation.²² In that report, officials from states we spoke with also cited potential problems with compacts between states to provide intercity passenger rail service.

¹⁹U.S. Congressional Research Service, "Foreign Intercity Passenger Rail: Lessons for Amtrak?" June 2002.

²⁰Amtrak Reform Council, *An Action Plan for the Restructuring and Rationalization of the National Intercity Passenger Rail System* (Feb. 2002).

²¹See [GAO-02-522T](#).

²²U.S. General Accounting Office, *Intercity Passenger Rail: Issues Associated With a Possible Amtrak Liquidation*, [GAO/RCED-98-60](#) (Washington, D.C.: Mar. 2, 1998).

Among the potential problems cited was reaching agreement on the allocation of costs between states. Officials from three states we spoke with that were not on the Northeast Corridor but whose states generated a large volume of intercity rail passengers also expressed concerns about (1) the potentially high cost of continuing service, (2) possible difficulties in negotiating access to tracks, and (3) lack of an incentive to continue service if Amtrak's national route network were ended.

As previously mentioned, the Amtrak Reform Council has recommended introducing competition for intercity passenger rail service. The Secretary of Transportation also supports carefully managed competition. If intercity passenger rail service were restructured to allow private rail operators to bid on the opportunity to provide service, however, those operators would still likely require operating subsidies. Four of the five private rail companies we contacted last year said that, even though they would provide efficient passenger rail service, they would still need operating subsidies. A fifth company had not yet determined if operating subsidies would be required.

Choice and Design of Financing Mechanisms Will Have Important Consequences for Performance, Transparency, and Accountability

The choice and design of financing mechanisms, including mechanisms used to provide federal assistance, will have important consequences for performance, transparency, and accountability. A wide variety of mechanisms are available to provide financial assistance, including grants, bonds, tax subsidies, loans, loan guarantees, and user fees. Each of these vary in the extent they provide a stable source of revenue that covers capital needs, ensure that investments provide an appropriate return on investment relative to investments in other intercity transportation systems, leverage the federal dollar, and balance accountability and flexibility. These mechanisms can be structured to support or facilitate public-private partnerships. According to a recent report, a lesson learned from intercity passenger rail restructuring in other countries was that one goal of most such reforms was to increase the transparency of government financial support. In general, the intent of policy makers was to hold railroads more accountable by eliminating cross-subsidization of services.²³

²³U.S. Congressional Research Service, "Foreign Intercity Passenger Rail: Lessons for Amtrak?" June 2002.

In choosing the funding mechanism, it will be important to protect the federal government's interests. This can be done in a variety of ways. Most recently, in Amtrak's fiscal year 2003 appropriations, the Congress adopted measures to increase the oversight and accountability over federal funds used for intercity passenger rail. These measures include requiring (1) federal funds be allocated by the Secretary of Transportation using a grant making process, and (2) Amtrak prepare and submit to the Congress a business plan and limiting federal spending on projects not contained in the plan. In addition, the conference report requires the Secretary of Transportation to vouch for the accuracy of Amtrak's financial information. We believe these are good first steps. Other measures that are available include establishing criteria for the evaluation of projects and the use of federal funds similar to that used by the Federal Transit Administration in its New Starts program, incorporating accountability requirements similar to those in the Government Performance and Results Act, and requiring intercity passenger operators to assume some level of financial risk in their operations.

Diverse Stakeholder Interests Need to Be Considered

Finally, it will be important to consider diverse stakeholder interests in developing intercity passenger rail policy and limit unintended consequences. Revising the structure of intercity passenger rail could have substantial effects on a number of stakeholders, including Amtrak and its employees, the railroad retirement and unemployment systems, commuter railroads, states, and freight railroads. Amtrak, its employees and creditors, and the railroad retirement and unemployment systems all have substantial financial involvement with Amtrak and could be the most directly affected by a change in intercity passenger rail policy, particularly if Amtrak were to be liquidated.

