

# Amtrak NEWS

A NEWSLETTER FOR AMTRAK EMPLOYEES

Volume 1, No. 6

July 1, 1974

## Nationwide Toll Free ARTS

Nationwide toll free telephone service now links the traveling public with Amtrak's five ARTS (Automated Reservation & Ticketing System) centers. Between May 14 and June 26, a total of 220 telephone stations were cutover to ARTS, completing the forty-eight state network.

Amtrak has been building toward this goal of nationwide toll free telephone service since June 1, 1972 when Amtrak's Board of Directors first approved the ARTS project. Since that time, various cutovers already have given selected high population areas direct access to ARTS. The May 14 - June 26 cutovers primarily brought outlying areas in the Midwest and West officially into the ARTS system.

The Bensalem PA CRO (Central Reservation Office), which covers the East Coast from Maine to Virginia and West Virginia with the exception of New York City, has been in complete

operation since shortly after its cutover to ARTS on April 15, 1973. The New York City CRO, which handles calls from New York's five boroughs only, has also been completely operative since its cutover on June 7, 1973.

The new Jacksonville CRO which opened November 27, 1973 has been handling calls from North Carolina to Florida, plus New Orleans calls via FX (Foreign Exchange) Circuits. On May 20, 26 remaining stations in Mississippi, Alabama, Tennessee and Louisiana plus Dallas TX were cutover to the Jacksonville CRO. On June 28, FX Circuits from Kansas City, St. Louis and Ft. Worth went into Jacksonville.

On May 21, 28 stations in Illinois were cutover to the Chicago CRO. Since Chicago's cutover to ARTS April 27 of this year, its system has included Chicago proper, most of Michigan, Ohio and Indiana and parts of Minnesota and Wisconsin. During the week of June 10, remaining stations in Michigan, Iowa, Indiana and Wisconsin were added and during the week of June 18, the remainder of Ohio and Minnesota.

According to J.R. McCowan, Senior

Communications Engineer, most of the recent cutovers involved the Los Angeles CRO, which opened January 19, 1974. On June 5, all California stations were cutover to the Los Angeles CRO. During the week of June 10, Montana, North and South Dakota, Nebraska, Kansas and eastern Texas (with the exception of Dallas and Ft. Worth) came under the Los Angeles CRO. Approximately 38 stations, in Washington, Idaho, Wyoming, Colorado and western Texas, were cutover during the week of June 17. During the week of June 24, the addition of 25 stations, in Oregon, Nevada, Utah, Arizona and New Mexico meant that the Los Angeles CRO was 100% cutover.

"Before these cutovers, the Midwest to the West Coast was only sparsely covered by the ARTS system. With this expanded service, people in any part of the U.S. now have direct access to Amtrak information and reservations service. Now there is almost instantaneous confirmation of reservations for up to 180 days in advance of the customer's request," E.L. Martin, Manager of Telecommunications, said.

*Continued on page 2 col. 1*

Amtrak President Roger Lewis asks Congress for authorization to purchase additional new equipment to meet fiscal year 1975 operations. Story page 7.



Amtrak President Roger Lewis (right) and Greyhound President James L. Kerrigan signed an interline agreement June 13. Story page 3.

Amtrak placed an equipment order on June 24 for 25 more 3,000 horsepower diesel locomotives. The new locomotives will be built by the General Electric Company at its plant in Erie PA, with delivery promised by the end of next June. As part of earlier orders, GE also is building 26, 6,000 horsepower electric locomotives for use on the electrified sections of the Northeast Corridor. The electric locomotives will be delivered between August and December of this year. This additional \$12.2 million order brings to 175 the total number of 3,000 horsepower diesel locomotives bought by Amtrak.

With the completion of the final ARTS cutovers, Amtrak's ARTS system will utilize 530 WATS lines (Wide Area Telephone Service) to carry information and reservation calls from passengers across the country. (153 WATS lines into Bensalem, 136 into Los Angeles, 66 into New York, 60 into Jacksonville and 115 into Chicago.)

