

# Memorandum

**TO:** RULES COMMITTEE

**FROM:** Betsy Shotwell

**SUBJECT:** Amtrak and the Proposed  
FY 2006 Federal Budget

**DATE:** February 24, 2005

Approved

*Deanna J. Altman*

Date

*2/25/05*

## RECOMMENDATION

Adopt a resolution requesting that the California Congressional delegation work to enact adequate funding for Amtrak in the proposed FY 2006 Federal Budget. A one week turnaround to Council is requested in order to expedite the distribution of this resolution to the California Congressional Delegation in Washington D.C.

## BACKGROUND

Since its inception in 1971, Amtrak has run a budget deficit and required federal assistance every year. This is due to a number of factors:

1. Amtrak has experienced an uneven pattern of federal support over the last several years. While the Amtrak Reform and Accountability Act of 1997 authorized annual federal appropriations totaling \$5.2 billion over a five-year period ending FY2002, Amtrak actually received only \$2.23 billion of the authorized amount. The shortfall has happened because the program/service continues to be under funded budget cycle after budget cycle. Additionally, there are many in the Administration and in Congress who do not believe in providing "subsidies" to any services.
2. The enactment of the Taxpayer Relief Act of 1997 provided one-time revenues for Amtrak, but resulted in a spending pattern that turned out to be unsustainable over the long term. Amtrak now has reached the point where all of the funding provided through the Taxpayer Relief Act of 1997 has been spent and funding is no longer available to cover core elements of Amtrak's cost structure.
3. Amtrak has taken on a significant debt burden in the last few years.

In 2003, the Bush Administration submitted its Amtrak reauthorization plan to Congress, which represented the first comprehensive proposal for reforming the railroad in 30 years. In general, this plan called for ending Amtrak's national route network and, instead, creating a system where, by using state funding, states and local communities would be given the responsibility for determining the rail services that would be operated within their areas.

RULES COMMITTEE

2-23-05

Subject: Amtrak and the FY 2006 Federal Budget

Page 2

Amtrak's federal subsidy payments would be replaced with direct federal matches for capital investments to be paid directly to states and multi-state compacts.

In addition to the Administration's plan, various other bills to reauthorize Amtrak have been introduced in Congress during the past several years however, no consensus has been reached. In the meantime, Amtrak continues to be heavily subsidized by federal resources and is still operating without the support of authorizing legislation.

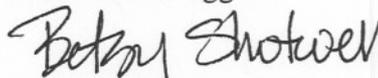
Regardless of what an Amtrak reauthorization bill might eventually look like, to continue to provide affordable, consistent rail service nationwide Amtrak must be funded by the federal government. Amtrak is the national railway service in this country. Every other industrialized nation has a subsidized rail system. There are other regional providers, but none that provide a unified system throughout the U.S. that allows people to travel coast-to-coast. Amtrak continues to be a vital service to many smaller towns that lack access to airports and other major transportation services. Moreover, the current Amtrak system is an essential network that supports the development and operations of intercity rail, high-speed rail, commuter rail, and other passenger rail services. Many passenger rail operators, including the Caltrain Joint Powers Board and the Capitol Corridor Joint Powers Authority in the nine-county Bay Area, rely on Amtrak facilities and contract services.

### ANALYSIS

In the President's recently introduced proposed federal budget for FY 2006, the President seeks to eliminate Amtrak subsidies, compared with the \$1.2 billion appropriated in FY 2005. For the City of San Jose and our region, the loss of Amtrak would be devastating. At risk are Amtrak's long-haul passenger service, the Capitol Corridor line and Caltrain. Each of these routes serve a vital purpose in our regional economy by providing rail service for commuters, transporting travelers, and in relieving traffic on the I-880 and US 101 corridors. **The Capitol Corridor is the third busiest Amtrak route in the nation.** It is critical that the federal government continue to fund Amtrak at adequate levels for the ongoing operation of its national passenger rail network and intercity passenger rail service. The Valley Transportation Authority (VTA) will be forwarding a letter to Congress expressing support for the continued funding of Amtrak.

### COORDINATION

This memorandum was coordinated with the Department of Transportation, the City Attorney's Office and the City's federal lobbyist firm of Patton Boggs.



BETSY SHOTWELL

Director, Intergovernmental Relations

Attachment: Resolution in support of Amtrak funding in the FY 2006 Federal budget.