

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEBSITE: <https://commerce.senate.gov>

LILA HARPER HELMS, MAJORITY STAFF DIRECTOR
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June 11, 2024

The Honorable Anthony R. Coscia
Chairman and Director
National Railroad Passenger Corporation
1 Massachusetts Avenue NW
Washington, D.C. 20001

Dear Chairman Coscia:

We write with concerns over the level of bonuses awarded to top executives and management at Amtrak, especially given the railroad's dire financial state. C-suite executives of any other corporation that suffered over \$1 billion in annual losses would be fired. Amtrak, however, is rewarding them. These bonuses are particularly galling because they come at taxpayers' expense without Amtrak having achieved even satisfactory performance.

Every year since its creation in 1971, the National Railroad Passenger Corporation, commonly known as Amtrak, has operated at a loss, buoyed up by taxpayers. In fiscal year (FY) 2023 alone, Amtrak received more than \$11 billion from taxpayers.¹ In addition to the company's financial performance, FY 2023 ridership numbers remained below what they were in FY 2010.² Over the past three years, Amtrak's management has made multi-billion-dollar losses endemic, rendering the large bonuses awarded to managers by the Board in that same period difficult to justify.

Even when Amtrak has approached full farebox recovery of operating costs, it still lost money, as it did in FY 2019 when the railroad recorded a total net loss of over \$880 million.³ Since the pandemic, Amtrak's substandard financial performance has devolved further. Although ridership recovered with the lifting of pandemic restrictions, the railroad still incurred a net loss of roughly \$2 billion in each of the last three years. Indeed, Amtrak's net loss in FY 2023 was nearly double

¹ This sum includes FY 2023 annual appropriations, FY 2023 advanced appropriations from the Infrastructure Investment and Jobs Act, and awards benefitting Amtrak from FY 2023 advanced and annual appropriations under the Federal-State Partnership for Intercity Passenger Rail discretionary grant program.

² *Compare* Amtrak Route Ridership, FY23 vs. FY22 (Nov. 2023), <https://media.amtrak.com/wp-content/uploads/2023/11/Copy-of-FY23-Year-End-Ridership.pdf> with Amtrak Ridership, FY2000–FY2014, Bureau of Transportation Statistics (Dec. 22, 2015), https://www.bts.gov/archive/publications/pocket_guide_to_transportation/2016/2_Moving_People/table2_7_text.

³ Consolidated Financial Statements, Amtrak, Years Ended September 30, 2019 and 2018, With Report of Independent Auditors (Jan. 28, 2020), at 5, <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/financial/Amtrak-Audited-Consolidated-Financial-Statements-FY2019.pdf>.

its net loss in FY 2019 despite 88 percent ridership levels relative to FY 2019.⁴ Meanwhile, total bonus payments in FY 2023 amounted to roughly \$75 million, representing more than four percent of Amtrak’s net loss. The railroad has also awarded a greater number of large executive bonuses each of the last three years:⁵

Fiscal Year	Amtrak’s Net Loss	Executives with \$200,000+ in Annual Bonuses
2021	\$2.01 billion	10
2022	\$1.83 billion	11
2023	\$1.75 billion	14

We understand that Amtrak has been directed to develop an incentive pay program.⁶ But incentive pay must be earned based on performance. Neither financial performance, customer satisfaction, operational excellence, nor capital project success explains the bonuses the Board has awarded. Representatives of Amtrak’s union workforce have called the FY 2021 bonuses “exorbitant”⁷ and “an affront to Amtrak workers [and] every tax paying American.”⁸ Passenger advocates agree; according to press coverage, the head of the Rail Passengers Association believes bonuses should be tied to “bringing the company back to its prepandemic level and building up from there.”⁹ Because Amtrak’s performance has been poor over the last three years, particularly compared to its prepandemic performance, the Amtrak Board’s decision to continue awarding many bonuses in excess of \$200,000 is puzzling.

The Standing Rules of the Senate provide the Committee on Commerce, Science, and Transportation the authority to “review and study” transportation, including railroads, “on a continuing basis.”¹⁰ Therefore, we request an in-person briefing for our offices with you and Federal Railroad Administration (FRA) leadership to gain further insight into Amtrak’s

⁴ Compare Amtrak Route Ridership, FY23 vs. FY22 (Nov. 2023), <https://media.amtrak.com/wp-content/uploads/2023/11/Copy-of-FY23-Year-End-Ridership.pdf> with Amtrak Route Ridership, FY19 vs. FY18 (Nov. 2019), <https://media.amtrak.com/wp-content/uploads/2019/11/FY19-Year-End-Ridership.pdf>.

⁵ Per various briefings with committee staff, Amtrak awarded ten executive bonuses exceeding \$200,000 in FY 2021; eleven such bonuses in FY 2022; and fourteen such bonuses in FY 2023. Because FY 2023 also saw long-term bonus payouts for the FY 2021 to FY 2023 time frame, seven of the individual executive bonus totals exceeded \$400,000.

⁶ Pub. L. 110-432, § 223 (2008).

⁷ N.Y. Post Reports Amtrak Execs Net Big Post-pandemic Bonuses, SMART-TD (Oct. 11, 2022), <https://www.smart-union.org/n-y-post-reports-amtrak-execs-net-big-post-pandemic-bonuses/>.

⁸ 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/> (quoting TWU International President John Samuelsen).

⁹ Mark Walker and Niraj Chokshi, 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>.

¹⁰ S. Rules XXV(1)(f), XXVI(8)(a)(2).

performance and the justifications for the bonus awards. At the briefing, please be prepared to discuss:

- a. How the Amtrak Board sets metrics for Amtrak bonus awards that reflect meaningful performance goals, and what alternatives for incentive structures were considered and ruled out;
- b. How the Amtrak Board considers annual operating losses and net losses, and the proportionality of bonus awards when those awards are necessarily funded by federal taxpayers;
- c. How FRA provides oversight, if any, of Amtrak bonus awards through the annual federal grant process or other means; and
- d. How the Amtrak Board and FRA are encouraging efforts to reduce operating losses and net losses while honoring applicable legal requirements to operate Amtrak services.

Please work with our staff to schedule the requested briefing no later than July 12, 2024.

Thank you for your prompt attention to this matter.

Sincerely,



Ted Cruz
Ranking Member



Deb Fischer
United States Senator

cc: The Honorable Amitabha Bose, Administrator, Federal Railroad Administration