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THE WHITE HOUSE

WASHINGTON

April 21, 1976

MEMORANDUM FOR: RON NESSEN

FROM: JIM CAVANAUGH *JHC*

SUBJECT: Amtrak Question and Texas Press
 Meeting

Here is a paper on the Amtrak question which the President should see prior to his press meeting this afternoon with representatives of Texas newspapers.

Attachment

And I would like to add at this point, Mr. Chairman, that Amtrak's budget request, in our view, would basically continue the status quo of rapidly escalating costs and minimal service and revenue improvements, without any real attempt at improving efficiency and putting some limits on what Amtrak chooses to call uncontrollable costs. In a word, Mr. Chairman, Amtrak is attempting to play the perennial budget game, which is certainly not new in this town, by coming forward with the most pessimistic forecast of both revenues and expenses (that is, the highest possible expenses and the lowest possible revenues) while at the same time developing a scare campaign addressed at the Congress which basically says that "if we don't get all of the money we are asking for, the Amtrak system will be cut in half, and rail passenger service will come to an inglorious end."

Mr. Chairman, we cannot sit by and allow this to continue. In reality, as I have mentioned, the Administration's FY 1977 budget request for Amtrak operations is nearly a \$50 million increase over the Congressionally imposed FY 1976 level. I ask you to consider the fact that this is not a request which will emasculate Amtrak's system. Rather, it allows for a substantial increase, recognizing certain expenses not within Amtrak's control, but expecting that Amtrak's management will take action within its control to reduce the Federal operating grant requirement without substantial reduction in routes or services.

March 25, 1976

SUBJECT:

AMTRAK REVENUES AND SUBSIDIES

FY 1975

Revenues -- \$246 million

Federal subsidies -- \$275 million

FY 1976

Revenues -- \$257 million

Federal subsidies -- \$329 million

FY 1977

Revenues -- \$214 million

Federal subsidies -- 378 million

Amtrak request -- \$470 million

In addition, we have requested \$100 million for capital improvements over and above subsidy increases.

ME

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INCREASE OF \$49.2 million in ^{Proposed} subsidies
over FY 76 —

"
Should
provide
more
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rail
service"
Fed R.R. Admin.

ME