



Government subsidy of Amtrak in crosshairs

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WASHINGTON — Should the federal government pay subsidies that come out to about \$50 per Amtrak passenger to keep the national railway service afloat?

That's the question that was posed at a hearing this week before the House Transportation and Infrastructure Committee, where Republican members of the committee went head-to-head with Amtrak officials over the federal government's annual investment in the national railroad's operations.

Amtrak has never been profitable. It has received a federal subsidy each year since 1970 — about \$40 billion over 41 years. The past five years, Amtrak has received an annual taxpayer subsidy of more than \$1.4 billion a year — \$49.25 per ticket.

"Taxpayers have been footing the bill for Amtrak's gravy train for over 40 years, and all they've gotten in return for their \$40 billion investment is an inefficient, costly, Soviet-style passenger rail system," committee Chairman John Mica, R-Fla., said Thursday.

Amtrak President and CEO Joseph Boardman argued the nation's highways have received more taxpayer dollars in recent years than Amtrak has in its four decades of operation.

"In the past four years the federal government has appropriated \$53.3 billion from the general fund of the Treasury to bail out the highway trust fund," Boardman said. "That's almost 30 percent more than the total federal expenditure on Amtrak since 1971."

Boardman defended Amtrak, saying ridership has soared in recent years, driven up partly by rising gas prices. Ticket sales now cover 79 percent of Amtrak's operating costs — up from 76 percent in 2010.

Add in the revenue Amtrak generates from other activities — real estate and contract commuter services — and Amtrak covers 85 percent of its cost, Boardman said.

"We've achieved these accomplishments even though, throughout Amtrak's existence, passenger rail has received only a tiny portion of the annual federal transportation budget," he said.

But Mica cited a study by the Cato Institute that found Amtrak accounts for just 0.1 percent of America's passenger travel, yet gets more in taxpayer dollars than other popular modes of transportation, such as buses and airlines.

"Amtrak has by far the highest per-trip subsidy, about 11 times that for aviation, and 463 times that of intercity bus trips," Mica said.

Amtrak's long-distance routes lose the most money, such as Sunset Limited, which runs from Los Angeles to New Orleans, and Southwest Chief, which runs from Los Angeles to Chicago. Ridership on these lines is among the lowest and per-passenger subsidies can be as high as \$375, Mica said, arguing he could get a plane ticket and car service to and from the airport for less money.

Randal O'Toole, author of the Cato report, said that he loves trains, but it's not the government's job to pay for them to continue to operate.

"If 40 years of such large subsidies haven't turned around the rail passenger business, it is not going to happen," he said. "The real solution is to end subsidies to all modes of travel and let people decide which they prefer based on their own personal preferences and budgets."

Ross Capon, president and CEO of the National Association of Railroad Passengers, argued that Amtrak provides benefits both to the increasing number of passengers who use the national railway system and to the communities that it serves, which have seen an economic revitalization around railroad stations.

"We feel that a lot of the investment in Amtrak is an investment and not a subsidy," he said.