

Amtrak spends millions on fancy high-speed cars, little on basic maintenance

By [Kellan Howell](#)

Thursday, May 14, 2015

Dozens of federal watchdog reports over the past decade have revealed a culture of financial irresponsibility and mismanagement at Amtrak that has led to billions of wasted taxpayer dollars over the years and may have put travelers at risk.

Amtrak has consumed almost \$40 billion in federal subsidies since 1971, but has never earned a profit, and most of its routes lose money running empty trains. In addition, federal reports reveal that Amtrak regularly loses tens of millions of dollars on food sales and improper payments.

This week, House Republicans voted down giving Amtrak an additional \$252 million funding grant — which the president requested in his budget — despite cries from Democrats that a Tuesday night crash that killed eight people warranted more money for Amtrak.

Accusations that Republicans are responsible for this week's deadly Amtrak train crash because of funding fights are "stupid," House Speaker John A. Boehner said Thursday, bristling at a question about the matter during his weekly press conference.

"Obviously it's not about funding. The train was going twice the speed limit," the Ohio Republican said. "Adequate funds were there; no money's been cut from rail safety."

Investigators found that the train was traveling at 106 mph in a 50 mph zone when it crashed, and human error was most likely to blame.

Watchdogs agree with Republicans: More money is not the solution to Amtrak's woes. The federally subsidized rail service spends millions on fancy high-speed cars but allocates little to basic maintenance along the heavily traveled Northeast Corridor — the site of Tuesday's crash and the only profitable Amtrak route.

Republicans and watchdogs argue Amtrak would be better off if it were privately owned and operated — forcing it to make efficiency and safety decisions by competing in the open market.

"The problem is it's government-run and Congress regulates it. It's true that there has been a lack of maintenance spending in the NEC, which is heavily used and heavily run down, but that's because Congress itself forces Amtrak to spend money on things that don't make sense," said Chris Edwards, director of tax policy studies at the Cato Institute.

Rep. John L. Mica, Florida Republican, agrees.

"One of the biggest waste programs that we have, and that needs reform, is Amtrak," Mr. Mica said. "It's basically a Soviet-style federal transportation program which the federal government and some special interests won't let loose. Almost the entire world is now competing; the European Union will require competition rail service over state-owned service. We've seen privatization in England, Germany, Japan, Italy, where the price can go down and the quality of the service goes up. And more people are employed in the industry."

For wasting billions of taxpayer dollars on poorly managed and unneeded railway projects instead of vital safety measures and maintenance upkeep, both Amtrak and the federal government win this week's Golden Hammer Award, a weekly distinction given by The Washington Times highlighting examples of wasteful federal spending.

A spokesperson for Amtrak could not be reached for comment.

An October 2005 report from the Government Accountability Office attributed Amtrak's significant deficit — projected at \$290 million this year — to weak financial management, accountability and oversight practices.

"At a time when Amtrak is at a critical crossroads, GAO found that the corporation faces major challenges in instituting and strengthening its most basic business systems," investigators wrote in the report. "Fundamental improvements are needed in the way Amtrak measures and monitors performance, develops and maintains financial controls, controls cost, acquires goods and services, and is held accountable for results."

Since 2011, Amtrak has lost roughly \$366 million on food sales alone, a single line item that is projected to lose another \$53 million in 2016, according to the House Committee on Appropriations' report on the new transportation appropriations bill.

On Wednesday, the Appropriations panel rejected Democratic attempts to boost that measure's spending on Amtrak by more than \$1 billion, of which \$556 million would have gone to the Northeast Corridor.

The Republican bill would cut Amtrak's subsidies by \$251 million — to \$1.1 billion — for the upcoming fiscal year.

"Every day, tens of thousands of passengers travel our nation's railways on Amtrak — a majority of those along the Northeast Corridor, where yesterday's tragic accident occurred," said Rep. Chaka Fattah, a Democrat who represents Philadelphia. "These riders deserve safe, secure and modern infrastructure."

Despite steady increases in funding for the Federal Railroad Administration, Amtrak continues to sustain an enormous deficit and requires a federal subsidy to cover both operating losses and capital investments each year.

Randal O'Toole, a senior fellow working on transportation issues at the Cato Institute, said that Amtrak has done little to improve its practices and has fallen into a costly pattern of accepting free money.

"There are things Amtrak could do to make themselves more efficient. Basically they have a culture of 'let's make as many members of Congress dependent on our services so we can continue to get federal dollars.' That's why we have all of these empty trains running around the country — except the NEC," Mr. O'Toole said.

After the crash, many are calling for more funding for Amtrak to complete implementation of Positive Train Control (PTC), a signal and GPS systems that would track and automatically slow down and stop trains to prevent collisions and derailments like the one in Philadelphia on Tuesday.

In 2008 President Bush mandated that Amtrak lines install PTC. Amtrak is supposed to have the technology installed by the end of this year, but sections of the NEC are not operational, one of which was this week's fatal crash site.

On Thursday, Sen. Charles E. Schumer, New York Democrat, said that vindicated his party's claims of underfunding, calling Mr. Boehner's comments "patently false." Mr. Schumer said "insufficient funding" had delayed installation of PTC.

"To deny a connection between the accident and underfunding Amtrak is to deny reality," he said.

But watchdogs say the lack of funding is not what's slowing down PTC implementation, but rather too much funding is being diverted to other projects.

In 2009 and 2010 President Obama asked Congress for \$10 billion to spend on high-speed trains. None of that money went toward installing PTC in Amtrak's Northeast corridor.

"PTC would have prevented this accident. There was plenty of money available to install it, but the Obama administration, in its infinite wisdom, chose to spend it elsewhere," Mr. O'Toole said. "Two days ago, it would have been embarrassing to think that the government-run Amtrak hadn't yet completed installation of PTC on its highest-speed corridor. Today, it's a tragedy. But how is it the fault of fiscal conservatives?"

Amtrak would be able to close its money-draining routes and divert that money to maintenance on the NEC if it were deregulated, according to Mr. Edwards.

Mr. O'Toole argued that free market competition would root out mismanagement within Amtrak as well and said that the government should not subsidize Amtrak when it doesn't do the same

for other modes of transportation like buses and airplanes, which make up a much larger percentage of overall travel.

"Transportation benefits are gained mainly by the transportation users. I don't see why Amtrak passengers shouldn't be asked to pay for what they use instead of letting somebody else subsidize it," Mr. O'Toole said.