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William J. Flynn
President and Chief Executive Officer

May 25, 2020

The Honorable Michael Pence
President of the Senate
U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House of Representatives
U.S. Capitol
Washington, DC 20515

Dear Mr. President and Madam Speaker:

As Amtrak's new President and Chief Executive Officer, I write today to thank you for including Fiscal Year 2020 emergency funding in the CARES Act and to ask you to provide greater support for our company, our hardworking employees, and the communities we serve in Fiscal Year 2021. As the severity and duration of this pandemic and its economic fallout become clearer, we are seeking supplemental federal funding for the next fiscal year, either through a supplemental appropriations bill responding to the COVID-19 crisis or the annual Transportation, Housing, and Urban Development, and Related Agencies Appropriations bill being developed for Fiscal Year 2021.

In 2019, Amtrak and our state partners carried more than 32 million passengers. With strong ridership and revenue levels in the first quarter of FY 2020, Amtrak was on track for another record-breaking year. However, as communities across the country have taken measures to "flatten the curve" of COVID-19 infections, hundreds of millions of Americans have reduced their travel. Amtrak – like all other modes – has now seen a dramatic decline in demand for service. Today, many of our routes are struggling to reach ten percent of the ridership levels we had only months ago. While we work towards a full recovery one day, our current projections tell us that we expect to see ridership drop by approximately 50%, down to just over 16 million riders in FY 2021.

In February of this year, as Amtrak was on track to have its first break-even year in the company's history, Amtrak transmitted its annual grant request to Congress and asked for $2.040 billion for the Northeast Corridor (NEC) and National Network. This request was based on our projected needs before COVID-19. However, based on Amtrak's most recent revenue and ridership forecasts, we now project that an additional $1.475 billion in supplemental funding is needed for FY 2021 in order to maintain minimum service levels across our network, provide funding to Amtrak in lieu of state and commuter payments that will be difficult for our partners to provide, and continue our program of capital investment for the future.

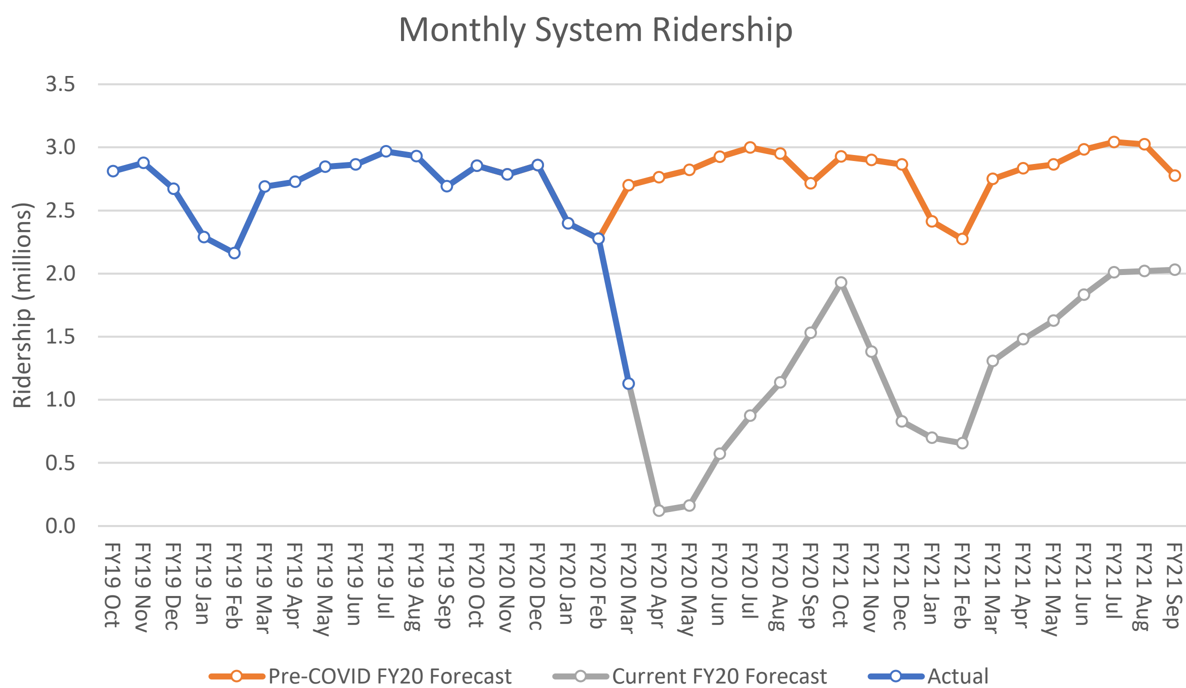
	Amtrak FY21 Grant Request	**Supplemental FY21 Request due to COVID-19**	**Total**
Northeast Corridor	$714 million	$909 million	**$1.623 billion**
National Network	$1.326 billion	$567 million	**$1.893 billion**
Total	**$2.040 billion**	**$1.475 billion**	**$3.515 billion**

