



Highlights of [GAO-07-15](#), a report to Chairman, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

Intercity passenger rail service is at a critical juncture in the United States. Amtrak, the current service provider, requires \$1 billion a year in federal subsidies to stay financially viable but cannot keep pace with its deteriorating infrastructure. At the same time, the federal government faces growing fiscal challenges. To assist the Congress, GAO reviewed (1) the existing U.S. system and its potential benefits, (2) how foreign countries have handled passenger rail reform and how well the United States is positioned to consider reform, (3) challenges inherent in attempting reform efforts, and (4) potential options for the federal role in intercity passenger rail. GAO analyzed data on intercity passenger rail performance and studied reform efforts in Canada, France, Germany, Japan, and the United Kingdom.

What GAO Recommends

GAO recommends that Congress consider restructuring the nation's intercity passenger rail system. Any change should include establishing clear goals for the system, defining the roles of key stakeholders, and developing funding mechanisms that include cost sharing between the federal government and other beneficiaries. Amtrak agreed intercity passenger rail is at a critical juncture and said that reform includes establishing national policy goals, stakeholder roles, and committed funding.

www.gao.gov/cgi-bin/getrpt?GAO-07-15.

To view the full product, including the scope and methodology, click on the link above. For more information, contact JayEtta Z. Hecker at (202) 512-2834 or heckerj@gao.gov.

INTERCITY PASSENGER RAIL

National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures

What GAO Found

The existing intercity passenger rail system is in poor financial condition and the current structure does not effectively target federal funds to where they provide the greatest public benefits, such as transportation congestion relief. Routes of 750 miles or more, while providing service for some rural areas and connections between regions, show limited public benefits for dollars expended. These routes account for 15 percent of riders but 80 percent of financial losses. “Corridor” routes (generally less than 500 miles in length) have higher ridership, perform better financially, and appear to offer greater potential for public benefits.

The countries GAO studied varied in their reform approach, but their experience shows the United States needs to consider three key elements in attempting any reform: (1) define national policy goals, (2) define the roles of government and other participants, and (3) establish stable funding. Countries found these elements important in setting the role of passenger rail in the national transportation system and increasing the benefit from investing in passenger rail. Currently, however, the United States is not well positioned to address these key elements. The goals or expected outcomes of intercity passenger rail policies are ambiguous, participants' roles are unclear, and there is widespread disagreement about the level of funding to devote to this effort. Amtrak is taking actions within its authority to reduce costs and increase efficiency, but Amtrak is not in a position to address all key elements. To undertake reform, federal leadership is needed.

Addressing key elements of reform poses many challenges, because those who have a stake in the process have divergent goals or points of view. Amtrak workers, freight railroads that own much of the rail system over which passenger trains operate, and federal and state governments would be among those affected. The diversity of viewpoints poses challenges for determining both the overall goal for passenger rail in the United States and the federal role in achieving this goal. Funding-related challenges include identifying how to pay for achieving these goals and how to overcome disadvantages intercity passenger rail faces relative to leveraging of federal funds. Although federal-state cost sharing is common in highway and transit programs, states face difficulty leveraging their expenditures on rail service.

There are four main options for the federal role in intercity passenger rail service: (1) keep the existing structure and funding, (2) make incremental changes to improve financial or operational performance, (3) discontinue federal involvement, or (4) fundamentally restructure the system. Each option has advantages and disadvantages, and each faces its own challenges. Each requires some level of federal funding, a clear articulation of expected goals, and, except for the status quo option, substantial time to implement. Of these options, the fourth—fundamental restructuring—would allow for effectively integrating rail into the national transportation system and substantially improving overall performance and accountability.