Now that this phase is completed, future expansion of the system will concentrate on increasing the availability of CRTs (Cathode Ray Tubes or "Scopes") and Ticket Printers to more Amtrak stations.

In addition, the possibilities of expanding and refining the computers' data bank are almost unlimited. Right now, the two Control Data 3500 computers are programmed for basic information on schedules, fares, etc. Additional, more complex information must be obtained by the Reservation & Information Clerks from their manuals.

Amtrak will be balancing the cost effectiveness of having ARTS provide additional information to eliminate the most expensive manual work operations. This phase of ARTS nationwide implementation prepares Amtrak to answer the peak 1974 summer demand.

Additional CRTs ("scopes") are being installed at the five CRO's (Central Reservation Offices), selected ticket offices and stations and at three locations in Canada.

By mid-September, the ARTS system will have 700 CRTs in operation across the country. Over 160 stations are included plus an increase of 80 terminals to the present capacity of the five CRO's. The Los Angeles CRO will have 120 CRTs; New York City, 65; Jacksonville, 100; Bensalem, 173; and Chicago, 104.

For the first time, three Canadian National stations (Montreal, Toronto and Vancouver) will have direct access to the ARTS computer at headquarters, Washington, DC. By June 30, two scopes will have been installed at each station.

## ARTS Milestones

*October 1, 1971*—Consolidation of six separate reservation bureaus and telephone numbers into one Amtrak Chicago Reservation Center using new computerized reservation system (ADR).

*June 1, 1972*—Amtrak Board of Directors approved ARTS

*April 15, 1973*—Bensalem CRO cutover to ARTS on schedule.

*June 7, 1973*—New York City CRO cutover to ARTS.

*November 27, 1973*—New Jacksonville CRO opened (ARTS cutover October 1, 1973).

*January 19, 1974*—New Los Angeles CRO opened (ARTS cutover November 18, 1973).

*February 2, 1974*—Seattle Reservation Bureau closed, calls go directly into the Los Angeles CRO.

*February 18, 1974*—San Francisco Reservation Bureau closed, calls go directly into the Los Angeles CRO.

*April 27, 1974*—Chicago cutover to ARTS in refurbished facility (ADR system deactivated).

*June 26, 1974*—Nationwide toll free access to ARTS completed.

## Basic \*ARTS Vocabulary

**ACD**—*Automatic Call Distributor*—Each of Amtrak's five CROs has one or more ACD units which automatically distribute incoming telephone calls among available telephone positions.

**\*ARTS**—*Automated Reservation & Ticketing System*—Unique computerized reservation communication system designed by Amtrak to serve rail passengers.

**Band**—Term used to describe a specific area of WATS coverage. Each "band" is a circular area radiating from a CRO, with band 1 closest to the CRO, then band 2, etc.

**CPU**—*Central Processing Unit*—A pair of Control Data 3500 computers located at Amtrak headquarters, Washington, DC. Total capacity of a quarter billion characters of mass memory storage.

**CRO**—*Central Reservation Office*—Amtrak's five ARTS bureaus, located in New York City; Bensalem PA; Jacksonville FL; Chicago IL and Los Angeles CA.

**CRT**—*Cathode Ray Tube*—Better known as a "Scope", the television-like unit used in two-way communication with the ARTS computer. Used by Clerks at the five CROs and at selected ticket offices and rail passenger stations.

**FX**—*Foreign Exchange Circuit*—A toll free telephone line with special access to a CRO. Used for areas of densely concentrated population.

**Lamp Cabinets**—A control board located in each CRO's ROCC Room. A group of colored lights for each telephone position indicates whether there is an incoming call, a call on hold, etc.

**OS Program**—*Operation Status Program*—Managers of Station Services provide the CROs with departure information which is inserted into the ARTS computer and can be retrieved from any CRT position within 5-10 minutes after receipt.

