

Testimony of
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Before the
United States House of Representatives
House Committee on Transportation & Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials

**“Amtrak and Intercity Passenger Rail Oversight:
Promoting Performance, Safety, and Accountability.”**

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Good afternoon, Chairman Nehls, Ranking Member Wilson, and members of the Subcommittee.

I am Tony Coscia, Chairman of the Amtrak Board of Directors. I have been a member of Amtrak's Board since 2010 and its chairman since 2013. While I am grateful for your invitation to speak with you today, it saddens me to not see Congressman Donald Payne, the great Member from the Congressional district adjoining mine who was also my friend.

Amtrak has come a long way since 2010. We serve many more passengers, have become more efficient, and are very mindful of our statutory directive to operate as a business while fulfilling our public service mission. Amtrak's Board has played an active role in the implementation of measures that have materially improved financial reporting and ensured that our audited financial statements are delivered in a timely fashion. Adoption of financial and accounting methods used by private sector companies with SEC-compliance responsibilities has made our financial reports much more transparent than at any time in the Company's history.

I am particularly pleased to be here following the Senate's recent confirmation of my nomination to serve a third term on Amtrak's Board. I am very excited about the opportunities the funding Congress provided in the Infrastructure Investment and Jobs Act, or IIJA. This historic investment in passenger rail will allow Amtrak to begin improving our infrastructure, facilities and equipment on the Northeast Corridor and National Network, grow ridership, enhance safety, build partnerships, and increase Amtrak's value in all parts of the nation.

The role of Amtrak's Board is to set corporate policy and oversee Amtrak's management. Just as the Board members of private companies represent shareholders, our job is to represent the interests of Amtrak's stakeholders, who include federal taxpayers, our customers, our employees, and our state partners, and to try to advance and balance their many interests and needs. IJJA funding, for which we are very grateful, has enormously increased the Board's oversight responsibilities and their importance. Amtrak's current Board, comprised of both long-serving members and very knowledgeable newly confirmed members, is well qualified for that task. I am hopeful that we will soon have a full complement of Board members to bring greater geographic diversity and additional perspectives and expertise to the Board.

One of the Board's responsibilities is to set management compensation policies. I know that questions have been raised about Amtrak's management incentive compensation program. That program, which bases a portion of managers' compensation on performance, was initiated in 2013 in response to a statutory recommendation and in conjunction with terminating Amtrak's very costly management pension and post-retirement benefit programs, which provided benefits regardless of Amtrak's performance.

Amtrak's ability to offer reasonable compensation packages to prospective employees, the vast majority of whom come from the private sector, allowed the company to attract a stronger management team that significantly improved financial performance prior to the COVID-19 pandemic. As Amtrak emerged from the first year of the pandemic, during which we suspended our incentive program and imposed mandatory salary cuts of up to 20% across all of management, and the Company assumed its greatly increased responsibilities under the IJJA,

the management incentive program allowed us to rebuild our workforce and attract new employees with the expertise we needed. It bears noting that, even when potential performance-based payments under the management incentive program are taken into account, Amtrak's management employees, particularly at senior levels, generally earn much less than their counterparts in the freight railroad and other industries with which the company competes for talent.

If Amtrak didn't have the workforce required to manage and support multiple multi-billion-dollar capital projects, it would have to rely on high-priced consultant practices to do that for us. As someone with a lot of experience with mega projects – I chaired the Port Authority of New York and New Jersey while it was rebuilding Lower Manhattan after 9/11 – I can attest that relying on consultants would be much more costly to taxpayers and would greatly increase project risks, as the experience of rail and transit projects overly dependent on consultants has demonstrated.

Amtrak's Board recognizes that the IIJA and the funding it provides increase the need for accountability and transparency. Amtrak has adopted expanded internal audit and compliance programs and an enterprise risk management system, new project controls and estimating functions, and at the Board's direction enhanced Amtrak's collaboration with Amtrak's Office of Inspector General. We hold three Board sessions each year with the general public, the labor unions representing our employees and the disabled community, and Board members also engage regularly with many stakeholders. Because Amtrak operates as a business, unlike public agencies, it has commercially sensitive information that must be protected to avoid competitive

and financial harm. Amtrak's transparency regarding its finances and operations is evident from a review of the many detailed reports we regularly produce and post on our website, which can be found at <https://www.amtrak.com/about-amtrak/reports-documents.html>.

I will close by acknowledging that, when it comes to intercity transportation, those of us who live along the Northeast Corridor are very fortunate. Due to the federal investment in passenger rail in that Corridor, someone traveling from Washington to Northern New Jersey where I live doesn't have to spend hours in traffic along Interstate 95, or make their way to the airport to line up for security and sit in a long queue of planes awaiting takeoff. Instead, they can hop on an Amtrak train at Washington Union Station, work without interruption, and in less than three hours be dropped off 200 miles away near their homes.

I believe those who live elsewhere in the United States should have the option of traveling by train as well. That's why I support targeted expansion of Amtrak's National Network, and partnerships between Amtrak and its state partners and host railroads to bring high-quality intercity and high-speed passenger rail service to the places throughout the country where it is badly needed. As the members of Congress look towards reauthorization of surface transportation, I hope they will decide that intercity passenger rail service should be an important mode in our transportation system *throughout* the United States, and will provide the resources to allow Amtrak and its partners to make that vision a reality.

I thank you for your time and will be happy to answer your questions.