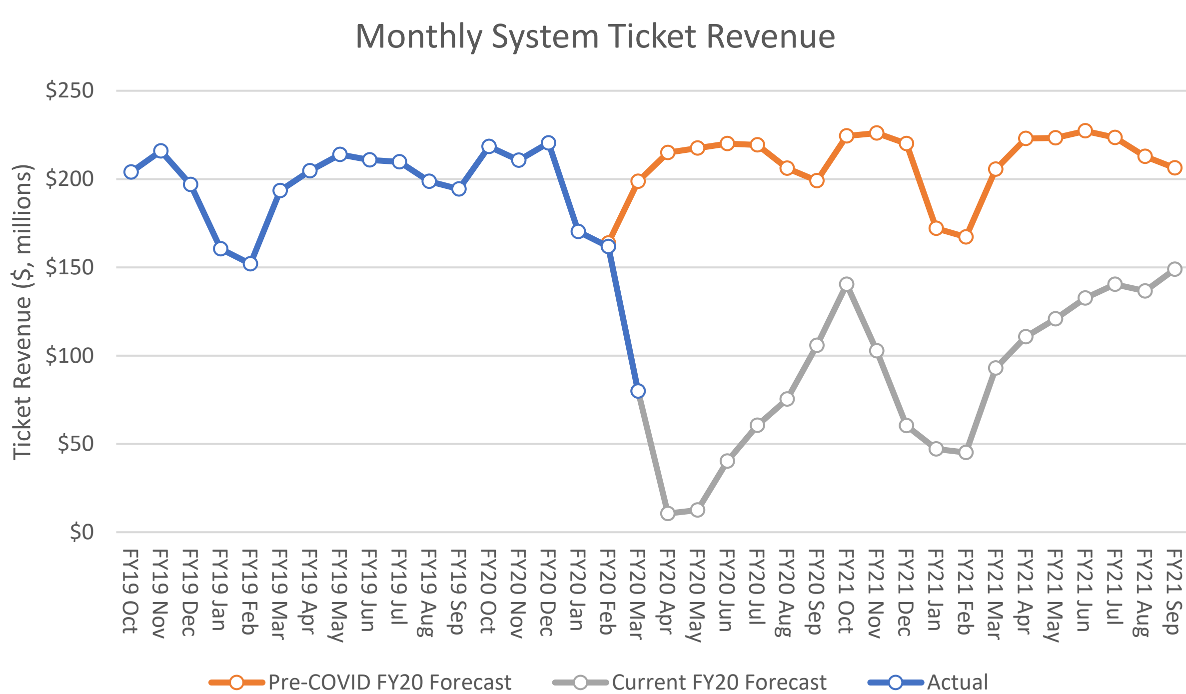
The $1.475 billion in supplemental funds for Amtrak and our partners breaks down as follows:

Category	**Amount ($, millions)**
Northeast Corridor	737
National Network: State Supported	100
National Network: Long Distance	151
Total Amtrak	**987**
Funds in lieu of Sec. 209 state payments	260
Funds in lieu of Sec. 212 commuter capital payments	229
Total Supplemental Federal Funds Requested	**1,475**
Note: Numbers may not add due to rounding.	