**ROCC Room**—*Reservation Office Control Center*—Location in each CRO of the STAR System, and Lamp Cabinet.

**Special Accounts**—The section of each CRO which handles telephone calls from travel agents and corporate travel bureaus. These calls come in on a separate part of the ACD.

**STAR System**—At each CRO, a special computer monitors the telephone positions. It records data on a teletype including average speed in which calls are answered; average length of calls; average time between calls, etc.

**Ticket Printers**—At selected ticket offices and stations, rail tickets are automatically printed from information typed into the CRT.

**WATS**—*Wide Area Telephone Service*—Toll free series of 800 numbers with direct access to Amtrak's five CROs.

# Ticket Clerks Train in ARTS

Amtrak ticketing personnel in all parts of the country are currently undergoing training in the use of the new Automated Reservations and Ticketing System (ARTS). Earle Adamson, Manager-Training, reported that 2,000 ticket clerks will have received new or additional training from March 1973 to September 1974.

The training program is a prelude to the installation of ARTS cathode ray tube consoles in various locations throughout the country. The installation of these machines will enable ticketing clerks to reserve space without resorting to time-consuming calls to reservations bureaus.

Allen Christofferson, Coordinator-Station Service Ticket Training, and Ralph Perkins, Coordinator-Reservations Training, said that the purpose of the training is to teach employees how to use ARTS to derive information and make reservations with the greatest amount of efficiency. Training is also given in "product knowledge"—tariffs,

schedules, equipment (consists and diagrams), off-line information, and special programs such as tours or Week of Wheels. New hires receive more extensive training than do existing personnel.

Adamson said, "For the first time in decades, there is a comprehensive program to train passenger-related railroad employees in a totally new system. Some of the trainees were at first skeptical of ARTS because it was something new. But when they learn the new system, the greater percentage like it."

According to Art Mousteko, Manager-Ticketing, "With ARTS, we expect many of our problems at ticket windows to disappear. The system will give our passengers better service while simplifying the duties of all ticket agents. That's why the training sessions are so important. When the agents learn to understand the system, and see what it can do for them, they love its simplicity."

Training is conducted primarily in three regional locations—New York, Chicago and Los Angeles. In some instances, all employees at a particular location are given formal training. In others, the key supervisor or lead ticket clerk attends a regional training class and is expected to train others upon returning to his base.

Alex Johnson, Service Supervisor in Penn Station, New York is convinced that ARTS training is "the best I've received at Amtrak."

"Through training, we were able to get a better grip on our problems," said Johnson. "For example, we issued Week-of-Wheels tickets and never knew what happened when the passenger got to Florida. Through the training sessions we learned that many passengers in Florida would keep the car longer than expected. This caused difficulties for the rental agency trying to protect car reservations for other passengers."

"We learned to inform passengers that they must let us know the exact number of days they expect to keep their cars. Now we're able to work more confidently and it makes a difference. By doing our job better in New York, we help passengers, Amtrak employees and the car rental agency in Florida," continued Johnson.

