

THE WHITE HOUSE

WASHINGTON

July 16, 1975

The President

of the Senate

Sir:

I ask the Congress to consider an amendment to the request for appropriations transmitted in the budget for the fiscal year 1976 in the amount of \$72,000,000 for the Department of Transportation.

Details of this proposal are outlined in the enclosed letter from the Director of the Office of Management and Budget, and I concur with his comments and observations.

Respectfully,



Enclosure



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

July 16, 1975

The President

The White House

Sir:

I have the honor to submit for your consideration an amendment to the request for appropriations transmitted in the budget for the fiscal year 1976, involving an increase in the amount of \$72,000,000 for the Department of Transportation as follows:

FEDERAL RAILROAD ADMINISTRATION

1976 Budget Appendix Page	Heading	1976 Request Pending	1976 Proposed Amendment	1976 Revised Request
709	Rail Service Assistance	\$45,000,000	\$72,000,000	\$117,000,000

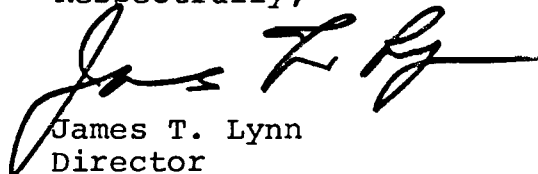
(Delete the first paragraph under the above heading and insert in lieu thereof the following:)

For necessary expenses for "Interim operating assistance," \$72,000,000 and "Rail service continuation subsidies," \$45,000,000, under sections 213 and 402(i) of the Regional Rail Reorganization Act of 1973, to remain available until expended.

The proposed budget amendment would provide cash assistance for operating expenses to bankrupt railroads in the Midwest and Northeast, in order to insure continued rail service, pending the restructuring of the railroads into a new system. As a result of declining revenues and increased operating expenses, interim operating funds appropriated under the Regional Rail Reorganization Act of 1973 are only expected to last through July. Without further assistance, these lines will be forced to reduce service and lay off employees. This will result in serious economic dislocation in the areas that these bankrupt railroads serve. It is now estimated that \$72 million in grants will be required by the bankrupt railroads to insure continued operation between August 1975 and reorganization in March 1976.

I have carefully reviewed the proposal for appropriations contained in this document and am satisfied that this request is necessary at this time. I recommend, therefore, that this proposal be transmitted to the Congress.

Respectfully,

A handwritten signature in black ink, appearing to read "James T. Lynn", with a long horizontal flourish extending to the right.

James T. Lynn
Director