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APPROVED
MAR 30 1976

§ 3/30/76

ACTION

THE WHITE HOUSE

WASHINGTON

March 29, 1976

Last Day: April 7

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.J. Res. 801 - Supplemental
Railroad Appropriations for 1976,
the transition quarter, 1978
and 1979

Posted
3/30

To Archives
3/30

Attached for your consideration is H.J. Res. 801, sponsored by Representative Mahon, which provides supplemental appropriations totalling \$2,143,300,000 for purchase of ConRail securities, railroad activities of the Department of Transportation and administrative expenses of the United States Railway Association.

A discussion of the appropriations contained in the enrolled bill is provided in OMB's bill report at Tab A.

OMB recommends approval of the enrolled bill as soon as possible so that the planned conveyance of several bankrupt railroads in the Northeast and Midwest to the Consolidated Railroad Corporation may take place as scheduled on April 1, 1976. Bill Seidman, Max Friedersdorf, Counsel's Office (Lazarus) and I concur.

RECOMMENDATION

That you sign H.J. Res. 801 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 27 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled H.J. Res. 801 - Supplemental Railroad
Appropriations for 1976, the transition quarter,
1978, and 1979
Sponsor - Representative Mahon (D), Texas

Last Day for Action

April 7, 1976 -

Immediate signature is recommended so that the planned conveyance of several bankrupt railroads in the Northeast and Midwest to the Consolidated Railroad Corporation (ConRail) may take place as scheduled on April 1, 1976.

Purpose

Provides supplemental appropriations totalling \$2,143,300,000 for purchase of ConRail securities, railroad activities of the Department of Transportation, and administrative expenses of the United States Railway Association.

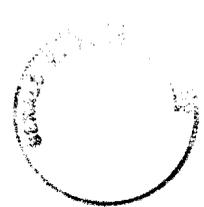
Agency Recommendation

Office of Management and Budget	Approval
Affected agencies	Approval (informally)

Discussion

Appropriations for the U.S. Railway Association

Of the total \$2,143.3 million appropriated in the enrolled bill, \$2,026 million is to be used by the U.S. Railway Association



for the purchase of ConRail debentures and senior preferred stock. The appropriation is in the amount you proposed, but becomes available on a different time schedule than you requested, as is shown in the following table:

	(in millions of dollars)		
	<u>Request</u>	<u>Enrolled bill</u>	<u>Difference</u>
1976.....	400	500	100
Transition quarter.....	300	965	665
1977.....	1,326	---	-1,326
1978.....	---	425	425
1979.....	---	<u>136</u>	<u>136</u>
Total.....	2,026	2,026	---

This revised timing does not affect the main purpose for the appropriation: to provide firm Federal commitments to ConRail in its first years of operation. The appropriations committees believe the revised availability of funds will provide greater Congressional control. Outlays will not be significantly affected by the revised budget authority timing.

Despite adequate and flexible safeguards in the authorizing legislation, the enrolled bill limits the use of appropriations for ConRail operating losses. This provision was not requested and may later prove to be unduly restrictive.

The enrolled bill provides \$300,000 less than the \$6.1 million requested for administrative expenses of the U.S. Railway Association, but some of the funds are made available earlier than requested. No significant problems are expected as a result of the decrease.

Appropriations for the Department of Transportation

The Congress provided an additional \$35 million to fund the initial phase of the Northeast Corridor Improvement Program. This program, established by the Railroad Revitalization and Regulatory Reform Act of 1976, aims to improve commuter rail service between New York, Washington, and Boston. The report of the Senate Appropriations Committee deemed your requests for this program "inadequate" and cited the need to provide at the outset sufficient funds to meet the tight time schedule mandated for this program. The amount provided is to be used to procure long lead-time materials, make emergency repairs necessary to keep the existing system functioning, and contract for detail design of the upgraded system.

Your request to provide an additional \$12 million in interim operating assistance to those bankrupt railroads being reorganized into ConRail was denied. The request was made in order to prevent service and employee cutbacks and ensure continuation of essential rail service. House-Senate conferees, in their report on this resolution, stated that it was not their intention that the suppliers of the bankrupt railroads be denied payment of legitimate claims and that, if necessary, they would consider a subsequent request.

The \$31.7 million requested for grants to the National Railroad Passenger Corporation was based on the best estimates available. The degree of uncertainty associated with the estimates is, however, high enough to preclude claims of adverse effects from the Congressional reduction of \$500,000.

National Transportation Safety Board

The reports of both the Senate Appropriations Committee and the conference committee contain a directive to the National Transportation Safety Board to fill the 85 new positions provided for in their regular 1976 appropriation. The Board plans to comply with this directive.

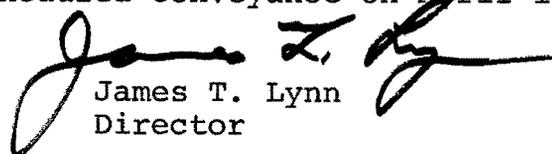
Effect of Congressional Action

Congressional action on your requests for this resolution added \$22.2 million in budget authority. The distribution of this budget authority over the appropriate fiscal periods and the associated outlay estimate changes are shown in the following table:

	(in millions of dollars)	
	<u>Budget Authority</u>	<u>Outlays</u>
1976.....	114	-12
TQ.....	673	---
1977.....	-1,326	35
1978.....	425	---
1979.....	136	---

Recommendation

I recommend that you sign the enrolled bill before midnight Tuesday, March 30. Signature by then will allow the minimum time necessary for Treasury to issue warrants and thus allow ConRail to receive the scheduled conveyance on April 1.


James T. Lynn
Director

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 27 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled H.J. Res. 801 - Supplemental Railroad
Appropriations for 1976, the transition quarter,
1978, and 1979
Sponsor - Representative Mahon (D), Texas

Last Day for Action

April 7 , 1976 -

Immediate signature is recommended so that the planned conveyance of several bankrupt railroads in the Northeast and Midwest to the Consolidated Railroad Corporation (ConRail) may take place as scheduled on April 1, 1976.

Purpose

Provides supplemental appropriations totalling \$2,143,300,000 for purchase of ConRail securities, railroad activities of the Department of Transportation, and administrative expenses of the United States Railway Association.

Agency Recommendation

Office of Management and Budget

Approval

Affected agencies

Approval (informally)

Discussion

Appropriations for the U.S. Railway Association

Of the total \$2,143.3 million appropriated in the enrolled bill, \$2,026 million is to be used by the U.S. Railway Association

To -
J. Cavanaugh
3-29-76
9:30 a.m.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: **March 29**

Time: **1000am**

FOR ACTION: **Judy Hope**
Max Friedersdorf
Ken Lazarus
Bill Seidman

cc (for information): **Jack Marsh**
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: **March 29**

Time: **400pm**

SUBJECT:

**H.J. Res 801 - Supplemental Railroad
 Appropriations for 1976, the transition quarter
 1978 and 1979**

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
 For the President

THE WHITE HOUSE

WASHINGTON

March 29, 1976

MEMORANDUM FOR: JIM CAVANAUGH

FROM: MAX L. FRIEDERSDORF *M.L.F.*

SUBJECT: H.J. Res. 801 Supplemental Railroad Appropriations
for 1976, the transition quarter 1978 and 1979

The Office of Legislative Affairs concurs with the agencies
that the bill be signed.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 29

Time: 1000am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus ✓
Bill Seidman

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 29

Time: 400pm

SUBJECT:

H.J. Res 801 - Supplemental Railroad
Appropriations for 1976, the transition quarter
1978 and 1979

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection.

Ken Lazarus

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Conroy
For the Secretary

MAKING SUPPLEMENTAL APPROPRIATIONS, FISCAL
YEAR 1975

MARCH 22, 1976.—Ordered to be printed

Mr. McFALL, from the committee of conference
submitted the following

CONFERENCE REPORT

[To accompany H.J. Res. 801]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.J. Res. 801) "making supplemental railroad appropriations for the fiscal year ending June 30, 1976, the period ending September 30, 1976, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 6, 12, 13, 14, and its unnumbered amendment to amend the title of the Joint Resolution.

That the House recede from its disagreement to the amendments of the Senate numbered 8, 11, and 19, and agree to the same.

Amendment numbered 3:

The the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the matter proposed by said amendment insert:

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

And the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

In lieu of the sum named by said amendment insert \$25,000,000; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the sum named by said amendment insert \$25,000,000; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed by said amendment insert:

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

For additional amounts for "Grants to the National Railroad Passenger Corporation," \$36,500,000 to remain available until expended: Provided, That not to exceed \$21,200,000 in fiscal year 1976 and \$5,300,000 in the period July 1, 1976 through September 30, 1976 shall be available for additional operating expenses for the Corporation in connection with the Corporation's additional operating responsibilities over the rail properties of the Northeast Corridor; non-recurring costs related to the initial assumption of control and responsibility for maintaining rail operations on the Northeast Corridor, \$10,000,000.

