



OIG identifies top management, performance challenges Amtrak will face in FY 2021

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WASHINGTON – Amtrak's ability to adapt its strategic vision after suffering historic drops in revenue and ridership due to the coronavirus pandemic is one of the greatest management challenges it has faced in its 49-year history, according to a new report from Amtrak's Office of Inspector General.

The biennial work, which looks at Amtrak's top management and performance challenges, said that the challenge of responding to the COVID-19 pandemic "supersedes and permeates" the company's ability to address all other challenges. For example, the report notes that the success of virtual working environments will likely impact the extent to which public- and private-sector organizations and businesses are returning to their pre-pandemic workplace settings. This new reality will require Amtrak to continually reassess its fundamental business assumptions, to include assessing whether it will ever return to transporting more than 32 million passengers per year under its existing business model.

Another significant challenge faced by the company includes protecting its resources. Amtrak has approximately \$3.1 billion in available cash, about \$713 million of which is restricted for particular uses by statute or contract. The company made the strategic decision to preserve this cash to fund major equipment and infrastructure investments rather than draw down the cash balance for operating expenses such as labor. The uncertainty about the timing, amount, and potential restriction of any additional federal funding, however, may require Amtrak to reevaluate the priority and timing of its capital plans to ensure it is not committing to spending on projects that outstrip its available cash, the report said.

Additionally, recent workforce reductions will require the company to monitor the impact of the cuts on other company goals. For example, Amtrak is already redeploying project managers to close any gaps created when a number of employees took part in its voluntary separation program. As a result of these departures, 117 projects will lose project managers, according to the report. As the company is preparing to spend billions of dollars upgrading its trains, stations, and infrastructure, Amtrak's challenges will be ensuring it has highly skilled managers to successfully execute these programs and securing the labor flexibilities it needs to obtain or relocate staff with special skills to fill other critical gaps.

Despite the urgent pressures of this operating environment, the report notes that there are also opportunities for Amtrak to reimagine its future by taking a fresh, holistic view of its circumstances and the forces that affect it. The OIG identified several longstanding challenges related to safety, financial management, governance, and efficient use of information technology that the company has not comprehensively addressed in the past. Addressing these challenges will help ensure the company emerges from the pandemic as a more efficient and effective company.

Additional management and performance challenges are highlighted in the report. To download the full report, go to <https://direc.to/ffAR>.

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