Ridership and Revenue Projections

Amtrak now projects that a full year 50% reduction in system-wide revenue is a prudent estimate for FY 2021 compared to our original projections for the year. While generating estimates of future demand is incredibly challenging, given the unprecedented nature of our current circumstances and the unknowable trajectory of the pandemic, the data available to us support this assumption. Current demand is running around 5% of normal, but we know from recent polls that approximately half of those surveyed expressed reluctance to ride a train in the next six months, and that more than a third said it would be more than a year before they would do so. Most demand predictions anticipate a second wave of COVID-19 impacts in the fall, and that further complicates any forecast. Furthermore, when demand returns, we anticipate that changed behaviors, such as increased telework and reduced discretionary income, will likely impact ridership, along with capacity limits that may be needed to achieve social distancing on our trains. Below are two graphs that illustrate Amtrak's system ridership and revenue projections in FY 2020 and FY 2021, comparing actuals to date, our original forecasts (pre-COVID-19), and our latest May forecast.





This sustained reduction of revenues will require Amtrak to reduce its capacity and expenses significantly to avoid enormous losses and protect funding for our critical capital needs.

(in millions)	Actual FY19	Projected FY21	FY21 vs. FY19
Revenue	$3,323	$1,635	($1,687)
Expense	$3,352	$3,026	($326)
Adjusted Operating Loss	($29)	($1,390)	($1,361)
Operating Margin Loss	(1%)	(85%)	

Resulting Actions

Amtrak is preparing to take significant steps to help offset the impacts of these revenue losses by reducing operating costs by approximately $500 million in FY 2021; roughly $150 million will be due to reduced frequencies and capacity (i.e., fuel, power, materials, commissary provisions, and other non-labor reductions) and $350 million will be from adjustments to our workforce. To do so, we plan to use all available tools including reducing train frequencies across our system, restructuring our workforce, and controlling discretionary expenses. Without such actions, our request to Congress will correspondingly increase and given the dramatic funding needs across all Federal programs as a result of the pandemic, we understand that we must take whatever responsible steps we can to lessen this need.

Included in these FY 2021 actions is shifting nearly all Long Distance routes to less-than-daily service and significantly reducing NEC frequencies to match capacity more closely to demand, assuming the additional requested supplemental funds are provided. As demand returns to pre-COVID levels, we would expect to restore frequencies for both our Long Distance and NEC service, subject to adequate funding. For State Supported services, Amtrak anticipates reduced services across many corridors and is working with our state partners to define what level and type of service is provided in FY 2021. While our states partners will ultimately make these decisions in coordination with us, many of them have been clear that they will not be able to maintain currently reduced service or resume suspended service without supplemental funding. A route-by-route view of anticipated service levels in FY 2021 is provided in Appendix 1.

To achieve a resized workforce beyond levels achieved through normal attrition and restrictions on hiring, a full range of options are under consideration including: retirement and voluntary separation incentive programs; unpaid time off; extended salary and benefit reductions; furloughs; and involuntary separations. Such options and impacts would apply to both labor and management positions, in nearly every department in the company.

While we aim to reduce our operating expenses and to conserve cash where we can, we believe it remains critical to advance a reduced, but strong capital program to address our critical fleet needs and the state of good repair backlog on the Northeast Corridor, which the NEC Commission assesses as approximately $42 billion, while also seeking opportunities to execute capital work where reduced train schedules create unparalleled opportunities to increase productivity and advance core projects. In our most recent five-year plans, which we transmitted to Congress in February, we projected a $3.66 billion capital spend plan for FY 2021; however, we have already reduced this planned investment down to approximately $2.5 billion for the fiscal year. After decades of underfunding, Amtrak is finally undertaking major fleet programs and major infrastructure renewal projects that are critical to our long-term future. We must continue to advance these so that, upon recovery, we are in a position to grow our business and reliably serve the nation.

