



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

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Chairman

Sam Graves
Ranking Member

Katherine W. Dedrick, Staff Director

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November 3, 2022

Mr. Anthony R. Coscia
Chairman of the Board
Amtrak
1 Massachusetts Avenue, NW
Washington, DC 20001

Dear Mr. Coscia:

We write requesting a staff briefing on Amtrak awarding six-figure bonuses to top executives paid largely from taxpayer funds, even while the company experienced historic financial and ridership losses. Last year Amtrak's senior executives received annual bonuses of more than \$200,000 each, representing more than 50 percent of their base salaries, despite dismal performance by the company.¹ According to *The New York Times*, Amtrak claims these executive bonuses were based on "metrics such as ridership, customer satisfaction and financial performance."² Yet Amtrak's adjusted operating earnings were negative \$789.1 million in Fiscal Year (FY) 2020 and \$1.03 billion in FY 2021.³ These historic losses were covered by roughly \$3.7 billion in taxpayer-funded COVID-19 bailouts given on top of Amtrak's yearly government subsidies.⁴ While Amtrak's top executives received generous financial rewards, front-line Amtrak employees who worked on the trains and in the stations received no such largesse. The president of the Transportation Workers Union, which represents Amtrak employees, sharply

¹ Ben Feuerherd, *Gravy Train: How Amtrak's 10 Highest Earners Raked in Six-Figure Bonuses*, N.Y. POST, Oct. 5, 2022, <https://nypost.com/2022/10/05/amtraks-10-highest-earners-raked-in-six-figure-bonuses/> [hereinafter *Amtrak Bonuses*].

² Mark Walker & Niraj Chomksi, *Amtrak Rewarded Executives With Six-Figure Bonuses as Rail Service Struggled*, N.Y. TIMES, Aug. 5, 2022, <https://www.nytimes.com/2022/08/05/us/politics/amtrak-executive-pay-bonus.html>.

³ AMTRAK, MONTHLY PERFORMANCE REPORT YTD SEPTEMBER FY2020 (2020), available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/monthlyperformancereports/2020/Amtrak-Monthly-Performance-Report-September-2020.pdf> [hereinafter FY 2020 REPORT]; AMTRAK, MONTHLY PERFORMANCE REPORT YTD SEPTEMBER FY2021 (2021), available at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/monthlyperformancereports/2021/Amtrak-Monthly-Performance-Report-September-2021.pdf> [hereinafter FY 2021 REPORT]; Jeff Davis, *Amtrak Concedes Perpetual \$1 Billion/Year Operating Loss*, ENO CTR. FOR TRANSP. (Apr. 21, 2022), available at <https://www.enotrans.org/article/amtrak-concedes-perpetual-1-billion-year-operating-losses/> [hereinafter *Amtrak Operating Loss*].

⁴ *Id.*

criticized the federally-funded executive bonuses by noting that “[t]his isn’t just an affront to Amtrak workers — every tax paying American should be livid.”⁵

Given Amtrak’s struggles are expected to continue indefinitely, we remain concerned about plans for awarding executive bonuses when the company expects billions of dollars in annual future losses. Amtrak Chief Executive Officer (CEO) Stephen Gardner—who received a bonus of over \$261,000 in 2021—confirmed in September that Amtrak’s recent operating losses are \$910 million and that the company will never achieve profit.⁶ Between FY 2019 and FY 2021, Amtrak’s total revenues declined by nearly 41 percent.⁷ And, its adjusted operating earnings losses increased by 3,356.4 percent and its net income losses increased by nearly 124 percent.⁸ In fact, Amtrak estimates that it will lose at least \$1 billion annually over the next five years, which will be heavily covered by taxpayer-funded appropriations.⁹

Moreover, total ridership levels declined by nearly 63 percent between FY 2019 and FY 2021. According to Amtrak’s most recent Monthly Performance Report, they remain 31.7 percent below equivalent levels for FY 2019.¹⁰ On the Northeast Corridor, ridership is 29.5 percent below equivalent levels, ridership on state supported routes is 31.75 percent below equivalent levels, and ridership is 23.7 percent below equivalent levels on long distance routes.¹¹

In addition, reported customer satisfaction on Amtrak remains below pre-pandemic levels. Amtrak’s own Monthly Performance Report shows a 7.5 percent decline in the Customer Satisfaction index between July 2019 and July 2022.¹² Intercity commuters have noted that trips have gotten more difficult, expensive, and harder to justify on a time and cost-effectiveness basis than alternatives, like one’s own vehicle.¹³ There are also reports of customer complaints related

⁵ *Amtrak Bonuses supra*, note 1.