At the request of this Committee, we have reported on the potential costs that might emerge if Amtrak were liquidated.²⁴ We take no position on whether Amtrak should be liquidated but our work shows that there could

²⁴U.S. General Accounting Office, *Intercity Passenger Rail: Potential Financial Issues in the Event That Amtrak Undergoes Liquidation*, GAO-02-871 (Washington, D.C.: Sept. 20, 2002). Our report did not discuss the likelihood or advisability of liquidating Amtrak. The report also did not discuss secondary effects, such as damage to a creditor if it did not collect amounts owed to it by Amtrak. Finally, the report did not discuss the effects of a cessation of Amtrak service, or the potential effects on commuter and freight railroads that rely on access to Amtrak's tracks or rely on Amtrak to operate their trains. These issues were discussed in our testimony before this committee in April 2002 and in our 1998 report on Amtrak liquidation. (See [GAO-02-522T](#) and [GAO/RCED-98-60](#).)

be substantial financial issues associated with such an action. We reported that if Amtrak had been liquidated on December 31, 2001, secured and unsecured creditors, along with Amtrak's stockholders, would have had about \$44 billion in claims against Amtrak's estate. The federal government would have been by far the largest claimant. However, it is not likely these claims would have been fully satisfied since, aside from the Northeast Corridor, the value of Amtrak's assets would have been less than the claims against them. Amtrak liquidation would also have affected the railroad retirement and unemployment systems. Appendix II provides additional information on the financial implications of a potential liquidation.

Stakeholders such as commuter railroads, states, and freight railroads could also be significantly affected by a change in policy. Commuter railroads in the Northeast could be especially affected since Amtrak's Northeast Corridor is a vital piece of infrastructure that handles about 1,200 Amtrak, commuter, and freight trains a day. Since commuter railroads are by far the heaviest users of the Northeast Corridor and depend on this corridor to bring, on average, about 1.2 million passengers a day into major cities, it will be important to deal with this corridor carefully. As previously mentioned, state concerns largely focus on costs to provide intercity passenger rail service as well as access rights to freight railroad tracks and the cost of this access. How these issues are handled could materially affect state decisions concerning whether to support intercity passenger rail. Finally, freight railroads are concerned about the degree to which intercity passenger rail affects their ability to serve their customers and earn profits. Increased conventional or high-speed passenger rail service could severely affect their operations. While the various stakeholders may all be able to share a general vision of the intercity passenger rail system, they may diverge in their priorities. Policy changes, if not thoroughly thought through, could have unintended and disagreeable consequences for one or more of these stakeholders.

In summary, Mr. Chairman, intercity passenger rail continues to be at a crossroads. Maintaining the current approach will likely require substantial federal operating and capital support—but at much higher levels than currently provided. It will be important to consider a systemwide approach for considering how the passenger rail system fits with other modes of transportation. Alternative approaches to providing intercity passenger rail service may be available that can provide public benefits and complement other modes of transportation as an integrated part of the national transportation network. Such approaches will

undoubtedly require a substantial political and financial commitment over an extended period of time. When Japan restructured its intercity passenger rail system in the late 1980s and 1990s, for example, the reform plan was carried out over a decade and two political administrations.

The framework I have described today is meant to help the Congress as it asks some fundamental questions about the future of intercity passenger rail: What does the nation want or need from this mode of transportation? Who should pay for it? How should it be paid for? And if changes to the current system are necessary, how can we make those changes while minimizing unintended consequences and maximizing public benefits? We stand ready to assist the Congress as it deliberates answers to those questions.

This concludes my prepared remarks. I would be pleased to answer any questions you or other Members of the Subcommittee might have.

Contacts and Acknowledgments

For further information, please contact JayEtta Z. Hecker at heckerj@gao.gov or at (202) 512-2834. Individuals making key contributions to this statement include Colin Fallon, Richard Jorgenson, and Steve Martin.

