United States General Accounting Office

GAO

Report to Congressional Committees

May 1998

INTERCITY PASSENGER RAIL

Financial Performance of Amtrak's Routes

GAO/RCED-98-151

GAO

United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-279203

May 14, 1998

The Honorable Richard C. Shelby
Chairman
The Honorable Frank R. Lautenberg
Ranking Minority Member
Subcommittee on Transportation
Committee on Appropriations
United States Senate

The Honorable Frank R. Wolf
Chairman
The Honorable Martin Olav Sabo
Ranking Minority Member
Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
House of Representatives

Since it began operations in 1971, the National Railroad Passenger Corporation (Amtrak) has never been profitable and has received about $21 billion in federal subsidies for operating and capital expenses. In December 1994, at the direction of the administration, Amtrak established the goal of eliminating its need for federal operating subsidies by 2002. However, despite efforts to control expenses and improve efficiency, Amtrak has only reduced its annual net loss from $834 million in fiscal year 1994 to $762 million in fiscal year 1997, and it projects that its net loss will grow to $845 million this fiscal year.[1] Amtrak remains heavily dependent on substantial federal operating and capital subsidies.

Given Amtrak's continued dependence on federal operating subsidies, the Conference Report to the Department of Transportation and Related Agencies Appropriations Act for Fiscal Year 1998 directed us to examine the financial (1) performance of Amtrak's current routes, (2) implications for Amtrak of multiyear capital requirements and declining federal operating subsidies, and (3) effect on Amtrak of reforms contained in the Amtrak Reform and Accountability Act of 1997. As agreed with your offices, we relied on Amtrak's financial data and performance measures to assess the performance of Amtrak's 40 routes. Furthermore, as agreed, we limited our review to the reforms contained in the Amtrak Reform and Accountability Act that repealed the statutory ban on contracting out work

[1]Amtrak defines net loss as its total expenses minus total revenues.

that would result in employee layoffs, except for food and beverage service; eliminated the statutory and contractual labor protection provisions associated with discontinuing passenger service; and established a $200 million limit on liability from a single accident or incident involving an Amtrak train.

Results in Brief

Amtrak spends almost $2 for every dollar of revenue it earns in providing intercity passenger service. Only the Metroliner's high-speed service between Washington, D.C., and New York City is profitable; all of Amtrak's other 39 routes operate at a loss. Financial performance measures highlight the problems that Amtrak routes generally are experiencing. For example, 3 Amtrak routes spent more than $3 for every dollar of revenue, and 14 routes lost more than $100 per passenger in fiscal year 1997.

At the same time, Amtrak has improved the financial performance of several routes by negotiating support payments with affected states. For example, California supplemented the revenues of two routes by about $16.5 million each in fiscal year 1997 because these routes particularly benefited its residents.

Any decisions about restructuring Amtrak's route system need to consider whether and how Amtrak will continue to provide national passenger service. An analysis also needs to assess each route's customer demand and financial performance, the willingness of state and local governments to subsidize service, and the route's broader benefits. These benefits could include providing connecting service to other routes, providing public transportation that links smaller communities with major cities, and helping to alleviate highway congestion and pollution.

Amtrak is in a very precarious financial position and remains heavily dependent on federal funding to pay its operating and capital expenses. While Amtrak's goal is to eliminate the need for federal operating subsidies by 2002, its Board of Directors approved a revised strategic business plan in March 1998 that projected substantially higher net losses in fiscal years 1998 and 1999 than were included in the previous plan. To reduce these net losses, Amtrak's revised plan would use federal capital appropriations to pay for maintenance expenses that traditionally have been treated as operating expenses. As a result, Amtrak would spend $800 million, or 15 percent, less for capital improvements over the next 5 years than previously planned. As currently structured, Amtrak will

continue to require federal capital and operating support in 2002 and well into the future.

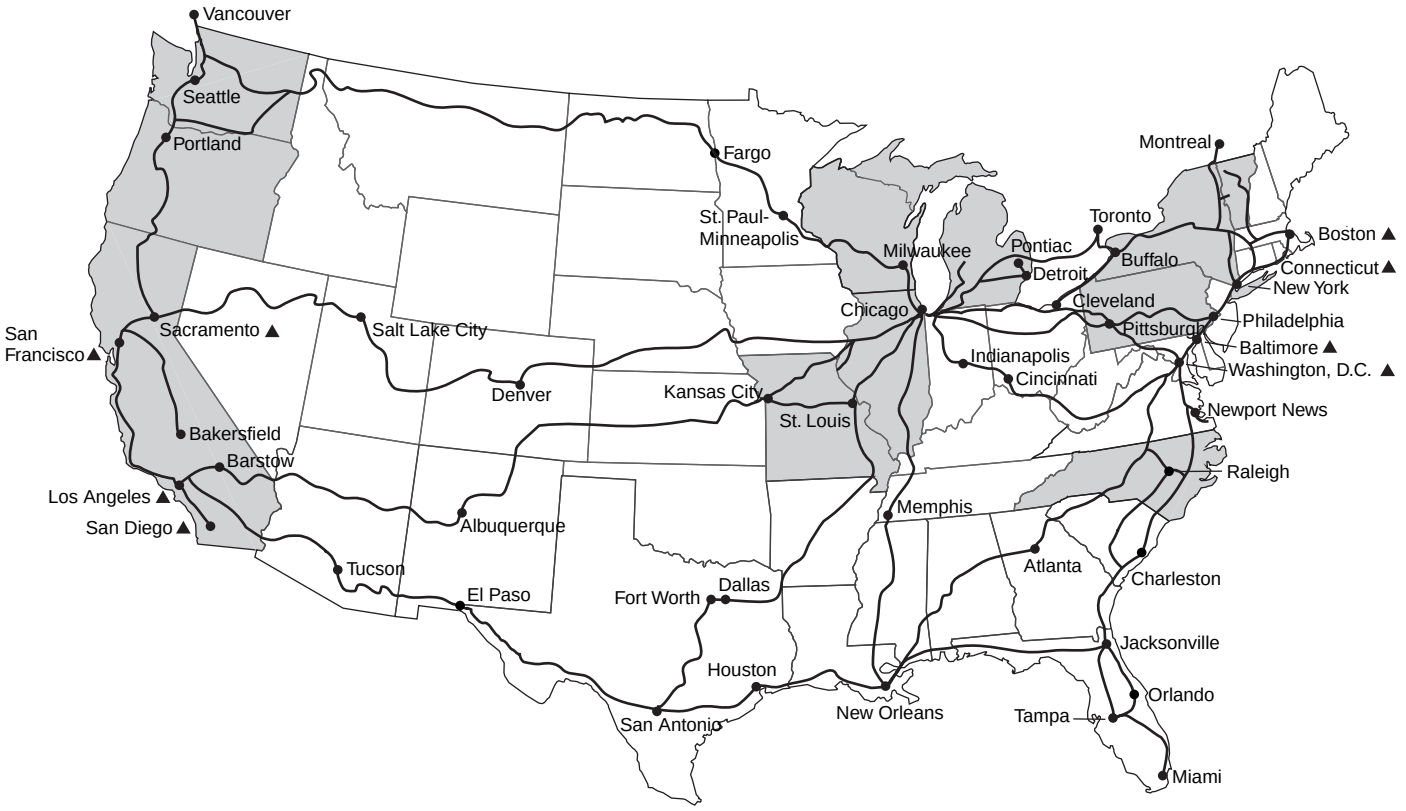
The reforms included in the Amtrak Reform and Accountability Act of 1997 will have little, if any, immediate effect on Amtrak's financial performance, according to Amtrak and Federal Railroad Administration officials. The officials added that the longer-term benefits of these reforms are unclear. These reforms may result less in measurable financial savings for Amtrak than in additional flexibility in negotiating with its unions or in addressing the concerns of freight railroads about the extent of their liability if an Amtrak train is involved in an accident on their track.

Background

The Rail Passenger Service Act of 1970 created Amtrak to operate and revitalize intercity passenger rail service. Amtrak is required to operate a national passenger rail system that ties together existing and emerging regional passenger rail service and other intermodal passenger services. Amtrak currently provides passenger service along 40 routes that cover about 22,800 miles in 44 states and Washington, D.C.[2] (See fig. 1 and app. I.) Like all major national intercity rail services in the world, Amtrak receives substantial government support. The administration's fiscal year 1999 budget proposal would provide Amtrak with $621.5 million for capital expenses and no separate funding for operating expenses.

[2]Amtrak currently does not serve Alaska, Hawaii, Maine, Oklahoma, South Dakota, and Wyoming.

Figure 1: Amtrak's Route System



Legend

Amtrak's intercity routes

States providing financial support for intercity passenger rail service

▲ Amtrak's Contract Commuter Operations:
- Maryland Rail Commuter Service (Maryland and District of Columbia)
- Massachusetts Bay Transportation Authority (Massachusetts, Rhode Island)
- Metrolink (Los Angeles, California)
- San Diego Coaster (San Diego County, California)
- Caltrain (San Francisco-San Jose, California)
- Virginia Railway Express (Virginia and District of Columbia)
- Shoreline East (Connecticut)

Source: Amtrak.

At the direction of the administration, Amtrak established the goal in December 1994 of eliminating its need for federal operating subsidies by fiscal year 2002, except for federal contributions to retirement payments for railroad employees, and established a "glidepath" of decreasing federal operating subsidies for each intervening year. To implement this goal, Amtrak's strategic business plans have targeted opportunities for reducing expenses by closing some routes and reducing the frequency of service on others. These plans have had varying degrees of success. In addition, Amtrak projects substantial revenue growth from the introduction of high-speed rail service between Washington, D.C., and Boston, Massachusetts, in fiscal year 2000 and from the expansion of mail service and express service for transporting higher-value, time-sensitive merchandise. The Surface Transportation Board currently is considering the terms and conditions under which the Union Pacific Railroad and other freight railroads must make their track and facilities available to Amtrak for its express merchandise service.

The Taxpayer Relief Act of 1997, enacted in August 1997, makes a total of $2.2 billion available to Amtrak in fiscal years 1998 and 1999 to acquire capital improvements and to pay certain equipment maintenance expenses, among other things.[3] Enacted in December 1997, the Amtrak Reform and Accountability Act of 1997 authorized federal funding for Amtrak's capital and operating expenses through fiscal year 2002 and repealed several provisions of federal law that limited Amtrak's ability to manage costs and maximize revenues. Among other things, the act also established an Amtrak Reform Council to evaluate Amtrak's performance and make recommendations to Amtrak for financial reforms and further cost containment and productivity improvements. In passing the act, the Congress found that intercity passenger rail service is an essential component of a national intermodal passenger transportation system.

Financial Performance of Amtrak's Routes

As shown in table 1, Amtrak's expenses were at least 2 times greater than its revenues for 28 of its 40 routes in fiscal year 1997. In addition, 14 routes lost more than $100 per passenger carried. Amtrak's financial system allocates all expenses of operating intercity passenger trains to routes, including the depreciation of its equipment and infrastructure, interest, and corporate and strategic business unit (SBU) overhead costs. Because the measures of financial performance used in this report follow Amtrak's fully allocated cost approach, they do not represent potential cost savings

[3]Amtrak is required to pay 1 percent of the $2.3 billion made available under the act to each state that it does not serve.

to Amtrak if it discontinued a route: Depreciation (a noncash expense) and overhead and other shared expenses would not be eliminated by closing a route. If Amtrak's financial performance data excluded depreciation, losses per passenger would be reduced by at most $10 on 16 routes and by at least $30 on 8 other routes. (See table II.1 in app. II for a comparison of losses per passenger when depreciation is excluded.)