And the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

In lieu of the sum named by said amendment insert \$25,000,000; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

Restore the matter stricken by said amendment amended to read as follows:

For acquisition of debentures and series A preferred stock issued by the Consolidated Rail Corporation to become available on September 30, 1976, and to remain available until expended, \$615,000,000; Provided, That not to exceed \$200,000,000 shall be made available to the Corporation for operating losses of the Corporation.

And the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows:

Restore the matter stricken by said amendment amended to read as follows:

For acquisition of debentures and series A preferred stock issued by the Consolidated Rail Corporation to remain available until expended, \$425,000,000 for fiscal year 1978 and \$136,000,000 for fiscal year 1979.

And the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$5,800,000; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 10, 18, and 20.

JOHN J. McFALL,
SIDNEY R. YATES (except
amendments Nos. 11, 12,
13, 14, 15, and 16),
TOM STEED,
ED KOCH,
BILL ALEXANDER,
GEORGE MAHON,
SILVIO O. CONTE (except
amendment No. 7),
JACK EDWARDS,
E. A. CEDERBERG,

Managers on the Part of the House.

BIRCH BAYH,
JOHN L. McCLELLAN,
ROBERT C. BYRD,
JOHN C. STENNIS,
WARREN G. MAGNUSON,
JOHN O. PASTORE,
THOMAS F. EAGLETON,
CLIFFORD P. CASE,
TED STEVENS,
CHARLES McC. MATHIAS, Jr.,
DICK SCHWEIKER,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 801) making supplemental railroad appropriations for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, and for other purposes, submitted the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

Amendments Nos. 1 and 2: Conform enacting clause as proposed by the House.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

Amendment No. 3: Includes heading for Northeast Corridor improvement program.

Amendment No. 4: Appropriates \$25,000,000 for fiscal year 1976 for the Northeast Corridor improvement program instead of \$27,400,000 as proposed by the Senate.

Amendment No. 5: Appropriates \$25,000,000 for the transition period for the Northeast Corridor improvement program instead of \$52,000,000 as proposed by the Senate.

Amendment No. 6: Deletes \$12,000,000 appropriation proposed by the Senate for interim operating assistance.

It is not the intention of the conferees that the suppliers of the bankrupt railroads be denied payment of legitimate claims. The conferees are in agreement that, if necessary, a subsequent budget request for these claims will be considered.

Amendment No. 7: Appropriates \$36,500,000 for Grants to the National Railroad Passenger Corporation (Amtrak) instead of \$142,332,956 as proposed by the Senate.

The conference agreement includes \$21,200,000 for fiscal year 1976 and \$5,300,000 for the transition period for Amtrak's additional costs for operating over the rail properties of the Northeast Corridor. The conference agreement also includes \$10,000,000 for non-recurring inventory and equipment costs associated with rail passenger operations along the Northeast Corridor.

The conference agreement has deleted the following items which were inserted by the Senate:

Acquiring properties of the Northeast Corridor.....	\$85,182,956
Development and utilization of mobile radio frequencies for high speed rail telephone service.....	650,000
Acquiring and improving properties designated in accordance with section 206(c) (1) (D) of the Regional Rail Reorganization Act of 1973	20,000,000

The issue of lease or purchase of the Northeast Corridor is to be resolved by the parties involved. However, in the event an agreement is reached pursuant to which Amtrak will purchase the Northeast Corridor properties, the conferees do not intend that either ConRail or Amtrak should be required to pay any funds or properties to the present owners of the Northeast Corridor rail properties for acquisition of such properties.

URBAN MASS TRANSPORTATION ADMINISTRATION

URBAN MASS TRANSPORTATION FUND

Amendment No. 8: Inserts heading for rail service operating payments as proposed by the Senate.

Amendment No. 9: Appropriates \$25,000,000 for Rail service operating payments instead of \$40,000,000 as proposed by the Senate.

Amendment No. 10: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate to permit the addition, as needed, of the funds appropriated for Rail Service operating payments to the limitations contained in Section 306 of Public Law 94-134.

UNITED STATES RAILWAY ASSOCIATION

PAYMENTS FOR PURCHASE OF CONRAIL SECURITIES

Amendment No. 11: Appropriates \$500,000,000 for fiscal year 1976 as proposed by the Senate instead of \$460,000,000 as proposed by the House.

Amendment No. 12: Appropriates \$350,000,000 for the transition period as proposed by the House instead of \$300,000,000 as proposed by the Senate.

Amendment No. 13: Deletes \$1,226,000,000 appropriation proposed by the Senate for fiscal year 1977.

Amendment No. 14: Restores House provision limiting operating losses of ConRail to a total of \$308,000,000 for fiscal year 1976 and the transition period to September 30, 1976.

Amendment No. 15: Restores House provision appropriating \$615,000,000 to become available on September 30, 1976 and limits the

amount of these funds which can be used for operating losses of ConRail to \$200,000,000 instead of \$172,000,000 as proposed by the House.

Amendment No. 16: Appropriates \$425,000,000 as proposed by the House for fiscal year 1978 and \$136,000,000 for fiscal year 1979 instead of \$176,000,000 as proposed by the House. In addition, the conference agreement deletes the House provision to prohibit any of these funds to be used for operating losses of ConRail.

ADMINISTRATIVE EXPENSES

Amendment No. 17: Appropriates \$5,800,000 instead of \$4,100,000 as proposed by the House and \$6,100,000 as proposed by the Senate.

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate to permit the funds appropriated to remain available until expended.

Amendment No. 19: Deletes \$1,400,000 appropriation proposed by the House for the transition period.

MISCELLANEOUS PROVISIONS

Amendment No. 20: Reported in technical disagreement. Inasmuch as this amendment relates solely to the Senate and in accord with the long standing practice, under which each body determines its own housekeeping requirements, and concurs without intervention, the managers on the part of the House will offer a motion to recede and concur in Senate amendment No. 20.

UNNUMBERED SENATE AMENDMENT

The Senate recedes from its amendment to amend the title.

NATIONAL TRANSPORTATION SAFETY BOARD

In order for the National Transportation Safety Board to fulfill its responsibilities under Public Law 93-633, Congress provided sufficient funds in the Department of Transportation and Related Agencies Appropriations Act (Public Law 94-134) to enable the Board to fill the 85 new positions provided. The Committees on Appropriations of the House and Senate direct the agency to fill these 85 positions as expeditiously as possible.

CONFERENCE TOTALS BY YEARS—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1976, the transition period, and the fiscal years 1978 and 1979 recommended by the Committee of Conference, with comparisons to the budget estimates and the House and Senate bills follows:

Fiscal Year 1976

Budget estimates of new (obligational) authority (as amended).....	¹ \$472,800,000
House bill.....	464,100,000
Senate bill.....	722,532,956
Conference agreement.....	587,000,000
Conference agreement compared with:	
Budget estimates of new (obligational) authority (as amended).....	+114,200,000
House bill.....	+122,900,000
Senate bill.....	-135,532,956

¹ Includes \$68,700,000 of budget estimates not considered by the House and Senate, but considered by the Committee of Conference.

Transition period

Budget estimates of new (obligational) authority (as amended).....	¹ \$322,300,000
House bill.....	966,400,000
Senate bill.....	357,300,000
Conference agreement.....	995,300,000
Conference agreement compared with:	
Budget estimates of new (obligational) authority (as amended).....	+673,000,000
House bill.....	+28,900,000
Senate bill.....	+638,000,000

¹ Includes \$20,300,000 of budget estimates not considered by the House and \$5,300,000 not considered by the Senate. The Committee of Conference considered \$20,300,000 of budget estimates in addition to those considered by the House.

Fiscal year 1977

Budget estimates of new (obligational) authority (as amended).....	¹ \$1,326,000,000
House bill.....	
Senate bill.....	1,226,000,000
Conference agreement.....	
Conference agreement compared with:	
Budget estimates of new (obligational) authority (as amended).....	-1,326,000,000
House bill.....	
Senate bill.....	-1,226,000,000

¹ The amount considered by the House and Senate was \$1.4 billion. Subsequent to action by both House and Senate, \$74 million in budget estimates were withdrawn.

Fiscal years 1978 and 1979

Budget estimates of new (obligational) authority.....	
House bill.....	¹ \$601,000,000
Senate bill.....	
Conference agreement.....	² 561,000,000
Conference agreement compared with:	
Budget estimates of new (obligational) authority.....	+561,000,000
House bill.....	-40,000,000
Senate bill.....	+561,000,000

¹ Includes \$425 million for fiscal year 1978 and \$176 million for fiscal year 1979.

² Includes \$425 million for fiscal year 1978 and \$136 million for fiscal year 1979.