Towards this end, Amtrak's projected cash on-hand at the end of FY 2020 of $3.478 billion, spread between our NEC and National Network accounts, is committed to fund such capital projects, including our fleet acquisition programs, the Gateway Program, and our state of good repair program. Additionally, roughly $713 million of this amount is restricted for particular uses by statute or contract, including $65 million for ADA compliance, $43 million for *Southwest Chief* improvements, and $150 million for safety technology improvements on certain State Supported routes.

It is possible to further reduce our FY 2021 $2.5 billion capital plan by as much as $100 million, but we would not recommend doing this, as further reductions would erode our capacity to address the longstanding need to improve the safety, reliability and condition of our aged assets and deny the economy vital spending that can help rebuild our economy and jobs. For instance, redeploying $100 million of our previously-committed capital would mean deferring: catenary upgrades near Trenton, New Jersey; the acquisition of heavy rail maintenance equipment; station repairs and improvements in New Carrollton, Maryland; yard improvements in Philadelphia, Pennsylvania; upgrades on the Empire Line; SOGR work at Chicago Union Station; and refreshes of our Long Distance fleet. Larger amounts of redeployment would directly threaten our upcoming commitments, such as an active order for new diesel locomotives, our procurement to replace the nearly 50-year old Amfleet I passenger car fleet, and advancing critical Gateway investments we plan to make next year.

In summary, after our "self-help" cost reduction activities, Amtrak will need the additional $1.475 billion outlined in this request, on top of Amtrak's initial $2.040 billion request, for a total FY 2021 grant request of $3.515 billion. Without this support, Amtrak will be unable to maintain the minimum services levels we have described, address our longstanding capital needs, or help cover state and commuter payments required to Amtrak under Sec. 209 and Sec. 212 of PRIIA, as described below. Moreover, without this funding, we will be forced to make even more severe adjustments to our workforce, train services, and commitments to critical capital projects than those described above.

Section 209 State Payments
State Supported services represent nearly half of our ridership and have been the biggest source of network growth over the past decades. Most of these services required years of public planning, complicated negotiations with host railroads, and significant State and Federal investment to launch and expand. Preserving them and the unique role they play in supporting shorter-distance intercity travel – especially in the face of likely significant reductions in regional air service – is critical to Amtrak's future. Additionally, beyond the impacts to any one state or region from a loss of service, the elimination of any of the state services would result in increased costs to the remaining services, as common network costs are reallocated, further increasing the financial pressure on the states that wish to continue their rail service.

The $260 million in lieu of state payments would support the operations of the 28 State Supported routes under the cost sharing structures established in Section 209 of PRIIA. The states that partner with Amtrak fund their portion of the associated costs with a combination of passenger revenue and state funding, which averaged to a 70/30 split between these funding sources in FY 2019. Due to the reduced passenger revenues now projected to continue into FY 2021, significant increases in state payments will be required if these services are to continue at or near current levels, or in some cases, at all. Consistent with the way Congress provided assistance to the states through us in the CARES Act, Amtrak and its PRIIA Section 209 partner states are again seeking Congress's support for Amtrak's State Supported services.

"Our system connects rural communities and mid-sized cities in Maine and New Hampshire with Boston – the economic center of New England," explained Patricia Quinn, Executive Director of the Northern New England Passenger Rail Authority (NNEPRA), in support of this request. "Without enough emergency funding to stabilize our service through this crisis, the future of our vibrant passenger rail service and the communities it serves are at risk."