Appendix I: Potential Public Benefits from Intercity Passenger Rail

Intercity passenger rail has the potential to generate benefits to society (called “public benefits”) by complementing other more heavily used modes of transportation in those markets in which rail transport can be competitive. These benefits include reduced highway and air congestion, pollution, and energy dependence, and provide an option for travelers to use passenger rail systems in the future.¹

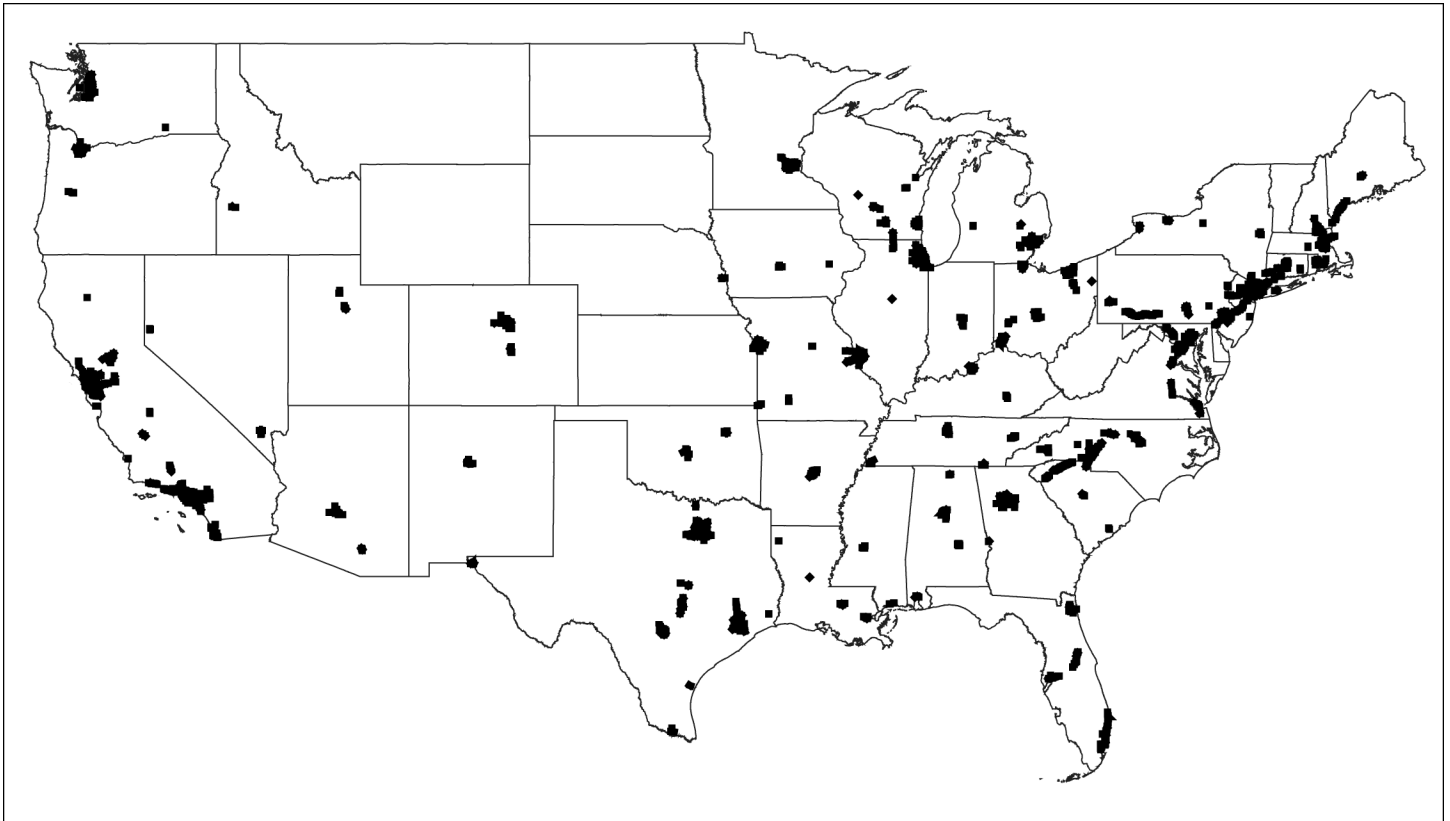
Intercity Passenger Rail May Help Alleviate Highway and Air Congestion

One potential public benefit of intercity passenger rail service is the reduced highway congestion that will result if some people travel by train rather than on highways. Where congestion exists, intercity passenger rail would not have to capture a large share of the travelers who would otherwise use other modes of transportation in order to generate a substantial public benefit from reduced highway congestion. Roadway congestion often results when vehicles access a roadway that is already at or near capacity. The additional users have a disproportionate, detrimental effect on the flow of traffic. As a result, diverting a small group of highway users to rail transport could reduce congestion and have a substantial public benefit.