# Agreement Signed Rail/Bus Tickets

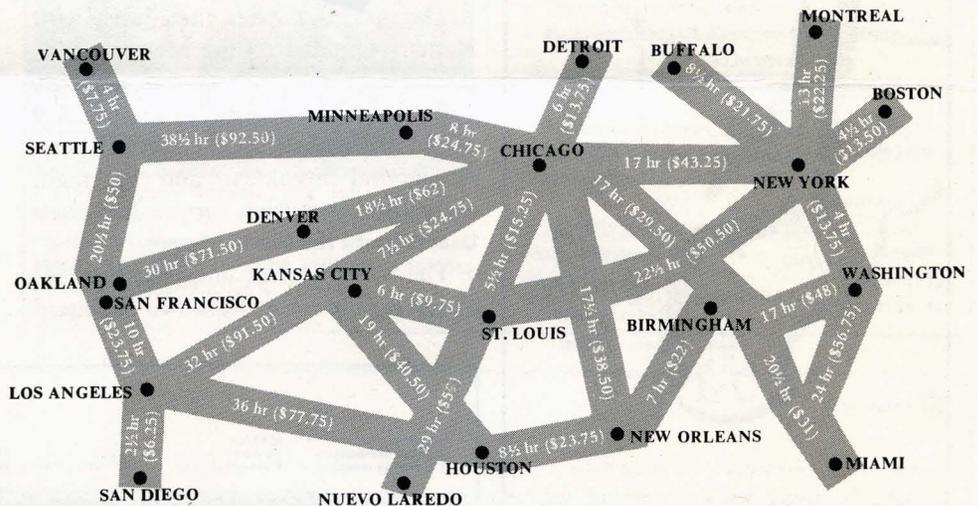
Amtrak and Greyhound passengers will be able later this year to buy combination rail-bus tickets as a result of an interline agreement signed June 13 by Amtrak's President, Roger Lewis and Greyhound President James L. Kerrigan.

This means that Amtrak will be able to ticket its passengers straight through to points not served by rail service—such major cities as Cleveland and Toledo OH, Portland ME and Mobile AL.—and thousands of small communities throughout the country.

Greyhound will be able to take a passenger from his point of origin to an Amtrak city to board a train and from the end of his rail trip to his final destination. The passenger merely buys a single ticket from any Greyhound or Amtrak agent.

The program will become effective this fall and will first be applied to some of the more popular bus-rail destinations. Eventually, it is anticipated that the combination single bus-rail ticket will be applied to most rail and bus destinations in the United States.

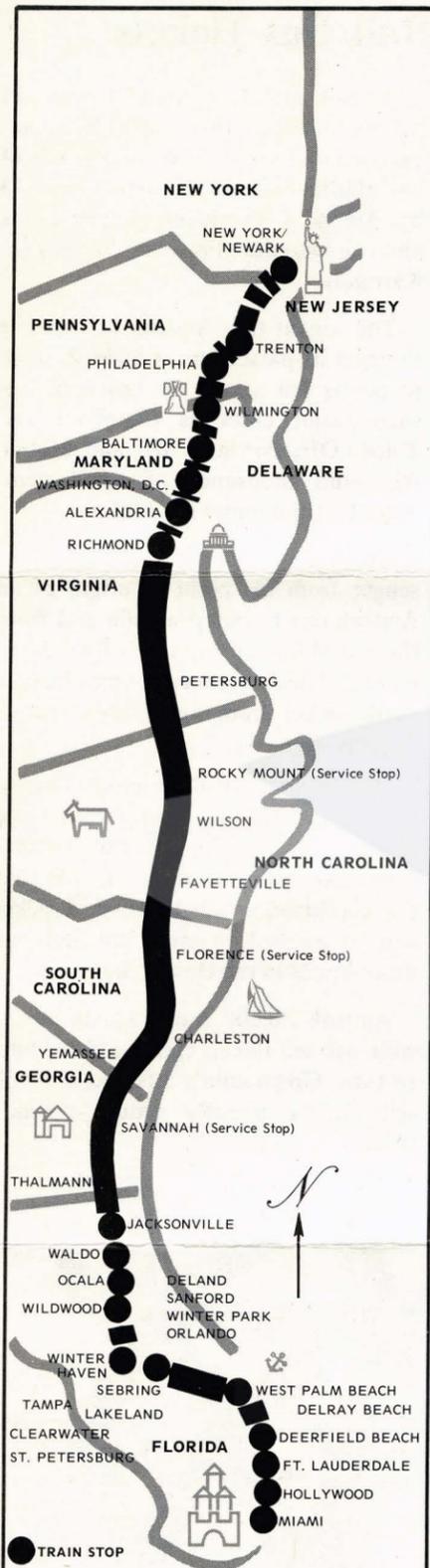
Amtrak's 6,600 travel agents worldwide will sell tickets right onto the bus. In turn, Greyhound's 3,500 agents will sell tickets directly onto Amtrak's trains.



