



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.

To view the full testimony, click on the link above. For more information, contact JayEtta Z. Hecker at (202) 512-2834, or HeckerJ@gao.gov.

INTERCITY PASSENGER RAIL

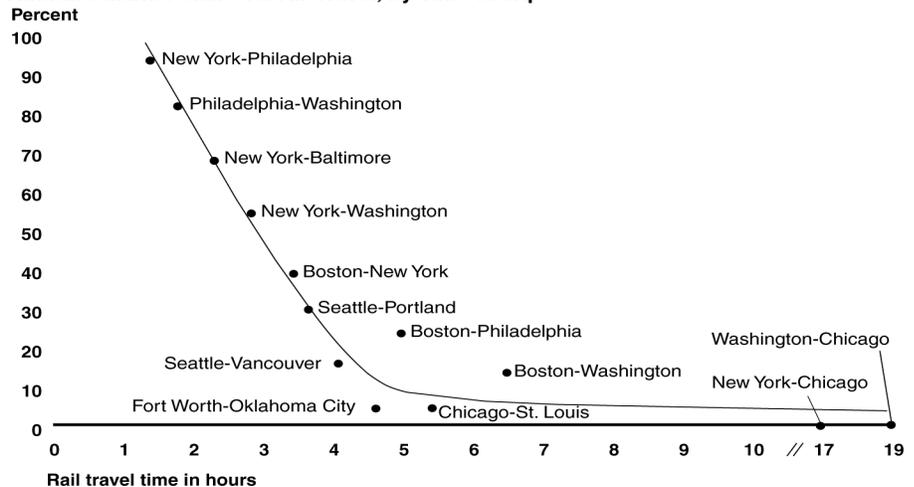
Issues for Consideration in Developing an Intercity Passenger Rail Policy

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.