The specific markets where intercity passenger rail has the most potential to generate public benefits by reducing highway congestion are regions where the highway systems are consistently operating beyond capacity and are characterized by slow moving traffic. (See fig. 3.) Therefore, rail service likely to alleviate the most highway congestion would parallel congested corridors that link cities with significant intercity transportation demand and urban congestion, such as in the Northeast. However, realizing these benefits might be difficult because the prices people pay to drive do not reflect the true costs of driving (and some costs due to pollution and congestion are borne by others) and Americans have a strong attachment to cars as their principal means of transportation.

¹When considering increasing transportation capacity, federal, state, and other decisionmakers will need to understand the extent to which travelers are using existing capacity and are likely to use increased capacity in various modes. If new capacity is underutilized (e.g., because it is not cost competitive or convenient), then the expected benefit will not be fully realized.

Figure 3: Interstate and Expressway Highways That Have Exceeded Their Capacity, 1998



Source: Federal Highway Administration

Intercity passenger rail could also potentially ease air travel congestion. This is contingent on intercity passenger rail being able to capture enough market share to reduce the number of flights between cities through frequent, competitively priced, and attractive service. For rail transport to capture the market share necessary to reduce air travel congestion, the distance between potential intercity passenger rail cities must be short enough to make rail travel times competitive with air travel. Amtrak's market share decreases rapidly as travel time and distance increases. For example, as we reported last year, Amtrak's market share compared with air service between New York City and Philadelphia, Pennsylvania, and Philadelphia and Washington, D.C.—relatively short-distance markets—was over 80 percent. But, for longer distance markets, such as New York City to Chicago, Illinois, and Chicago to Washington, D.C., Amtrak's

market share compared with air service was less than 10 percent.² Studies suggest that as the speed of intercity passenger rail increases, the potential benefits attributable to reductions in airport and highway delays increase, as does the potential distance over which passenger rail is able to compete with air transport. The potential for intercity passenger rail to reduce air congestion is also greater where there is little, or no, room for additional runways and where there is limited competition between airlines resulting in relatively high air fares.

Intercity Passenger Rail May Also Reduce Vehicle Emissions and Provide Other Public Benefits

Intercity passenger rail may also generate potential public benefits by reducing vehicle emissions, lowering pollution, and indirectly mitigating health and environmental costs. This could happen if intercity passenger rail can provide the incentive to shift people out of their cars and onto rail. However, the magnitude of this benefit depends to a large extent on the type of technology used to power rail locomotives. Conventional electric rail systems (taking into account the emissions of electricity generating power plants) emit less carbon monoxide, hydrocarbons, and nitrous oxides per passenger-mile from burning coal, natural gas, or fuel oil than conventional diesel-powered rail.³ In addition, within the range that most vehicles are driven, automobile carbon monoxide and hydrocarbons emissions increase as vehicle speed decreases. Therefore, to the extent intercity passenger rail can reduce roadway congestion, these forms of pollution could be reduced by having fewer vehicles on the highway(s).

The ability of intercity passenger rail to generate these benefits depends on both the level of pollution and the likelihood that travelers will choose rail service over other modes of transportation. Markets where intercity passenger rail service could be competitive with other modes in terms of price, travel time, and quality of service offer the greatest opportunity to reduce pollution. In general, intercity passenger rail can be competitive with other transportation modes in short-distance markets (such as New York City to Philadelphia). However, intercity passenger rail is less competitive in longer distance markets. The extent of emissions reduction could also vary and be small. For example, a 2002 study by the California

²See [GAO-02-522T](#).

³For particulate matter, coal-generated electric rail produces more emissions than diesel, but natural gas- and fuel-oil-generated electric rail produces less than diesel. Wayson, R.L. and W. Bowlby, "Noise and Air Pollution of High-Speed Rail Systems," *Journal of Transportation Engineering*, Vol. 115, No. 1, January 1989.