Table 1: Financial Performance of Amtrak's Routes, Fiscal Year 1997

Name	Route	Operating ratio[a]	Profit or (loss) per passenger
Metroliners	New York, NY-Washington, D.C.	0.94	$5
San Joaquins	Oakland, CA-Bakersfield, CA	1.23	($11)
Carolinian	New York, NY-Charlotte, NC	1.45	($27)
Piedmont	Raleigh, NC-Charlotte, NC	1.48	($42)
Capitols	Colfax, CA-San Jose, CA	1.52	($15)
Auto Train	Lorton, VA-Sanford, FL	1.56	($118)
Northeast Direct	Boston or Springfield, MA-Washington, D.C., or Newport News, VA	1.65	($29)
Pacific Northwest Corridor	Eugene, OR-Seattle, WA, or Vancouver, Canada	1.76	($26)
Illini	Chicago, IL-Carbondale, IL	1.82	($47)
Kansas City-St. Louis	Kansas City, MO-St. Louis, MO	1.91	($45)
Southwest Chief	Chicago, IL-Los Angeles, CA	1.92	($180)
San Diegans	San Diego, CA-Los Angeles or Santa Barbara or San Luis Obispo, CA	1.96	($23)
Vermonter	Washington, D.C.-St. Albans, VT	2.00	($58)
Lake Shore Limited	Chicago, IL-Boston, MA, or New York, NY	2.01	($90)
Empire	New York, NY-Albany or Niagara Falls, NY	2.03	($38)
Adirondack	New York, NY-Montreal, Canada	2.10	($57)
Philadelphia-Harrisburg	Philadelphia, PA-Harrisburg, PA	2.15	($22)
Three Rivers	New York, NY-Chicago, IL	2.18	($138)
Silver Meteor	New York, NY-Miami, FL	2.18	($120)
Empire Builder	Chicago, IL-Seattle, WA, or Portland, OR	2.20	($136)
Illinois Zephyr	Chicago, IL-Quincy, IL	2.21	($61)
International	Chicago, IL-Toronto, Canada	2.23	($47)
California Zephyr	Chicago, IL-Emeryville (San Francisco), CA	2.24	($149)
Capitol Limited	Chicago, IL-Washington, D.C.	2.27	($133)
New York-Harrisburg	New York, NY-Harrisburg, PA	2.30	($37)
Pere Marquette	Chicago, IL-Grand Rapids, MI	2.43	($51)
Coast Starlight	Los Angeles, CA-Seattle, WA	2.43	($92)

(continued)

Name	Route	Operating ratio[a]	Profit or (loss) per passenger
Silver Star	New York, NY-Miami, FL	2.47	($143)
Silver Palm[b]	New York, NY-Miami, FL	2.48	($163)
Crescent	New York, NY-New Orleans, LA	2.56	($163)
Clockers	New York, NY-Philadelphia, PA	2.59	($11)
Pennsylvanian	New York, NY-Pittsburgh, PA	2.70	($53)
Chicago-St. Louis	Chicago, IL-St. Louis, MO	2.73	($64)
Empire-Ethan Allen Express[c]	New York, NY-Rutland, VT	2.75	($79)
City of New Orleans	Chicago, IL-New Orleans, LA	2.78	($130)
Hiawathas	Chicago, IL-Milwaukee, WI	2.92	($50)
Texas Eagle	Chicago, IL-San Antonio, TX, or Los Angeles, CA	2.99	($201)
Sunset Limited	Los Angeles, CA-Orlando, FL	3.16	($284)
Cardinal	Chicago, IL-Washington, D.C.	3.29	($136)
Chicago-Pontiac	Chicago, IL-Detroit or Pontiac, MI	3.66	($66)
Total route system		**1.86[d]**	**($47)**

Note: These financial performance data do not represent the cash impact on Amtrak's bottom line of operating each particular route because (1) they show each route's fully allocated costs in operating intercity passenger trains, including depreciation and overhead costs; (2) they do not account for the impact travel on one route has on the ridership and revenues of other routes; and (3) certain costs are shared among routes and would shift to other routes if a route were closed. These issues are discussed later in this report. The three routes that Amtrak closed during fiscal year 1997 are excluded.

[a]A route's operating ratio is its expenses divided by its revenues. An operating ratio less than 1.0 means that the route was profitable, while an operating ratio greater than 1.0 means that the route lost money. A ratio greater than 2.0 means that the route's expenses were at least 2 times greater than its revenues during the fiscal year.

[b]Service was introduced in Nov. 1996.

[c]Service was introduced in Dec. 1996.

[d]Operating ratio for Amtrak's core intercity passenger services. Amtrak's overall operating ratio, which includes commuter operations and other activities, was 1.46.

Source: GAO's analysis of Amtrak's data.

Since 1994, Amtrak has completed two extensive assessments of its routes that identified options for closing routes, truncating routes by discontinuing service on segments of the routes, or adjusting the frequency of service on routes in an effort to reduce Amtrak's financial losses by cutting costs while minimizing revenue losses. In response to its first assessment, Amtrak closed 4 routes, truncated 6 routes, and reduced the frequency of service on 11 routes, typically from daily to three or four

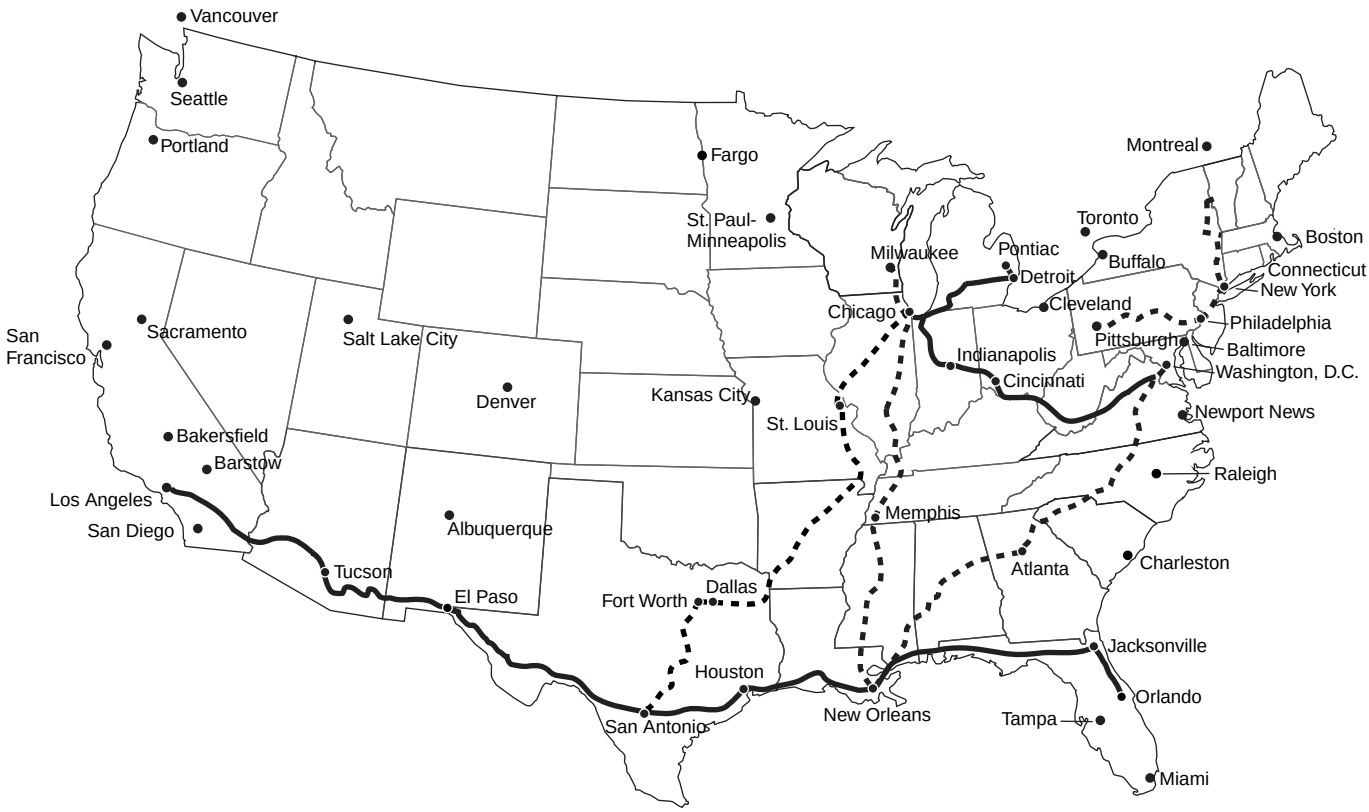
times per week. Amtrak achieved $54 million in cost savings in fiscal year 1995; however, it subsequently restored much of this service because the ridership and financial performance of routes with less than daily service were worse than anticipated. While Amtrak currently has no plans to close additional routes, it recently initiated a market-based analysis of its route system to clarify the policy for and direction of its national route system. This analysis will shape Amtrak's long-term investment and development program for passenger rail service.

Amtrak's Key Performance Measures

Amtrak's primary financial performance measure is the operating ratio of each route's expenses divided by its revenues.[4] The overall operating ratio for Amtrak's core intercity passenger services was 1.86 in fiscal year 1997. This ratio indicates that expenses were almost twice as great as revenues for Amtrak's core intercity passenger services, which include mail and express merchandise services but exclude revenues and expenses from Amtrak's commuter operations, other reimbursable activities, and commercial development. (See table II.2 in app. II for each route's operating ratio for fiscal years 1994 through 1997.) Figure 2 shows the three routes that had operating ratios greater than 3.0, indicating that expenses were more than 3 times greater than revenues. Eight routes had operating ratios between 2.5 and 3.0 in fiscal year 1997.

[4]In 1995, Amtrak made major revisions to its route profitability system to more accurately allocate expenses to specific trains and routes.

Figure 2: Amtrak's Routes With the Highest Operating Ratios, Fiscal Year 1997



Source: GAO's analysis of Amtrak's data.

A related performance measure is the total operating profit or loss of each route. (See table II.3 in app. II for each route's operating profit or loss for

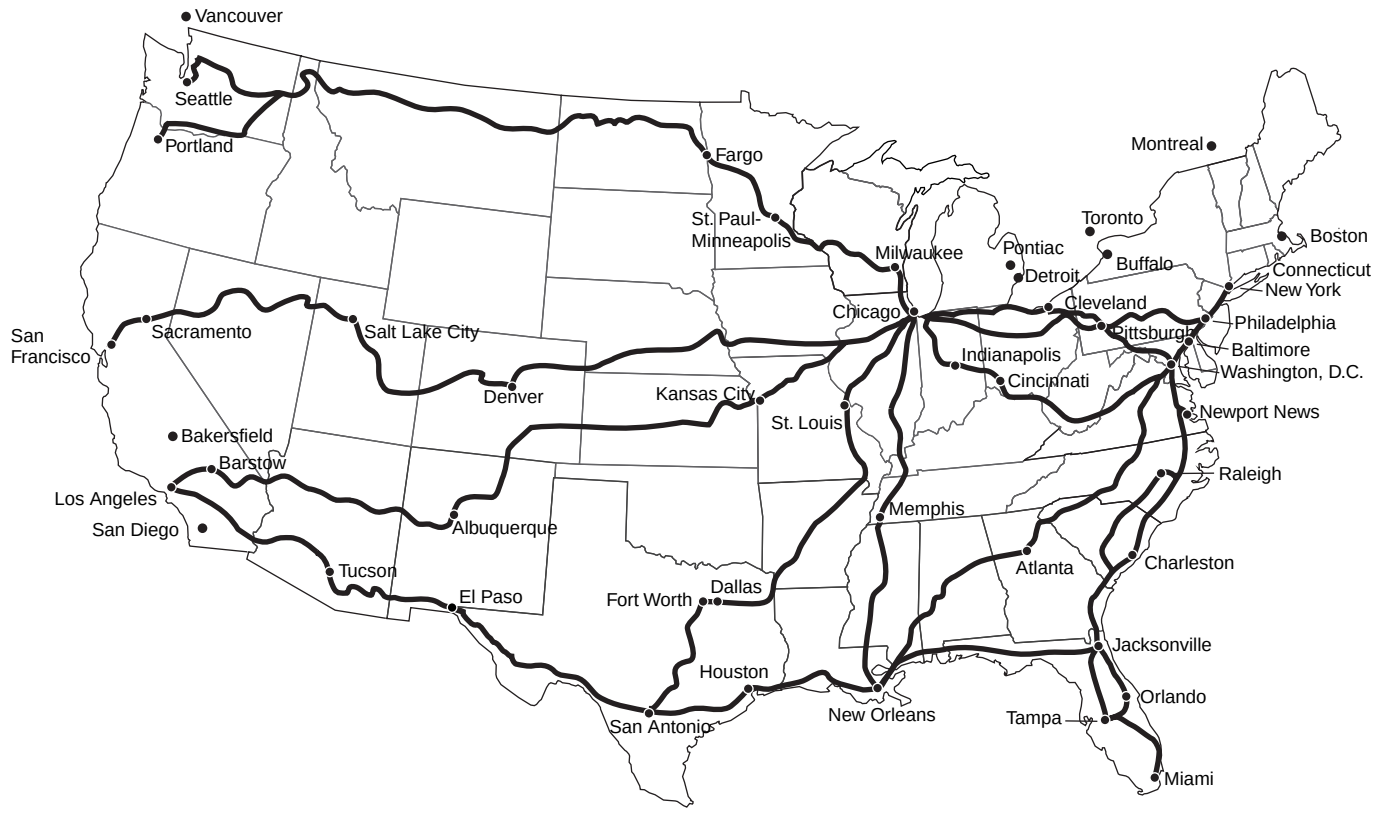
fiscal years 1994 through 1997.) While the Metroliners route was Amtrak's only profitable route, 7 routes each lost at least $40 million and 10 additional routes each lost between $20 million and $40 million in fiscal year 1997. The Northeast Direct route between Washington, D.C., and Boston had the largest loss—$160 million—because it loses $29 per passenger, while it transports 28 percent of all Amtrak passengers. However, its operating ratio of 1.65 was among the best of Amtrak's routes. The other routes that lost the most money during fiscal year 1997 were primarily long-distance routes. Only five Amtrak routes had revenues that exceeded their train expenses, which include the train crew's wages, fuel, and the depreciation of the train's locomotive and cars, in fiscal year 1997. (See table II.4 in app. II for each route's train, route, and system expenses in fiscal year 1997.)

