



Committee on Transportation and Infrastructure

U. S. House of Representatives

Washington, DC 20515

Peter A. DeFazio
Chairman

Sam Graves
Ranking Member

Katherine W. Dedrick, Staff Director

Paul J. Sass, Republican Staff Director

September 9, 2020

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Railroads, Pipelines, and Hazardous Materials
FROM: Staff, Subcommittee on Railroads, Pipelines, and Hazardous Materials
RE: Subcommittee Hearing on “Amtrak’s Response to COVID-19”

PURPOSE

The Subcommittee on Railroads, Pipelines, and Hazardous Materials will meet on Wednesday, September 9, 2020, at 11:00 a.m. in 2167 Rayburn House Office Building and via Cisco Webex to hold a hearing titled “Amtrak’s Response to COVID-19.” The hearing will examine the effects of the COVID-19 pandemic on Amtrak and Amtrak’s response, including workforce cuts and reductions in train service. The Subcommittee will hear testimony from Amtrak, the Transportation Communications Union, the Transport Workers Union of America, and the Rail Passengers Association.

SUMMARY AND BACKGROUND

Summary

As of September 2, 2020, the COVID-19 pandemic has killed more than 170,000 Americans and disrupted every facet of life.¹ The pandemic’s impacts are apparent in many sectors, including all modes of transportation. Amtrak’s current ridership rates are a fraction of its 2019 levels and have dipped as low as five percent of regular operating levels.² To help mitigate the effects of the pandemic, Amtrak received \$1.02 billion in the *Coronavirus Aid, Relief, and Economic Security* (CARES)

¹ CDC, *Daily Update of Totals by Week and State* (last accessed September 2, 2020), available at <https://www.cdc.gov/nchs/nvss/vsrr/covid19/index.htm>.

² USA TODAY, *Amtrak to cancel Acela Express trains in Northeast as coronavirus reduces demand* (March 22, 2020), available at <https://www.usatoday.com/story/travel/2020/03/22/amtrak-cancels-acela-trains-northeast-coronavirus-reduces-demand/2895882001/>.

Act.³ In May 2020, Amtrak requested an additional \$1.475 billion, and also announced plans to reduce costs by cutting 20 percent of its workforce and significantly reducing long-distance service. More recently, Amtrak has estimated that \$4.8 billion will be necessary to maintain service and avoid furloughs. With no certainty on fiscal year (FY) 2021 funding, Amtrak has started the process of cutting 2,050 jobs effective October 1, 2020, a 14 percent cut in its workforce.

Amtrak Status and Network

Amtrak is tasked with operating a national rail passenger transportation system that ties together existing and emergent regional rail passenger service and other intermodal passenger services.⁴ This system includes the Northeast Corridor (NEC), long-distance routes, and short-distance routes operated by Amtrak.⁵ To provide national passenger rail service, Amtrak runs more than 300 trains per day, services more than 500 stations located in 46 states and Washington, D.C., and operates a network that stretches more than 21,000 miles across the country.⁶ Of all Amtrak passenger trips in 2019, approximately 38 percent were taken on the NEC; 48 percent on state-supported routes; and 14 percent on long-distance routes.

COVID-19 Response and CARES Funding

In light of the global pandemic, Amtrak continues to face historic ridership lows for all routes, with overall demand at a fraction of regular ridership.⁷ In March 2020, Amtrak's overall ridership dropped by 95 percent.⁸ As of July 2020, overall revenue was down 82 percent compared to 2019, with the NEC revenue down by 93 percent, state-supported route revenue down by 83 percent, and long-distance routes down by 61 percent.⁹ Ticket sales have been limited to 50 percent train capacity to allow for safer social distancing.¹⁰

Earlier this year in March 2020, Amtrak received \$1.02 billion in supplemental FY 2020 funding in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, including a requirement that Amtrak provide any worker furloughed as a result of efforts to prepare or respond to COVID-19 the opportunity to be recalled to their job as service levels were restored.¹¹ Amtrak cut NEC route frequency at that time, reducing *Northeast Regional* service levels by 60 percent and cancelling *Acela* service completely.¹² *Northeast Regional* and *Acela* services returned in June 2020 on modified schedules.¹³ The *CARES Act* emergency Amtrak funding included \$239 million to supplement the

³ P.L. 116-136.