Based on current projections, $260 million is requested in lieu of state payments for FY 2021 and for the purposes of this request, we used the formula adopted in the CARES Act capping the states' 209 billings from Amtrak at 80% of what they were billed in FY 2019. This request recognizes the budget constraints and difficult times the states face. Amtrak and its state partners are working well together to implement the supplemental federal funds provided under the CARES Act, which we anticipate will be sufficient to support these services through FY 2020. For this FY 2021 request, Amtrak and its state partners continue to refine the best way to receive and implement supplemental federal funds, but it is clear that additional funds are needed to support the 209 states at this difficult time. We will keep Congress updated as it considers this request for funds and may offer further refinements in the mechanism to support this need as we work with our state partners on the best way to help them in this time of crisis. Below is a summary of how we arrived at the $260 million figure:

Initial Projections for State Supported Service in FY 2021								
Sec. 209 State Charges			**State Billing Capped at 80% of States' Payments in FY19 (consistent with CARES Act)**			**Requested Federal Funds in lieu of State Payments**		
Operating	**Capital**	**Total**	**Operating**	**Capital**	**Total**	**Operating**	**Capital**	**Total**
$435m	$60m	$495m	$187m	$48m	$235m	$248m	$12m	$260m

In support of additional funding, North Carolina Department of Transportation Secretary J. Eric Boyette said, "North Carolina has a long history of investing in passenger rail service, understanding its value as a safe and efficient transportation option. COVID-19 has impacted the country and North Carolina in ways we have never seen. Without additional resources, our ability to provide passenger rail service and get people where they need to go is at stake."

"We've been forced to make the difficult decision to suspend service but we know that when normal life resumes, these trains will be a critical part of transportation network and regional mobility," explained Arun Rao, Passenger Rail Manager for the Wisconsin Department of Transportation, as to why additional funding is so important. "Ridership and demand for service has been growing year after year because of the reliability and frequency of the service. In addition to the *Hiawatha* Service, the *Empire Builder* provides essential transportation across Wisconsin serving six communities, and we emphasize the need for the *Empire Builder* to continue to serve the state."

Section 212 Commuter Capital Payments to Amtrak

PRIIA also established a cost-sharing structure for Amtrak and our NEC commuter partners for access to shared infrastructure. Under the NEC Commission's cost allocation policy developed pursuant to Section 212 of PRIIA (section 24905(c) of title 49), Amtrak and the states with commuter rail service operating on the NEC pay fully allocated operating costs and Baseline Capital Charges (BCCs). BCCs cover normalized replacement of basic infrastructure assets. Consistent with congressional intent in the CARES Act to help states meet their financial obligations, Amtrak and its NEC state and commuter railroad partners are requesting federal assistance for FY 2021 to support the BCC payments owed to Amtrak. Based on current projections by the NEC Commission, $229 million is requested in lieu of the commuter payments to Amtrak to defray the states' capital obligation.

Projected Baseline Capital Charges to Amtrak (FY 2021)	
New Jersey Transit	$117.15 million
Southeastern Pennsylvania Transportation Authority	$45.07 million
Metropolitan Transportation Authority – Long Island Rail Road	$28.33 million
Maryland Transit Administration – Maryland Area Regional Commuter	$18.97 million
Hartford Line (Connecticut Department of Transportation)	$6.85 million
Shore Line East (Connecticut Department of Transportation)	$4.72 million
Delaware Transit Corporation	$2.86 million
Rhode Island Department of Transportation	$2.25 million
Massachusetts Bay Transportation Authority	$1.66 million
Virginia Railway Express	$0.66 million
Total	**$228.51 million**

In support of this request, Joe Giulietti, Commissioner of Connecticut Department of Transportation explained, "This capital funding will help Amtrak and the Northeast Corridor states and commuter authorities continue progress towards improving state-of-good-repair on the Northeast Corridor which typically carries over 800,000 people per day. Without it, we risk falling further behind and undermining the stability of the Corridor's capital program – negatively impacting jobs and future service reliability."

The BCCs invested by Amtrak and state and commuter rail partners in the NEC represent a regional partnership unlike any other. While the BCCs are not sufficient to build the Corridor of the future and eliminate the state-of-good-repair backlog, they represent an important first step in tackling the NEC's infrastructure needs. Reducing capital investment now would set back the regional partnership developed over the previous decade and would result in less frequent and less reliable intercity and commuter service for the people and businesses who depend on rail service.