CONFERENCE GRAND TOTALS—WITH COMPARISONS

Budget estimates of new (obligational) authority (as amended).....	^{1,2} \$2,121,100,000
House bill.....	2,031,500,000
Senate bill.....	2,305,832,956
Conference agreement.....	2,143,300,000
Conference agreement compared with:	
Budget estimates of new (obligational) authority (as amended).....	+22,200,000
House bill.....	+111,800,000
Senate bill.....	-162,532,956

¹ The total amount of budget requests considered in connection with this resolution was \$2,195,100,000. Of this amount, \$74,000,000 was withdrawn after House and Senate action on the resolution.

² Includes \$89,000,000 of budget estimates not considered by the House and \$74,000,000 not considered by the Senate. The Committee of Conference did consider \$89,000,000 of budget estimates in addition to those considered by the House.

JOHN J. MCFALL,
SIDNEY R. YATES (except
amendments Nos. 11, 12, 13,
14, 15, and 16),
TOM STEED,
ED KOCH,
BILL ALEXANDER,
GEORGE MAHON,
SILVIO O. CONTE (except
amendment No. 7),
JACK EDWARDS,
E. A. CEDERBERG,
Managers on the Part of the House.

BIRCH BAYH,
JOHN L. MCCLELLAN,
ROBERT C. BYRD,
JOHN C. STENNIS,
WARREN G. MAGNUSON,
JOHN O. PASTORE,
THOMAS F. EAGLETON,
CLIFFORD P. CASE,
TED STEVENS,
CHARLES MCC. MATHIAS, JR.,
DICK SCHWEIKER,
Managers on the Part of the Senate.

○

SUPPLEMENTAL RAILROAD APPROPRIATIONS

 FEBRUARY 19, 1976.—Ordered to be printed

MR. PASTORE (for Mr. BAYH), from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H. J. Res. 801]

The Committee on Appropriations, to which was referred the resolution (H.J. Res. 801) making supplemental railroad appropriations for the fiscal year ending June 30, 1976, the period ending September 30, 1976, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, and for other purposes, reports the same with the recommendation that the resolution be passed, and submits the following explanation of its recommendation.

SUMMARY OF THE RESOLUTION

The central purpose of the Regional Rail Reorganization Act of 1973 was to effectuate the income-based reorganization of the bankrupt Penn Central Railroad and of six lesser bankrupt railroads serving a 17-State region in the northeastern and midwestern portion of the Nation. The task of preparing a plan for such a reorganization—the largest corporate reorganization ever attempted and involving certain technical, financial and legal issues for which there simply was no precedent—was assigned to the United States Railway Association, which was created under the act to fulfill that function.

The Association, meeting certain statutory deadlines for the completion of its work, filed its Preliminary System Plan with the Congress on February 26, 1975, and sent Congress its Final System Plan on July 26, 1975. In accordance with the provisions of the Act, the final system plan became law and went into effect on November 9, 1975, in the absence of a disapproval resolution being adopted by either the House or the Senate.

Under the Act, the creation of the Consolidated Rail Corporation (ConRail) was also authorized as the new, self-sustaining, private corporate entity that would acquire such portions of the bankrupt system(s) as were identified in the Plan as "essential" to the purposes of the Act; certain other properties of these bankrupt carriers are to

be acquired by profitable railroads operating in the region. Consistent with established reorganization concepts and procedures, securities of the reorganized entity, along with "certificates of value" issued by the Association, are to be issued to those interests entitled thereto in satisfaction for the rail properties thus transferred to it.

As with any income-based reorganization, the success of this effort depends upon the ability of the reorganized enterprise (ConRail) to realize, over a period of time, earnings sufficient to create significant value in those securities.

In order to effectuate this income based reorganization, the implementing legislation authorizes a Federal investment up to the amount of \$2.1 billion, and the Administration has submitted a supplemental appropriation request for the full amount of the \$2.1 billion. The Committee understands that the availability of such funds for use by the Association to purchase ConRail debentures and series A preferred stock may be important to document an income-based reorganization. Government investment is required to create a flow of earnings and cash needed to provide, in turn, significant values in the ConRail series B preferred stock and common stock to be issued to the estates and other transferors.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

RAIL SERVICE ASSISTANCE

	<i>Fiscal year 1976</i>	<i>Transition period</i>
Budget estimate.....	None	\$15, 000, 000
House allowance.....	None	Not considered
Committee recommendation.....	\$27, 400, 000	52, 000, 000

The Committee recommends appropriations totaling \$79.4 million for fiscal year 1976 and the transition period for the initial phase of the Northeast Corridor Improvement Program.

Title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 commits the Federal Government to a five-year, \$1.75 billion program designed to restore and upgrade the Corridor mainline in order to provide two-hour-and-forty-minute service from New York to Washington and three-hour-and-forty-minute service from New York to Boston. It is the Committee's belief that maintenance of high standards of passenger comfort coupled with fast, frequent, and dependable service will reestablish rail as a significant intercity carrier in this most densely populated region of the Nation and avoid the otherwise needed expenditures in order to improve other modes of transportation in the Corridor.

The Committee views the President's budget request for this program as inadequate. No funds have been requested for fiscal 1976 and only \$15 million is requested for the transition period. Yet, testimony received by the Committee makes it clear that in order to meet the extremely tight time schedule mandated for this program in the Rail-

road Revitalization Act, the Federal Railroad Administration must have sufficient funds at the outset. Witnesses explained that the amounts recommended by the Committee will be used in procurement of long lead-time materials, particularly ties and rail; in making emergency repairs which are necessary simply to keep the existing system functioning on a day-to-day basis; and for initial contracts for detail design for all components of the upgraded system, including route alignment, track, bridges, tunnels, electrification, signals, and communications.

FEDERAL RAILROAD ADMINISTRATION

GRANTS TO NATIONAL RAILROAD PASSENGER CORPORATION

	<i>Fiscal year 1976</i>	<i>Transition period</i>
Budget estimate.....	¹ \$21, 200, 000	¹ \$5, 300, 000
House allowance.....	Not considered	Not considered
Committee recommendation.....	137, 032, 956	5, 300, 000

¹ Budget requests pending.

The Committee has included \$142,332,956 for fiscal year 1976 and the transition period to be incurred as a result of the takeover and operation of rail passenger service in the Midwest and Northeast region, including the Northeast corridor, as required by the recently enacted Railroad Revitalization and Regulatory Reform Act of 1976.

Of this amount, \$85,182,956 is the cost specified in the final system plan of the U.S. Railway Association for the purchase of the Northeast corridor right-of-way and passenger-related facilities between Washington, D.C., and Boston, Mass., and \$20 million is for the purchase and improvement of properties necessary for passenger service within the region other than the Washington-Boston corridor. These properties include short stretches of track or rights-of-way in the States of Michigan, Indiana, Illinois, New York, and Pennsylvania that are not designated for inclusion in the ConRail system but are vital for the continuation of Amtrak routes as well as certain stations, repair and servicing facilities. Continuation of rail passenger operations will permit continued local freight operations as well.

Added operating and development expenses for the corridor after takeover will require an additional appropriation of \$37,150,000, which the Committee recommends. Of this amount, increased operations costs for the remainder of fiscal year 1976 will require \$21.2 million, with \$5.3 million recommended for the transition period. These are amounts that will no longer be covered by the Penn Central and which after takeover will have to be funded by Amtrak. The remainder of the appropriation is required for special nonrecurring costs to be incurred by Amtrak pursuant to the initial assumption of control and responsibility for maintaining rail operations (\$10 million), and for continuation, expansion, and improvement of public radiotelephone service in the corridor (\$650,000).

Prior to the forthcoming transfer of control and responsibility for operations in the corridor, the Penn Central railroad has borne a substantial portion of the cost of roadbed responsibility, ownership, engi-

neering and support costs for track maintenance, safety, dispatching, and signaling, et cetera. With the takeover of the corridor an accompanying shift of these costs is certain and must be funded if service is to be continued. Nonrecurring takeover costs include the purchase of inventories or the rebuilding of inventories of equipment, materials and supplies as well as supporting costs incurred as part of the preparation for takeover. The Committee believes that continuation and expansion of the Metroliner on-board telephone service, which was almost terminated last fall because of withdrawal of the frequencies involved, is essential if present corridor business travel revenues are to be retained and expanded. The funds recommended are to fund the engineering necessary for the possible use of other frequencies and for development of service between Newark and Boston.

URBAN MASS TRANSPORTATION ADMINISTRATION

	<i>Fiscal year 1976</i>
Budget estimate.....	¹ \$40,000,000
Budget estimate.....	Not considered
Committee recommendation.....	40,000,000

¹ Budget requests pending.