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On this highly schematic map of the major rail passenger routes in the U.S., the times between cities are the approximate schedules for conventional trains; the fares are for coach seats, one way effective through September 7, 1974. In many cases, first-class accommodations—parlor car seats, roomettes or bedrooms—are available at extra cost.

# The Silver Meteor—Premier Florida Service



Summer season route of the Silver Meteor (above) remains basically the same during the winter season.

Editor's note: Since passenger trains are Amtrak's business, it is our business as employees to know as much about our Amtrak fleet as possible. This is the first in a series of articles which will eventually cover every train in the Amtrak system

It is appropriate to begin a series of articles on Amtrak's trains with the Silver Meteor. More than any other train in the Amtrak system, the Meteor has been an innovator in the field of on-board service.

Don Ensz, Director of Service, calls the Silver Meteor one of Amtrak's three "Line Leaders". Along with the Broadway Limited in the Midwest and the Southwest Limited on the West Coast, the East Coast Silver Meteor sets the standard of service for the other trains in its part of the country.

"These three 'premier' trains are an important Amtrak service concept," Ensz said. "They have the best Amtrak has to offer for a reason—to test new programs and equipment for customer reaction and acceptance."

More than the other two "Line Leaders", the Silver Meteor has been an experimenter. Almost all of the new Amtrak service features which are beginning to appear on trains across the country had their start on the Meteor. For example, most recreational activities (games, movies, the adult Happy Hour) originated on the Meteor. Complimentary food services like wake-up coffee and orange juice and expanded meal service like the Early Bird Dinner, continental breakfast and all night coffee and sandwich service had their trial runs on the Silver Meteor.

The Silver Meteor inherited this role of service innovator from two Seaboard

Coastline trains, the Silver Meteor for which it was named, and the Florida Special.

The Silver Meteor was christened in February, 1939 at the New York Worlds' Fair and from the beginning was considered to be the Seaboard Air Line Railroad's crack train.

Back in 1888, the Atlantic Coast Line had inaugurated a winter season only train, the New York and Florida Special (later shortened to Florida Special), and billed it as the "Aristocrat of Winter Trains."

According to Ralph Progner, Seaboard Coastline's Assistant Vice President of Service, special on-board services and entertainment originated on the Florida Special. In 1926, this country's first Recreation Cars were built by the Pullman Company for the Florida Special. Decorated with potted palm trees, the Recreation Cars were equipped with bridge tables. A Hostess supervised a horse race game and there was a small orchestra for dancing.

During Amtrak's first winter of operation, 1971-1972, a winter season only Florida Special train was run.

**Recreation Car Activities  
Summer Season\***

complimentary wake-up orange juice and coffee\*\*  
complimentary coffee, soda and cookies  
Happy Hour for adults - drinks \$1  
cartoons  
games - bingo and others  
door prize drawing  
feature film (when available)  
children's hour - with games

\*In the past, additional winter season activities have been scheduled including a fashion show, with clothes modeled by the PSR, and a horse race game.  
\*\*Served to first class passengers in their rooms upon request.

However by winter 1972-1973, because of ridership increases across the Amtrak system, there was insufficient equipment available to run a separate train to continue the Florida Special's tradition of on-board services and entertainment. That winter Amtrak's Silver Meteor took over the Florida Special's role and Amtrak began to expand the Meteor's special on-board services and entertainment into a year-round program.

Don Ensz explained that the Silver Meteor's entertainment features "maximize use of the Recreation Car." "So called 'give-away' items can actually be cost savers," he said. "For example, games and prizes or the \$1-a-drink Happy Hour in the Recreation Car free the Diner for a more even flow of passengers, thereby saving Amtrak the cost of adding equipment."