"Ensuring continued and sufficient capital investment in the Northeast Corridor is critical to the region's recovery and long-term economic health," explained New Jersey Transit Executive Director Kevin Corbett. "At a time when states and transit agencies are facing unprecedented budget pressures just to maintain operations, we simply can't afford to stop investing in the very infrastructure required to provide safe and reliable rail service for all the customers we serve."

In addition to the federal funds for FY 2021, Amtrak has also identified legislative proposals in response to the current pandemic:

- **Deferral of RRIF Loan Payments** – Amtrak is financing the acquisition of 28 Next Generation High Speed Trainsets and construction of related projects for its *Acela* service with a $2.45 billion Railroad Rehabilitation and Improvement Financing Loan issued by the U.S. Department of Transportation (DOT). Plans call for the trainsets to begin entering service in 2021, and completion of the order and construction of related projects will continue into 2023. Amtrak is required to begin making debt payments of $140 million annually, which Amtrak intends to fund out of increased revenues resulting from the trainsets' operation, in September 2022, and is permitted to draw down loan funds to pay for the trainsets and related construction projects until August 2023. As a result of COVID-19, the manufacturer of the trainsets and other suppliers experienced disruptions and delays that Amtrak is continuing to assess. Consequently, delivery of the trainsets may be impacted and trainset construction may not be completed by August 2023; and the additional revenues from the trainsets' operation could correspondingly be delayed due to late delivery and reduced travel demand initially as a result of the economic impacts of COVID-19. Therefore, Congress should authorize DOT to modify loan terms to allow Amtrak, and other recipients of RRIF loans impacted by COVID-19, such as regional public transportation authorities that have used RRIF loans to fund installation of positive train control, with additional time to begin repaying loans and to draw down funding, with the deferred payments and interest added to the outstanding balance that will ultimately be fully repaid by the borrowers.

- **State Flexibility for Federal Funds** – States are prohibited from using funds authorized for the Highway Trust Fund (HTF) for intercity passenger rail capital projects even if such projects would produce greater mobility, environmental, and other public benefits than equivalent expenditures for highway projects. Historically, the justification given for this prohibition was that the HTF was funded by gasoline, diesel fuel, and other taxes paid by highway users. However, since 2008 these taxes have been insufficient to fund fully the amounts authorized for HTF expenditures, requiring Congress to appropriate general taxpayer revenues to cover the growing gap between authorized expenditures and insufficient highway user fee revenues. To date, Congress has authorized $144 billion in general revenues for the Highway Account and will have to continue to do so unless highway user fees are increased once again to generate sufficient revenues to fund Highway Account expenditures. As a result, there is no longer any basis for the prohibittion on using Highway Account funds for intercity passenger rail capital projects with respect to the portion of Highway Account funds provided by general revenues. Therefore, Congress should empower states to flex the portion of Highway Account funds they receive that are funded out of general revenues for intercity passenger rail capital projects that they determine would provide greater benefits than equivalent expenditures on highways. This change would have no effect on the funding for or authorized uses of the Mass Transit Account of the HTF, which provides funding for transit and rail projects other than intercity passenger rail.

It is clear that Amtrak faces daunting challenges in Fiscal Year 2021, which will require us to take action to protect our rail network, our critical capital assets, and the livelihoods of our employees. With the Federal Government's continued support, I am confident that Amtrak can minimize the negative impacts I discussed in this letter and eventually Amtrak will be able to return as a company of growth and improvement as we have demonstrated over the past decade. We understand how important Amtrak service is to the nation and, particularly, small communities across the nation where we play a unique role in connecting these communities to the rest of America. To that end, Amtrak wants to partner with Congress, our state and commuter partners, and other stakeholders broadly on how we can assist with America's recovery, including helping the more than 500 communities we serve from coast to coast. Please know that Amtrak stands ready to do its part to help this nation make a comeback.

Thank you again for your trust and support. I look forward to working with you.