The Committee recommends an appropriation of \$40 million to the Urban Mass Transportation Administration for emergency commuter rail subsidies as authorized under section 808 of the Railroad Revitalization and Regulatory Reform Act of 1976. These funds are necessary to assure the continuity of commuter rail services during fiscal year 1976 by providing a reimbursement to ConRail, other profitable railroads and/or State and local agencies for commuter rail service which might be adversely affected by the Northeast rail reorganization. These funds are also necessary to assure that the congressionally adopted policy of not allowing cross subsidization between the various services is implemented. The success of the reorganization depends upon the elimination of cross subsidization between rail freight and commuter services.

MINORITY RESOURCE CENTER

Program concept

The Minority Resource Center authorized under section 906 of the Act provides for the participation by minority business firms, minority entrepreneurs, and business firms headed by women as prime contractors, subcontractors, investors, lessors, and in other business activities and relationships associated with the maintenance rehabilitation, restructuring, improvement, and revitalization of the Nation's railroads. The purpose and function of the Center is to facilitate such participation by minorities through the operation of a national program which provides information; management and technical assistance services; marketing data; project feasibility studies; economic research and analyses. The general objective of this program is to enlarge the economic benefits realized from the investment of Federal funds in private corporate projects. The strengthening of the minority

sector of the economy will benefit the total economy in terms of new jobs, tax revenues, enlarged productive capacity, and increased purchasing power.

Appropriation requirements

Since the Secretary is required to establish the center pursuant to section 906 of the act, no specific dollar authorization levels were established in the act. It is the understanding of the Committee that the Secretary plans to request authority to reprogram funds in the amount of \$175,000 from existing fiscal year 1976 appropriations. It is further understood that the Secretary proposes to request additional funds to support the center during the remainder of fiscal year 1976 and the transition quarter in his second supplemental budget request to be submitted to the Committee during the month of February 1976.

For fiscal year 1977, the Committee directs the Department of Transportation to submit a budget amendment that will provide the funds necessary to fully implement the concepts and programs intended under section 906 of the Railroad Revitalization and Regulatory Reform Act of 1976.

RELATED AGENCIES

UNITED STATES RAILWAY ASSOCIATION

ADMINISTRATIVE EXPENSES

	<i>Fiscal year 1976</i>	<i>Transition period</i>
Budget estimate.....	\$4,100,000	\$2,000,000
House allowance.....	4,100,000	1,400,000
Committee recommendation.....	6,100,000	None

The Committee recommends a \$6,100,000 appropriation for fiscal year 1976 for the administrative expenses of USRA.

The Railroad Revitalization and Regulatory Reform Act of 1976 increases USRA's administrative expense authorization by \$14 million. The Association had requested supplemental appropriations of \$4.1 million for the current fiscal year and \$2 million for the transition quarter. The Committee received testimony from the Association that its administrative expense requirements are changing rapidly because of (1) provisions in the new legislation that assign specific responsibilities to USRA; and (2) the massive technical support essential to preparing to litigate the various challenges to the reorganization from the estates and their creditors. The Association is now requesting that the two supplementals be combined into one amount of \$6.1 million with this amount to be made available until September 30, 1976. This will provide additional flexibility and give the Association an opportunity to adjust to changing requirements over the next few months.

PAYMENT FOR PURCHASE OF CONRAIL SECURITIES

<i>Fiscal year 1976</i>	
Budget request.....	\$400,000,000
House allowance.....	460,000,000
Committee recommendation.....	500,000,000
<i>Transition Period</i>	
Budget request.....	300,000,000
House allowance.....	965,000,000
Committee recommendation.....	300,000,000
<i>Fiscal year 1977</i>	
Budget request.....	1,400,000,000
House allowance.....	None
Committee recommendation.....	1,226,000,000
<i>Fiscal year 1978</i>	
Budget request.....	None
House allowance.....	425,000,000
Committee recommendation.....	None
<i>Fiscal year 1979</i>	
Budget request.....	None
House allowance.....	176,000,000
Committee recommendation.....	None

The Committee recommends appropriations totaling \$2.026 billion for purchase of ConRail securities. Such appropriations are \$74 million below the budget requests and the same as the House allowances, and are to be made available as follows: fiscal year 1976, \$500 million; the transition period, \$300 million; and fiscal year 1977, \$1.226 billion. The House bill would spread these appropriations over fiscal years 1976 through 1979.

The Committee has deleted the provisions in the House bill which would limit the amounts available to cover future operating losses of the Corporation. We believe that the controls provided in the Railroad Revitalization and Regulatory Reform Act are adequate to protect the Government. The act establishes a Finance Committee within the USRA Board—to be composed of the Secretary of Transportation, the Secretary of the Treasury, and the Chairman of the USRA Board of Directors. In that committee is vested authority to recommend to Congress the termination of further funding of ConRail—through the Government investment to be provided. Under that act, any such finding of the Finance Committee together with the comments and recommendations of the USRA Board, is to be transmitted to the Congress within 10 days of the date of such finding, thus giving Congress early notice of any pending ConRail financing or performance problem.

Finally, section 609 of the Railroad Revitalization and Regulatory Reform Act of 1976 provides that USRA must submit an annual report to Congress on the performance of ConRail.

The Committee understands from the Final System Plan, and from testimony developed during its hearings on the request, that the Association determined that the *minimum* needed for such purposes in Federal assistance for Unified ConRail was \$2.026 billion. It understands further that this figure, which the Association believes to be as accurate as possible under the circumstances, was arrived at through the application of numerous "point forecasts" which, in essence, were a

quantification of all the operational changes and improvements, and rehabilitation and capital programs proposed for ConRail in the Final System Plan, which quantification was done in 1973 dollars and time-phased by year, with the 1973 dollar forecast then being "inflated" in accordance with accepted methods. It also understands that the Association also attempted to estimate the extent to which rate relief stemming from cost inflation would be realized by ConRail, in the process assuming both Interstate Commerce Commission authorization of such rate increases and the ability of railroads, generally, to implement such rate increases based upon supply and demand for transportation by rail and by competing modes.

The Committee recognizes that the financing authorized in P.L. 94-210 contemplated a final system plan that included a competitive route structure provided by participation of the Chessie System and Southern Railway, and that in view of the inability to execute the labor agreements required by section 508 of the Regional Rail Reorganization Act, the alternative industry structure of unified ConRail will go into effect and will require more initial government financing than was contemplated. It is anticipated that additional authorizing legislation may be required in order to provide for a similar margin of safety contemplated in the original authorizing legislation, and the Committee expects a prompt budget request under this new authorization as soon as it is needed.

The Committee has decided that its proper course of action is to provide the \$2.026 billion identified as the minimum Federal assistance needed by Unified ConRail, and to provide additional funds if such financing is required to document an income-based reorganization.

The Committee fully intends to meet the financing needs of Unified ConRail up to the full \$2.1 billion authorization as such amounts are required and to give timely consideration to subsequent authorizations. The Committee affirms the expressed congressional intent that a "fair and equitable" income-based reorganization has here been provided for.

NATIONAL TRANSPORTATION SAFETY BOARD

In order for the National Transportation Safety Board to fulfill its responsibilities under P.L. 93-633, Congress provided sufficient funds in the Department of Transportation and Related Agencies Appropriations Act (P.L. 94-134) for the employment of 85 new positions by the NTSB. The Committee hereby directs the agency to fill such 85 positions as expeditiously as possible.

BUDGET AUTHORITY—OUTLAY EFFECTS

Section 308(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a projection for the period of 5 fiscal years beginning with such fiscal year of budget outlays, associated with the budget authority provided in the bill or resolution, in each fiscal year in such period.

The following table summarizes the budget authority recommended in the resolution and the estimated outlays for the subsequent five fiscal years.

