



TIME TO REFORM AMTRAK

It is time to reform Amtrak. The status quo isn't working as Amtrak, its workers and 25 million passengers suffer from decades of inadequate federal support, chronically under-funded security needs, poor management including mismanaged labor-management relations, underperforming service and more recently misguided members of Amtrak's Board of Directors pushing a self-destructive agenda.

Transportation labor is on record opposing the Administration's "shut down" FY 2008 budget that offers the already cash- and capital-starved company 40 percent below 2007 funding levels. Risky initiatives to privatize and downsize Amtrak and ultimately doom long-distance trains forcing states and cities to fend for themselves have also been included in this year's Budget proposal and must again be rejected.

Transportation labor is also on record calling for changes in the make-up and qualifications of the Amtrak Board. Statutory reforms are clearly needed to ensure Amtrak has a diverse and high quality board – including an Amtrak employee representative – dedicated to a national passenger rail system and able to provide competent financial and management oversight.

Transportation labor has previously condemned the intransigence of Amtrak management at the bargaining table. Most of Amtrak's employees are now entering their eighth year without a wage increase. Although the new Amtrak CEO has publicly made resolution of outstanding labor contracts one of Amtrak's "seven" priorities in 2007-2008, it is time for the company to move beyond rhetoric, end the brinksmanship and reach new agreements that finally compensate Amtrak employees fairly. Amtrak must realize there is a cost of doing business and that its financial shortfalls will not be solved on the backs of the company's 20,000 employees.

Transportation labor endorses the following Amtrak Reform Plan:

Financing. The first reform needed is for Amtrak to finally receive the federal support it so desperately needs. Congress must pass a long-term authorization bill that provides at least \$2 billion per year – including adequate funds for operating costs – in support of fully funding the taxpayers' investment in our national Amtrak system. And spending levels set by this legislation must be fully funded by appropriators. In addition, bonding mechanisms that provide a steady stream of funding for Amtrak must also be included in any reauthorization legislation. A new approach is needed to keep the system in a state of good repair, to protect the taxpayers' investment in Amtrak, to treat and compensate Amtrak employees fairly, and to protect the public interest against dangerous skimping on safety and security.

Government Oversight and Accountability. To ensure independent oversight of Amtrak the Inspector General (IG) of Amtrak should be separated from the company. The IG office should not work as an extension of Amtrak management as it does today. Separately, measures are

needed to improve Amtrak's on-time performance. The Surface Transportation Board should be directed to determine if the freight railroads, whose rights-of-way provide much of Amtrak's network, are to blame for poor on-time performance and to award damages to Amtrak or otherwise grant relief where necessary.

Amtrak Board. The current Board of Directors of Amtrak must be reformed to ensure the Board does not pursue policies that would harm Amtrak and conflict with the fiduciary responsibilities of a corporate board. A new Board should be created with members who believe in the mission of maintaining and strengthening a national Amtrak system and who possess rail, transportation or relevant experience compatible with Amtrak's mission. And at least one Board member, selected by rail union consensus, must be appointed to represent the interests of Amtrak's non-salaried employees.

Restructuring Debt. After 30 years of under-funding, Amtrak is saddled with debt and deferred maintenance that makes it impossible to operate in any reasonable manner. Given this reality, a significant pay-down of the debt through specific federal funding is warranted and will allow the carrier to restructure its debt with more favorable terms. This in turn will allow the carrier more flexibility to take advantage of financial markets and to plan for future capital intensive projects.

Labor-Management Issues. Labor-management relations at Amtrak are also in need of reform. Unfortunately, acrimony and distrust define the current relationship at Amtrak as it has been eight years since most employees have seen a wage increase. As a result, many of Amtrak's workers have spent more than half their working lives with this company without receiving a wage increase. This is wrong and must change. Amtrak's negotiating team must stop holding hostage, what Amtrak's CEO described as "reasonable wage increases," to the politics of the annual appropriation cycle. It is time for Amtrak to declare publicly that a modernized Amtrak with first-class service and better reliability, equipment and on-time performance will not be achieved unless the company can retain a talented workforce. This will not occur if Amtrak workers can find better wages (up to 20 percent higher) and more stable jobs at the freight and commuter railroads. Congress must stop the cycle of funding Amtrak while failing to demand that Amtrak's employees be treated and compensated fairly.

Security Upgrades. The way in which Amtrak security costs are paid must be reformed. Certain expenses associated with the broad defense against terrorist attacks on the Amtrak network should be borne by the Department of Homeland Security (DHS). Skimping on much needed security upgrades at Amtrak due to insufficient resources must come to an end. Billions have been spent addressing a number of transportation security vulnerabilities across America, especially in our aviation sector. For example, the DHS is spending hundreds of millions of dollars to install and maintain explosive detection systems (costing up to \$1.3 million per machine) for airline baggage screening. Likewise, Amtrak security investments including upgrading passenger tunnels in the Northeast Corridor, employee training, deploying new technology, securing stations and hiring additional personnel for security duties should be paid for with support from the federal homeland security budget. The American people expect our government to stop terrorist attacks everywhere. The DHS must provide the resources to stop terrorists from pursuing attacks along the Amtrak system like those seen in Madrid and London. A chronically under-funded Amtrak cannot fend for itself.

More of the same for Amtrak is simply not acceptable. Reforms at Amtrak are needed, but they must be the right reforms to support, and not destroy, our national passenger rail system. Congress must act now to ensure a robust funding stream, to provide common-sense oversight, to demand a responsible and well qualified Board, to enhance security and to set the stage for real labor-management cooperation and peace. Only through these reforms will we break the cycle of setting Amtrak up to fail year after year.

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