Ridership is another key performance measure. During fiscal year 1997, five Amtrak routes each carried more than 1 million passengers, accounting for nearly 60 percent of the railroad's ridership. In contrast, 17 Amtrak routes carried only about 10 percent of Amtrak's total ridership—9 routes each carried fewer than 100,000 passengers, and 8 routes each carried between 100,000 and 200,000 passengers. (See table II.5 in app. II for each route's ridership for fiscal years 1994 through 1997.) Many of these routes connected a small city with Chicago, New York City, or Philadelphia. In addition, while Amtrak routes generally provided at least daily service, three routes—the Cardinal, Sunset Limited, and Texas Eagle—provided service only three times per week during fiscal year 1997.

Overall, Amtrak lost $47 per passenger during fiscal year 1997. (See table II.6 in app. II for each route's profit or loss per passenger for fiscal years 1994 through 1997.) As shown in figure 3, 14 of Amtrak's current routes lost more than $100 per passenger during fiscal year 1997.[5] The Sunset Limited route (between Los Angeles and Orlando) lost $284 per passenger, the most among Amtrak's routes, followed by the Texas Eagle route (between Chicago and San Antonio), which lost $201 per passenger, and the Southwest Chief route (between Chicago and Los Angeles), which lost $180 per passenger. Amtrak anticipates that each of these three routes could earn substantial new revenues if the Surface Transportation Board permits Amtrak to expand its express merchandise service for transporting higher-value, time-sensitive goods.

[5]In addition, each of the three routes closed during 1997 lost more than $100 per passenger.

Figure 3: Amtrak's Routes With the Largest Losses Per Passenger, Fiscal Year 1997



Source: GAO's analysis of Amtrak's data.

Amtrak's loss per passenger would have been greater in fiscal year 1997 if 12 states had not provided a total of $70.1 million to subsidize service on 17 routes that particularly benefited their residents. (See table II.7 in app. II.) For example, California's contribution of $16.8 million for the San

Joaquins route, which carried 688,000 passengers between Oakland and Bakersfield, reduced this route's loss from $35 to only $11 per passenger in fiscal year 1997 and improved its financial performance to second best among the 40 routes (behind the profitable Metroliners). Similarly, North Carolina's payment of $3.2 million for the Piedmont route, which carried 43,000 passengers between Raleigh and Charlotte, reduced this route's loss from $116 per passenger to $42 per passenger. Amtrak has sought state support primarily for shorter routes whose service benefits residents in one or two states.

Amtrak uses a load factor to assess each route's efficiency in providing service.[6] (See table II.8 in app. II.) Amtrak's overall load factor of 46.6 percent during fiscal year 1997 means that, on average, 46.6 percent of Amtrak's seats were filled. Amtrak's long-distance trains generally had higher load factors than its short-distance trains. The International route (between Chicago and Toronto, Canada), the Pennsylvanian route (between New York City and Pittsburgh), and the New York-Harrisburg route had load factors under 30 percent. Twelve additional routes had load factors between 30 and 40 percent.

Recent Route and Service Cuts Aimed at Reducing Losses While Preserving National Network

Since 1994, Amtrak has conducted two extensive assessments of its route system that provided the basis for its decision to close 8 routes, truncate 7 routes, and, in 1995, reduce the frequency of service on 11 routes. (See tables II.9 and II.10 in app. II.) In making its decisions on route closures and service reductions, Amtrak examined such factors as the financial performance of each route; the effect of a route's closure on connecting routes and the overall network; the efficient use of equipment; marketing concerns; states' willingness to subsidize service; Amtrak's mandate to provide national passenger rail service; and a route's potential for improved profitability through, for example, the growth of mail and express merchandise services.

Faced with a major financial crisis in 1994, Amtrak contracted with Mercer Management Consulting to develop recommendations for reducing its route network to reduce its financial losses while maintaining its national coverage. Mercer analyzed Amtrak's route network by determining the effects on the route system's bottom line of either closing or reducing the frequency of service on the worst-performing routes. This analysis split Amtrak's operating expenses into train, route, and system expenses to

[6]Load factor is defined as the miles that passengers travel divided by the total seat-miles available along the route.

better determine the effect of terminating a train or route.[7] It also considered the (1) interconnectivity among routes by analyzing the extent to which travel on one route affects the ridership and revenues of other routes and (2) effect of cutbacks to less-than-daily service on ridership and revenues by estimating the extent to which passengers would adjust their travel plans to fit the schedules of the remaining trains. However, the study noted that its estimates of this "revenue retention" were based on limited Amtrak experience and actual results could vary. Mercer recommended substantial eliminations of routes and segments and reductions in the frequency of service designed to maximize operating savings while limiting the loss of services and coverage.

In response to Mercer's recommendations, Amtrak closed 4 routes, truncated 6 routes, and reduced the frequency of service on 11 additional routes, primarily from daily to three to four times per week, during fiscal year 1995. Amtrak also introduced the Piedmont route (between Raleigh and Charlotte), supported by North Carolina, and the Mount Baker International train (between Seattle and Vancouver, Canada), supported by Washington State. These route and service changes resulted in a 13-percent reduction in the total miles that Amtrak trains traveled from fiscal year 1994 to fiscal year 1996 and $54 million in cost savings in fiscal year 1995. However, during fiscal year 1996, Amtrak's overall ridership dropped by 1.1 million passengers, or 5 percent, and anticipated reductions in operating costs were not realized on routes with reduced frequency of service. Amtrak officials told us that these problems occurred because (1) while passengers affected by frequency reductions generally adjusted their travel plans to conform with Amtrak's more limited service in 1995, this rider behavior did not continue into 1996; (2) management did not cut costs as much as planned; and (3) less-than-daily service caused less efficient usage of equipment and other unforeseen problems.

During fiscal year 1995, Amtrak also decentralized its organizational structure by creating the Northeast Corridor SBU to manage passenger service between Virginia and New England; the Amtrak West SBU to manage passenger service along the West Coast; and the Intercity SBU to manage all remaining passenger service. In April 1996, the Northeast Corridor SBU reduced the frequency of service on its Metroliner and Northeast Direct routes, in response to an ongoing analysis of how to

[7]Amtrak later incorporated this approach into its route profitability system. Train expenses include the train crew's salaries, fuel, and depreciation of locomotives and cars. Route expenses, incurred by a route's existence, include station and track maintenance. System expenses, associated with the overall route network, include overhead costs such as salaries of corporate and SBU headquarters staff. Reducing the frequency of service on a route would decrease train expenses, while closing routes would reduce train and route expenses.

improve the SBU's financial performance. These changes, along with some ticket pricing changes, helped the Northeast Corridor SBU to reduce its net loss by 19 percent between fiscal years 1996 and 1997, according to Amtrak officials.

In mid-1996, Amtrak's Intercity SBU analyzed its route structure to identify opportunities to improve its financial performance, primarily by more effectively using its locomotives and passenger cars to raise revenues. Intercity SBU's routes were responsible for 61 percent of Amtrak's passenger service losses, and its long-distance routes were affected the most by the 1995 service reductions. Intercity SBU concluded from its analysis that it could restore daily service on three routes with higher market potential by closing two poorly performing routes and making certain other adjustments to maximize equipment utilization. In deciding which routes to eliminate, Intercity SBU considered financial performance, the costs saved by elimination, route interconnectivity, marketing concerns, and long-term growth and profit opportunities, including the expansion of mail and express merchandise services.

In response to this analysis, Amtrak's Intercity SBU (1) truncated the Sunset Limited route from Miami to Sanford, Florida, in November 1996 and (2) closed the Desert Wind and Pioneer routes and reinstituted daily service on the California Zephyr, Empire Builder, and City of New Orleans routes in May 1997.[8] Amtrak did not discontinue service on two other route segments targeted for elimination because the affected states offered to provide financial support.[9] The impact of these route and service actions on the financial performance of Intercity SBU's routes is not yet clear—the overall operating ratio of Intercity SBU's routes has not shown any consistent trends since these changes were implemented. However, net losses for Intercity SBU's routes were 12 percent greater in fiscal year 1997 than in fiscal year 1996. About half of this increase reflected higher depreciation costs for new equipment, the allocation of a portion of the depreciation costs for the Northeast Corridor's track, and about $13 million more in expenses than the funding made available for extending service by 6 months for routes scheduled for closure.

[8]Since 1995, the Intercity SBU has also reinstituted daily service on the Crescent and Pere Marquette routes.

[9]According to Amtrak officials, the St. Louis-to-San Antonio segment of the Texas Eagle was retained in return for a $5.6 million loan from Texas. The Boston-to-Albany segment of the Lake Shore Limited also was retained because Massachusetts offered to help finance a mail and express merchandise terminal in Springfield.

Since 1996, Amtrak has focused on improving its financial performance by identifying growth opportunities rather than by reducing service. Amtrak's September 1997 strategic business plan projected that net revenues would substantially increase with the rapid growth of Amtrak's express merchandise service, which would primarily transport goods from the West Coast to the Midwest, and with the introduction of high-speed rail between Washington, D.C., and Boston, which would benefit all of the Northeast Corridor's routes. Amtrak also has fine-tuned the performance of specific routes. For example, in recent months, it (1) redesigned the Night Owl train (renamed the Twilight Shoreliner) between Boston and Washington, D.C., by modifying its departure times and extending service to Newport News, Virginia; (2) extended the Sunset Limited route from Sanford to Orlando, Florida, to increase ridership in the vacation market; and (3) added a fourth train per week to the Texas Eagle route that runs from Chicago through San Antonio to Los Angeles to support the expected growth of its express merchandise business. Amtrak also plans to begin daily service between Los Angeles and Las Vegas by January 1999.[10]

In explaining the rationale for not cutting Amtrak's route system further at this time, officials of Amtrak and the Department of Transportation's Federal Railroad Administration (FRA) pointed to Amtrak's mission of maintaining a national route system, noting that such a system will consist of routes with a range of profitability, including lower-performing routes that may provide connecting service with other routes or public benefits, such as serving small cities and rural areas. The officials stressed that cutting the worst-performing routes could damage the national network by reducing or eliminating potential passengers' access to connecting routes. In addition, Amtrak Intercity SBU officials noted that (1) their routes generally are profitable if revenues are compared with only the variable costs that would be eliminated if a route were closed[11] and (2) fixed costs, which generally are not eliminated when routes are closed, would be spread over a smaller revenue base of remaining routes, further worsening the financial performance of these routes. Finally, the officials cited the importance of assessing whether growth options work before deciding on further cuts, pointing to the recent 25- to 30-percent increase in ridership compared with that of a year ago on the Coast Starlight route between Seattle and Los Angeles, and the Pacific Northwest Corridor route between Seattle and Eugene.

