

AMTRAK'S BOTTOMLESS PIT

QUICK STATS

- ✘ **CONFERENCE:** Spending
- ✘ **TEAM:** Amtrak
- **FUMBLE:** Millions of dollars to subsidize Amtrak's food and beverage service
- **HOW TO RECOVER THE BALL:** Assess the source of financial losses and revise the food and beverage service model to meet the needs of Amtrak's customers



Photo: Twitter

Amtrak has an expensive appetite. Its food and beverage services operate at major losses each year, requiring taxpayers to pick up the difference. From 2006 through 2012, Amtrak suffered \$609 million in direct losses from these services alone.²⁷³ While Amtrak lost \$105.2 million in 2006 on these services, by 2012 losses were down to only \$72 million.

While the trend is headed in the right direction, the Amtrak IG identified some areas Amtrak has yet to truly address. For example 99 percent of revenue losses can be attributed to long-distance routes.²⁷⁴ Despite knowing this and despite a requirement that food and beverage

service not be provided at a loss,²⁷⁵ the company has yet to adjust the service level on these routes to meet rider demands. Amtrak also continues to staff at regular levels during seasons when ridership is traditionally low. Moreover, food and beverage staff are required to report to work one to five hours before departure time despite staff not needing that amount of time to perform required duties prior to leaving. All of this suggests that Amtrak does not fully understand its staffing needs, which leads to taxpayers unnecessarily picking up the tab for riders' meals.

RECOVERY

This train will continue down a track plagued by fiscal woes as long as subsidies prevent accountability for losses. In government reducing losses from \$105.2 million to \$72 million is unfortunately a step in the right direction. In business it is a step toward bankruptcy. Congress should work with Amtrak to require it to operate like a business. Business owners around the nation know that if they lose enough money, they will go out of business. Amtrak has unfortunately relied on federal funding so long that it has not moved quickly enough to correct its operations. Americans do not subsidize the food served on planes and should not subsidize the food on trains.

For more information, please visit:

[Amtrak OIG: Food and Beverage Service: Potential Opportunities to Reduce Losses](#)
[CRS Report: Issues in the Reauthorization of Amtrak](#)