Fiscal year	Budget authority recommended	Estimated outlays				
		1976	Transition period	1977	1978	1979
1976.....	\$710,532,956	\$658,532,956	\$42,000,000	\$10,000,000		
Transition period.....	357,300,000	314,300,000	43,000,000			
1977.....	1,226,000,000		745,000,000			\$46,000,000
Total outlays.....	2,293,832,956	658,532,956	798,000,000	435,000,000		46,000,000

FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying resolution contain \$40 million for commuter rail subsidies, a portion of which, under section 808 of the Railroad Revitalization Act, may be used to reimburse State or local agencies for commuter rail service. It is estimated that the outlays from this appropriation will occur as follows: fiscal year 1976, \$15 million; transition period, \$15 million; and fiscal year 1977, \$10 million.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY ESTIMATES AND AMOUNTS
RECOMMENDED IN THE RESOLUTION**

Item	Budget estimate	House allowance	Amount recommended by Senate committee	Increase (+) or decrease (-) Senate bill compared with—	
				Budget estimates	House resolution
DEPARTMENT OF TRANSPORTATION					
FEDERAL RAILROAD ADMINISTRATION					
Rail Service Assistance:					
Fiscal year 1976.....			\$27,400,000	+\$27,400,000	+\$27,400,000
Transition period.....	\$15,000,000	(1)	52,000,000	+37,000,000	+52,000,000
Grants to National Railroad Passenger Corporation:					
Fiscal year 1976.....	² 21,200,000	(1)	137,032,956	+115,832,956	+137,032,956
Transition period.....	² 5,300,000	(1)	5,300,000		+5,300,000
Urban Mass Transportation Adminis- tration.....	² 40,000,000	(1)	40,000,000		+40,000,000

S. R. 637

10

RELATED AGENCIES					
UNITED STATES RAILWAY ASSOCIATION					
Administrative expenses:					
Fiscal year 1976.....	4,100,000	\$4,100,000	6,100,000	+2,000,000	+2,000,000
Transition period.....	2,000,000	1,400,000		-2,000,000	-1,400,000
Payment for purchase of ConRail stock:					
Fiscal year 1976.....	400,000,000	460,000,000	500,000,000	+100,000,000	-40,000,000
Transition period.....	300,000,000	965,000,000	300,000,000		-665,000,000
Fiscal year 1977.....	1,400,000,000		1,226,000,000	-174,000,000	+1,226,000,000
Fiscal year 1978.....		425,000,000			-425,000,000
Fiscal year 1979.....		176,000,000			-176,000,000
Totals by fiscal year:					
Fiscal year 1976.....	465,300,000	464,100,000	710,532,956	+245,232,956	+246,432,956
Transition period.....	322,300,000	966,400,000	357,300,000	+35,000,000	-609,100,000
Fiscal year 1977.....	1,400,000,000		1,226,000,000	-174,000,000	+1,226,000,000
Fiscal year 1978.....		425,000,000			-425,000,000
Fiscal year 1979.....		176,000,000			-176,000,000
Grand total, new budget authority...	2,187,600,000	2,031,500,000	2,293,832,956	+106,232,956	+262,332,956

¹ Not considered.
² Budget requests pending.



11

S. R. 637

SUPPLEMENTAL RAILROAD APPROPRIATIONS

FEBRUARY 11, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations,
submitted the following

REPORT

together with

SUPPLEMENTAL AND DISSENTING VIEWS

[To accompany H.J. Res. 801]

The Committee on Appropriations, to which was referred House Joint Resolution 801, making supplemental railroad appropriations for the fiscal year 1976, the transition period ending September 30, 1976, and the fiscal years 1978 and 1979, and for other purposes, report the same to the House without amendment and with the recommendation that the joint resolution be passed.

SUMMARY OF THE RESOLUTION

The grand total of new budget authority recommended in the resolution is \$1,921,500,000 of which \$404,100,000 is for fiscal year 1976 and \$916,400,000 is for the transition period. The following table summarizes the amounts recommended in the resolution in comparison with the budget estimates contained in S. Doc. 94-128 (November 13, 1975).

	Estimates	Resolution	Resolution compared with estimates
Fiscal year 1976.....	\$404,100,000	\$404,100,000	-----
Transition Period.....	302,000,000	916,400,000	+5614,400,000
Fiscal year 1977.....	1,400,000,000	-----	-1,400,000,000
Fiscal year 1978.....	-----	425,000,000	+425,000,000
Fiscal year 1979.....	-----	176,000,000	+176,000,000
Total, new budget (obligational) authority.....	2,106,100,000	1,921,500,000	-184,600,000

INFLATIONARY IMPACT STATEMENT

Clause 2(l)(4) of rule XI of the House of Representatives requires that each committee report on a bill or resolution shall contain a statement as to whether enactment of such bill or resolution may have an inflationary impact on prices and costs in the operation of the national economy.

It is a matter of conjecture whether or not any appropriation of money might be inflationary. The total amount of new budget authority recommended in this resolution is \$184,600,000 less than the budget request. To the extent that the budget request is inflationary, the Committee feels that the amounts recommended in the accompanying resolution will have a less severe impact on aggregate inflation.

The Committee has recommended that the funding requested be provided over 4 years rather than 2 years as proposed in budget request. By making these funds available over a longer period, the Committee believes this will further reduce any inflationary impact from what otherwise might be forthcoming under the budget request.

HISTORY AND FORMATION OF CONRAIL

In 1968 the Pennsylvania Railroad and the New York Central System merged to form the Penn Central Transportation Co. After 2 years of operation, the Penn Central filed for bankruptcy in the U.S. District Court for the Eastern District of Pennsylvania. The U.S. District judge who was overseeing the Penn Central bankruptcy proceedings was presented by the trustees with a plan for the orderly cessation of operations and the disposition of its rail properties. At the same time, it was becoming increasingly clear that without some fundamental changes in the nature and extent of railroad operations, plus outside financial assistance, Penn Central and certain other small railroads in the region who had filed for bankruptcy could not continue to provide rail service.

The Regional Rail Reorganization Act of 1973 (P.L. 93-236) sought to extend the process of railroad bankruptcy proceedings to deal with the Northeast rail problem. It authorized a planning agency (U.S. Railway Association) to analyze, restructure and create an economically viable private company (ConRail) to operate those portions of the bankrupt properties which were found to be economically viable. Other properties found not to be economically viable or not related to ConRail's purposes as an operating railroad were to be dealt with under different programs which were authorized or to be authorized. The act also established a special court to oversee the reorganization process.

After issuing a preliminary plan and analyzing comments and criticisms from interested parties, the United States Railway Association (USRA) announced its final system plan on July 26, 1975. This plan became effective on November 9, 1975. Under recent legislation, the properties of the bankrupt railroads are anticipated to be conveyed to ConRail by March 31, 1976.

During the planning period the U.S. Government has been providing financial assistance to the bankrupt railroads to assure continued rail services. A total of \$270,000,000 has been appropriated for the Penn Central and certain other railroads in reorganization under the author-

ization provided in section 213 of the Regional Rail Reorganization Act. In addition, \$300,000,000 in loan authority has been provided under section 215. The final system plan provides that \$64,000,000 of the section 215 loans be assumed by ConRail with the balance to be forgiven. If these loans are forgiven, the bankrupt railroads will have had a total of \$506,000,000 available for interim operations and maintenance.

UNITED STATES RAILWAY ASSOCIATION

PAYMENTS FOR PURCHASE OF CONRAIL SECURITIES

The Committee has recommended \$1,916,000,000 in new budget (obligational) authority for the purchase of ConRail debentures and senior preferred stock over a four year period. This is \$184,000,000 less than the budget request.

The Committee has been closely involved with the rail reorganization process and has held eight days of hearings with officials from USRA, ICC, DOT, and ConRail. These hearings were held as follows: March 14, 1974, September 12, 1974, December 17, 1974, February 6, 1975, March 3, 1975, April 16, 1975, September 10, 1975, and December 10, 1975.

The Committee commends the United States Railway Association for its dedication and professionalism in completing the final system plan. The Committee fully agrees with the plan's funding requirements for ConRail and has provided the full amount contemplated by the final system plan's projections. In addition, the Committee has provided \$75,000,000 as a "margin of safety" to further enhance the viability of the final system plan. The following table summarizes the Committee's recommendations:

UNITED STATES RAILWAY ASSOCIATION—PAYMENTS FOR PURCHASE OF CONRAIL SECURITIES

	Budget estimates of new (obligational) authority	Recommended in United States Railway Association final system plan ¹	New budget (obligational) authority recommended in the resolution	Resolution compared with—	
				Budget estimates of new (obligational) authority	United States Railway Association final system plan
United States Railway Association: Payments for purchase of ConRail securities:					
Fiscal year 1976.....	\$400,000,000	\$698,000,000	\$400,000,000	-\$615,000,000	+\$617,000,000
Transition period.....	300,000,000		\$915,000,000	+\$615,000,000	
Fiscal year 1977.....	1,400,000,000	505,000,000		-1,400,000,000	-505,000,000
Fiscal year 1978.....		287,000,000	425,000,000	+425,000,000	+138,000,000
Fiscal year 1979.....		277,000,000	176,000,000	+176,000,000	-101,000,000
Fiscal year 1980.....		74,000,000			-74,000,000
Total, new budget (obligational) authority.....	2,100,000,000	1,841,000,000	1,916,000,000	-184,000,000	+75,000,000

¹ United States Railway Association recommendations are for calendar years.

² Includes \$75,000,000 for a "margin of safety."

REQUIREMENT FOR ADVANCED APPROPRIATION

The final system plan calls for \$1,841,000,000 of funds to be provided to ConRail by the Federal government over five years (1976-1980). The plan also calls for substantial changes in the fixed plant and operations of the rail properties to be acquired by ConRail. USRA analyzed

these changes and attempted to quantify the recommendations in terms of projected revenues and costs of ConRail operations. These projections are part of the final system plan (vol. 1, pp. 51-67). USRA believes that ConRail will be a reorganized entity capable of sustaining income producing operations if the assumed level of government financing is forthcoming.