⁴ 49 U.S.C. § 24701.

⁵ 49 U.S.C. § 24102.

⁶ Amtrak, *FY 2019 Year End Ridership*, available at

<http://media.amtrak.com/wp-content/uploads/2019/11/FY19-Year-End-Ridership.pdf>.

⁷ USA TODAY, *supra*, note 2.

⁸ *Id.*

⁹ TRAINS MAGAZINE, *Amtrak Leadership Defends Value of Triweekly Service as Short-Term Move*, (August 17, 2020) available at <https://trn.trains.com/news/news-wire/2020/08/17-amtrak-leadership-continues-movement-toward-triweekly-operation>.

¹⁰ Amtrak, *Amtrak Sets a New Standard of Travel*, available at

https://www.amtrak.com/planning-booking/policies/coronavirus.html?intcmp=wsp_tab_link_coronavirus_tab1.

¹¹ P.L. 116-136.

¹² USA TODAY, *supra*, note 2.

¹³ BOSTON GLOBE, *Amtrak Resumes Modified High Speed Acela Service in Northeast Corridor; Implements Safety Measures*, (June 1, 2020), available at

states-supported routes, with language limiting the states' financial responsibility to 80 percent of the amount paid in 2019.¹⁴

In May 2020, Amtrak requested an additional \$1.475 billion in supplemental funding for FY 2021 to help respond to fallen demand. Amtrak's FY 2021 funding request incorporated planned workforce reductions of 20 percent and lower frequency long-distance and NEC service, which it claimed would achieve a \$500 million reduction in operating expenses.¹⁵ The *Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act* did not include any Amtrak funding.¹⁶

The House FY 2021 Transportation, Housing, and Urban Development (THUD) Appropriations bill, which passed the House at the end of July 2020, would provide a total of \$10.05 billion for Amtrak and its state partners. This includes \$2.05 billion in regular budget authority for Amtrak's National Network, an increase of \$50 million above the FY 2020 enacted level.¹⁷ The THUD bill also includes an additional \$8 billion in economic recovery funds for Amtrak, including \$5 billion for the NEC and \$3 billion for the National Network. Attached to this recovery money is a requirement that the funding be used to prevent employee furloughs and that no funds may be used to reduce the frequency of rail service on any long-distance or state-supported route below frequencies for such route in FY 2019.¹⁸ The Senate has not yet acted on any FY 2021 appropriations package.

On August 24, 2020, Amtrak updated its FY 2021 supplemental funding request. This request seeks \$4.8 billion in FY 2021 funding for Amtrak operations. The new number reflects Amtrak's updated ridership projections—now estimated at 34 percent of 2019 levels, rather than 50 percent as Amtrak had previously forecast. The new request includes additional money for state-supported Amtrak service and Railroad Rehabilitation and Improvement Financing (RRIF) loan assistance, as well as an estimate of funds needed to avoid furloughs or long-distance service cuts. Finally, the request seeks \$496 million to cover “revenue risk” in case Amtrak's ticket sales and other revenues fall short of projections.

Safety and Personal Protective Equipment for Passengers and Employees

Given the highly contagious nature of the coronavirus, the safety of Amtrak's workers and passengers has been a major concern.¹⁹ Amtrak currently requires customers and employees to wear masks.²⁰ The railroad made changes to station arrival procedures and gate procedures, increased

<https://www.bostonglobe.com/2020/06/01/metro/amtrak-resumes-modified-high-speed-acela-service-northeast-corridor-implements-safety-measures/>.

¹⁴ P.L. 116-136.

¹⁵ AMTRAK, *Supplemental Funding Letter to Congress*, (May 25, 2020), available at <https://media.amtrak.com/wp-content/uploads/2020/05/Amtrak-Supplemental-FY21-Funding-Letter-to-Congress-Final-Signed-5.25.20.pdf>.

