

To: PET
From: AD

RECOMMENDATIONS ON THE FUTURE OF AMTRAK

HIGHLIGHTS:

1. There seems to be a bold inconsistency in the President's transportation policy. Amtrak is being forced to cutback because it's an example of fiscal waste and yet the President has requested increased funding for highway construction where no return is achieved and increased fuel consumption is unquestionable.

However, this seems in line with Brock Adams' response to your letter to him about the Montrealer in which he explains that he has committed his time to making the automobile more efficient because of the "dominance of the automobile in American travel." He virtually dismisses the value of the train or the fact that Americans are going to have to learn to adjust their lifestyles to accept more efficient means of transportation.

2. Contrary to common belief, abandoning routes will be extremely expensive should we want to reinstitute the routes. Once the contractual agreements with non-Amtrak lines have been broken, there is no means of requiring that the road beds be maintained for passenger train service (a higher standard than freight). As exhibited in the Northeast Corridor, rehabilitation is extremely expensive. Amtrak suggest maintaining the contractual agreements to ensure road bed maintenance. Of course this will be expensive.
3. The effects on Massachusetts are: (1) cut the Montrealer (2) no consideration for the Cape Codder (3) no consideration of the Inland Route (4) lines leading or connecting to Boston being cut (5) recommendation to cut commuter rail reductions unless a local body (MBTA) pays the difference between commuter prices and regular prices.
4. Barry Locke has recommended that you disapprove the cuts.
5. You have received alot of mail supporting Amtrak (opposing the cuts) and very little supporting the cuts.

RECOMMENDATION: Disapprove the cuts and ask for a new study taking into consideration the importance of energy considerations and support for routes, new and old, which can be expected to displace car usage and energy waste. Also, consider ways to make Amtrak more efficient not through route restructuring but through changes in its structure and labor regulations.

AMTRAK CUTS: The economics

There is a lot of controversy over the cuts in Amtrak but one thing seems clear -- budgetary considerations seem to have been the overriding factor. However, the considerations are definitely shortsighted and the savings are questionable. OMB's budget cutting mania may keep Carter in office but it shows no regard for long range planning. The effect of Amtrak renovations has not yet been felt in increased ridership since the renovations have been slow and convincing people to travel by trains they previously knew were uncomfortable and late has been difficult. Cutting back facilities now will not allow Amtrak to show its full potential to draw ridership from cars and planes.

Furthermore the cutbacks are made at a time when the price of airfares will be increasing due to airline decontrol (and Amtrak efficiencies were determined at a time when airfares were particularly low.) The rising price of gasoline also seems to have been overlooked. The report should be disapproved so that new recommendations can be made in the light of the alterations in our supply of imported petroleum (Iran) and resultant increases in gasoline prices.

Finally, the economic advantages of cutting back service may well not be achieved due to labor protection contracts. Approximately 5,800 Amtrak and operating employees will be displaced if the cuts go through. Due to rules which Amtrak was forced to accept when they took over existing lines, Amtrak will be forced to pay up to six years full pay to some displaced employees. The projected savings for 5 years with the cutbacks is \$750 million but Amtrak may be forced to pay up to \$300 million with no benefit to consumers or taxpayers. (Not to mention the affects this will have on unemployment.)

This problem is representative of some of the anachronistic, cumbersome, and expensive labor regulations Amtrak is forced to maintain due to the present labor agreement. Over 60% of Amtrak's expenses are for salaries and benefits. Putting these in perspective, the labor protection costs potentially will be 30% greater than the combined Congressional appropriations to Amtrak for capital improvement should the cutbacks take place.

The Social Benefits of Trains

There are social benefits of trains which cannot be measured in dollars and cents. Trains produce less noise, pollution, and disturbance of the environment than other methods of transportation. They have been proven to be the most efficient means of transportation (in terms of energy efficiency). They are the safest mode of travel and they provide city center transportation which promotes economic development of central cities.

It is interesting to note that a Harris poll states that 82% of Americans favor increased or continued funding of Amtrak.

****C**ontrary to common belief, returning service to abandoned routes will be extremely expensive. Once the contractual agreements with non-Amtrak lines have been broken, there is no means of keeping those road beds up to passenger train standards. As exhibited in the Northeast Corridor, rehabilitation of abandoned lines is extremely expensive. Amtrak suggests maintenance of contractual agreements to ensure the maintenance of the lines.

EFFECTS OF AMTRAK CUTS ON MASSACHUSETTS

Barry Locke, Secretary of Transportation for Massachusetts, has written asking you to vote to disapprove the cuts. The effects on Massachusetts are as follows:

1. The Montrealer will be cut depriving Northampton of its train service and depriving the state of any northern service.
2. The Cape Codder (from New York to the Cape) was not considered (because so many lines were being cut new lines were not considered.) Massachusetts has appropriated and earmarked \$5 million to refurbish the road beds. Should there be rationing or Sunday closings, this train would help reduce the drastic effects on the Cape's tourism. Furthermore, it would help reduce the traffic and congestion on the highways and bridges.
3. The Inland Route system was not considered.
4. Boston-Washington and beyond routes have been cut, also connections to other major cities have been cut--New York & Chicago.(The Hill Topper & the Colonial have both been cut.)
5. Recommends that Amtrak cease honoring commuter rail service tickets unless someone else makes up the difference between commuter and Amtrak rates (MBTA).

The effects on ridership to and from Massachusetts due to cutbacks in trains in other parts of the country cannot be judged.

FACTS ON TRAINS & OTHER MEANS OF TRANSPORTATION

1. The cost of federal airways support in 1978 was \$2.182 billion and the cost of airports from federal, state, and local was \$2.120 billion. The total revenues from the trust fund is less than \$1 billion.
2. Amtrak's subsidy represents just over 2% of federal subsidies to all forms of transportation.
3. If all who took trains which are being cut turned to driving, fuel consumption would increase 6.4% -- .01% of our total energy use.
4. During the last energy crisis from November, 1973 to April, 1974, Amtrak handled an increase of about 2 ½ million trips -- a 46% increase in passenger miles.
5. Amtrak is offering new programs to make travel by train more appealing. They offer a USA railpass for travel anywhere in the US. Sales were up 23% last year. The proposed cutbacks will reduce travel in most of the western states. Amtrak also offers a joint car-rail deal to Florida from Washington, Philadelphia, New York, and Chicago. 2 of the 3 trains to Florida are being cut and Amtrak has had to turn away passengers during peak season.

6. Trains can be made to run electricly if a long term shortage of petroleum products should occur.
7. Buses are not a viable alternative to cars for long and short distance travel. Trains are more comfortable, especially for family travel.
8. The Amtrak board disagrees with some of DOT's decisions about route traffic. They feel that the "management flexibility" established in the Amtrak Act has not been achieved and that route restructuring and frequency of trips should be their responsibility.
9. There seems to be a bold inconsistency in the administration's policy toward transportation. Amtrak is being forced to cut its budget for lack of adequate return on the investment by the government, while the President has requested increased funding for highways -- where no return is achieved and increased fuel consumption is unquestionable.

This does not seem inconsistant when it is put in perspective with Brock Adams response to your letter about the Montrealer in which he pledged his commitment to making the car more efficient because it was the only means of travel approved of by the American people. He virtually dismisses the value of the train, or the fact that Americans are going to have to learn to adjust to new lifestyles and forms of transportation with the increase of fuel prices and the decline of supplies of petroleum.