

## **Amtrak on Right Track, Leader Tells House Panel**

Growing ridership, an improving financial performance and an infusion of fresh blood in the top ranks have put Amtrak on the path toward profitability, the passenger railroad's chief executive told skeptical lawmakers Wednesday.

Amtrak President and CEO Joseph Boardman told the House Transportation and Infrastructure Committee that an overhaul of the government-subsidized carrier's corporate structure initiated last year is beginning to have an effect.

"When we're done, Amtrak will look more like a business and less like a government agency," Boardman told the panel. "And customers will find that our system is easier to use, more convenient, timelier and more comfortable."

In response to congressional criticism, Boardman last year introduced a five-year strategic plan designed to simplify the organizational structure, reduce costs and boost revenue. The plan calls for reorganizing the railroad into six business lines.

The hearing was the fourth in a series, as the committee examines Amtrak operations in preparation for a reauthorization of rail programs next year. The current authorization (PL 110-432) expires next September.

Committee Chairman John L. Mica, R-Fla., has been a longtime Amtrak critic and an advocate of privatizing the railroad's operations. While he and the panel's incoming chairman, Pennsylvania Republican Bill Shuster, have backed down on demands for privatization, they are certain to insist on further steps to save money and improve operations in the next authorization.

Mica said there will be two more Amtrak hearings before the end of the year.

Critics say the passenger railroad has received tens of billions of dollars in federal subsidies since it was cobbled together in 1970. Last year alone, Mica said, Amtrak received \$1.4 billion, about \$500 million of that to bolster its operating budget.

But Boardman said the railroad is making strides in implementing its strategic plan. He said general managers have been named to head the long-distance, Northeast corridor and state-supported services divisions. He said hiring for the head of the commuter rail contracting division is on hold while that operation is restructured.

"We had to be careful coming in to reorganize Amtrak," Boardman testified. With ridership at an all-time high in fiscal 2012, Boardman said Amtrak is doing better at covering its own costs.

“In 2011, our train operations recovered 79 cents of every dollar, turning in the best performance of any passenger railroad in the nation,” Boardman said. “When you include the revenues derived from other revenue sources, such as real estate and commuter business, the number rises to 85 percent.”

Still, Boardman is looking for more federal investment in infrastructure, including a proposed \$7 billion upgrade of Washington’s Union Station. The railroad also wants to spend more than \$150 billion to build a state-of-the-art high-speed rail line in the Northeast Corridor, which would carry trains at speeds exceeding 200 miles per hour.

But Mica and other Republicans are reluctant to authorize more funding for an operation that has never been profitable and has struggled to implement earlier promised reforms.

“Without a profit motive, how do you reach those goals?” asked committee member Richard Hanna, R-N.Y.

“We were in survival mode,” Boardman said. “That’s begun to change at Amtrak, I hope.”

Ted Alves, inspector general of the National Railroad Passenger Corp., Amtrak’s corporate parent, said he believed Boardman has succeeded in changing the corporate culture.

“Since Mr. Boardman made that a priority ... that plan was delivered, and there’s things that are under way to address those deficiencies,” Alves said.