Department of Transportation of improvements to three state-supported Amtrak intercity rail routes in California found that hydrocarbon and carbon dioxide emissions would decrease with the improvements.⁴ But, certain nitrous oxide and particulate compounds emitted from diesel-fuel burning locomotives would increase. Similarly, our 1995 analysis of the Los Angeles to San Diego corridor projected that eliminating rail service between these cities would result in a net increase—albeit small—in vehicle emissions from additional automobiles, intercity buses, and aircraft.⁵

Intercity passenger rail may also generate public benefits by reducing the nation's dependence on gasoline and fossil fuels. This result would only be achieved if intercity passenger rail would require less fuel than the amount of fuel used by other modes of transportation that travelers might use if intercity passenger rail were not available. The extent of the benefits would depend on how many fewer trips were taken on other, less fuel-efficient modes of transportation and on the technology of the locomotive(s) used. Again, the 2002 California Department of Transportation study of improvements to the three Amtrak intercity routes in California (see above) estimated, that in 2011, making the improvements and expanding service could save 13 million gallons of gasoline.⁶ Similarly, in October 2002, the Federal Railroad and Federal Highway Administrations made a preliminary finding that making various improvements that would extend high-speed rail service (up to 110 miles per hour) from Washington, D.C., to Charlotte, North Carolina, could save between 6.6 million and 10.4 million gallons of gasoline per year.⁷

Finally, intercity passenger rail may generate public benefits from providing an option demand—that is, by being an alternative to other

⁴California Department of Transportation, California State Rail Plan: 2001-02 to 2010-11 (Jan. 2002). The three routes evaluated were the Pacific Surfliner route between San Diego and San Luis Obispo, the San Joaquin route between Oakland/Sacramento and Bakersfield, and the Capitol Corridor route between San Jose and Auburn.

⁵U.S. General Accounting Office, *Amtrak: Issues for Reauthorization*, GAO/T-RCED-95-132 (Washington, D.C.: Mar. 13, 1995). Carbon monoxide and hydrocarbons emissions were predicted to increase, while nitrous oxides and sulfur dioxide emissions were predicted to decrease.

⁶California Department of Transportation, California State Rail Plan: 2001-02 to 2010-11 (Jan. 2002).

⁷Federal Railroad Administration and Federal Highway Administration, Record of Decision For The Tier I Southeast High Speed Rail Project (Oct. 2002).

transportation modes (such as air and automobiles) that society is willing to pay for just to retain the option to use it in the future. For some people, having the option of rail service available in case their circumstances change or they have concerns about using another transportation mode has value, even if they do not plan to currently use rail service. Similarly, intercity passenger rail may have nonuse, or existence, value. Under this concept, people receive value from intercity passenger rail from knowing that it exists, even if they do not plan to use it. Quantifying these benefits is difficult and has been known to be controversial.

Appendix II: Potential Financial Issues If Amtrak Were to Undergo Liquidation

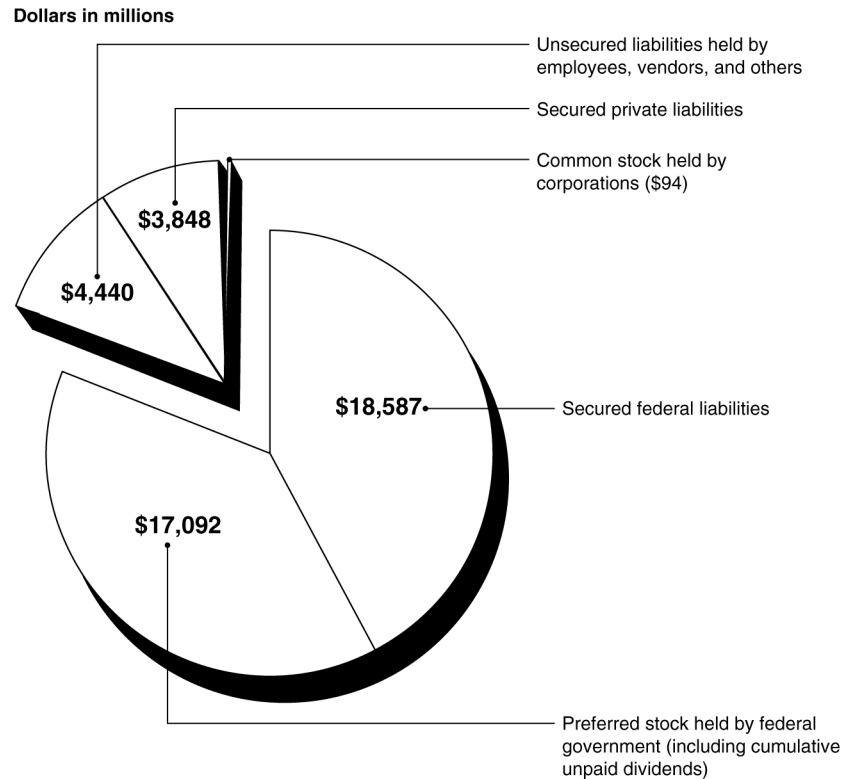
In September 2002, we reported on some of the potential financial issues if Amtrak were to undergo liquidation.¹ These issues are discussed in this appendix.