¹⁶ H.R. 6800, 116th Congress (2020).

¹⁷ H.R. 7617, 116th Congress (2020).

¹⁸ *Id.*

¹⁹ BUSINESS INSIDER, *Is it safe to travel by train during a pandemic?* (July 31, 2020), available at <https://www.businessinsider.com/is-train-travel-safe-coronavirus>.

²⁰ AMTRAK, *Amtrak Sets a New Standard of Travel*, available at <https://www.amtrak.com/coronavirus>.

cleaning frequency, and put up physical distancing signs in high traffic areas in some stations.²¹ Amtrak has also added enhanced filtration systems to passenger cars.²²

Proposed Cuts to Long-Distance Service and Workforce

In May 2020, Amtrak announced plans to significantly reduce both its workforce and long-distance service due to the financial effects of the coronavirus.²³ In a memo to employees, Amtrak outlined plans to cut 20 percent of the Amtrak workforce (approximately 4,000 jobs) by October 1, 2020.²⁴ Amtrak offered a buyout to some employees, with 510 acceptances. On September 1, 2020, Amtrak announced 2,050 job cuts, including 1,995 bargaining unit employee furloughs.

Amtrak is also set to temporarily reduce service to three days per week, until at least Summer 2021, on 12 of its 15 long-distance routes.²⁵ These changes are scheduled to begin on October 1, 2020, except for Silver Star and Silver Meteor service reductions, which began in July 2020.²⁶

Though ridership and revenue remain lower due to the pandemic, ticket revenues from long-distance trains increased 71 percent, from \$6.8 million to \$11.6 million, from April to May 2020.²⁷ At the same time, NEC ticket revenues increased from \$1.5 million to \$2.4 million and state-supported route revenues increased from \$2.3 million to \$3.5 million; almost half of the long-distance service revenue.²⁸ The long-distance routes targeted for service reductions currently make up more than 60 percent of Amtrak's current total revenue.²⁹

Amtrak previously attempted long-distance service reductions to achieve cost savings in 1995. On the advice of an outside consultant, Amtrak decreased 11 long-distance routes to a tri-weekly timetable to cut costs. After these service cuts had either become permanent or removed in favor of regular schedules, Congress evaluated the financial impact. Pursuant to the *Amtrak Reform and Accountability Act of 1997*, the Government Accountability Office (GAO) issued a report that discussed the long-term effects of long-distance route reductions.³⁰ Noting that Amtrak closed four routes, shortened six, and reduced service frequency on 11 routes, the GAO found that:

²¹ *Id.*

²² *See id.*, (describing new booking policies).

²³ WASH. POST, *Amtrak to Cut up to 20 Percent of Workforce as Coronavirus Takes Toll*. (May 27, 2020), available at <https://www.washingtonpost.com/transportation/2020/05/27/amtrak-cut-up-20-percent-workforce-coronavirus-takes-toll/>.

²⁴ *Id.*

²⁵ The Auto Train, which runs from Virginia to Florida, will maintain daily service. The Cardinal line, running from New York City to Chicago, and the Sunset Limited line, running from New Orleans to Los Angeles, regularly run three days a week.

²⁶ USA TODAY, *Amtrak to reduce New York-Florida trains starting July 6, with more cuts coming Oct. 1* (June 29, 2020), available at <https://www.usatoday.com/story/travel/2020/06/29/amtrak-reduce-new-york-florida-trains-starting-july-6/3254400001/>.

²⁷ TRAINS MAGAZINE, *Amtrak Plans Triweekly Service for Almost All Long-Distance Trains as of Oct. 1*, (June 15, 2020), available at <https://trn.trains.com/news/news-wire/2020/06/15-amtrak-plans-triweekly-service-for-almost-all-long-distance-trains-as-of-oct-1>

²⁸ *Id.*

²⁹ TRAINS MAGAZINE, *supra*, note 7.

³⁰ Govt. Accountability Office, *Intercity Passenger Rail: Financial Performance of Amtrak's Routes* (May 1998), GAO/RCED-98-151, available at <https://www.gao.gov/assets/230/225657.pdf>.