[10]Amtrak's Desert Wind route had provided triweekly service between Los Angeles and Salt Lake City, with a stop in Las Vegas, until it was terminated in May 1997.

[11]Amtrak's data show that seven routes have revenues that exceed train expenses, when depreciation is excluded (see table II.1 in app. II).

Amtrak Recently Initiated a Study of Its National Route System

In March 1998, Amtrak announced plans to initiate a year-long market analysis of the role and growth potential of the national passenger rail system. The analysis will assess the service, demand, revenues, and net contribution of Amtrak's current and alternative route systems to identify service amenities, price changes, and changes to the existing route system that may improve the ridership and revenue potential of Amtrak's network in the short and long terms. In addition, the Amtrak Reform and Accountability Act directed the newly created Amtrak Reform Council to assess Amtrak's financial performance. If the council determines, at any time after December 1999, that Amtrak is not achieving its financial goals or that Amtrak will require operating grant funds after December 2002, the council is required to develop an action plan for a "restructured and rationalized national intercity rail passenger system."[12] A restructured passenger rail system could range from a system similar to Amtrak's current national route system to limited passenger service between key pairs of cities.

Amtrak officials stated that the design of an optimal route system requires a vision of how intercity passenger rail service fits within the national transportation system and the public benefits it should offer. They also noted that potentially profitable passenger services could be identified by using market research and demographic analyses to determine customer demand for services and potential revenues and by then comparing these revenues with the expense of providing such services, including the infrastructure and equipment needed. FRA officials stated that the design of an optimal route system should involve an examination of key pairs of cities that could generate substantial ridership and the linkages needed to make them into a national system, assuming that Amtrak's mission of operating a national passenger rail system would remain unchanged. They also stated that this type of analysis should incorporate the (1) transportation policies of states and localities and their willingness to fund passenger rail, (2) needs of small towns and rural areas, and (3) relative benefits of passenger rail service compared with other modes of transportation. FRA officials acknowledged that no clear public policy currently defines the role of passenger rail in the national transportation system.

[12]Under such circumstances, Amtrak would be required to develop and submit to the Congress an action plan for the complete liquidation of the railroad.

Amtrak's Operating and Capital Subsidies

Since 1971, Amtrak has received about $21 billion in federal operating and capital funding to help cover the costs of providing intercity passenger rail service. Amtrak's glidepath for eliminating federal operating support by fiscal year 2002 established an aggressive schedule for reducing net losses and overall losses.[13] While Amtrak has made progress in increasing revenues and reducing losses, it has not achieved its annual budget goals. Furthermore, in March 1998, Amtrak's Board of Directors approved a revised strategic business plan for fiscal years 1998 through 2003 that projects a net loss of $845 million for fiscal year 1998—$83 million more than the $762 million net loss that occurred in fiscal year 1997.

Although Amtrak stands to receive historic levels of federal capital support in the next few years, it is unlikely that sufficient funding will be available to implement Amtrak's identified capital investment projects. Amtrak's management, in the September 1997 strategic business plan, identified about $5.5 billion in capital improvement projects between fiscal years 1998 and 2003. However, the plan identified only about $5.0 billion, or about $500 million short of Amtrak's target for capital funding, that would be provided through federal, state, and local support and commercial financing. Furthermore, Amtrak plans to use about $800 million of the federal funding it receives between fiscal years 1998 and 2003 for maintenance expenses, rather than for capital investment, because of expected cash shortfalls during the next 3 years. The administration's proposed budget for fiscal year 1999 would provide Amtrak with the flexibility to use capital funds to pay expenses for equipment, facilities, and infrastructure maintenance, which have traditionally been treated as operating expenses.

Amtrak Has Not Substantially Reduced Its Annual Net Losses

Amtrak has established a schedule for gradually reducing its federal operating subsidy each year, beginning in fiscal year 1996, until the subsidy is eliminated in fiscal year 2002. (See table III.1 in app. III.) Federal appropriations for Amtrak's operations and the federal retirement payments for railroad employees have dropped by almost $200 million—from $542 million in fiscal year 1995 to $344 million in fiscal year 1998. However, Amtrak has struggled to reach its annual targets for reducing its net loss, which provide the basis for Amtrak's continued viability as federal operating subsidies are eliminated. For fiscal years 1995 and 1996, Amtrak's plans included actions to reduce its net loss by $195 million—from about $834 million in fiscal year 1994 to $639 million in

[13]Amtrak's overall loss is its net loss (expenses minus revenues) offset by certain federal subsidies and noncash expenses (primarily depreciation).

fiscal year 1996. By the end of fiscal year 1996, however, Amtrak's net loss had declined by only $70 million to $764 million. (See table III.2 in app. III.) In addition, Amtrak's net loss of $762 million in fiscal year 1997 would have been $69 million higher except for the one-time sales of real estate and telecommunications rights-of-way in the Northeast Corridor. As a result of Amtrak's reduced federal operating subsidy and slow progress in reducing its net losses, Amtrak's overall loss—its loss after federal operating subsidies are included—increased from $12 million in fiscal year 1995 to $70 million in fiscal year 1997. (See table III.3 in app. III.)

In March 1998, Amtrak's Board of Directors approved a revised strategic business plan that projected a net loss of $845 million and an overall loss of $98.5 million for fiscal year 1998. The revised plan reflects a serious cash-flow problem and Amtrak's need to borrow substantially more money than originally planned to pay operating expenses. While Amtrak borrowed $75 million to meet its operating expenses in fiscal year 1997 and initially planned to borrow $100 million in fiscal year 1998, the revised plan projects a cash-flow deficit of $200 million in this fiscal year. The change in Amtrak's cash flow for fiscal year 1998 results from (1) a reduction of $47 million in the projected profits from its express merchandise service for the delivery of higher-value, time-sensitive goods; (2) an increase of $35 million in expenses to cover wage increases for all of its union employees, which reflects its settlement with the Brotherhood of Maintenance of Way Employees in November 1997; and (3) an increase of $16 million in its accounts payable because payment was deferred from fiscal year 1997.

As discussed previously, Amtrak planned to reduce its net loss and eliminate its need for federal operating subsidies primarily by increasing revenues while controlling costs. During fiscal year 1997, Amtrak increased its ridership by about 3 percent to 20.2 million passengers—the Amtrak West SBU increased its ridership by 11 percent, and the Intercity and Northeast Corridor SBUs both increased their ridership by 1 percent.[14] Revenues from Amtrak's core intercity passenger services grew by about 4 percent in fiscal year 1997, including a 7-percent increase in passenger revenues. However, expenses for the core intercity passenger services also grew by about 7 percent. In addition, Amtrak's revised strategic business plan sharply reduced projected 6-year profits from its express merchandise service—from $436 million to $140 million between fiscal years 1998 and 2003. This reduction reflects, in part, uncertainties pending the Surface Transportation Board's determination of the terms and

[14]Amtrak anticipates that ridership will grow by 6 percent in fiscal year 1998.

conditions under which Union Pacific and other freight railroads must make their track and facilities available to Amtrak for express merchandise service.[15] (Freight railroads own about 97 percent of the route miles over which Amtrak operates.) As a result, Amtrak postponed plans to order 367 refrigerated express cars and will expand this component of its express merchandise service more gradually if the Surface Transportation Board issues a favorable ruling. The reduction in express merchandise service revenues weakens Amtrak's ability to improve the financial performance of certain of its long-distance routes.

Amtrak plans to begin high-speed rail service between New York City and Boston in October 1999, designed to reduce travel time from 4-3/4 hours to 3 hours by enabling passenger trains to travel at speeds of up to 150 miles per hour. Amtrak also is upgrading its track between Washington, D.C., and New York City to further reduce travel time by 15 minutes to 2-3/4 hours by enabling trains to travel at speeds up to 135 miles per hour. Amtrak projects that high-speed rail service between Washington, D.C., and Boston will be fully implemented in October 2000 and will provide net returns of $190 million in fiscal year 2001 and $219 million in fiscal year 2003, eliminating almost all of the Northeast Corridor SBU's operating loss.

Available Funds May Fall Short of Amtrak's Capital Investment Target and May Be Used to Pay Maintenance Expenses

Capital investments play a critical role in supporting Amtrak's business plans and ultimately in maintaining Amtrak's viability. Such investments will help Amtrak to retain revenues by improving its quality of service and achieve future goals for revenue growth and cost containment. In the September 1997 strategic business plan, Amtrak's management identified about $5.5 billion in capital improvement projects from fiscal year 1998 through fiscal year 2003. (See table III.4 in app. III.) This amount includes about (1) $1.7 billion for completing the high-speed rail program between Washington, D.C., and Boston; (2) $900 million for other infrastructure-related improvements along the Northeast Corridor; and (3) $500 million for overhauling existing equipment. However, Amtrak anticipates that it will receive about $500 million less than its target for capital funding through fiscal year 2003: about $4.2 billion in federal funding[16] and about $800 million from commercial financing and state and

[15]A Surface Transportation Board decision in Sept. 1997 limits Amtrak trains that use Union Pacific track to a total of 18 cars, of which at most 9 cars may carry express merchandise. Union Pacific has asked the Surface Transportation Board to, among other things, limit the definition of Amtrak's express merchandise service to the movement of less than truckload shipments, which would limit Amtrak's potential customer base.

[16]Federal funding sources include the Taxpayer Relief Act, fiscal year 1998 capital appropriations, and the administration's proposed fiscal year 1999 budget (which projected spending for fiscal years 1999 through 2003).

local funding. Amtrak's Board of Directors has approved capital spending only for fiscal year 1998; Amtrak's management currently is developing a 5-year capital plan for fiscal years 1999 through 2003 that it plans to present to the Board in September 1998.

Amtrak has stated that it will use Taxpayer Relief Act funds for those high rate-of-return capital investments that over time would strengthen its long-term viability, improve productivity and efficiency, and reduce its reliance on federal operating support. However, Amtrak plans to temporarily use $100 million in Taxpayer Relief Act funds in fiscal year 1998, $317 million in fiscal year 1999, and $200 million in fiscal year 2000 for equipment maintenance expenses to reduce its cash-flow deficit in each of these years.[17] Amtrak projects that its net losses and cash-flow deficits will be reduced in fiscal year 2001, when high-speed rail is implemented between Washington, D.C., and Boston, enabling it to use Taxpayer Relief Act funds for high rate-of-return capital investment projects.

The administration's fiscal year 1999 budget proposes $621.5 million for Amtrak's capital investments, including at least $200 million for the Northeast Corridor program, and no funding for operating expenses. The Department of Transportation's budget justification, submitted in March 1998, proposes that Amtrak be allowed to use its annual capital appropriation to pay for the preventive maintenance of equipment, facilities, and infrastructure, as currently allowed for Federal Transit Administration (FTA) grantees. This flexibility would enable Amtrak to use appropriated capital funds as it uses federal operating support that reduces its annual net losses. Amtrak estimates that, if approved, its capital appropriation could be used for up to $542 million in maintenance expenses in fiscal year 1999 and $487 million in each subsequent fiscal year. (Amtrak currently does not plan to fully exercise this authority.)

Amtrak's March 1998 strategic business plan proposes to use substantial amounts of federal capital funds appropriated from fiscal year 1999 through fiscal year 2003 for maintenance expenses to address the net losses and cash-flow deficits that Amtrak identified. Table 2 compares how Amtrak would spend federal funds under its glidepath with how Amtrak proposes to spend its federal capital appropriation under FTA's approach to maintenance expenses. (See table III.5 in app. III for annual funding amounts under each approach.) For the 5-year period, Amtrak

[17]The Taxpayer Relief Act made funds available to Amtrak for certain expenses that include, among other things, maintaining existing equipment in intercity passenger rail service. Amtrak traditionally has treated equipment maintenance as an operating expense.

would spend almost two-thirds of the anticipated $2.8 billion in appropriated funds for allowable maintenance—$800 million more than the glidepath would allow for operating expenses. The use of these federal funds for maintenance expenses would correspondingly reduce the federal funding available for capital improvements by $800 million through fiscal year 2003. Amtrak officials told us that using a portion of the federal capital appropriation for maintenance will provide stability for Amtrak over the next several years, thus averting a possible bankruptcy. They added that this stability will enable Amtrak to complete the market analysis discussed earlier.

