

Disturbing questions about Amtrak need answering.

Amtrak was established in 1970 to take over intercity passenger trains the railroads wanted to discontinue due to declining ridership and heavy financial losses. With an initial federal grant of \$40,000,000—plus three years of payments from the railroads totaling \$197,000,000 and government guarantee of \$100,000,000 for loans—Amtrak began operations May 1, 1971 under an act declaring that "the corporation shall be a for profit corporation."

Since then, the notion that Amtrak could ever be self-sustaining has proved an expensive fallacy. Amtrak has been an extravagant investment in nostalgia. Progressively larger subsidy transfusions have been administered, to the detriment of the nation's privately owned, taxpaying intercity bus companies.

These bus companies have not urged and do not seek elimination of Amtrak. They consider it proper for assistance to be provided for *essential* intercity passenger trains, but not for service failing to meet any recognized test of public convenience and necessity. Bus companies have no fear of competition—provided it's fair.

But privately owned bus companies, like other private enterprises, cannot long survive extensive head-to-head competition financed by the federal government. That is why the nation's intercity bus companies are deeply concerned about their ability to compete with the subsidized operations of Amtrak, which is not required to live within its means or to charge fares that cover its costs.

For further information, please contact:

NATIONAL ASSOCIATION OF MOTOR BUS OWNERS

1025 Connecticut Avenue, Washington, D.C. 20036
Telephone (202) 293-5890

"The public's right to know--about AMTRAK"



PUBLISHED BY

NATIONAL ASSOCIATION OF MOTOR BUS OWNERS

Q. Is Amtrak a substantial burden for taxpayers?

A. Most definitely. For the fiscal year ended June 30, 1975, Amtrak reported having had a deficit of \$313,000,000. Its projected deficit for the current year, which ends June 30, 1976, is \$350,000,000; during the following 15 months (ending September 30, 1977), it expects to lose \$520,000,000. Since Amtrak's inception, the following federal subsidies have been granted (appropriated by Congress) in addition to authorization for guaranteed loans totaling \$900,000,000, none of which Amtrak will be able to repay:

Year ended June 30, 1971	\$ 40,000,000
1973	170,000,000
1974	149,100,000
1975	276,500,000
TOTAL =	\$635,600,000

(In addition, legislation was passed in September, 1975, appropriating \$566,500,000 *more* for the period ending September 30, 1976. But a committee of the U.S. Senate said the cost estimates were "probably on the low side and a supplemental request at some future time is likely.")

Q. Why is Amtrak experiencing these deficits?

A. In part, because Amtrak does not charge its riders enough on fares to cover its cost of operation. The average amount Amtrak charged to transport a passenger one mile was 5.2 cents in calendar 1974, whereas the total cost to Amtrak of providing that service was actually 10.8 cents. The difference, multiplied many times by the number of passengers and mileage, is made up in subsidy.

Q. Does this show any signs of changing?

A. This is what a committee of the U.S. House of Representatives stated in July of 1975: "The committee is concerned about Amtrak's increasing inability to cover operating costs with passenger revenues. Amtrak will sustain an estimated loss of 6.7 cents per passenger-mile in fiscal year 1975."

Q. Is rail passenger service a lower-cost mode of travel than transportation by bus?

A. In areas such as the Northeast Corridor where passenger traffic is heavy, passenger train service

does not suffer from substantial cost disadvantage. But where trains carry the equivalent of only one to four busloads of passengers, as many Amtrak trains do, buses enjoy a substantial economic advantage. For example, the average cost of actually operating Amtrak trains in 1974 was \$17.60 per train-mile, as compared with a cost of only 96.9 cents per bus-mile.

Q. Does Amtrak provide transit service and thereby relieve congestion by taking commuters off highways?

A. No. Amtrak is not responsible for providing commuter service. The act creating Amtrak charges it with providing intercity railroad passenger service, which is defined in this connection in the act as "all rail passenger service other than (A) commuter and other short-haul service in metropolitan and suburban areas."

Q. Are intercity bus operators subsidized?

A. No. Intercity bus companies pay taxes levied by federal, state and local governments for use of the highways—a total of about \$39,500,000 in 1974. These user taxes cover the bus lines' share of highway costs determined in light of the "Supplementary Report of the Highway Cost Allocation Study" published in February, 1965, by the U.S. Bureau of Public Roads, now the Federal Highway Administration. Intercity buses make particularly heavy use of toll roads, paying about \$7,500,000 annually in tolls, in addition to the taxes noted above.

Q. Why should small towns and rural areas be particularly concerned about Amtrak subsidies?

A. Thousands of small communities throughout the United States are served by bus routes on which traffic is thin at best and profits are marginal or non-existent. Continuation of such service is frequently possible only because of profits obtained from through service between larger communities and from other bus services like charter operations and transportation of package express. Erosion of bus traffic on routes served on a subsidized basis by Amtrak will result in reduction or termination of bus service to hundreds of communities not served by Amtrak.

Q. How do Amtrak and bus service compare nationwide?

A. Amtrak reports that it serves 457 stations. The "Official Bus Guide" lists approximately 15,000 communities having scheduled bus service. More than 14,000 of those have no other scheduled public passenger transportation service available.

Q. How about energy?

A. A report to Congress by the U.S. Department of Transportation shows that a loaded intercity bus gets 282 passenger-miles per gallon of fuel, whereas with few exceptions Amtrak diesel-powered trains get from 50 to 250, even when fully loaded. ("The Rail Passenger Service Act of 1970, Report to Congress, 1974.")

Q. How about safety?

A. All three modes—bus, plane and Amtrak—have superlative safety records, especially when compared to the private automobile. In the three-year period 1971-73, the passenger fatality rate on buses of the Class I carriers was 0.14 per 100,000,000 passenger-miles. The comparable figure for automobile riders was 1.8.