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BEFORE THE
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON TRANSPORTATION, TOURISM, AND HAZARDOUS MATERIALS
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 17, 1989

Mr. Chairman and members of the Subcommittee, I appear before you today to outline the Administration's position on reauthorization of financial assistance for the National Railroad Passenger Corporation (Amtrak).

Secretary of Transportation Skinner has stated his willingness to work with Congress and with Amtrak management to develop a realistic long-range plan to address Amtrak's operating and capital requirements. Amtrak falls within the residual freeze category, and items within this category are still being negotiated by the Administration and the Budget Committees.

In building a better America, we should do our utmost to assure that our annual investments in programs such as rail passenger service are made in the context of a long-term investment strategy shaping and sustaining a balanced transportation system for the future. We strongly believe that any long-range plan to address Amtrak's operating and capital

needs should build on recent success in exploiting this capacity to increase revenues and control costs to move the company closer to self-sufficiency.

First, any such plan must be premised on the idea that Amtrak must operate as a business, not a government agency. Amtrak's improved financial performance is largely due to the fact that it is being run as a business with management focusing on expanding revenues, controlling costs and improving its bottom line. Any departure from this course will undo the dramatic progress the company has made. A plan should also (1) include legislation to modify certain Federal laws to eliminate significant extra costs imposed on Amtrak without sound justification; (2) identify essential capital needs and funds, both public and private, for addressing those needs; and (3) set broad corporate goals which move the company closer to self-sufficiency.

Legislative Proposals

We strongly believe that there are opportunities for reducing operating expenses without sacrificing safety or eliminating performing routes. I will briefly outline those requiring new legislation:

- Exempt Amtrak from coverage under the existing fault-based Federal Employers Liability Act (FELA) and substitute coverage under state worker's compensation programs. Where FELA is a lottery in which some

employees strike it rich while others receive nothing for similar injuries, state worker's compensation assures every person injured in the workplace of equitable compensation regardless of fault. Where FELA puts Amtrak at a competitive disadvantage because of its significantly higher costs, state worker's compensation puts Amtrak on an equal footing with its air and bus competitors. Where FELA provides compensation to injured employees only after fault is established and damages assessed in a judgment or settlement, state worker's compensation normally requires the payment of initial benefits within a reasonably short time, often thirty days. Where FELA provides strong disincentives to early rehabilitation of the injured employee and to speedy return to productive employment, state worker's compensation provides strong incentives to employer and employee alike for prompt rehabilitation and speedy return to work. Where FELA has unjustifiably high administrative costs, some of which, such as attorneys' fees, directly diminish the injured employee's compensation, state worker's compensation minimizes administrative costs to employer and employee alike.

-- Give Amtrak the same special treatment accorded "publicly funded rail carriers" providing commuter service under the Railroad Unemployment Insurance Act

(RUIA). Such treatment would permit Amtrak to repay the RUIA fund only the amount of employment and sickness benefits paid to Amtrak employees. Amtrak now pays a tax based on sickness and unemployment experience throughout the railroad industry which is considerably more than it would be if it were based on Amtrak's own sickness and unemployment record. Congress has addressed this for the long term by providing for RUIA to be converted into an experience-rated program over a four-year transition period. In the short term, however, Amtrak is stuck with higher costs than its experience justifies while commuter authorities are being required to pay only the actual costs of benefits paid to their employees during the transition period.

- Authorize Amtrak to charge commuter authorities the full operating and maintenance costs for use of the Northeast Corridor (NEC). Currently, commuter authorities pay only a portion of the operating and maintenance costs attributable to use of the NEC by their trains. In FY 1985, Congress amended the law to eliminate a similar cross-subsidy for Conrail, while the cross-subsidization of commuter trains by Amtrak continues.

- Require states to pay 100 percent of losses on 403(b) intrastate and 403(d) commuter trains operated by Amtrak at the request of a state and solely for the benefit of its residents.

In closing, I reiterate the Department's commitment to work with Congress to develop a plan to address Amtrak's future requirements. We strongly urge this Committee to give serious consideration to deficit reduction measures such as exempting Amtrak from FELA; treating Amtrak like commuter authorities under RUIA; and authorizing Amtrak to charge full costs for 403(b) and (d) services and NEC commuter operations.

I will be happy to answer any questions the Committee may have.