Creditor Claims and Ownership Interests

If Amtrak had been liquidated on December 31, 2001, secured and unsecured creditors, including the federal government and Amtrak's employees, and stockholders would have had about \$44 billion in potential claims and ownership interests against Amtrak's estate. (See fig. 4.) The federal government would have been by far the largest secured creditor (for property and equipment) and would have had the largest ownership interest (in preferred stock)—accounting for about 80 percent (about \$35.7 billion) of the total amount.

¹See [GAO-02-871](#). Our report did not discuss the likelihood or advisability of liquidating Amtrak.

Figure 4: Creditor Claims and Stockholder Interests in the Event That Amtrak Had Been Liquidated on December 31, 2001



Source: GAO's analysis of Amtrak data.

Note: Stockholder interests are different from creditor claims. Stockholders receive funds only after secured, unsecured, and administrative expenses related to liquidating the estate are satisfied. The amount of the stockholder interest consists of the total of the recorded value of the stock (common and preferred) plus cumulative unpaid preferred stock dividends.

The federal claims largely arise from two promissory notes issued by Amtrak and held by the federal government. The first note represents a secured interest on Amtrak's real property (primarily Amtrak's Northeast Corridor) and matures in about 970 years. However, in June 2001, in conjunction with Amtrak's mortgage of a portion of Pennsylvania Station in New York City, the federal government strengthened its position in relation to this note and made the principal and interest due and payable if Amtrak files for bankruptcy and is liquidated or if Amtrak defaults under

the mortgage.² Based on information provided by the Federal Railroad Administration, we calculated that had Amtrak been liquidated on December 31, 2001, the federal government would have been due about \$14.2 billion in principal and interest on this note. The second note is secured by a lien on Amtrak's passenger cars and locomotives and matures on November 1, 2082. This note has successive 99-year renewal terms. If Amtrak had been liquidated on December 31, 2001, this note would have been accelerated, and about \$4.4 billion in principal and interest would have become immediately due and payable. The majority of non-U.S. government lenders' secured property claims would have been associated with passenger cars and equipment (\$1.5 billion) and locomotives (\$941 million).

As of December 31, 2001, Amtrak's data showed that unsecured liabilities totaled about \$4.4 billion. About 70 percent (\$3.2 billion) would have been for labor protection payments to terminated Amtrak employees if Amtrak had been liquidated.³ Materials and supplies provided by vendors (\$304 million) and unpaid employees' wages and vacation and sick pay (\$278 million) were among the largest remaining obligations.

The potential claims for labor protection on December 31, 2001, were about \$2.9 billion less than we reported in 1998.⁴ The difference stems from changes made by the Amtrak Reform and Accountability Act of 1997. This act eliminated the statutory right to labor protection, made labor protection subject to collective bargaining, and required Amtrak to negotiate new labor protection arrangements with its employees. As a result of these changes and an October 1999 arbitration decision, labor protection was capped at 5 years (compared with 6 years under the statutory provisions), made employees with less than 2 years service ineligible for labor protection payments, and based payments on a sliding scale that provided for less payout for each year worked than did the previous system. According to Amtrak, this accounted for about \$1.8

²As we reported last year, in the event of liquidation, the trustee appointed to handle Amtrak's estate could file a plan that could cure all defaults and reinstate the original maturity of the note, and the bankruptcy court would then consider whether to approve such a plan. Our work examined the potential claims against Amtrak in the event of bankruptcy, or other default, leading to liquidation, in which event the acceleration clause would take effect.

