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THE PRESIDENT HAS SEEN *d.g.*

THE WHITE HOUSE

INFORMATION

WASHINGTON

DEC 5 1974

MEMORANDUM FOR THE PRESIDENT

THRU: *ROY* L. ASH
FROM: WALTER D. SCOTT *WDS*
SUBJECT: State Contributions to AMTRAK Service

WDS

During your review of the 1976 budget on November 27, you raised a question regarding State contributions to AMTRAK on the New York-Chicago (via Cleveland) train. This particular route was not part of the AMTRAK basic system established by the Secretary of Transportation in 1971, but was started as an "experimental" service by AMTRAK that year, with the expectation that the route would be subsidized by the States involved after the respective state legislatures had been given time to provide funds. (The 1970 Act establishing AMTRAK required AMTRAK to perform any service if it were at least 2/3 subsidized by States).

This service quickly incurred substantial losses (expenses were five times greater than revenues) and the States decided not to provide any subsidy funds. Since it was neither part of the basic system nor State-supported, AMTRAK was able to discontinue the train after less than a year's service.

Several State-subsidized services are presently being operated, and the number is increasing as the table below indicates:

<u>Route</u>	<u>FY 73</u>	<u>(\$ in thousands)</u>	
		<u>FY 74</u>	<u>FY 75</u>
New Haven-Springfield	\$188	\$214	\$214
Chicago-Quincy	247	210	210
Philadelphia-Harrisburg	44	-	-
Chicago-Dubuque	-	140	210
Chicago-Springfield	-	135	180
Chicago-Champaign	-	73	146
New York-Montreal	-	-	917
Chicago-Port Huron	-	-	156
Detroit-Jackson	-	-	156
State Contribution	<u>\$478</u>	<u>\$772</u>	<u>\$2,189</u>

The ridership on these routes accounts for only 2% of AMTRAK's total.

No State contributions are made to the 20 basic system routes or the congressionally-imposed "experimental" services which AMTRAK operates. The 1973 AMTRAK Improvement Act requires the Secretary of Transportation to designate one "experimental" service each year. 1974's route was the re-initiation of Boston-Buffalo-Cleveland-Chicago service.