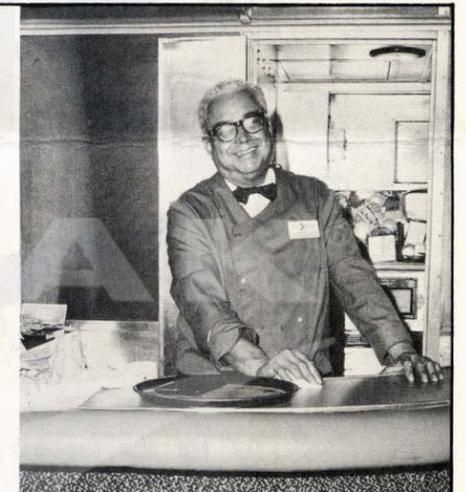
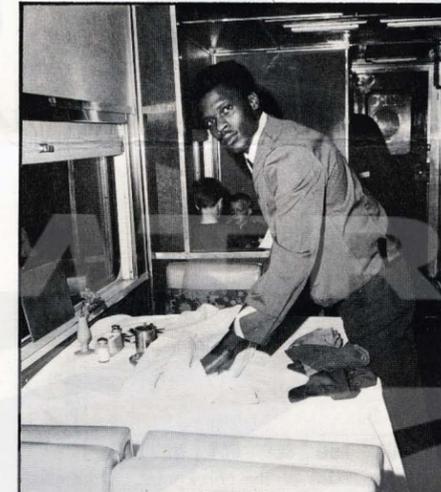
The role of Amtrak's Passenger Service Representatives has evolved with the addition of new activities and service to the Silver Meteor. "On day one, the PSRs publicized this new corporation, Amtrak," Ensz said. "Later, they began operating and implementing special service programs. In the future, I see them as 'special service program managers', working with other on-train personnel to manage not only the Recreation Car but other services such as dinner reservations."

Patty Saunders, who has worked as a Hostess on the Seaboard's Florida Special and as a PSR on the Silver Meteor, describes many of the Meteor's passengers as "repeaters." "They began making the trip when SCL operated the train and are continuing with Amtrak," she said.

*Continued on page 6 col. 1*

## Silver Meteor

train #83 southbound and #84 northbound  
1403-mile New York-Miami Service  
Lv. New York 2:50pm Ar. Miami 4:10pm (next day)  
Lv. Miami 9:00am Ar. New York 10:20am (next day)  
16-car consist plus 2 or 3 diesel/electric locomotives  
3 sets of equipment utilized  
home maintenance base - Hialeah (Miami)  
also serviced at Sunnyside Yards (New York)  
Penn Central track, New York-Washington  
RF&P track, Washington-Richmond  
SCL track, Richmond-Miami  
all refurbished equipment  
Week of Wheels available for 2 to 4 New York-Miami fares  
free baggage service between all regular stops  
Package Express Service between major cities



The Service Crew\*

- 1 Service Director
- 2 Maitre d'
- 2 Chefs
- 4 Cooks
- 9 Waiters
- 2 Bartenders
- 3 Coach Attendants
- 6 Sleeping Car Attendants
- 1 Passenger Service Representative

\*Staffing as of June 9, 1974.

Seasonal increases and decreases usually affect crew size in the following ratios of crew member/car:

Sleeping Car Attendants, Maitre d', Chef - 1/1; Cooks, Bartenders - 2/1; Coach Attendants - 1/2; Waiters - 5/1 (48-seat diner) and 4/1 (36-seat diner).