Table 2: Proposed Use of Federal Funds Under Amtrak's Original Glidepath and FTA Approaches, Fiscal Years 1999 Through 2003

Dollars in millions

Use of funds	Total	Percent
Capital grant appropriation	**$2,755**	**100**
Glidepath approach		
Operating expenses	$1,010	37
Capital expenses	$1,745	63
FTA's capital maintenance approach		
Maintenance expenses	$1,795	65
Capital expenses	$960	35

Note: Amtrak's original glidepath would eliminate federal operating subsidies by 2002, except that the federal government would continue its payments to the Railroad Retirement Account. Amtrak's federal grant request for fiscal year 1999 revised the glidepath to include an additional $84 million in fiscal year 1999 to make up for federal operating support that was lower than the glidepath amount in prior years.

Financial Effect of Certain Reform Act Provisions

The Amtrak Reform and Accountability Act repealed several provisions of federal law applicable to Amtrak's operations that limited its ability to manage costs and maximize revenues. In particular, the act (1) repealed a statutory ban on contracting out work that would result in employee layoffs, except for food and beverage service, and (2) eliminated statutory and contractual labor protection arrangements, effective May 31, 1998, that provided up to 6 years compensation and benefits for employees who lose their jobs because of the discontinuance of service on a route or such other covered actions as the closure of a maintenance facility.[18] In addition, the reform act established a $200 million cap on the amount of liability claims, including punitive damages, that can be paid as a result of an accident involving an Amtrak train. Amtrak and FRA officials stated that

[18]Under these arrangements, employees who lose their positions entirely could elect an alternative one-time lump sum severance payment.

these reforms will provide few, if any, immediate financial benefits and their longer-term benefits are unclear.

Amtrak and FRA officials told us that the repeal of the statutory ban on contracting out work that would result in layoffs will have little, if any, immediate effect on Amtrak's financial performance. The act incorporated the statutory language on contracting out into Amtrak's existing collective bargaining agreements and made contracting-out issues subject to negotiation no later than November 1, 1999. In the longer term, the repeal of this ban may provide Amtrak with important flexibility in labor negotiations and in controlling costs. However, it will remain unclear how this reform will affect Amtrak's financial performance until negotiations are completed.

Amtrak and FRA officials believe that the elimination of labor protection arrangements is likely to have little, if any, immediate effect on Amtrak's financial position. Amtrak officials told us that Amtrak paid $1.2 million in fiscal year 1997 in compensation to employees affected by route discontinuances or certain other covered actions. They noted that the arrangements have resulted primarily in wage differential payments for up to 6 years to employees who take lower-paying jobs when their jobs are terminated and income maintenance payments for up to 6 years to employees who lose their positions entirely. As of February 1998, 115 Amtrak employees were receiving wage differential payments, and 21 employees were receiving income maintenance payments. Amtrak and FRA officials stated that the long-term effect of eliminating existing labor protection arrangements is unclear. Amtrak and its unions are addressing this issue in collective bargaining negotiations. While Amtrak currently does not have plans to close any of its 40 routes, the elimination of these arrangements could become important if, for example, Amtrak's market analysis of its route system results in a decision to substantially reorganize the system.

According to Amtrak and FRA officials, the $200 million cap on liability claims is likely to have little financial effect on Amtrak because this limit is significantly higher than the amounts Amtrak has historically paid on liability claims—Amtrak's largest payment was $35.5 million as a result of a 1987 accident in Chase, Maryland. (This accident also is the only Amtrak accident in which the total payments for claims, including those of a freight railroad, exceeded $100 million.) Amtrak officials noted that Amtrak has never purchased insurance to cover claims of more than $200 million per accident. They added, however, that the liability cap

probably will improve Amtrak's relationship with the freight railroads whose track Amtrak uses for its passenger service because the cap is a single cap for all parties found liable for an accident, including freight railroads.

Agency Comments and Our Evaluation

We provided Amtrak and the Department of Transportation with a draft of this report for review and comment. We met with Amtrak officials, including the Vice President for Finance and Administration and Chief Financial Officer. Amtrak stated that the report was accurate, but it was concerned that the losses-per-passenger data presented in table 1, which reflects fully allocated expenses including depreciation and overhead, could lead policymakers to incorrect inferences about dollar savings that might result from the closure of a route. Amtrak asked that we replace table 1 with table II.1, which compares overall profits or losses per passenger with the results when depreciation and system and route overhead expenses are excluded. We did not make this change primarily because the Conference Report to the Department of Transportation and Related Agencies Appropriations Act for Fiscal Year 1998 directed us to consider all income and all costs in developing systemwide performance rankings of all routes currently in service. Nevertheless, we clarified the report to note that the fully allocated expenses do not represent potential cost savings to Amtrak if a route is discontinued. We also met with Department of Transportation officials, including the Federal Railroad Administration's Chief, Passenger Programs. The Department stated that the report fairly and accurately presented the issues. Both Amtrak and the Department provided clarifying information to improve the report's technical accuracy that we incorporated as appropriate.

Scope and Methodology

To obtain the information in this report, we reviewed Amtrak's revised strategic business plan for fiscal years 1998 through 2003, approved by its Board of Directors in March 1998; its original strategic business plan for fiscal years 1998 through 2000; its annual report for 1997; its federal grant request for fiscal year 1999; and other related documents. We also obtained financial and other performance data for Amtrak as a whole and for each of its routes for fiscal year 1994 through the first quarter of fiscal year 1998, and we examined Amtrak's financial performance report for the first quarter of fiscal year 1998. In addition, we interviewed Amtrak officials at Amtrak's headquarters and its Intercity, Northeast Corridor, and Amtrak West SBUs; Amtrak's former chief financial officer; and FRA officials.

While we did not verify the accuracy of Amtrak's financial data and how Amtrak's route profitability system allocates costs to different routes, we interviewed FRA officials and current and former Amtrak financial officials, including SBU managers, about the reliability of the data and the cost allocation procedures. These officials told us that Amtrak historically had problems with allocating its expenses to specific routes and trains. However, these officials added that since Amtrak redesigned its route profitability system in fiscal year 1995, its cost allocation methodology has progressively improved, enabling Amtrak's managers to use these data more effectively in managing the route system. We conducted our review from October 1997 through April 1998 in accordance with generally accepted government auditing standards.

We are sending copies of this report to interested congressional committees; the acting President of Amtrak; members of the Amtrak Reform Council; the Secretary of Transportation; the Administrator of FRA; and the Director, Office of Management and Budget. We will also make copies available to others upon request.

If you or your staff have any questions about this report, please contact me at (202) 512-3650. Major contributors to this report are Richard Cheston, Judy Guilliams-Tapia, Paul Lacey, and James Ratzenberger.

Phyllis F. Scheinberg
Associate Director, Transportation Issues

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Figures

Abbreviations

FRA	Federal Railroad Administration
FTA	Federal Transit Administration
GAO	General Accounting Office
SBU	strategic business unit

Amtrak's Current Routes, by Strategic Business Unit

Name	Route
Amtrak Intercity Strategic Business Unit (SBU)	
Auto Train	Lorton, VA-Sanford, FL
California Zephyr	Chicago, IL-Salt Lake City, UT-Emeryville (San Francisco), CA
Capitol Limited	Chicago, IL-Cleveland, OH-Pittsburgh, PA-Washington, DC
Cardinal	Chicago, IL-Cincinnati, OH-Charleston, WV-Washington, DC
Carolinian	New York, NY-Raleigh, NC-Charlotte, NC
Chicago-Pontiac	Chicago, IL-Detroit, MI, or Pontiac, MI
Chicago-St. Louis	Chicago, IL-St. Louis, MO
City of New Orleans	Chicago, IL-Memphis, TN-New Orleans, LA
Crescent	New York, NY-Atlanta, GA-New Orleans, LA
Empire Builder	Chicago, IL-St. Paul, MN-Spokane, WA,-Seattle, WA, or Portland, OR
Hiawathas	Chicago, IL-Milwaukee, WI
Illini	Chicago, IL-Carbondale, IL
Illinois Zephyr	Chicago, IL-Quincy, IL
International	Chicago, IL-Port Huron, MI-Toronto, Canada
Kansas City-St. Louis	Kansas City, MO-St. Louis, MO
Lake Shore Limited	Chicago, IL-Cleveland, OH-Albany, NY-Boston, MA, or New York, NY
Pennsylvanian	New York, NY-Philadelphia, PA-Pittsburgh, PA
Pere Marquette	Chicago, IL-Grand Rapids, MI
Piedmont	Raleigh, NC-Charlotte, NC
Silver Meteor	New York, NY-Charleston, SC-Jacksonville, FL-Orlando, FL-Miami, FL
Silver Palm[a]	New York, NY-Charleston, SC-Jacksonville, FL-Tampa, FL-Miami, FL
Silver Star	New York, NY-Columbia, SC-Jacksonville, FL-Orlando, FL-Miami, FL
Southwest Chief	Chicago, IL-Albuquerque, NM-Los Angeles, CA
Sunset Limited	Los Angeles, CA-San Antonio, TX-New Orleans, LA-Orlando, FL
Texas Eagle	Chicago, IL-Dallas, TX-San Antonio, TX Chicago, IL-Dallas, TX-San Antonio, TX-Los Angeles, CA
Three Rivers[b]	Chicago, IL-Youngstown, OH-Pittsburgh, PA-Philadelphia, PA-New York, NY
Northeast Corridor SBU	
Adirondack	New York, NY-Albany, NY-Montreal, Canada
Clockers	New York, NY-Philadelphia, PA
Empire	New York, NY-Albany, NY New York, NY-Albany, NY-Syracuse, NY-Niagara Falls, NY
Empire-Ethan Allen Express	New York, NY-Albany, NY-Rutland, VT
Metroliners	New York, NY-Washington, DC
New York-Harrisburg	New York, NY-Philadelphia, PA-Harrisburg, PA
Northeast Direct	Boston, MA, or Springfield, MA-New York, NY-Washington, DC, or Newport News, VA
Philadelphia-Harrisburg	Philadelphia, PA-Harrisburg, PA

(continued)

Name	Route
Vermonter[c]	Washington, DC-New York, NY-St. Albans, VT
Amtrak West SBU	
Capitols	Colfax, CA-Sacramento, CA-Oakland, CA-San Jose, CA
Coast Starlight	Seattle, WA-Emeryville (San Francisco), CA-Los Angeles, CA
Pacific Northwest Corridor	Eugene, OR-Seattle, WA, or Vancouver, Canada
San Diegans	San Diego, CA-Los Angeles, CA, or Santa Barbara, CA, or San Luis Obispo, CA
San Joaquins	Oakland, CA-Bakersfield, CA

Note: In fiscal year 1995, Amtrak decentralized its organizational structure by creating the Northeast Corridor SBU to manage passenger service between Virginia and New England, the Amtrak West SBU to manage passenger service along the West Coast, and the Intercity SBU to manage all of Amtrak's remaining passenger service.

[a]Began service in November 1996.

[b]Replaced the Broadway Limited by initially providing service between New York and Pittsburgh, which was subsequently extended to Chicago.

[c]Replaced the Montrealer between Washington, D.C., and St. Albans, Vermont, with connecting Amtrak thruway bus service to Montreal.

Source: Amtrak.

Financial Performance of Amtrak's Routes

This appendix presents information on (1) the effect of excluding depreciation in calculating profit and loss per passenger for each Amtrak route, fiscal year 1997; (2) the operating ratio of each Amtrak route, fiscal years 1994 through 1997; (3) the profit or loss of each Amtrak route, fiscal years 1994 through 1997; (4) revenues, expenses, and profit or loss of each Amtrak route, fiscal year 1997; (5) the ridership on each Amtrak route, fiscal years 1994 through 1997; (6) the profit or loss per passenger for each Amtrak route, fiscal years 1994 through 1997; (7) the improved financial performance of certain Amtrak routes as a result of state payments, fiscal year 1997; (8) the load factor for each Amtrak route, fiscal year 1997; (9) Amtrak routes discontinued since fiscal year 1994; and (10) the segments of Amtrak routes discontinued since fiscal year 1994.

