

*A Review of Alternative Approaches to
Federal Funding of Rail Rehabilitation*

September 1975

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**UNITED STATES
CONGRESS**

Office of Technology Assessment

**A Review of
Alternative Approaches to
Federal Funding of Rail
Rehabilitation**

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**Federal Funding
of Rail Rehabilitation**

A REVIEW OF ALTERNATIVE APPROACHES

PREPARED AT THE REQUEST OF

THE SENATE COMMITTEE ON COMMERCE
SURFACE TRANSPORTATION SUBCOMMITTEE

PREPARED UNDER CONTRACT OTA C-25 BY

HARBRI DGE HOUSE, INC,

AUGUST 1975

Congress of the United States
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WASHINGTON, D.C. 20510

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DEPUTY DIRECTOR

September 12, 1975

Honorable Olin E. Teague
Chairman of the Board
Office of Technology Assessment
U. S. Congress
Washington, D. C. 20510

Dear Mr. Chairman:

In response to the requests* of Senator Schweiker of the OTA Board on February 26, 1975, and Senator Warren G. Magnuson, Chairman, Senate Commerce Committee on March 20, 1975, I am pleased to submit an initial report: A Review of Alternative Approaches to Federal Funding of Rail Rehabilitation.

Prepared by the Office of Technology Assessment, with the assistance of an ad hoc task force of consultants knowledgeable in rail industry operations and problems and a contractor, the report is part of an OTA review of the United States Railway Association's Plan for restructuring the bankrupt Northeast railroads.

It is anticipated that the report will be used as background "for hearings planned for mid-September by the Senate Commerce Committee and for hearings to be held by the House Committees on Commerce and Appropriations.

Sincerely,


EMILIO Q. DADDARIO
Director

*see Appendix

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SEP 15 1975

The Honorable Warren G. Magnuson
Chairman, Committee on Commerce
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

On behalf of the Board of the Office of Technology Assessment,
we are pleased to forward a report: A Review of Alternative
Approaches to Federal Funding of Rail Rehabilitation.

This study is a part of a review of the United States Railway
Association's Plan for restructuring the bankrupt Northeast
railroads. This report considers the Final System Plan submitted
to Congress on July 26, 1975.

This report is being made available to your Committee in accor-
dance with Public Law 92-484.

Sincerely,



Olin E. Teague
Chairman
Technology Assessment Board

Sincerely,

Clifford P. Case
Vice Chairman
Technology Assessment Board

Preface

In 1973, the financial disarray of the Northeast and mid-West railroads led to the passage of the Rail Reorganization Act of 1973. The Act established the United States Railroad Association (USRA) to develop a plan for a Consolidated Rail Corporation (CONRAIL) to be formed of the financially distressed railroads. On February 26, 1975, USRA issued a Preliminary System Plan for CONRAIL, and on 26 July USRA submitted the Final System Plan to Congress.

This review and others in the series were prepared in response to requests from the Senate Commerce Committee. Originally intended to deal with the Preliminary System Plan, these reviews are based on the Final System Plan to maximize their utility to the Congress.

This review was accomplished in a two month period by OTA'S Transportation Assessment Group supported by Harbridge House, Inc. and a task force of individuals knowledgeable in railroad problems. Contact was maintained with authorizing, appropriations and budget committees of both the Senate and the House as well as the GAO, Library of Congress and the Congressional Budget Office.

The brief period of time precluded a rigorous assessment. Instead, the major issues have been identified, frameworks have been developed for their consideration and the data have been organized to allow for thorough review.