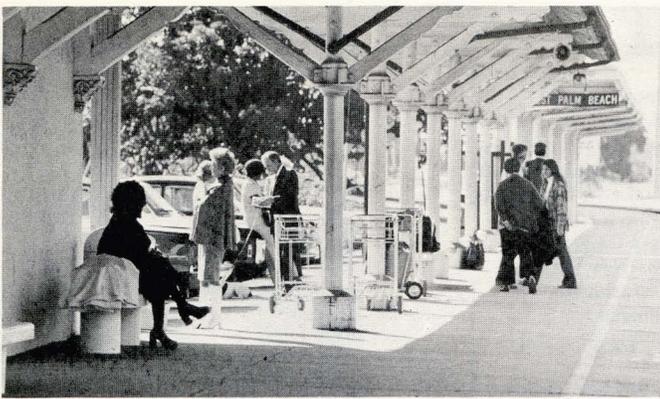
Walter Eugene Jordan (top left) and Bartender Garland B. Adams (top right) are regular members of the Silver Meteor crew, along with Waiter Albert Hill, Jr. (bottom right) and Maitre d' H.S. Jenrette.

(R. Daly - photos)



There are few seasonal variations in the Silver Meteor's consist. A seventeenth car may be added during the winter.

\*2 new SDP40F diesel/electric locomotives or 3 E or F Class locomotives pull the Silver Meteor.



## Western Region Holds Annual Sales Meeting

Not content to rest on the laurels of near capacity summer season ridership, Amtrak's Western Regional Sales Manager Joseph Schultz and his Regional Sales staff met June 10 and 11 to plan for fall and winter, traditional "off seasons" on Western routes.

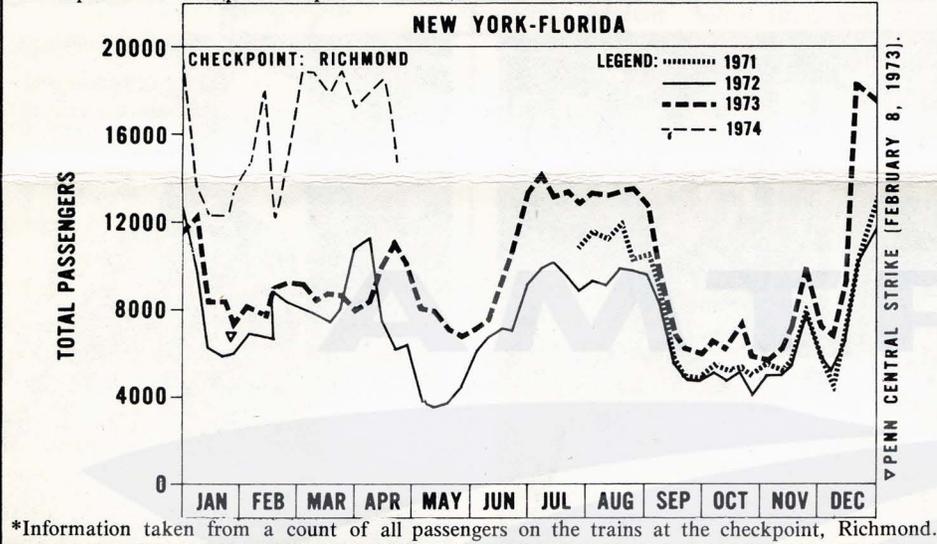
Held at Glacier Park MT, the Western Region's sales meeting was attended by representatives of Amtrak corporate headquarters and of the travel/tour industry.

Corporate speakers included Roger Brown, Director of Sales; Arthur Lloyd, Manager of Agency, Tour and International Sales; David Struebing, Manager of Reservation & Information Services; Joseph Bellino, Manager of Military and Government Marketing; and Lee Price, Manager of Revenue Accounting.

Dave Holt, Vice President-Marketing of Western Airlines outlined the new rail/air ski program jointly developed by Amtrak and Western Airlines and Dick Damrath of Sitmar Cruises discussed upcoming rail/sail programs.

Special guest speakers also included Doug Dandridge, Montana's Director of Tourism; John Olson and John Amerman, of the Yellowstone National Park Co.; Irving Hamlin of American Rail Tours; and Norm Kurtz and Steve Burgh of Big Mountain ski resort.

