

STATEMENT OF SENATOR JOHN McCAIN
RANKING REPUBLICAN, SENATE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION
HEARING ON S. 1530, THE RAILROAD ADVANCEMENT AND
INFRASTRUCTURE LAW FOR THE 21ST CENTURY (RAIL-21)
NOVEMBER 1, 2001

- I want to begin by thanking Chairman Hollings for holding today's hearing on his legislation, S. 1530, which includes a number of funding proposals concerning rail passenger and freight transportation.
- While I must go on record for having little support for S. 1530 as currently drafted, I want to thank the Chairman for directing our Committee's attention to these very important issues for consideration and debate. The Chairman's actions demonstrate how the legislative process is *supposed* to work, that is, a bill is introduced and a hearing is held to consider its merits and receive input from interested parties.
- I do not support S. 1530's proposal to repeal current law with respect to requiring Amtrak to rely *less* heavily on taxpayer support. Nor do I think Amtrak's authorization should be at the top of our Committee's agenda, given that Amtrak is *currently authorized* through fiscal year 2002. There are a number of *expired* transportation related programs under our Committee's jurisdiction that in my judgement should take precedent, including:

Reauthorization of the Hazardous Materials Transportation Safety Program, which *expired* 9/30/98;
Reauthorization of the Rail Safety Program, which *expired* 9/30/98;
Reauthorization of the Surface Transportation Board, which *expired* 9/30/98;
Reauthorization of the Federal Maritime Commission, which *expired* 9/30/98; and,
Reauthorization of the U.S. Maritime Administration, which *expired* 9/30/01.

- As the members of this Committee well know, the Amtrak Reform and Accountability Act of 1997 requires Amtrak to run without federal operating assistance no later than 5 years after the date of enactment, which is December 2, 2002. S. 1530 would change that requirement, and force the American taxpayer to continue supporting Amtrak financially without any expectation of improved service or fiscal accountability on the part of Amtrak. I assure my colleagues, that was not our intent when we worked together and passed the 1997 reform law.

- What has Amtrak accomplished since the reform bill's enactment? Amtrak's press releases often boast about increased ridership and revenues. Unfortunately, those press releases never quite tell the full story. According to the General Accounting Office, (GAO), any increase in ridership has resulted in an increase in expenses that outpace revenues.
- Moreover, Amtrak's debt load has *tripled* since the reform bill's enactment to over \$3.3 billion and it has spent more than \$4.4 billion in taxpayers dollars during that same period. And, despite repeated testimony by Amtrak officials this year about being on a "glidepath to operational self-sufficiency," Amtrak entered into a creative agreement in June to mortgage a portion of Penn Station to obtain cash to allow Amtrak to continue operating past the summer. Clearly, our expectation for a new and improved Amtrak when we passed the reform bill in 1997 has not been realized.
- I believe that passenger rail can and should be a part of our nation's transportation system, but I continue to question how it should be structured and managed, knowing that Amtrak has failed to meet even the lowest of expectations for 30 years.
- I recognize that Amtrak appears to be working in some areas, like in the Northeast. However, I do not believe it has demonstrated an ability to work in most other areas based on Amtrak's *own* data which indicates that nearly every one of its 41 routes lose tons of money, with some routes losing hundreds of dollars per passenger.
- If the collective wisdom of Congress is to support rail passenger transportation in some manner, it is time to face up to the reality that Amtrak is a failed experiment and we need to completely restructure the current system instead of simply reauthorizing Amtrak as we know it. I hope today's hearing can be the beginning of an open and full debate about the future of rail passenger service in this country.
- In addition to the Amtrak provisions in S. 1530, I also have concerns over the freight rail funding provisions in the bill, particularly the proposal to increase the total loan level permitted under the Railroad Rehabilitation and Improvement Financing Program from \$3.5 billion, a level I reluctantly agreed to during conference consideration of TEA-21, to \$35 billion. While I understand there is a great need for infrastructure funding in the freight rail industry, I cannot support placing such a financial risk on the American taxpayers.
- Again, Chairman Hollings, thank you for holding this hearing. I look forward to hearing from all of today's witnesses.