Amtrak achieved \$54 million in cost savings in fiscal year 1995; however, it subsequently restored much of this service because the ridership and financial performance of routes with less than daily service were worse than anticipated...[D]uring fiscal year 1996, Amtrak's overall ridership dropped by 1.1 million passengers, or 5%, and anticipated reductions in operating costs were not realized on routes with reduced frequency of service.

Amtrak told GAO that cost savings from less-frequent service were not realized because riders were not willing or able to adjust their plans to less-than-daily service, and less-frequent service caused inefficient usage of equipment and otherwise failed to cut costs.³¹

Former Amtrak executives publicly discussed the 1995 long-distance service reductions, and concluded that they were ineffective.³² At a September 2000 Senate Committee on Commerce, Science, and Transportation oversight hearing, former Amtrak President George Warrington testified, “I will tell you, though, that generally, in retrospect, all of those eliminations back in 1995 and 1996 ended up costing the company more in lost revenue than we were able to take out in the way of expenses, given the fixed-cost nature of the operation.”³³

Service Changes on State-Supported Routes

Amtrak has been coordinating with States to develop service and reduction plans for state-supported routes operated under Section 209 of the *Passenger Rail Investment and Improvement Act* (PRIIA). For FY 2020 service, this process has been eased considerably by the *CARES Act* provisions that supplement state-supported route funding and limit the States' funding share to 80 percent of FY 2019 levels.³⁴ The State-Amtrak Intercity Passenger Rail Committee (SAIPRC), a multi-agency body whose members include 20 agencies in 17 States, Amtrak, and the Federal Railroad Administration (FRA), has held discussions about 2021 planning.³⁵ Amtrak included an additional \$260 million for state-supported routes in its May 2020 supplemental funding letter, accompanied by testimonials from transportation leaders in North Carolina and Wisconsin.³⁶ Without a funding stopgap like the *CARES Act* provision to supplement state-supported routes and replace lost revenues, States will need to make hard choices about the service levels they can sustain.

Returning to Normal Operations: Challenges Ahead

Amtrak, along with its workers and State partners, faces many challenges in the months and years ahead. Amtrak estimates that ridership for FY 2021 will be down 34 percent from 2019 levels. This ridership drop results in less revenue—which is necessary to fund operations, pay workers, support State rail service, and maintain a state-of-good repair. As travel restrictions are lifted,

³¹ GAO, *supra*, note 29.

³² TRAINS MAGAZINE, *Former Amtrak President Revisits Previous Move to Triweekly Service*, (Aug. 3, 2020), available at <https://trn.trains.com/news/news-wire/2020/08/03-former-amtrak-president-revisits-previous-move-to-triweekly-service>.

³³ George Warrington testimony before the U.S. Senate Committee on Commerce, Science, and Transportation, *Hearing on Oversight Hearing on Amtrak*, (Sept. 26, 2000), available at <https://www.govinfo.gov/content/pkg/CHRG-106shrg85968/html/CHRG-106shrg85968.htm>.

³⁴ P.L. 116-136.

³⁵ State-Amtrak Intercity Passenger Rail Comm., <https://www.saiprc.com/>.

³⁶ AMTRAK, *supra*, note 15, at 7.

Amtrak must work to convince riders that trains are a safe travel option in comparison to other travel options.

If Amtrak does in fact institute the long-distance service cuts that are currently planned, there will be additional barriers to getting back on track. Amtrak plans to restore long-distance service based on a series of metrics that it says measure public health, future demand, and current performance. Amtrak contemplates restoring service between May 26 and June 30, 2021, at the earliest.³⁷ For routes that are not restored by June 2021, Amtrak will reevaluate the route's viability in the FY 2022 planning cycle.³⁸

All metrics must be met before restoration of service on a given route. Amtrak's service restoration metrics are:

1. *Advance Bookings*: Amtrak will compare passenger ticket bookings made by February 2021 for travel in June 2021 to passenger ticket bookings made by February 2020 for travel in June 2020. To restore service, 2021 levels must be at least 90 percent of 2020 seating capacity.³⁹ The metric, intended to forecast summer ridership, accounts for travel booked four months in advance.
2. *Ridership Levels*: Amtrak's second metric requires Amtrak to reach ridership levels equal to or exceeding 90 percent of the projections found in Amtrak's COVID-19-adjusted first quarter Fiscal Year 2021 operating plan.⁴⁰
3. *Pandemic Recovery*: Amtrak's third service resumption metric reflects the rate of COVID-19 infections. To resume service, COVID-19-related hospitalization rates in the regions through which a given long-distance train operates must show stable or declining trends by February 15, 2021.⁴¹

If Amtrak cuts long distance service, it will likely face an uphill battle to restore that service to previous levels. This could have a significant impact on travel options for many rural areas that depend on Amtrak long-distance service.

APPENDICES:

Appendix A: Amtrak "Restoring Long Distance Service" memo.

Appendix B: "Amtrak System Map".

³⁷ AMTRAK, *Restoring Long Distance Service*, available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/position-papers/white-paper-amtrak-long-distance-restoration-plan.pdf>.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*



Restoring Long Distance Service

Amtrak is committed to operating a national rail network that serves customers across the United States. In response to the COVID-19 pandemic, we have already made temporary reductions in service frequency to our Northeast Corridor (NEC) and State Supported services. We are now extending similar temporary reductions to most of our Long Distance routes, effective October 1.

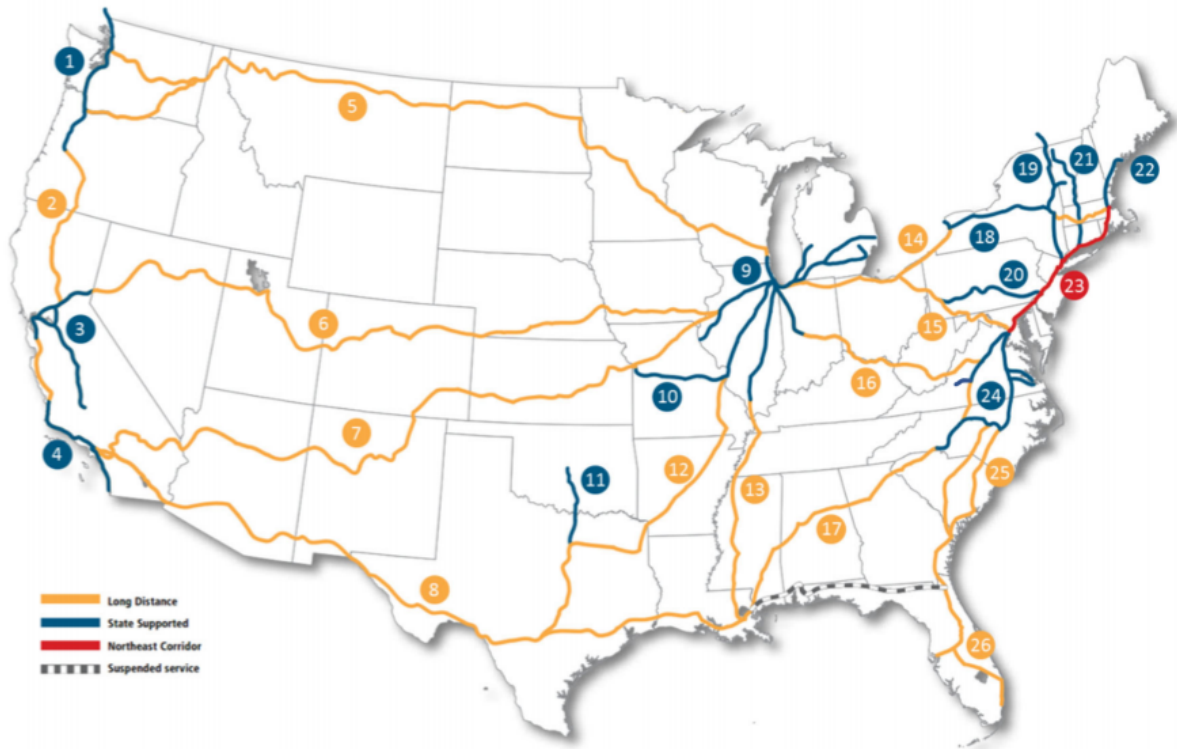
To be clear, our temporary reductions and subsequent plan to restore this service are dependent on sufficient federal assistance (at least \$3.5 billion in FY21 assuming a 50% systemwide ridership level, but additional assistance could be required if ridership does not reach this level), but in order to best protect our passengers' and employees' health, and to make the best possible use of limited taxpayer investment, we will consider the following metrics to decide when to restore each affected Long Distance service:

1. **Public Health** — *Is the COVID-19 pandemic under control?*
 - Amtrak will assess COVID-19-related hospitalization rates in the regions through which a given Long Distance route operates. If those rates are stable or declining as of February 15, 2021, this condition will be met.
2. **Future Demand** — *Are customers booking trips near the same rate as in 2020?*
 - Amtrak will compare advance bookings for June 2021 (as of February 15, 2021) to advance bookings for June 2020 (as of February 15, 2020). If the percentage of available seat- and room-miles booked in 2021 is at least 90% of the 2020 percentage, this condition will be met. (Note that calculations of availability for 2021 will reflect any caps on ticket sales to promote social distancing, as well as any other relevant measures adopted to minimize COVID-related risks.)
3. **Current Performance** — *Is ridership close to our projections in our operating plan?*
 - Amtrak will compare systemwide ridership levels for the fall (Q1 of FY 2021) with our FY 2021 operating plan, which already accounts for reduced ridership due to COVID. If the number of passengers is at least 90% of the projected figure, this condition will be met.

If all three conditions are met for a given Long Distance route, then in February 2021, we will begin working to restore service along that route. Depending on the particular route, that restoration could be complete as early as late May, and no later than June 30, 2021. If any route is not yet ready to be restored when we conduct our review, we will apply an updated version of the criteria described above as part of the FY 2022 planning cycle (or sooner, in the event of dramatic improvement in demand prior to that point).

Before the pandemic, 4.6 million of our 32 million annual passengers traveled on Amtrak's Long Distance routes. COVID-19 has changed a lot, at times causing our total ridership to drop by more than 95% from FY 2019 levels—but Amtrak is still America's Railroad, and we are still committed to serving our customers and connecting communities across the nation.

Appendix B: Amtrak System Map⁴²



⁴² The numbers on this map correspond to the routes as follows: 1. Cascades; 2. Coast Starlight; 3. Capitol Corridor, San Joaquin; 4. Pacific Surfliner; 5. Empire Builder; 6. California Zephyr; 7. Southwest Chief; 8. Sunset Limited; 9. Blue Water, Carl Sandburg, Hiawatha, Hoosier State (discontinued as of July 2019), Illini, Illinois Zephyr, Lincoln, Pere Marquette, Saluki, Wolverine; 10. Missouri River Runner; 11. Heartland Flyer; 12. Texas Eagle; 13. City of New Orleans; 14. Lake Shore Limited; 15. Capitol Limited; 16. Cardinal; 17. Crescent; 18. Maple Leaf; 19. Adirondack, Empire, Ethan Allen; 20. Keystone, Pennsylvanian; 21. Vermonter, Valley Flyer (initiated August 2019); 22. Downeaster; 23. Northeast Corridor; 24. Carolinian, Piedmont, Virginia; 25. Auto Train, Palmetto; 26. Silver Meteor, Silver Star. Where State-Supported and Long-Distance routes overlap, the State-Supported route is shown.

AMTRAK, *General and Legislative Annual Report & Fiscal Year 2020 Grant Request*, available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/reports/Amtrak-General-Legislative-Annual-Report-FY2020-Grant-Request.pdf>, at 5.

WITNESSES

Mr. William Flynn
President
Amtrak

Mr. Arthur Maratea
National President
Transportation Communications Union (TCU/IAM)

Ms. Amy Griffin
President, Local 1460
Transport Workers Union of America (TWU)

Mr. Jim Mathews
President and Chief Executive Officer
Rail Passengers Association