⁶ *Investing in our Nation’s Transportation Infrastructure and Workers: Why it Matters: Hearing before the H. Comm. on Transp. & Infrastructure*, 117th Cong. (2022), available at <https://transportation.house.gov/committee-activity/hearings/investing-in-our-nations-transportation-infrastructure-and-workers-why-it-matters>.

⁷ AMTRAK, CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (2019), available at

<https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/financial/Amtrak-Audited-Consolidated-Financial-Statements-FY2019.pdf>; AMTRAK, CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2021 AND 2020 (2021), available at

<https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/financial/Amtrak-Audited-Consolidated-Financial-Statements-FY2021.pdf>.

⁸ FY 2021 REPORT *supra*, note 3; FY 2019 REPORT *supra*, note 3.

⁹ *Amtrak Operating Loss supra*, note 3.

¹⁰ AMTRAK, MONTHLY PERFORMANCE REPORT YTD JULY FY 2022 (2022), available at

<https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/monthlyperformancereports/2022/Amtrak-Monthly-Performance-Report-July-2022.pdf>; AMTRAK, MONTHLY PERFORMANCE REPORT JULY FY 2019 (2019), available at

<https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/monthlyperformancereports/2019/Amtrak-Monthly-Performance-Report-July-2019.pdf>.

¹¹ *Id.*

¹² *Id.*

¹³ Roger Morris, *Amtrak Gets Back on Track as Commuters Return*, DEL. BUS. TIMES, Apr. 21, 2022, <https://delawarebusinesstimes.com/news/amtrak-back-on-track-as-commuters-return/>.

to long distance services, with many customers facing cancellations or downgraded accommodations on trips booked months in advance.¹⁴

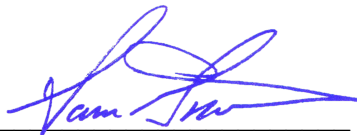
Payment of lavish executive bonuses when Amtrak services and revenues remain below pre-pandemic levels, and financial losses appear permanent, seem inappropriate, wasteful and disrespectful to Amtrak's nonexecutive front-line employees and taxpayers.¹⁵ These concerns are only exacerbated by the \$66 billion in guaranteed funding Amtrak received as a result of the *Infrastructure Investment and Jobs Act (IIJA)*, which should be spent on improving the existing system rather than needless expansions or excessive executive rewards.¹⁶

Accordingly, we ask Amtrak to provide the Committee with a briefing on the following questions no later than November 17, 2022:

1. The metrics on which performance bonuses are based.
2. How these metrics compare to similarly situated firms in the transportation industry and those that are substantially owned or financed by the Federal government.
3. The Amtrak Executive Board's role in determining and approving performance bonuses for executives.
4. Whether Amtrak employs an independent compensation committee to determine executive compensation, including performance-based bonus payments.
5. How Amtrak will measure performance compensation on projects and activities wholly funded by Federal tax dollars appropriated through the *IIJA*.

Thank you for your attention to this matter. If you have any questions and to schedule this briefing, please contact Mark Ratto, Republican Staff, on the Subcommittee on Railroads, Pipelines, and Hazardous Materials at (202) 225-9446.

Sincerely,



Sam Graves
Ranking Member
Committee on Transportation
and Infrastructure



Eric A. "Rick" Crawford
Ranking Member
Subcommittee on Railroads,
Pipelines, and Hazardous Materials

¹⁴ Jim Mathews, *Some Passengers Aren't Feeling Amtrak's Financial Recovery*, RAIL PASSENGERS ASS'N (July 29, 2022) available at <https://www.railpassengers.org/happening-now/news/blog/some-passengers-arent-feeling-amtraks-financial-recovery/>.

¹⁵ *Amtrak Bonuses supra*, note 1.

¹⁶ Madeleine Ngo, *Billions in Amtrak Funding Could Modernize Aging Rail System*, N.Y. TIMES, Dec. 20, 2021, <https://www.nytimes.com/2021/12/20/us/politics/amtrak-expansion-funding-infrastructure-bill.html>.