Sincerely,

William Flynn

William J. Flynn
President and Chief Executive Officer

Appendix 1

Potential Operational Impacts in FY 2021				
Service	**FY 2019 Baseline (Approximations)**	**FY 2020 Change (Due to COVID-19)***	**FY 2021 with No Supp. Funds**	**FY 2021 with Supp. Funds**
Northeast Corridor				
Acela	14 RTs daily	Susp. 3/23-6/1; then reduced service	greatly reduced service	moderate-normal service
Northeast Regional	19 RTs daily	reduced service	reduced service	moderate-normal service
State-Supported				
Adirondack	1 RT daily	Suspended	With no supplemental FY21 funding, many services will be suspended or operating on a skeleton schedule. Several services would likely be shut down entirely, and in the event that they were later able to restart, they would require significant resources to do so. Many of Amtrak's Sec. 209 state partners have stressed the need for federal funds in lieu of state payments.	With the requested supplemental FY21 funding, most, if not all, of the Sec. 209 services will resume. However, some services are likely to operate on a reduced schedule for some of FY21.
Blue Water	1 RT daily	minimal change		
Capitol Corridor	14 RTs daily	reduced service (partly suspended)		
Carolinian	1 RT daily	Suspended		
Cascades	6 RTs daily	reduced service (partly suspended)		
Downeaster	5 RTs daily	Suspended		
Empire Service	9 RTs daily	reduced service		
Ethan Allen Express	1 RT daily	Suspended		
Hartford Line (Amtrak)	7 RTs daily	reduced service		
Heartland Flyer	1 RT daily	minimal change		
Hiawatha	7 RTs daily	Suspended (stops added to *Empire Builder*)		
Illini / Saluki	2 RTs daily	reduced service		
Illinois Zephyr / Carl Sandburg	2 RTs daily	reduced service		
Keystone	12 RTs daily	Suspended		
Lincoln	4 RTs daily	reduced service		
Maple Leaf	1 RT daily	reduced service (partly suspended)		
Missouri River Runner	2 RTs daily	reduced service		
Pacific Surfliner	13 RTs daily	reduced service (partly suspended)		
Pennsylvanian	1 RT daily	Suspended		
Père Marquette	1 RT daily	Suspended		
Piedmont	3 RTs daily	reduced service		
San Joaquin	7 RTs daily	reduced service (partly suspended)		
Valley Flyer	2 RTs daily	reduced service		
Vermonter	1 RT daily	state-supported segment suspended		

Potential Operational Impacts in FY 2021				
Virginia Service (Newport News/ Norfolk/ Richmond/ Roanoke)	6 RTs daily	reduced service		
Wolverine	3 RTs daily	reduced service		
Long-Distance				
Auto Train	1 RT daily	minimal change	minimal change	no change
California Zephyr	1 RT daily	minimal change	service at risk	reduced service
Capitol Limited	1 RT daily	minimal change	service at risk	reduced service
Cardinal	3 RTs weekly	minimal change	service at risk	reduced service
City of New Orleans	1 RT daily	minimal change	service at risk	reduced service
Coast Starlight	1 RT daily	minimal change	service at risk	reduced service
Crescent	1 RT daily	minimal change	service at risk	reduced service
Empire Builder	1 RT daily	minimal change	service at risk	reduced service
Lake Shore Limited	1 RT daily	minimal change	service at risk	reduced service
Palmetto	1 RT daily	partly suspended	service at risk	consolidated with *Silver Service*
Silver Meteor	1 RT daily	minimal change	service at risk	consolidated with *Star, Palmetto*
Silver Star	1 RT daily	minimal change	service at risk	consolidated with *Meteor, Palmetto*
Southwest Chief	1 RT daily	minimal change	service at risk	reduced service
Sunset Limited	3 RTs weekly	minimal change	service at risk	reduced service
Texas Eagle	1 RT daily	minimal change	service at risk	reduced service

** "FY 2020 Change" column reflects service levels as of April 30, 2020.*