Table II.1: Effect of Excluding Depreciation in Calculating Profit or Loss Per Passenger for Each Amtrak Route, Fiscal Year 1997

	Profit or (loss) per passenger			
Name	Train (excluding depreciation)	Train and route (excluding depreciation)	Train, route, and system (excluding depreciation)	Train, route, and system (including depreciation)
Metroliners	$42	$25	$19	$5
San Joaquins	5	(3)	(9)	(11)
Carolinian	10	(9)	(16)	(27)
Piedmont	18	1	(19)	(42)
Capitols	1	(7)	(15)	(15)
Auto Train	(27)	(62)	(81)	(118)
Northeast Direct	8	(10)	(15)	(29)
Pacific Northwest Corridor	(3)	(14)	(24)	(26)
Illini	(8)	(28)	(40)	(47)
Kansas City-St. Louis	(16)	(29)	(39)	(45)
Southwest Chief	(73)	(132)	(151)	(180)
San Diegans	(4)	(13)	(19)	(23)
Vermonter	(12)	(35)	(41)	(58)
Lake Shore Limited	(30)	(61)	(73)	(90)
Empire	(15)	(28)	(34)	(38)
Adirondack	(35)	(48)	(52)	(57)
Philadelphia-Harrisburg	1	(9)	(15)	(22)
Three Rivers	(25)	(85)	(105)	(138)
Silver Meteor	(40)	(76)	(88)	(120)
Empire Builder	(66)	(104)	(118)	(136)
Illinois Zephyr	(21)	(38)	(51)	(61)

(continued)

Name	Profit or (loss) per passenger			
	Train (excluding depreciation)	Train and route (excluding depreciation)	Train, route, and system (excluding depreciation)	Train, route, and system (including depreciation)
International	(13)	(32)	(42)	(47)
California Zephyr	(83)	(117)	(130)	(149)
Capitol Limited	(58)	(93)	(106)	(133)
New York-Harrisburg	(2)	(15)	(21)	(37)
Pere Marquette	(11)	(30)	(45)	(51)
Coast Starlight	(56)	(73)	(81)	(92)
Silver Star	(54)	(94)	(107)	(143)
Silver Palm	(57)	(111)	(128)	(163)
Crescent	(71)	(117)	(133)	(163)
Clockers	(3)	(7)	(8)	(11)
Pennsylvanian	(10)	(29)	(38)	(53)
Chicago-St. Louis	(26)	(47)	(58)	(64)
Empire-Ethan Allen Express	(30)	(48)	(57)	(79)
City of New Orleans	(70)	(100)	(113)	(130)
Hiawathas	(12)	(30)	(45)	(50)
Texas Eagle	(116)	(161)	(176)	(201)
Sunset Limited	(164)	(213)	(233)	(284)
Cardinal	(68)	(96)	(106)	(136)
Chicago-Pontiac	(25)	(49)	(59)	(66)
Total	**($8)**	**($27)**	**($35)**	**($47)**

Note: The first three columns of numbers are based on Amtrak's fully allocated cost system, except that they exclude depreciation, which is a noncash expense to the corporation. The first column, train-related profit or loss per passenger, reflects revenues minus expenses that generally vary with the number of trains operated. The second column, the sum of train- and route-related profit or loss per passenger, adds such costs as maintaining Amtrak-owned stations, track roadbed, and other facilities. The third column adds costs associated with managing the entire system to those in the second column. The fourth column, the fully allocated profit or loss per passenger, includes all costs of operating Amtrak's intercity passenger trains, including depreciation.

Source: Amtrak.

Table II.2: Operating Ratio of Each Amtrak Route, Fiscal Years 1994 Through 1997

Name	FY 1994	FY 1995	FY 1996	FY 1997
Metroliners	1.13	1.02	0.91	0.94
San Joaquins	1.71	1.50	1.35	1.23
Carolinian	1.87	1.51	1.44	1.45
Piedmont	[a]	0.62	2.08	1.48
Capitols	1.35	1.87	2.17	1.52
Auto Train	1.18	1.19	1.29	1.56
Northeast Direct	1.85	1.72	1.59	1.65
Pacific Northwest Corridor	3.81	2.16	2.38	1.76
Illini	2.50	2.50	1.69	1.82
Kansas City-St. Louis	2.25	2.25	1.86	1.91
Southwest Chief	1.94	1.96	1.83	1.92
San Diegans	2.58	2.34	2.01	1.96
Vermonter	3.60	3.76	2.68	2.00
Lake Shore Limited	2.10	2.10	2.03	2.01
Empire	2.01	2.03	2.34	2.03
Adirondack	1.90	1.94	2.28	2.10
Philadelphia-Harrisburg	4.23	5.76	1.76	2.15
Three Rivers	2.27	2.03	1.64	2.18
Silver Meteor	2.33	1.94	2.09	2.18
Empire Builder	2.13	1.99	2.26	2.20
Illinois Zephyr	2.28	2.20	2.00	2.21
International	2.71	2.77	2.79	2.23
California Zephyr	1.94	2.10	2.32	2.24
Capitol Limited	2.29	2.42	2.34	2.27
New York-Harrisburg	2.52	1.96	2.26	2.30
Pere Marquette	2.19	1.88	2.49	2.43
Coast Starlight	2.37	2.61	2.77	2.43
Silver Star	2.39	2.10	2.26	2.47
Silver Palm	[b]	[b]	[b]	2.48
Crescent	2.53	2.34	2.40	2.56
Clockers	1.85	1.70	1.97	2.59
Desert Wind	2.48	2.22	2.56	2.64[c]
Pennsylvanian	2.09	2.21	2.11	2.70
Chicago-St. Louis	3.21	3.21	2.56	2.73
Empire-Ethan Allen Express	[d]	[d]	[d]	2.75
City of New Orleans	2.30	2.39	2.88	2.78
Hiawathas	3.96	3.48	2.59	2.92

(continued)

Name	FY 1994	FY 1995	FY 1996	FY 1997
Texas Eagle	2.36	2.57	3.14	2.99
Pioneer	2.81	2.94	2.85	3.11[c]
Sunset Limited	2.56	2.83	3.47	3.16
Cardinal	3.19	3.21	3.33	3.29
Chicago-Pontiac	3.03	3.15	3.48	3.66
Gulf Coast Limited	[e]	[e]	2.10	10.32[e]
Total	**1.99**	**1.88**	**1.85**	**1.86**

Note: A route's operating ratio is its expenses divided by its revenues. An operating ratio less than 1.0 means that the route was profitable, while an operating ratio greater than 1.0 means that the route lost money. A ratio greater than 2.0 means that the route's expenses were at least two times greater than its revenues during the fiscal year.

[a]Service was introduced in May 1995.

[b]Service was introduced in Nov. 1996.

[c]Service was discontinued in May 1997.

[d]Service was introduced in Dec. 1996.

[e]Experimental service was introduced in June 1996 and discontinued in Mar. 1997.

Source: Amtrak's route profitability system.

Table II.3: Profit or Loss of Each Amtrak Route, Fiscal Years 1994 Through 1997

Dollars in millions

Name	FY 1994	FY 1995	FY 1996	FY 1997
Metroliners	($17.6)	($2.4)	$14.2	$9.6
San Joaquins	(16.7)	(13.0)	(9.9)	(7.2)
Carolinian	(8.2)	(9.5)	(5.3)	(6.2)
Piedmont	[a]	0.4	(1.8)	(1.8)
Capitols	(4.8)	(8.0)	(13.7)	(7.4)
Auto Train	(7.2)	(8.2)	(13.0)	(28.4)
Northeast Direct	(189.7)	(159.0)	(142.0)	(160.4)
Pacific Northwest Corridor	(4.5)	(8.7)	(13.6)	(8.9)
Illini	(4.8)	(5.2)	(3.3)	(4.1)
Kansas City-St. Louis	(7.1)	(6.4)	(6.0)	(7.0)
Southwest Chief	(36.6)	(38.2)	(37.8)	(46.2)
San Diegans	(37.7)	(33.7)	(36.8)	(37.7)
Vermonter	(16.4)	(13.0)	(7.1)	(4.9)
Lake Shore Limited	(25.5)	(27.9)	(30.6)	(31.8)
Empire	(35.1)	(36.6)	(47.8)	(40.6)

(continued)

Dollars in millions

Name	FY 1994	FY 1995	FY 1996	FY 1997
Adirondack	(3.6)	(4.4)	(5.8)	(5.6)
Philadelphia-Harrisburg	(8.4)	(8.6)	(3.8)	(4.6)
Three Rivers	(24.4)	(19.0)	(7.4)	(19.4)
Silver Meteor	(43.5)	(28.1)	(32.8)	(30.6)
Empire Builder	(51.4)	(37.8)	(41.1)	(47.0)
Illinois Zephyr	(3.7)	(3.7)	(3.6)	(5.0)
International	(6.0)	(6.8)	(8.1)	(5.8)
California Zephyr	(41.3)	(42.5)	(34.2)	(43.6)
Capitol Limited	(17.0)	(21.8)	(27.6)	(23.8)
New York-Harrisburg	(10.0)	(8.6)	(9.3)	(16.1)
Pere Marquette	(2.5)	(1.7)	(2.9)	(3.3)
Coast Starlight	(36.4)	(39.9)	(44.6)	(46.0)
Silver Star	(41.8)	(33.4)	(39.3)	(38.7)
Silver Palm	[b]	[b]	[b]	(30.6)
Crescent	(41.9)	(32.1)	(30.8)	(40.3)
Clockers	(12.0)	(9.6)	(12.2)	(17.1)
Desert Wind	(20.6)	(14.6)	(23.2)	(13.9)[c]
Pennsylvanian	(6.2)	(7.8)	(6.6)	(8.5)
Chicago-St. Louis	(16.6)	(17.8)	(16.2)	(16.4)
Empire-Ethan Allen Express	[d]	[d]	[d]	(2.3)
City of New Orleans	(16.0)	(17.0)	(20.2)	(22.6)
Hiawathas	(16.3)	(14.5)	(15.6)	(17.9)
Texas Eagle	(19.1)	(18.7)	(22.3)	(19.2)
Pioneer	(16.3)	(14.6)	(19.0)	(11.8)[c]
Sunset Limited	(28.4)	(31.8)	(39.8)	(35.3)
Cardinal	(12.9)	(12.8)	(9.8)	(10.8)
Chicago-Pontiac	(18.7)	(19.9)	(24.1)	(27.5)
Gulf Coast Limited	[e]	[e]	(0.6)[e]	(2.5)[e]
Routes closed before 1997[f]	(31.4)	(18.6)	0	0
Total	**($958.3)**	**($855.4)**	**($855.3)**	**($949.5)**

(Table notes on next page)

Note: Amtrak's financial data for individual routes include only the revenues and expenses associated with providing intercity passenger service along the route.

[a]Service was introduced in May 1995.

[b]Service was introduced in Nov. 1996.

[c]Service was discontinued in May 1997.

[d]Service was introduced in Dec. 1996.

[e]Experimental service was introduced in June 1996 and discontinued in Mar. 1997.

[f]Includes losses of the Atlantic City Express, Palmetto, and Hoosier routes, which were closed during fiscal year 1995.

Source: Amtrak's route profitability system.

