



**WRITTEN STATEMENT OF  
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**BEFORE THE  
SENATE COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN  
DEVELOPMENT AND RELATED AGENCIES**

February 28, 2007

On behalf of the 32 member unions of the Transportation Trades Department, AFL-CIO (TTD) and specifically the 10 unions that make-up our Rail Labor Division (RLD), thank you for inviting us to testify this morning on Amtrak's financial needs for FY 2008.<sup>1</sup> I must point out that we would not be talking today about Amtrak's financial needs for 2008 without this Subcommittee – we wouldn't be talking about it because without your work Madam Chair, and the work and support of the other members of this Subcommittee, Amtrak would be on the brink of collapse.

While its proposals have taken various forms, year after year the Administration has sought to shut down Amtrak or subject the company to reckless privatization initiatives. By offering a zero budget for Amtrak in FY 2006, the White House demonstrated its gross lack of understanding of Amtrak's importance to our transportation system and our economy. By attempting to dismantle Amtrak as a national system and downsize or eliminate its long distance service, the Administration demonstrated it does not understand the importance of Amtrak to the cities and states that are clamoring for more, not less, transportation choices for its citizens. And by shortchanging Amtrak every fiscal year, the Administration has forced the company to defer much needed security and safety upgrades because it simply does not have the resources.

Fortunately, Congress – and specifically this Subcommittee – has rejected the Administration's various plans and for this Americans owe you a debt of gratitude. This Subcommittee, without the benefit of an authorization since 2002, has come forward and funded our national passenger railroad each and every year at levels adequate to avoid the catastrophe of bankruptcy and done so under extremely tight budget conditions. So on behalf of the men and women we represent, and the millions of passengers that use this vital service, I want to again thank you for your leadership and acknowledge the hard work that you have done on behalf of Amtrak.

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<sup>1</sup> Attached is a list of TTD member unions.

For FY 2008, the Administration has once again submitted a budget request, at \$800 million, that is nothing more than a shut down number. As members of this Committee have already observed, this is asking the carrier to do the impossible and should be rejected. Furthermore, the Administration has again attached destructive and disingenuous conditions to this meager request. For example, the budget request states that “within 30 days of the enactment of this Act, the Corporation shall produce a comprehensive corporate-wide competition plan that will identify multiple opportunities for public and private entities to perform core Corporation functions, including the operation of trains.” Let’s be clear – the Administration would expect Amtrak to find others, including private entities, to provide the service that Amtrak is currently charged with providing. This isn’t a funding plan – it’s a path to privatization and ultimately destruction of Amtrak as we know it.

The fact is we need to change the way we look at and fund Amtrak. Forcing the carrier to limp from one financial crisis to the next with no long-term funding plan is simply a recipe for failure that can no longer be tolerated. Deferred maintenance, unmet security needs, outdated cars and equipment and unfairly treated and compensated employees whose morale has reached an all-time low are now the norm. First-class rail service that needs to be customer-sensitive cannot succeed in this environment. And we would submit that a portion of Amtrak’s security needs should be borne by the Department of Homeland Security because Americans expect leaders of government responsible for our homeland security to ensure our passenger rail system receives the federal resources it needs to address security threats and vulnerabilities. A cash-starved Amtrak cannot meet these important homeland security objectives without adequate federal assistance.

Labor-management relations at Amtrak have eroded significantly. Most of Amtrak’s employees are now entering their eighth year without a general wage increase and have seen their employer, especially its Board of Directors, turn on them repeatedly. Meanwhile, because of the processes under the Railway Labor Act (RLA), collective bargaining agreements do not expire but become amendable at a certain date. In other words, if no new agreement is entered into by labor and management, the current contract remains in place interminably. That is exactly what has happened at Amtrak and, frankly, the company’s negotiators have stonewalled and refused to engage in any meaningful negotiations. The result is that Amtrak workers, already the lowest paid in the industry, continue to fall further behind their counterparts in the freight and commuter railroads who make up to 20 percent more in comparable jobs.<sup>2</sup> Members of the Committee, I am concerned that if this trend continues we will see more and more Amtrak employees leave their positions for more attractive jobs with the freight and commuter carriers.