Some of the creditors of the bankrupt estates allege that the compensation to be provided to them in the form of ConRail securities is not adequate because ConRail will not be an income producing entity. The Supreme Court, in ruling that the Regional Rail Reorganization Act of 1973 is constitutional, indicated that the Act appeared to be an extension of Congressional power under the Bankruptcy Clause (art. I, sec. 8, U.S. Constitution). However, if the bankrupt estates do not receive securities equal in value to the "constitutional minimum," the Court stated that the estates could sue in the U.S. Court of Claims under the Tucker Act.

The creditors have alleged that the securities to be offered to them are worth less than the "constitutional minimum". It is also alleged that the degree of control to be exercised by the Government over ConRail renders its creation an act of eminent domain. If such contentions were accepted, the U.S. Government could be faced with a deficiency judgment, the estimated amount of which varies widely.

Under the terms of the final system plan, the creditors of the bankrupt estates will receive subordinated preferred stock, certificates of value and all of the common stock of ConRail. The certificates of value will assure that even if ConRail is not successful the creditors will receive an amount equal to the net liquidation value of the bankrupt properties plus interest. If the value of ConRail stock issued to the creditors is less than the amount guaranteed under the certificate of value instrument, the difference will be an obligation of the U.S. Government. For this reason, the assured availability of funding necessary to establish sufficient ConRail earnings to support substantial security values could serve to lower the ultimate cost of the reorganization process to the United States Government.

The Committee believes that the economic viability of ConRail depends upon the assured availability of Federal funds in the amount contemplated by the final system plan. The Committee further believes that with the level of funds provided in the bill the creditors of the bankrupt estates will be receiving preferred and common stock in a company reorganized on an income basis and that the degree of control recommended is not inappropriate to the government's role as an investor. If the Special Court accepts this position, the Committee believes that the Federal Government can avoid financial exposure to a large deficiency judgment which might otherwise be forthcoming under a Tucker Act suit.

In order to assure all parties concerned that the Federal financing needed to rehabilitate and improve the rail properties to be operated by ConRail will be available in future years as contemplated by the final system plan, the Committee has departed from its usual practice of appropriating funds immediately prior to when they are needed. The Committee believes this exception to the general appropriations practice is justified because of the unusual circumstances surrounding the reorganization of the rail properties and because of the litigation of the final system plan.

"MARGIN OF SAFETY" REQUEST

As previously indicated, the Committee is recommending an additional \$75,000,000 to be provided in the transition period as a "margin of safety." This is a reduction of \$184,000,000 from the \$259,000,000 requested in the budget. The Committee believes the additional amount requested is not needed at this time. The Committee, however, recognizes that the long term financial projections contained in the final system plan may be subject to substantial variations. The Committee further recognizes the possible need for future appropriations if economic or other conditions warrant additional Federal financing.

The Committee is recommending that ConRail's rehabilitation program be accelerated and has provided funds at a faster rate than was contemplated by the final system plan. An accelerated rehabilitation program should enhance ConRail's financial viability and reduce the likelihood that additional Federal funds will be needed.

RAIL PLANT REHABILITATION PROGRAM

Under the final system plan, approximately 51 percent of ConRail's funds will be used for additions and improvements to the rail physical plant. The following is a condensed table showing the projected sources and uses of funds during the 10-year planning period (1976-1985):

CONSOLIDATED RAIL CORP. PRO FORMA SOURCES AND USES OF FUNDS STATEMENT 1976 THROUGH 1985

(Amounts in millions of inflated dollars)

	Amount	Percent
Sources of funds:		
From operations.....	\$3, 583	40
Government finance (series A preferred stock, 7.5 percent debentures).....	1, 841	21
Issuance of equipment debt.....	1, 502	17
Issuance of series B Preferred stock, common stock (to the creditors).....	421	5
Increase in noncurrent liabilities.....	402	4
Proceeds from passenger subsidies and payments for passenger asset acquisitions.....	380	4
Issuance of stock in lieu of dividends.....	372	4
Net proceeds from road, facilities and equipment retirements.....	162	2
Other.....	297	3
Total, sources of funds.....	8, 960	100
Uses of funds:		
Acquisition, additions and improvements to the rail physical plant.....	4, 582	51
Acquisition, additions and improvements to transportation equipment.....	2, 121	24
Dividends and accretions to Government in the form of series A preferred stock and cash available.....	655	7
Increase in net working capital.....	579	7
Increase in passenger assets.....	488	5
Payments of equipment trust certificates.....	414	5
Increase in other assets.....	121	1
Total, uses of funds.....	8, 960	100

Source: USRA final system plan, pp. 54, 55.

The Committee fully concurs in the USRA recommendations concerning ConRail's fixed plant rehabilitation program as delineated on pages 65 through 69 of the final system plan, supplemental report (transmitted September 18, 1975). As already noted, the Committee believes that such a rehabilitation program is an essential element of ConRail's overall efforts to achieve financial viability.

The Committee fully expects ConRail management to give the most careful consideration to the basic recommendations contained in the plan with respect to fixed rail plant rehabilitation and improvement. But the Committee also recognizes that specific rehabilitation plans will change because of changes in underlying business conditions and the further continuing evaluation of rail investment priorities by ConRail's new management. It is important that such changes be made only on the basis of economic conditions concerning the costs and projected revenue benefits from rehabilitation programs. The Committee believes that rehabilitation decisions based on noneconomic factors would undermine the financial viability of ConRail.

The chief executive officer of ConRail testified before the Committee and affirmed his commitment to the execution of an efficient, economically sound rehabilitation program based substantially on the analysis conducted by USRA. The Committee strongly urges ConRail management to stand by this commitment which will enhance ConRail's prospects as an income producing entity while minimizing the already substantial cost to the Federal government.

The Committee also received testimony concerning the opportunities for restructuring rail service through coordination and joint use of facilities by two or more carriers. The final system plan recommends several coordination and restructuring plans for implementation. The Committee strongly endorses the following recommendation made by USRA in the final system plan:

It is recommended that ConRail pursue (service coordination opportunities) aggressively so that improvements in service will not depend totally on the speed with which it can rebuild its own lines and so that the total cost to the taxpayer can be reduced to the absolute minimum.

ACCELERATED REHABILITATION PROGRAM

In testimony before the Committee concerning this request, USRA officials urged that the funds to be provided should be provided at a faster rate than is contemplated by the final system plan. It was felt that an accelerated program could provide ConRail with increased financial viability sooner than originally contemplated.

As previously indicated, the resolution provides these funds at an accelerated rate. The Committee believes that such an accelerated program could be useful in reducing the level of unemployment in the regions where rehabilitation projects are to be undertaken. Since the level of rehabilitation spending contemplated is substantial, the Committee believes it would also be prudent for USRA and ConRail not to pursue a program which would tend to push up labor and material prices for rehabilitation and improvement work. This would tend to reduce the amount of rehabilitation and improvement work ultimately to be performed and would be to the economic disadvantage of ConRail.

INTERIM RAIL SERVICES

The Committee is fully aware that a large portion of the Federal funds to be provided in the early years of ConRail's operation will go toward financing operating losses. The Committee believes that it is in the best interest of ConRail and the nation that essential rail service continue to be provided. However, the Committee expects that

ConRail will not continue to provide the kind of costly and inefficient service currently being provided by Penn Central and being financed by the Federal Government.

In the accompanying resolution, the Committee recommends that no Federal funds be used for financing operating losses during fiscal years 1978 and 1979. The Committee has also included language restricting the amount of Federal funds that can be used to finance operating losses during the initial periods of ConRail's operations. In so doing, the Committee has provided ConRail with a strong incentive to attempt to minimize its operating losses.

ADMINISTRATIVE EXPENSES

The Committee recommends the full fiscal year 1976 supplemental budget request of \$4,100,000 for administrative expenses of the United States Railway Association. These funds are in addition to the \$10,000,000 previously appropriated in the regular fiscal year 1976 Department of Transportation and Related Agencies Appropriation Act. The Committee feels these additional funds will be required for expenses related to the conveyance of rail properties to ConRail and for the litigation of the final system plan.

For the transition period, the Committee recommends \$1,400,000, a reduction of \$600,000 below the budget estimate. After the date of conveyance USRA will have fewer responsibilities and should be able to significantly reduce its personnel level. Other than the activities related to the litigation of the final system plan, USRA will serve as a trustee for the holdings of the Federal government in ConRail. The Committee believes that these responsibilities can be accomplished with the amounts recommended in the resolution.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 2 of the resolution, in connection with the amounts to be provided to the Consolidated Rail Corporation:

... Provided, That not to exceed \$278,000,000 shall be made available to the Corporation for operating losses of the Corporation.

... Provided, That not to exceed \$140,000,000 shall be made available to the Corporation for operating losses of the Corporation.