Table II.4: Revenues, Expenses, and Profit or Loss of Each Amtrak Route, Fiscal Year 1997

Dollars in millions

Name	Total revenues	Expenses				Profit (loss)
		Train[a]	Route[b]	System[c]	Total	
Metroliners	$173.1	$90.8	$60.0	$12.8	$163.5	$9.6
San Joaquins	31.3	28.8	5.1	4.6	38.6	(7.2)
Carolinian	13.6	12.4	5.9	1.5	19.8	(6.2)
Piedmont	3.8	4.0	0.8	0.9	5.6	(1.8)
Capitols	14.1	13.8	3.6	4.1	21.5	(7.4)
Auto Train	50.7	64.8	9.8	4.5	79.1	(28.4)
Northeast Direct	245.2	215.7	163.4	26.5	405.6	(160.4)
Pacific Northwest Corridor	11.7	13.6	3.6	3.3	20.5	(8.9)
Illini	5.1	6.3	1.8	1.1	9.2	(4.1)
Kansas City-St. Louis	7.6	10.9	2.1	1.6	14.6	(7.0)
Southwest Chief	50.3	74.7	17.0	4.9	96.5	(46.2)
San Diegans	39.1	51.3	14.9	10.6	76.8	(37.7)
Vermonter	4.9	7.1	2.3	0.5	9.9	(4.9)
Lake Shore Limited	31.5	47.5	11.4	4.4	63.3	(31.8)
Empire	39.3	59.9	14.2	5.8	79.8	(40.6)
Adirondack	5.1	9.0	1.2	0.4	10.7	(5.6)
Philadelphia-Harrisburg	4.0	4.6	3.0	1.0	8.6	(4.6)
Three Rivers	16.4	21.5	11.6	2.7	35.8	(19.4)
Silver Meteor	26.0	41.1	12.3	3.3	56.6	(30.6)
Empire Builder	39.4	67.4	14.0	4.9	86.4	(47.0)
Illinois Zephyr	4.1	6.6	1.4	1.1	9.2	(5.0)
International	4.7	6.9	2.4	1.2	10.5	(5.8)

(continued)

Dollars in millions

Name	Total revenues	Expenses				Profit (loss)
		Train[a]	Route[b]	System[c]	Total	
California Zephyr	35.2	64.3	10.8	3.7	78.8	(43.6)
Capitol Limited	18.8	33.6	6.6	2.4	42.6	(23.8)
New York-Harrisburg	12.3	14.8	10.7	3.0	28.4	(16.1)
Pere Marquette	2.3	3.5	1.2	1.0	5.7	(3.3)
Coast Starlight	32.2	65.5	8.6	4.1	78.2	(46.0)
Silver Star	26.3	46.9	14.4	3.7	65.0	(38.7)
Silver Palm	20.6	34.6	13.5	3.1	51.1	(30.6)
Crescent	25.8	46.7	15.4	4.0	66.1	(40.3)
Clockers	10.7	17.9	8.0	2.0	27.9	(17.1)
Desert Wind[d]	8.5	17.9	3.5	1.0	22.4	(13.9)
Pennsylvanian	5.0	7.7	4.3	1.5	13.5	(8.5)
Chicago-St. Louis	9.5	17.6	5.5	2.7	25.9	(16.4)
Empire-Ethan Allen Express	1.3	2.8	0.6	0.3	3.6	(2.3)
City of New Orleans	12.7	27.4	5.5	2.4	35.2	(22.6)
Hiawathas	9.3	15.3	6.5	5.4	27.2	(17.9)
Texas Eagle	9.6	22.7	4.6	1.5	28.8	(19.2)
Pioneer[d]	5.6	13.7	2.9	0.9	17.5	(11.8)
Sunset Limited	16.3	42.3	7.0	2.4	51.7	(35.3)
Cardinal	4.7	12.4	2.3	0.9	15.6	(10.8)
Chicago-Pontiac	10.3	23.5	10.5	3.8	37.8	(27.5)
Gulf Coast Limited[d]	0.3	1.8	0.4	0.5	2.8	(2.5)
Total	**$1,098.5**	**$1,391.5**	**$504.6**	**$151.9**	**$2,047.9**	**($949.5)**

Note: Amtrak's financial data for individual routes include only the revenues and expenses associated with providing intercity passenger service along the route. These core services are passenger-related service, mail and express service, other transportation services, and states' payments supporting certain routes.

[a]Primarily includes the train crew's salaries, fuel and power costs, all maintenance of train equipment, depreciation and debt interest for train locomotives and passenger cars, payments to freight railroads for the use of their track, and marketing and sales support.

[b]Primarily includes maintenance and depreciation for Amtrak-owned stations, track roadbed, and other facilities, as well as reservations and management support computer systems.

[c]Primarily includes staff salaries, rent, and associated expenses for corporate and SBU headquarters operations.

[d]Amtrak discontinued service on the Desert Wind, Pioneer, and Gulf Coast Limited during fiscal year 1997.

Source: Amtrak's route profitability system.

Table II.5: Ridership on Each Amtrak Route, Fiscal Years 1994 Through 1997

Passengers in thousands

Name	FY 1994	FY 1995	FY 1996	FY 1997
Metroliners	2,025	2,001	2,011	2,081
San Joaquins	554	524	567	688
Carolinian	206	445	232	231
Piedmont	0	9[a]	29	43
Capitols	367	353	455	490
Auto Train	207	248	232	241
Northeast Direct	5,880[b]	5,871[b]	5,665	5,548
Pacific Northwest Corridor	127	268	304	335
Illini	108	101	85	89
Kansas City-St. Louis	160	143	131	156
Southwest Chief	262	255	236	257
San Diegans	1,629	1,445	1,566	1,635
Vermonter	125	96	75	85
Lake Shore Limited	328	358	352	355
Empire	1,071	1,046	979	1,057
Adirondack	85	96	95	99
Philadelphia-Harrisburg	214	198	177	215
Three Rivers	184	163	250	140
Silver Meteor	421	374	346	255
Empire Builder	453	372	310	347
Illinois Zephyr	83	82	77	82
International	116	115	110	124
California Zephyr	379	322	224	292
Capitol Limited	176	186	189	179
New York-Harrisburg	334	438	342	442
Pere Marquette	70	51	54	65
Coast Starlight	452	432	402	497
Silver Star	395	398	353	270
Silver Palm	0	0	0	188[c]
Crescent	316	270	220	247
Clockers	1,711	1,746	1,623	1,493
Desert Wind	147	120	143	80[d]
Pennsylvanian	178	233	202	160
Chicago-St. Louis	292	285	255	256
Empire-Ethan Allen Express	0	0	0	29[e]
City of New Orleans	216	195	161	174

(continued)

Passengers in thousands

Name	FY 1994	FY 1995	FY 1996	FY 1997
Hiawathas	447	379	320	361
Texas Eagle	149	123	98	95
Pioneer	113	88	95	51[d]
Sunset Limited	175	161	144	124
Cardinal	107	108	80	80
Chicago-Pontiac	395	372	375	418
Gulf Coast Limited	0	0	13[f]	21[f]
Routes closed before 1997[g]	467	207	0	0
Special trains[h]	42	47	98	113
Total	**21,169**	**20,725**	**19,674**	**20,191**

[a]Service was introduced in May 1995.

[b]Includes ridership for the route between New York City and Newport News, Virginia.

[c]Service was introduced in Nov. 1996.

[d]Service was discontinued in May 1997.

[e]Service was introduced in Dec. 1996.

[f]Experimental service was introduced in June 1996 and discontinued in Mar. 1997.

[g]Includes ridership on the Atlantic City Express, Palmetto, and Hoosier routes, which were closed during fiscal year 1995.

[h]Specially contracted trains that are not part of Amtrak's regular intercity or commuter passenger service.

Source: Amtrak.

Table II.6: Profit or Loss Per Passenger for Each Amtrak Route, Fiscal Years 1994 Through 1997

Name	FY 1994	FY 1995	FY 1996	FY 1997
Metroliners	($9)	($1)	$7	$5
San Joaquins	(30)	(25)	(17)	(11)
Carolinian	(40)	(21)	(23)	(27)
Piedmont	[a]	44[a]	(62)	(42)
Capitols	(13)	(23)	(30)	(15)
Auto Train	(35)	(33)	(56)	(118)
Northeast Direct	(32)	(27)	(25)	(29)
Pacific Northwest Corridor	(35)	(32)	(45)	(26)
Illini	(44)	(51)	(39)	(47)
Kansas City-St. Louis	(44)	(45)	(46)	(45)

(continued)

Name	FY 1994	FY 1995	FY 1996	FY 1997
Southwest Chief	(140)	(150)	(160)	(180)
San Diegans	(23)	(23)	(23)	(23)
Vermonter	(131)	(135)	(95)	(58)
Lake Shore Limited	(78)	(78)	(87)	(90)
Empire	(33)	(35)	(49)	(38)
Adirondack	(42)	(46)	(61)	(57)
Philadelphia-Harrisburg	(39)	(43)	(21)	(22)
Three Rivers	(133)	(117)	(30)	(138)
Silver Meteor	(103)	(75)	(95)	(120)
Empire Builder	(113)	(102)	(133)	(136)
Illinois Zephyr	(45)	(45)	(47)	(61)
International	(52)	(59)	(74)	(47)
California Zephyr	(109)	(132)	(153)	(149)
Capitol Limited	(97)	(117)	(146)	(133)
New York-Harrisburg	(30)	(20)	(27)	(37)
Pere Marquette	(36)	(33)	(54)	(51)
Coast Starlight	(81)	(92)	(111)	(92)
Silver Star	(106)	(84)	(111)	(143)
Silver Palm	[b]	[b]	[b]	(163)
Crescent	(133)	(119)	(140)	(163)
Clockers	(7)	(5)	(8)	(11)
Desert Wind	(140)	(122)	(162)	(174)[c]
Pennsylvanian	(35)	(33)	(33)	(53)
Chicago-St. Louis	(57)	(62)	(64)	(64)
Empire-Ethan Allen Express	[d]	[d]	[d]	(79)
City of New Orleans	(74)	(87)	(125)	(130)
Hiawathas	(36)	(38)	(49)	(50)
Texas Eagle	(128)	(152)	(228)	(201)
Pioneer	(144)	(166)	(200)	(231)[c]
Sunset Limited	(162)	(198)	(276)	(284)
Cardinal	(120)	(119)	(123)	(136)
Chicago-Pontiac	(47)	(53)	(64)	(66)
Gulf Coast Limited	[e]	[e]	(46)[e]	(119)
Total	**($46)**	**($41)**	**($44)**	**($47)**

(Table notes on next page)

Note: Amtrak's financial system fully allocates all expenses of operating intercity passenger trains to routes, including the depreciation of its locomotives, passenger cars, and railroad tracks and equipment.

[a]Service was introduced in May 1995.

[b]Service was introduced in Nov. 1996.

[c]Service was discontinued in May 1997.

[d]Service was introduced in Dec. 1996.

[e]Experimental service was introduced in June 1996 and discontinued in Mar. 1997.

Source: GAO's analysis of Amtrak's data.

Table II.7: Improved Financial Performance of Certain Amtrak Routes as a Result of State Support, Fiscal Year 1997

Name	State	Fiscal year 1997 payment (dollars in millions)	Loss per passenger excluding state payments	Loss per passenger including state payments
San Joaquins	California	$16.8	($35)	($11)
Carolinian	North Carolina	1.8	(35)	(27)
Piedmont	North Carolina	3.2	(116)	(42)
Capitols	California	8.4	(32)	(15)
Pacific Northwest Corridor	Oregon/ Washington	1.2/ 3.6	(41)	(26)
Illini	Illinois	2.1	(70)	(47)
Kansas City-St. Louis	Missouri	3.7	(69)	(45)
San Diegans	California	16.2	(33)	(23)
Vermonter	Vermont	0.5	(64)	(58)
Adirondack	New York	1.0	(67)	(57)
Illinois Zephyr	Illinois	1.8	(83)	(61)
International	Michigan	1.3	(57)	(47)
Pere Marquette	Michigan	0.8	(63)	(51)
Philadelphia-Harrisburg	Pennsylvania	2.0	(41)	(22)
Chicago-St. Louis	Illinois	2.4	(73)	(64)
Empire-Ethan Allen Express	Vermont	0.1	(83)	(79)
Hiawathas	Illinois/ Wisconsin	0.6/ 2.7	(59)	(50)

Note: State payments totaled $70.1 million in fiscal year 1997.

Source: GAO's analysis of Amtrak data.

