

Fiscal Year 2008 Evaluation Reports

Operation RedBlock
Report E-08-01, 03/04/2008 Semiannual Report #37

This OIG evaluation focused on how well the Operation RedBlock (ORB) program was performing in achieving results and meeting goals. ORB is a labor-developed, management-supported program to promote the awareness and education of drug and alcohol use in the workplace through union-led volunteer prevention committees.

As part of the OIG's evaluation, the OIG benchmarked Amtrak's ORB program to similar programs in the other Class 1 railroads. The OIG found that the Amtrak program receives minimal oversight at the corporate level and lacks adequate financial oversight at the local committee level. The OIG found that neither the current organizational structure nor some of the current practices optimally support the long-term rehabilitative interests of the individual employees and Amtrak.

The report contained 14 recommendations to improve the overall effectiveness and efficiency of the program.

Management Response: Management took more than a year to respond to the report and then disagreed with many of the findings.

Public Funding Levels of European Passenger Railroads
Report E-08-02, 04/22/2008 Semiannual Report #38

The OIG analyzed the relative financial performance of European Passenger Train Operations, quantified the amount of public funding they were provided to remain operationally viable, and then compared the European funding levels to that of Amtrak.

To help conduct this analysis the OIG contracted the services of the European-based BSL Management Consultants. BSL has extensive experience benchmarking the relative financial and operating performance of railroads from around the world and they have the requisite knowledge of the railroads unique organizational structures and data sources that enabled them to make valid comparisons of their performance.

The comparisons were developed using data from the 1995 to 2006 time period from the publicly available National Economics Research Associates studies on European railroad funding. Based upon a representative sample of European Passenger Train Operations over a multi- year period, the OIG found that:

- When all revenues and expenses for the entire passenger train system are taken into consideration, European passenger train operations operate at a financial loss and consequently require significant public subsidies.

- The average annual subsidies for European passenger train operations are much higher than those for comparable Amtrak services.

Management Response: This report did not have any recommendation and a Management response was not required.

Comparison of Reports on the Impact of Poor OTP
Report E-08-03, 05/15/2008 Semiannual Report #38

The OIG evaluated the differences between the estimate of financial benefits from improved long distance train on-time-performance that was made in the Department of Transportation’s Office of Inspector General (DOT-OIG) report CR-2008- 047, and the estimate that the Amtrak-OIG made in report E-06-05.

This report concluded that it would be inadvisable for Amtrak to use the DOT-OIG estimates for budgeting or decision making purposes without additional detailed scrutiny to either verify or refute their estimates. Specifically, the DOT-OIG estimates for labor cost savings were overly aggressive and the estimate of incremental performance payments appeared to be significantly understated. Further, the DOT-OIG higher incremental revenue estimate was based upon an unknown and untested “econometric” model.

Management Response: No response was required unless Amtrak planned on using or relying on the DOT-OIG estimates.