... Provided, That none of these funds shall be made available to the Corporation for operating losses of the Corporation.

BUDGET AUTHORITY—OUTLAY EFFECTS

Section 308(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a projection for the period of 5 fiscal years beginning with such fiscal year of budget outlays, associated with the budget authority provided in the bill or resolution, in each fiscal year in such period.

The following table summarizes the budget authority recommended in the resolution and the estimated outlays for the subsequent five fiscal years:

Fiscal year	Budget authority recommended	Estimated outlays						
		1976	Transition period	1977	1978	1979	1980	1981-83
1976	\$403,900,000							
Transition period	\$404,100,000	\$200,000						
1977	916,400,000	301,400,000	\$500,000,000	\$115,000,000				
1978	425,000,000			310,000,000	\$115,000,000			
1979	176,000,000				150,000,000			
Total outlay effects		403,900,000	301,600,000	500,000,000	425,000,000	265,000,000		26,000,000

FINANCIAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying resolution contain no budget authority or budget outlays for any State or local government for any of the years mentioned in the resolution.

SUPPLEMENTAL VIEWS OF THE HONORABLE SILVIO O. CONTE, HONORABLE EDWARD P. BOLAND, HONORABLE JACK EDWARDS, AND HONORABLE LAWRENCE COUGHLIN

We support the basic purpose of H.J. Res. 801. By providing the initial funds for the purchase of ConRail securities by USRA, the Committee is making possible the restructuring of what will become a strong and efficient rail system in 17 Northeast/Midwest States so long plagued with railroad bankruptcies.

Congressional provision of the Federal investment through USRA in ConRail is an essential element in the Government's presentation to a Special Court which will, in the first instance, review the "fairness and equity" of the overall proceedings since, clearly, ConRail's chances for becoming financially self-sustaining will be jeopardized without the assurance that its early capital needs will be met. As stated in USRA's Final System Plan (page 91): "If the government does not provide the needed capital and ConRail falters, the eventual cost to the government could be greater than the amount of the government investment recommended in the Final System Plan."

Creditors of the bankrupt estates have alleged that the ConRail securities to be offered to them in exchange for their claims of the rail-related assets to be continued in service through ConRail, are worth less than the "Constitutional minimum"; and the Supreme Court has stated that the estates could sue the government in the U.S. Court of Claims, under the Tucker Act, if the bankrupt estates do not receive securities equal in value to the "Constitutional minimum." In addition, it is also alleged that the degree of control to be exercised by the government over ConRail renders its creation an act of eminent domain. If such a contention were accepted, the government could be faced with a substantial deficiency judgment, the estimate amount of which varies widely.

For the foregoing reasons, (1) the assured availability of Federal funding necessary to establish sufficient ConRail earnings to support values in its securities, and (2) the absence of government controls over ConRail beyond those appropriate to the government's role as an investor, could *both* serve to lower the ultimate cost of the reorganization process to the United States Government.

With regard to the funds provided in H.J. Res. 801, we must point out that the authorizing legislation (P.L. 94-210) made no distinction between the \$1.841 billion in minimum Federal funds required for ConRail and the \$250 million requested for contingency purposes. In fact, that distinction first made by USRA was completely eliminated in P.L. 94-210. The Administration has made clear its support for the entire \$2.1 billion requested for ConRail. The Committee has

chosen to provide \$1.921 billion, including only \$75 million for contingency purposes. We believe there are significant risks in not providing the funding which USRA, the Administration, and the authorizing committees determined were necessary to sufficiently capitalize the new railroad.

Nevertheless, we have an even greater concern about the implications of the Committee's action which seeks to limit by statute the amount of operating losses for ConRail to \$418 million during its first year and one-half of operations and prohibiting the use of any funds provided in the bill for operating losses thereafter.

We believe those limitations are unwise and unduly restrictive. No one argues with the basic purpose—that ConRail should be encouraged to become profitable as soon as possible. Indeed, it is imperative that ConRail have the flexibility necessary to represent a successful income-based reorganization. Put simply, the extent to which ConRail is successful is the extent to which any future exposure to our taxpayers for a suit under the Tucker Act by the bankrupt railroads and their creditors is reduced.

We believe that any attempt to restrict the availability of Federal funds for the purposes of covering *only* those projected ConRail operating losses as estimated for it in the FSP would be imprudent and unduly restrictive of ConRail in its attempt to achieve self-sufficiency. In the past year, the operating losses of the bankrupts have been in excess of \$1 million a *day*. ConRail cannot hope to erase such losses until such time as the benefits of the restructured system, new equipment, a rehabilitated plant, and the efforts of its new management can begin to show their effect in improved operating results. As projected in the FSP, ConRail should begin to realize a positive income from operations in calendar year 1979, and it should be able to generate a positive cash flow from operations sometime during that calendar year and each year thereafter. USRA also estimated that ConRail's cash operating losses would be \$278 million in *calendar year* 1976, and \$140 million in *calendar year* 1977, and that, while it should be able to break even on operations sometime in calendar year 1978 that, in that year, it would still need at least \$17 million to cover its estimated deficit in working capital requirements from other sources.

It is essential to understand that there are *only estimates*, prepared in 1975, and subject to possibly wide variations stemming from such unforeseeable eventualities as a prolonged strike in the auto or coal industries, or unusually severe storm damages, significant shifts in the economy, or even a strike by rail labor. If ConRail, by virtue of a Congressional limitation on its flexibility to use Federal funds to cover such operating losses as may flow therefrom, is placed in such a bind, then it could, apparently, either *go bankrupt on its own* or sharply reduce *the level of its services* to the public, either of which results would surely not be in accord with Congressional intent as now expressed in the RRRR Act of 1976. If the investment controls established in the Rail Act itself did not address the situation, there might be a basis for such specific appropriations restrictions. Under the circumstances, however, such restrictions are not merely unnecessary, they could prove to be utterly self-defeating.

It is prudent to review the investment controls already in place as the result of P.L. 94-210 (The Railroad Revitalization and Regulatory Reform Act of 1976).

It established a Finance Committee within the USRA Board—to be composed of the Secretary of Transportation, the Secretary of the Treasury, and the Chairman of the USRA Board of Directors. In that Committee is vested authority to terminate further funding of ConRail—through the Government investment to be provided—in the event that it makes an affirmative finding that ConRail has failed to meet its overall operating (including rehabilitation) and financial results as projected for it in the Final System Plan within margins prescribed by the USRA Board of Directors, or that “. . . it is not reasonably likely, taking into consideration all relevant factors including the overall operating (including rehabilitation) and financial results achieved by the Corporation, that the Corporation will be able to become financially self-sustaining without requiring Federal financial assistance substantially in excess of the amounts authorized in (P.L. 94-210) . . .” The reference, here, in the RRRR Act of 1976, is to section 216 thereof: Under the Act, any such affirmative finding, together with comments and recommendations of the USRA Board, is to be transmitted to Congress within ten days of the date of such finding, for review, thus *giving Congress early notice* of any pending ConRail financing or performance problems.

The investment controls, appropriately exercised, will preclude any undue diversion of Federal funds into the subsidization of continuing ConRail operating losses. In and of themselves, they are reasonably and properly reflective of the Government's role as an investor in ConRail. Any further governmental controls as imposed by Congress are both unnecessary and would tend to add weight of the creditors' allegation that the Government's influence over ConRail is so all-persuasive as to reflect a “taking” rather than an income-based reorganization.

The argument is made that the controls contained in H.J. Res. 801 are merely the legitimate exercise of Congressional oversight powers comparable to those enjoyed by the Executive Branch through the Finance Committee. On the face of it, this seems like a plausible argument, but there are some significant and far-reaching differences.

In essence, the Finance Committee was given the powers appropriate to any investor: that of halting any further investment into a company if: (1) it violates any covenants of its loan agreement; (2) it fails to obtain the *overall* results projected in an agreed upon plan; and (3) it cannot achieve the projected results without more money than agreed upon in advance.

In examining the legislative history of the Finance Committee it is instructive to read the Conference Report on the Railroad Revitalization and Regulatory Reform Act of 1976 (P.L. 94-210). It states: “The Finance Committee, of course, may not freeze the Corporation to the specific rehabilitation strategies, priorities or projects in the plan, since the Corporation should be permitted some flexibility in this regard.”

The action of the Committee in “freezing” ConRail to specific numbers for operating losses is specifically the kind of power Congress

denied to the Finance Committee. Congressman Fred Rooney, the floor manager of the Railroad Revitalization and Regulatory Reform Act of 1976, stated this type of power was denied to the Finance Committee because: "What is at stake here is the assurance that the goals of a private sector solution and an income-based reorganization will not be jeopardized by overly detailed government interference with the operations of the railroad." (Congressional Record, January 28, 1976, page H-403.)