Table II.8: Load Factor for Each Amtrak Route, Fiscal Year 1997

Passenger miles and seat miles in thousands

Name	Passenger miles[a]	Seat miles[b]	Load factor[c]
Metroliners	298,159	622,880	47.9
San Joaquins	103,077	285,946	36.0
Carolinian	72,898	175,178	41.6
Piedmont	5,539	14,103	39.3
Capitols	40,963	123,682	33.1
Auto Train	207,760	344,231	60.4
Northeast Direct	912,619	2,355,817	38.7
Pacific Northwest Corridor	53,178	129,270	41.1
Illini	18,333	55,568	33.0
Kansas City-St. Louis	31,704	77,728	40.8
Southwest Chief	299,777	518,839	57.8
San Diegans	156,282	476,249	32.8
Vermonter	26,166	58,742	44.5
Lake Shore Limited	204,583	324,019	63.1
Empire	204,193	507,264	40.3
Adirondack	27,555	63,627	43.3
Philadelphia-Harrisburg	15,848	40,030	39.6
Three Rivers	69,766	131,152	53.2
Silver Meteor	179,609	318,241	56.4
Empire Builder	315,976	511,829	61.7
Illinois Zephyr	14,315	43,208	33.1
International	24,582	98,339	25.0
California Zephyr	263,666	489,726	53.8
Capitol Limited	97,698	181,456	53.8
New York-Harrisburg	40,651	143,858	28.3
Pere Marquette	9,614	25,031	38.4
Coast Starlight	234,683	387,272	60.6
Silver Star	181,178	331,593	54.6
Silver Palm[d]	125,633	285,428	44.0
Crescent	152,966	301,045	50.8
Clockers	71,968	137,387	52.4
Desert Wind[e]	75,610	144,306	52.4
Pennsylvanian	26,919	105,026	25.6
Chicago-St. Louis	45,779	133,337	34.3
Empire-Ethan Allen Express[f]	5,890	16,673	35.3
City of New Orleans	96,071	199,990	48.0
Hiawathas	29,442	85,804	34.3

(continued)

Passenger miles and seat miles in thousands

Name	Passenger miles[a]	Seat miles[b]	Load factor[c]
Texas Eagle	79,403	160,081	49.6
Pioneer[e]	50,522	111,201	45.4
Sunset Limited	144,011	274,711	52.4
Cardinal	30,811	60,672	50.8
Chicago-Pontiac	84,372	201,005	42.0
Gulf Coast Limited[g]	2,312	7,161	32.3
Special trains[h]	34,122	35,247	96.8
Total	**5,166,203**	**11,093,953**	**46.6**

[a]The total number of passengers that ride Amtrak trains times the total miles that they travel.

[b]The total number of seats available on each Amtrak train times the number of miles the train travels.

[c]Passenger miles divided by seat miles. Load factor measures the extent to which each train's seats are occupied by passengers.

[d]Service was introduced in Nov. 1996.

[e]Service was discontinued in May 1997.

[f]Service was introduced in Dec. 1996.

[g]Experimental service was introduced in June 1996 and discontinued in Mar. 1997.

[h]Specially contracted trains that are not part of Amtrak's regular intercity or commuter passenger service.

Source: Amtrak.

Table II.9: Amtrak's Routes Discontinued Since Fiscal Year 1994

Route	Date discontinued	Service affected
Desert Wind	May 1997	Salt Lake City, UT-Los Angeles, CA
Pioneer[a]	May 1997	Denver, CO-Seattle, WA
Gulf Coast Limited[b]	Mar. 1997	New Orleans, LA-Mobile, AL
Loop[c]	June 1996	Chicago, IL-Springfield, IL
Hoosier State[d]	Sep. 1995	Chicago, IL-Indianapolis, IN
Atlantic City Express	Apr. 1995	Philadelphia, PA-Atlantic City, NJ
Gulf Breeze[e]	Apr. 1995	Birmingham, AL-Mobile, AL
Palmetto[f]	Feb. 1995	New York, NY-Jacksonville, FL

[a]The Pacific Northwest Corridor provides service between Portland and Seattle.

[b]The Sunset Limited provides service between New Orleans and Mobile three times a week.

[c]The Chicago-St.Louis route provides service between Chicago and Springfield three times daily.

[d]The Cardinal provides service between Chicago and Indianapolis three times a week.

[e]Train service was replaced with Amtrak's thruway bus service.

[f]In Nov. 1996, Amtrak initiated the Silver Palm, which provides service between New York and Miami.

Table II.10: Segments of Amtrak's Routes Discontinued Since Fiscal Year 1994

Route	Date discontinued	Service affected
Sunset Limited[a]	Nov. 1996	Sanford, FL-Miami, FL
Broadway Limited[b]	Sep. 1995	Chicago, IL-Pittsburgh, PA
Cardinal[c]	Sep. 1995	Washington, D.C.-New York, NY
Texas Eagle[d]	Sep. 1995	Dallas, TX-Houston, TX
Lake Cities[d]	Apr. 1995	Detroit, MI-Toledo, OH
Montrealer[e]	Apr. 1995	St. Albans, VT-Montreal, Canada
Northeast Direct[f]	Apr. 1995	Boston, MA-Springfield, MA

[a]Service was extended from Sanford to Orlando in Aug. 1997.

[b]Replaced by the Three Rivers, which initially provided service between New York City and Pittsburgh. In Nov. 1996, Amtrak extended the service to Chicago.

[c]Northeast Direct trains and Metroliners provide frequent service between Washington, D.C., and New York City.

[d]Train service was replaced with Amtrak's thruway bus service.

[e]Replaced by the Vermonter between Washington, D.C., and St. Albans, Vermont, with connecting Amtrak thruway bus service to Montreal.

[f]The Lake Shore Limited provides daily service between Boston and Springfield. In Nov. 1996, Northeast Direct service was restored with a single frequency.

Source: Amtrak.

Amtrak's Federal Operating and Capital Support

Table III.1: Comparison of Amtrak's Original Glidepath for Eliminating Federal Operating Subsidies by 2002 With Federal Appropriations and the Administration's Budget Proposal

Dollars in millions

	Amtrak's calculation of the federal operating subsidy				
Fiscal year	Glidepath	Retirement payment	Total	Total federal appropriations for operating expenses[a]	Difference
1995	$392	$150	$542	$542	$0
1996	260	120	380	305[b]	(75)
1997	250	142	392	365	(27)
1998	225	142	367	344	(23)
1999	150	142	292	292[c]	0
2000	100	142	242	242[c]	0
2001	50	142	192	192[c]	0
2002	0	142	142	142[c]	0

Note: Amtrak's original glidepath would eliminate federal operating subsidies by 2002, except that the federal government would continue its payments to the Railroad Retirement Account. Amtrak's federal grant request for fiscal year 1999 revised the glidepath to include an additional $84 million in fiscal year 1999 to make up for federal operating support that was below the glidepath in prior years.

[a]Includes the federal contribution to the Railroad Retirement Account. The House Committee on Appropriations has disagreed with Amtrak on how the federal railroad retirement payment is calculated.

[b]Excludes an additional $100 million appropriated in fiscal year 1996 to pay for Amtrak's one-time reorganization costs.

[c]The administration's budget proposal for fiscal year 1999 follows Amtrak's request for the glidepath and the federal railroad retirement payment.

Source: Amtrak and the administration's fiscal year 1999 budget.

Table III.2: Amtrak's Revenues and Expenses, Fiscal Years 1995 Through 1997

Dollars in millions

Revenues/expenses	FY 1995	FY 1996	FY 1997
Revenues			
Core revenue			
Passenger related	$874.4	$900.7	$963.9
Mail and express	60.9	66.1	69.7
Other transportation	174.9	147.9	122.6
State contribution	35.7	64.2	70.1
Subtotal	1,145.9	1,178.9	1,226.3
Commuter	212.8	234.4	241.6
Reimbursable	107.3	107.5	91.1
Commercial development	30.9	34	114.7[a]
Total revenues	1,496.9	1,554.8	1,673.7
Expenses			
Core expenses	1,995.7	1,955.4	2,096.5[b]
Commuter	195.0	218.5	204.1
Reimbursable	114.4	98.4	86.2
Commercial development	0.0	9.7	11.4
Overhauls	[c]	36.4	37.4
Total expenses	**2,305.1**	**2,318.4**	**2,435.6**
Net profit/(loss)	**($808.2)**	**($763.6)**	**($761.9)**

[a]Primarily one-time sources of income, including (1) $45 million from the sale of telecommunications right-of-way to Qwest Telecom; (2) $11 million from the sale of land in Providence, Rhode Island; (3) $5.7 million from the sale of the east end of the concourse at Penn Station in New York City to New Jersey Transit; and (4) $3 million from the sale of telecommunications rights to OmniPoint.

[b]The Omnibus Consolidated Appropriations Act for Fiscal Year 1997 provided $22.5 million for the costs associated with continuing service on six routes proposed for closure for an additional 6 months. According to Amtrak, this funding was $13.5 million less than the actual cost.

[c]Amtrak's fiscal year 1995 data did not separately identify overhaul expenses.

Source: Amtrak.

Table III.3: Amtrak's Overall Losses, Fiscal Years 1995 Through 1997

Dollars in millions

Budget category	FY 1995	FY 1996	FY 1997
Revenues	$1,496.9	$1,554.8	$1,673.7
Expenses	2,305.1	2,318.4	2,435.6
Net profit/(loss)	(808.2)	(763.6)	(761.9)
Federal operating grants	392.0	285.0	222.5
Federal capital - interest	0.0	0.0	42.0
Federal capital - equipment overhauls and maintenance	0.0	36.4	37.4
Federal funding for excess railroad retirement taxes[a]	150.0	120.0	142.0
Profit/(loss) after federal subsidies	(266.2)	(322.2)	(318.0)
Non-cash expenses[b]	254.0	240.0	247.6
Overall loss	**($12.2)**	**($82.2)**	**($70.4)**

[a]Amtrak is required to participate in the railroad retirement and unemployment systems. Each participating railroad pays a portion of the costs for all retirement and unemployment benefits in the industry. Amtrak's payments exceed its specific retirement and unemployment costs.

[b]Primarily depreciation.

Source: Amtrak.

Table III.4: Amtrak's Draft Capital Investment Plan, Fiscal Years 1998 Through 2003

Dollars in millions

Category	1998	1999	2000	2001	2002	2003	Total
High-speed rail	$609.0	$489.9	$357.7	$118.5	$83.7	$72.7	$1,731.5
Other business development	30.3	44.1	0.8	0.8	0.8	0.5	77.3
Overhauls[a]	126.6	73.9	69.5	76.2	71.1	79.8	497.0
Refleeting[b]	334.3	45.8	53.2	5.6	5.6	5.6	450.0
Life safety[c]	42.8	39.7	41.8	41.8	41.8	41.8	249.7
Operational reliability[d]	81.9	137.9	162.8	180.0	173.7	169.3	905.2
Yards, shops and stations	55.4	173.4	82.8	67.0	60.0	46.1	484.8
Technology	22.3	69.5	38.8	32.6	33.3	26.8	223.4
Discretionary	0.0	37.1	47.0	53.4	50.6	44.7	232.8
Mandatory[e]	71.5	95.5	76.3	89.9	98.4	141.1	572.7
Preliminary engineering	6.9	17.3	10.0	0.0	0.0	0.0	34.2
Total capital	**$1,381.0**	**$1,224.0**	**$940.2**	**$665.8**	**$619.1**	**$628.3**	**$5,458.5**

Note: Amtrak's Board of Directors has approved capital spending only for fiscal year 1998; spending in subsequent years is preliminary. Amtrak's management currently is developing a capital plan for fiscal years 1999 to 2003 and plans to present it to the Board in September 1998.

[a]Heavy and progressive overhauls of equipment designed to reduce maintenance costs.

[b]Replacement of old locomotives and passenger cars with new or remanufactured equipment.

[c]Primarily improvements or repairs to aging or damaged infrastructure and equipment.

[d]Primarily state-of-good-repair maintenance of the Northeast Corridor.

[e]Primarily debt service.

Source: Amtrak, "Strategic Business Plan: FY 1998 - FY 2000," Sept. 23, 1997.

Table III.5: Proposed Use of Federal Funds Under Amtrak's Original Glidepath and Federal Transit Administration (FTA) Approaches, Fiscal Years 1999 Through 2003

Dollars in millions

Use of funds	1999	2000	2001	2002	2003	Total	Percent
Capital grant appropriation	$621	$571	$521	$521	$521	$2,755	100
Glidepath approach							
Operating expenses	292	242	192	142	142	1,010	37
Capital expenses	329	329	329	379	379	1,745	63
FTA capital maintenance approach							
Capital maintenance	511	427	282	285	290	1,795	65
Other capital expenses	110	144	239	236	231	960	35

Note: Amtrak's original glidepath would eliminate federal operating subsidies by 2002, except that the federal government would continue its payments to the Railroad Retirement Account. Amtrak's federal grant request for fiscal year 1999 revised the glidepath to include an additional $84 million in fiscal year 1999 to make up for federal operating support that was below the glidepath in prior years.

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