³Labor protection payments stem from collective bargaining agreements.

⁴See [GAO/RCED-98-60](#).

billion of the cost difference. Amtrak attributed an additional \$950 million to management employees no longer being eligible for labor protection payments since they were not represented by a formal labor organization and the Amtrak Reform and Accountability Act of 1997 provided for no process to provide substitute protection for these employees.

The U.S. government holds all of Amtrak's preferred stock, and four corporations hold Amtrak's common stock.⁵ The preferred and common stock had recorded values of about \$10.9 billion and \$94 million, respectively, as of December 31, 2001. In addition, preferred stock holders were entitled to an annual cumulative dividend of at least 6 percent until 1997, when Amtrak's enabling statute was amended to eliminate the requirement that preferred stock holders were entitled to dividends. No preferred stock dividends were ever declared or paid. However, Amtrak had calculated cumulative preferred stock dividends from 1981 to 1997 to be about \$6.2 billion. In a liquidation, the amount of the preferred stock holders' interest would include all cumulative unpaid dividends. Thus, the federal government, as the sole preferred stock holder, would have had about \$17 billion in ownership interest had Amtrak been liquidated on December 31, 2001.

It is not likely that all secured or unsecured creditor claims or ownership interests would have been satisfied because, aside from the Northeast Corridor, Amtrak's assets available to satisfy these claims and interests (such as equipment and materials and supplies) are old, have little value, or appear unlikely to have a value equal to the claims against them. In addition, the value of Amtrak's most valuable asset, the Northeast Corridor, has not been tested. While the corridor has substantial value, it is

⁵The federal government received preferred stock in the value of federal operating payments and most federal capital payments that it made to Amtrak between October 1981 and December 2, 1997. When Amtrak was formed, some railroads that provided or contributed passenger equipment, crews, and other services received Amtrak common stock or a federal income tax credit. This common stock is now held by three railroads and a holding company. The Amtrak Reform and Accountability Act of 1997 required Amtrak to redeem the common stock at fair market value by October 1, 2002.

subject to easements and has, according to Amtrak, at least \$3.8 billion in deferred maintenance.⁶

Financial Effects on the Railroad Retirement and Unemployment Systems

Liquidation of Amtrak would also affect the railroad retirement and unemployment systems. Amtrak is a participant in both systems. Since the retirement system is on a modified pay-as-you-go basis, the financial health of the system largely depends on the size of the workforce, the taxes derived from this workforce, and the amount of benefits paid to retired and disabled individuals and their beneficiaries. Payroll taxes levied on employers and employees are the primary sources of the retirement system's income. In 2001, Amtrak paid about \$428 million in payroll taxes into the railroad retirement account. A loss of this contribution would have a significant financial impact on the system.

The Railroad Retirement Board (Board) estimated that, if Amtrak had been liquidated on December 31, 2001, and no action had been taken to increase tier II payroll taxes beyond that already planned or to reduce benefit levels, the railroad retirement account would have started to decline in 2006 and would have been depleted by 2024. If tier II taxes had been increased immediately (that is, in 2002) to offset the expected deficit in 2024, the Board estimated that tier II tax rates would have had to increase about 8 percent in 2002 (to 22.1 percent), decrease slightly in 2003, and then level off until 2018. After 2018, the tier II rate would have increased about 7 percent again (to 24.6 percent). In all cases, the tier II tax rate would have been 1.64 percentage points higher than it would have been if Amtrak had not undergone liquidation. Similarly, Amtrak liquidation would have affected tier I tax revenues and benefit payments as the result of Amtrak employees' retiring and beginning to collect benefit payments or Amtrak employees no longer being entitled to tier I benefits because they were no longer earning tier I service credits.⁷

⁶As we reported in 2002, we have concluded that the United States would not be legally liable for either secured or unsecured creditors claims in the event of an Amtrak liquidation. This conclusion is primarily based on the fact that (1) the federal government is not a party to contracts between Amtrak and its creditors, and (2) Amtrak is not a department, agency, or instrumentality of the U.S. government, and there is no explicit or implicit commitment by the United States government to assume Amtrak's obligations.

