

United States Senate

WASHINGTON, DC 20510

March 12, 2014

Mr. Joseph H. Boardman
President, Amtrak
National Railroad Passenger Corporation
60 Massachusetts Avenue, NE
Washington, DC 20002

Dear Mr. Boardman:

It has come to our attention that Amtrak has officially launched a writer in residency program. We write both to express concern and request information regarding this initiative.

According to your website, this program is designed “to allow creative professionals who are passionate about train travel and writing to work on their craft in an inspiring environment” and will award up to twenty-four writers free round-trip train travel on a long-distance route for up to five days (though exceptions apply).¹ Each recipient will receive “a private sleeper car, equipped with a desk, a bed and a window to watch the American countryside roll by for inspiration.” According to the terms of the program, the approximate retail value of this award package is \$900.² Applications will be accepted through the end of March. No professional writing experience is necessary, but there is a preference for those with “extensive social media connections.”

Media reports indicate that this promotion was generated as a result of high demand for free Amtrak tickets via social media sources. We are certain that there is considerable demand for *free* Amtrak tickets in any number of venues. Unfortunately, given Amtrak’s prodigious annual taxpayer subsidies, this plan raises multiple red flags. According to the Congressional Budget Office (CBO), “lawmakers appropriated more than \$1.5 billion in 2013 to subsidize intercity passenger rail services provided by the National Railroad Passenger Corporation.” In a review of options to reduce the deficit, CBO estimated that ending taxpayer subsidies to Amtrak would save nearly \$15 billion between fiscal years 2014 and 2023. Amtrak’s own website indicates the railway incurred \$4.036 billion in total expenses during Fiscal Year 2012 while only generating \$2.877 billion in revenue. Notably, revenue from ticket sales was insufficient to even cover Amtrak’s operating expenses.

Given these facts, we raise the following questions related to the Amtrak residency program:

- Amtrak’s website notes that the railway is “taking steps to improve financial performance and accountability with new cost controls, efficiency improvements, and debt reduction

¹ “#AmtrakResidency: Application Form.” *Amtrak, the Official Blog of Amtrak*. 12 March 2014.

<http://blog.amtrak.com/amtrakresidency/>

² “Official Terms.” *Amtrak, the Official Blog of Amtrak*. 12 March 2014. <http://blog.amtrak.com/officialterms/>

measures.”³ In addition, Amtrak “welcomed aboard more than 31.2 million passengers, the largest annual total in its history.” How does Amtrak square passing out free tickets with its commitment to new cost controls, particularly in a time when it appears the use of (presumably paid for) tickets is hitting record highs?

- Media reports indicate that an initial recipient of a residency award was asked to “send out a few tweets while she was traveling, and do an interview for the company’s blog at the end of her trip.”⁴ However, an Amtrak spokesperson indicated that this is “not pay for play” and that there is apparently “no plan to actually require writing.” What explicit expectations will Amtrak place on residency recipients?
- A spokesperson recently posted that Amtrak is interested in looking at additional opportunities with respect to residencies.⁵ Given that, what measurable goals or metrics does Amtrak plan to use to evaluate the effectiveness of the program?
- The residency program appears to emphasize Amtrak’s longer routes, despite the fact that a recent Brookings Institution study found that in 2011 all of the long-distance corridors that involved traveling more than 400 miles resulted in operating cost losses.⁶ Routes extending over 750 miles lost more than half a billion in 2011. An Amtrak spokesperson recently stated, “we will work with our revenue management department to identify undersold space for the residency spots.”⁷ Will decisions regarding free ticket awards take into consideration the profitability of the specific route (i.e., focus on routes that under ordinary circumstances normally produce positive revenue versus adding to eminent and substantial structural losses associated with certain routes)?
- In October of last year, Amtrak committed to moving forward with a plan to eliminate financial losses associated with food and beverage sales and subsidies.⁸ At that time, food and beverage losses alone were projected to be \$74 million, most of which reportedly occurred on the long-distance trains. Will Amtrak’s residency awards include

³ “Amtrak National Facts.” *Amtrak*. 12 March 2014.

<http://www.amtrak.com/servlet/ContentServer?c=Page&pagename=am/Layout&cid=1246041980246>

⁴ Cosman, Ben. “Inside Amtrak’s (Absolutely Awesome) Plan to Give Free Rides to Writers.” *The Wire*. February 21, 2014. Accessed on 12 March 2014. <http://www.thewire.com/culture/2014/02/inside-amtraks-absolutely-awesome-plan-give-free-rides-writers/358332/>

⁵ Reddit; “I am Amtrak, here to talk about the Residency Program. AMA,” entry by Julianna Quinn, March 8, 2014. Accessed on 12 March 2014.

http://www.reddit.com/r/IAmA/comments/1zr3g7/i_am_amtrak_here_to_talk_about_the_residency/

⁶ Puentes, Robert, Adie Tomer and Joseph Kane. “A New Alignment: Strengthening America’s Commitment to Passenger Rail.” *Brookings Institute*. 12 March 2014.

<http://www.brookings.edu/~media/Research/Files/Reports/2013/03/01%20passenger%20rail%20puentes%20tomere/pasenger%20rail%20puentes%20tomere.pdf>

⁷ Reddit; “I am Amtrak, here to talk about the Residency Program. AMA,” entry by Julianna Quinn, March 8, 2014. Accessed on 12 March 2014.

http://www.reddit.com/r/IAmA/comments/1zr3g7/i_am_amtrak_here_to_talk_about_the_residency/

⁸ “Amtrak Commits to End Food and Beverages Losses.” *Amtrak*. 12 March 2014.

<http://www.amtrak.com/ccurl/196/210/Amtrak-Commits-End-Food-Beverage-Losses-ATK-13-115.pdf>

Mr. Joseph H. Boardman

March 12, 2014

Page 3

free food and beverage services for recipients? If so, what will specifically be provided (i.e., diner car service, cafe car service, alcoholic beverages, etc.)?

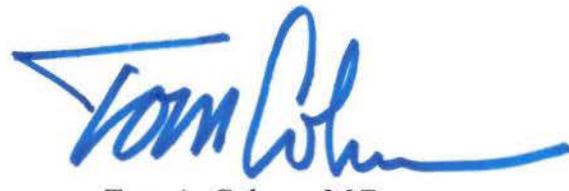
- Has Amtrak paid outside advertising consultants or non-federal marketing professionals for assistance in implementing this program and if so, how much has Amtrak paid for such services directly related to the promotion?

We appreciate your attention to this matter, in accordance with all existing agency rules, regulations, and ethical guidelines, and look forward to your prompt response.

Sincerely,



Jeff Flake
U.S. Senator



Tom A. Coburn, M.D.
U.S. Senator