We are concerned that the effect of the Committee's constraints could jeopardize a "private sector solution and an income-based reorganization" because it will be construed as "overly detailed government interference with the operations of the railroad".

We have confidence in the statement made by Congressman Rooney when discussing the Conference Report on the Railroad Revitalization and Regulatory Reform Act of 1976:

"The conferees feel strongly that the conference report before the House along with the already agreed to basic principles on the terms and conditions for the purchase of ConRail securities strike the proper balance between the protection of the government's interest and the need for a private sector solution based on a successful income-based reorganization." (Congressional Record, January 28, 1976, page H-404.)

In legal terms, the Committee's approval on operating losses of ConRail needlessly creates a potential imbalance that exposes the government to unnecessary risks. In economic terms, for reasons having nothing to do with its ultimate success and its ability to repay the government investment, ConRail may be forced into early bankruptcy because of undue rigidity in the availability of government financing during its start-up years.

SILVIO O. CONTE
 JACK EDWARDS.
 LAWRENCE COUGHLIN.
 EDWARD P. BOLAND.

DISSENTING VIEWS OF THE HONORABLE WILLIAM L. ARMSTRONG

A few decades ago the nation's railroads were healthy and prosperous. But under the staggering burden imposed by Congress, one railroad after another has been forced into bankruptcy. Today eight of the nation's major Eastern railroads are already in bankruptcy. And much of the rest of the industry is in shaky financial condition. As profits and incentives have disappeared, equipment has been allowed to wear out or become obsolete; roadbeds have fallen into disrepair; service has deteriorated to an incredible extent and the eastern United States, heart of industrial America, has ended up with a crippled rail system.

Why?

Several factors can be blamed. But Congress and federal regulatory agencies are largely to blame. The federal government has put so many restrictions on railroads that profitable operation has become virtually impossible. No wonder the nation's rail system is falling apart. Unfortunately, however, Congress has reacted to each successive crisis with a characteristic unwillingness to face the issue. Instead of repealing or drastically modifying legislation and regulations which are strangling the industry, Congress has passed a series of authorizations to subsidize inefficient operations. I have voted against such measures in the past and I will also vote against H.J. Res. 801.

I believe we badly serve the nation by continuing to subsidize railroad operations without coping with underlying issues including the following:

First, USRA Chairman Arthur D. Lewis has testified, "One of the major problems affecting the bankrupt carriers in the past has been significant losses from passenger operations, from the Amtrak contract and from contracts to commuter authorities. We believe it is absolutely essential that Amtrak pay its full cost and that the commuter authorities pay their full cost . . . either ConRail is permitted to abandon passenger service, or that they are paid at least the cash cost for the service. We think that is critical. It is a lot of money but it has somehow got to be paid by an agency outside the ConRail Freight operation. . . . Over a period of 10 years we estimate, based on the inflation that is going to take place in that next 10 years, that the negative impact on ConRail, if it had to carry forward the losses currently experienced and make the capital commitments required to meet that service, that it would be another financing requirement of \$1,650 million."

Without going into whether or not this is a realistic estimate (such estimates tend to be too low!), I simply want to ask if there are any

plans to put passenger operations on a paying basis except through continued federal, state and local subsidies for an indefinite period. I am not aware of any realistic plan to do so. So the outlook is for perpetual subsidies, a prospect which is not palatable to me.

Second, the USRA Chairman called for a sweeping change in regulatory policy "to give ConRail a greater degree of flexibility in pricing, both in terms of raising rates on products that are carried today at below cost, or to permit a more aggressive merchandizing/marketing philosophy or policy."

I share Chairman Lewis's concern. The regulatory abuses of the Interstate Commerce Commission are mind boggling. During the last 85 years, since ICC began superimposing its wisdom on the industry, the ICC has accumulated a file of some 43 trillion rates . . . without an index!

In an instance which was recently brought to my attention, one of the nation's railroads invested \$13 million in 500 special hopper cars in order to permit a rate reduction of 60% in hauling grain. When the ICC refused to agree to the reduction, it took 4 years of litigation and 16,000 pages of testimony before the Supreme Court finally permitted the rate reduction made possible by the new cars. In another instance, the Commission cancelled a 70% rate reduction for transporting coal. There are many similar instances in which the ICC has hamstrung the industry by forbidding lower rates to attract new business or higher rates to cover losses. The ICC is wrecking the railroads and other segments of the transportation industry, costing consumers billions of dollars a year in higher prices required by ICC regulations and putting thousands of people out of work. It is no wonder USRA terms a regulatory policy change "critical." But since there is no assurance that ConRail will receive needed regulatory flexibility, we are simply sending good money after bad in passing legislation such as this appropriation.

Third, the industry has been plagued for generations by restrictive and outmoded labor practices which Congress has tolerated, and to some degree, has actually fostered. Incredible though it may seem, trained operating crews are often paid for a full day's work on the basis of 100 miles or 8 hours, whichever occurs first. This is based on the 19th century norm of an 8 hour run to cover 100 miles. Today such a run should take no more than two or three hours. So three crews of four to five men each are required to run a train 300 miles. If they were paid on the basis of a standard 8 hour work day, two men could perform the same service. This is only one of the many examples of archaic or "make-work" operating work rules in effect on most major railroads. Is it any wonder so many of them are in bankruptcy? So far as I know, there is no basis to believe ConRail can prosper until modern work practices can be implemented. This isn't likely to happen as long as Congress continues to subsidize inefficient work practices and featherbedding.

Finally, I note the concern of those who believe federal action may constitute an act of eminent domain. A creditor's suit is now pending, and, if creditors are successful in establishing their claim, which some

Members of the Committee believe will be bolstered by the passage of this act, the potential liability to the nation's taxpayers may range upwards of \$13 billion, according to information furnished to the committee. I have not evaluated this concern. But I have an uneasy feeling that the Committee has not given it sufficiently serious consideration and I wish it were possible to do so prior to the time this legislation is taken up by the House itself.

For these reasons, I intend to vote against H.J. Res. 801.

WILLIAM L. ARMSTRONG.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

Joint Resolution

Making supplemental railroad appropriations for the fiscal year ending June 30, 1976, the period ending September 30, 1976, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1976, the period ending September 30, 1976, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, and for other purposes, namely:

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

For necessary expenses related to Northeast Corridor improvements for fiscal year 1976, \$25,000,000, to remain available until expended.

For necessary expenses related to Northeast Corridor improvements for the period July 1, 1976 through September 30, 1976, \$25,000,000, to remain available until expended.

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

For additional amounts for "Grants to the National Railroad Passenger Corporation", \$36,500,000 to remain available until expended: *Provided*, That not to exceed \$21,200,000 in fiscal year 1976 and \$5,300,000 in the period July 1, 1976, through September 30, 1976, shall be available for additional operating expenses for the Corporation in connection with the Corporation's additional operating responsibilities over the rail properties of the Northeast Corridor; non-recurring costs related to the initial assumption of control and responsibility for maintaining rail operations on the Northeast Corridor, \$10,000,000.

URBAN MASS TRANSPORTATION ADMINISTRATION

URBAN MASS TRANSPORTATION FUND

RAIL SERVICE OPERATING PAYMENTS

For an additional payment to the Urban Mass Transportation Fund there is hereby appropriated to remain available until expended, for the purposes of the Urban Mass Transportation Act of 1964, as amended by Public Law 94-210, \$25,000,000. The amount appropriated in preceding paragraph shall be added, as needed, to the limitations contained in section 306 of Public Law 94-134.

UNITED STATES RAILWAY ASSOCIATION

PAYMENTS FOR PURCHASE OF CONRAIL SECURITIES

For acquisition of debentures and series A preferred stock issued by the Consolidated Rail Corporation to remain available until expended, \$500,000,000 for fiscal year 1976 and \$350,000,000 for the period July 1, 1976 through September 30, 1976: *Provided*, That not to exceed \$308,000,000 shall be made available to the Corporation for operating losses of the Corporation.

For acquisition of debentures and series A preferred stock issued by the Consolidated Rail Corporation to become available on September 30, 1976, and to remain available until expended, \$615,000,000: *Provided*, That not to exceed \$200,000,000 shall be made available to the Corporation for operating losses of the Corporation.

For acquisition of debentures and series A preferred stock issued by the Consolidated Rail Corporation to remain available until expended, \$425,000,000 for fiscal year 1978 and \$136,000,000 for fiscal year 1979.

ADMINISTRATION EXPENSES

For an additional amount for "Administrative expenses" for fiscal year 1976, \$5,800,000, to remain available until expended.

MISCELLANEOUS PROVISIONS

On and after the date of the enactment of the joint resolution, the provisions of section 8344 of title 5, United States Code, shall not apply to any individual serving as a member of the Commission on the Operation of the Senate.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

March 26, 1976

Dear Mr. Director:

The following bill was received at the White House on March 26th:

H.J. Res. 801

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.