⁷See [GAO-02-871](#) for a more detailed discussion of potential financial impacts of Amtrak liquidation on the railroad retirement system.

Similarly, participants in the railroad unemployment system would have also been affected by an Amtrak liquidation. However, the financial effects would have been immediate, but short-term. The Board estimated that if Amtrak had been liquidated on December 31, 2001, separated Amtrak employees would have received a total of \$344 million in benefit payments during fiscal years 2002 and 2003. The cash reserves of the unemployment system would have been exhausted in 2002, and a total of about \$340 million would have been borrowed from the railroad retirement account, as permitted by statute, from 2002 through 2004 to make these benefit payments. The peak loan balance would have been \$349 million, including interest, with all loans repaid in 2005. To pay for these benefits and repay the loans, the Board would have required that other railroads and participants in the unemployment system increase their payroll tax contributions. The Board estimated that, between 2002 and 2004, the average tax rate would have increased from about 4 percent to 12.5 percent, before decreasing to 9.6 percent in 2005.⁸

⁸The railroad unemployment system is financed exclusively by contributions from railroad employers, on the basis of taxable earnings of their employees. For 2002, the tax rates ranged from 3.15 percent (including a 2.5 percent surcharge) to a maximum of 12 percent on employee monthly earnings of up to \$1,100. If the balance of the system's account is less than zero, the maximum rate is 12.5 percent. In performing this analysis, the Board assumed that all terminated Amtrak employees had exhausted their unemployment benefits and had not received labor protection benefits. The Federal Railroad Administration said unemployment insurance benefits received reduce potential labor protection claims by the same amount.

Appendix III: Selected GAO Products

Developing National Strategies

Major Management Challenges and Program Risks: Department of Transportation. [GAO-03-108](#). Washington, D.C.: January 2003.

Marine Transportation: Federal Financing and a Framework for Future Infrastructure Investment. [GAO-02-1033](#). Washington, D.C.: September 9, 2002.

Regulatory Programs: Balancing Federal and State Responsibilities for Standard Setting and Implementation. [GAO-02-495](#). Washington, D.C.: March 20, 2002.

Combating Terrorism: Key Aspects of a National Strategy to Enhance State and Local Preparedness. [GAO-02-473T](#). Washington, D.C.: March 1, 2002.

Budget Issues: Long-Term Fiscal Challenges. [GAO-02-467T](#). Washington, D.C.: February 27, 2002.

Commercial Aviation: A Framework for Considering Federal Financial Assistance. [GAO-01-1163T](#). Washington, D.C.: September 20, 2001.

Mass Transit: Many Management Successes at WMATA, but Capital Planning Could be Enhanced. [GAO-01-744](#). Washington, D.C.: July 3, 2001.

Executive Guide: Leading Practices in Capital Decision-Making. [GAO/AIMD-99-32](#). Washington, D.C.: December 1998.

Federal Budget: Choosing Public Investment Programs. [GAO/AIMD-93-25](#). Washington, D.C.: July 23, 1993.

Guidelines for Rescuing Large Failing Firms and Municipalities. [GAO/GGD-84-34](#). Washington, D.C.: March 29, 1984.

Amtrak

Intercity Passenger Rail: Potential Financial Issues in the Event That Amtrak Undergoes Liquidation. [GAO-02-871](#). Washington, D.C.: September 20, 2002.

Financial Management: Amtrak's Route Profitability Schedules Need Improvement. [GAO-02-912R](#). Washington, D.C.: July 15, 2002.

Intercity Passenger Rail: Congress Faces Critical Decisions in Developing a National Policy. [GAO-02-522T](#). Washington, D.C.: April 11, 2002.

Intercity Passenger Rail: The Congress Faces Critical Decisions About the Role of and Funding for Intercity Passenger Rail Systems. [GAO-01-820T](#). Washington, D.C.: July 25, 2001.

Intercity Passenger Rail: Amtrak Will Continue to Have Difficulty Controlling Its Costs and Meeting Capital Needs. [GAO/RCED-00-138](#). Washington, D.C.: May 31, 2000.

Intercity Passenger Rail: Issues Associated With a Possible Amtrak Liquidation. [GAO/RCED-98-60](#). Washington, D.C.: March 2, 1998.