I am heartened by the public comments of the new Amtrak President and CEO who has formally declared (in Amtrak’s budget submission to Congress) that the settlement of collective bargaining agreements is one of his seven priorities for the coming year. Hopefully, Mr. Kummant will repair the badly ruptured labor-management relations he inherited last year when he accepted the

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<sup>2</sup> In 2003, the rail unions released a study on Amtrak wage data prepared by expert labor economist Thomas Roth. It definitively showed that that labor costs at Amtrak, including wages and benefits, have remained constant over 21 years and have actually declined in real dollars; wages have also been well below the prevailing rates of those working in the freight and commuter rail industry.

CEO position. While Mr. Kummant's public position is a welcome departure from past Amtrak management teams, it is time to move beyond the rhetoric and finally resolve the bargaining stalemate that is making it nearly impossible for labor and management to work together towards making Amtrak the world's finest passenger rail system. We hope this Committee will insist that new contracts get settled and that Amtrak stop this cycle of securing federal funding but refusing to provide its workforce with – as Mr. Kummant wrote – “reasonable wage increases.”

There have also been attempts over the years to contract-out jobs at Amtrak to the lowest-bidder with little regard for the impact such a move would have on delivery of vital services. There are also safety and security questions raised when on-board positions and maintenance posts are targeted by the drive to outsource. And history is replete with examples of badly botched contracting out plans that paint a sad picture of incompetence, mismanagement and shabby service. In last year's Committee passed bill, Senators Murray and Byrd inserted language that would have prevented Amtrak from using federal money to outsource work overseas. We supported this language but more broadly would urge the Committee to monitor closely any attempts by Amtrak to pursue reckless outsourcing initiatives that jeopardize service, security, safety and jobs.

Of course, there are those that still believe Amtrak should somehow “turn a profit” or only offer service that is “commercially responsible.” Others believe private companies should be permitted to cherry-pick the most lucrative parts of Amtrak's national system such as its Northeast Corridor, jettison the rest and leave the states to fend for themselves. Great Britain tried this approach and failed miserably. We reject these propositions and fortunately, so do a substantial majority in Congress.

As public transportation privatization scholar Elliot Sclar wrote:

Proposals to privatize Amtrak rest on hopes that its deficits can be eliminated. But privatization will not cut the operating deficit unless it shrinks passenger rail service. And far from yielding more efficient operation, privatization will make Amtrak more cumbersome. That is the primary lesson of Great Britain's recent experience with privatization and reorganization.<sup>3</sup>

Amtrak is part of our vast network of publicly supported transportation services. No mode of transport in America can succeed without some form of public subsidy. This is the standard worldwide. Economic powers and emerging nations around the globe spend billions on passenger rail because they know that a strong economy is dependent on a strong transportation system and infrastructure. There is no substitute for a transportation system that can move our people and goods safely and efficiently.

Amtrak should be efficient, it should recover as much as possible from the fare-box (which it does), and it should offer the best service at the most reasonable price. But in the end, Amtrak will always need substantial public support—as does our aviation and air traffic control system, our mass transit and commuter rail systems, our ports and our highways, and America's entire public infrastructure.

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<sup>3</sup> Amtrak Privatization: The Route to Failure. Elliot D. Sclar. 2003. Economic Policy Institute.

It is time for Amtrak to receive the resources it needs to succeed. And that investment must recognize that the cost of doing business as America's national passenger railroad includes paying fair wages to Amtrak's 20,000 workers.

Thank you for the opportunity to testify this morning. TTD and our members unions look forward to working with you throughout the FY 2008 appropriations process. I would be happy to answer any questions the Committee may have.