Checkpoint\* Ridership Data up to 4/20/74 (all New York-Florida trains)



\*Information taken from a count of all passengers on the trains at the checkpoint, Richmond.

Continued from page 5

Many of the passengers are traveling the entire route, from New York to Miami. Prior to the advent of Week of Wheels, the Meteor's passengers primarily were middle age or elderly. Now all age groups are represented. Also, according to Ensz, Week of Wheels and Family Plan have altered the traffic pattern from heavy weekend travel to a more even flow of traffic throughout the week with Monday and Tuesday becoming important ridership days. Ridership also is becoming less seasonal, more evenly distributed throughout all months of the year.

It is hard to describe the excitement generated in the Silver Meteor's Recreation Car by what is definitely the favorite activity of Meteor passengers—bingo. People of all ages crowd into the car, all concentrating on their boards. There are loud cheers for the winners which turn into boos if one family or group of people appear to be getting too lucky. Everyone wants to win certain prizes, particularly the Amtrak travel bags.

A lively PSR can turn bingo and the other games into an impromptu floor show. For example, Sharon Thomas makes all winners "earn" their prizes by some kind of performance, telling a joke, singing a song, etc. All of this is surprisingly well received even by the most sedate appearing passengers and the atmosphere in the Recreation Car can outdo any night club in volume and enthusiasm. The trip is worth making just to observe this bingo phenomenon.

Don Ensz's future plans for the Silver Meteor take into account the popularity of the Recreation Cars. They may be redesigned to increase seating capacity, a current 40 which is greatly stretched during the bingo sessions.

Sue Gaede, Washington's Supervisor of Special Services, summed up the unique atmosphere of the Silver Meteor. "When a passenger boards the Silver Meteor, more than any other train in the country, he knows and expects that at that moment his vacation will start."

### AMTRAK NEWS

Amtrak News is published twice a month for Amtrak employees and employees of participating railroads who are engaged in passenger service. It is published by:

National Railroad Passenger Corp.  
Public Relations Dept.  
955 L'Enfant Plaza North, S.W.  
Washington, D.C. 20024

# Lewis Asks Congress for Equipment Funds

"This summer will be difficult, but it will be difficult in different ways than last summer. Things will go wrong, but when all the figures are in I predict that we will have had our best summer to date in terms of the total numbers of persons served and served well. We have new engines and better cars. We don't have enough, but we have more than we have ever had, and in better shape. We have better stations, better systems, daily routines that are beginning to work smoothly, and, above all, a good staff and employee force that is getting better."

## Amtrak President Roger Lewis June 11 Testimony

Passengers and employees alike are cheering Amtrak's recent purchases of cars, locomotives and turbine-powered trains, but Amtrak President Roger Lewis has told Congress that Amtrak should order even more equipment in the future.

In testimony before the Subcommittee on Surface Transportation of the Senate Commerce Committee on June 11, Lewis asked Congress to allow Amtrak to borrow an additional \$400 million, with the loans guaranteed by the federal government, to help finance additional new equipment. This would bring the accumulated guaranteed loan authority to a total of \$900 million. To meet day-to-day operating costs, an additional \$200 million in federal grants was requested.

## Capital Program

The request for an increase in the present guaranteed loan authority was the result of revamping Amtrak's planned capital acquisition program to meet increased traffic demands.

Lewis said: "Our revised plan contemplates a substantial order for low-level, high-seating-density coaches for use in corridor service (400 cars); a doubling of the planned increase in turbine-powered cars (from 50 to 100, or 20 five-car train-sets rather than 10); an increase in the number of bi-level coaches for long-haul service (from 150 to 235), and an increase in the number of new diesel locomotives (from 138 to 160)."

As revised, the new capital acquisition program has been expanded from the two-year, \$480 million proposal advanced in late 1973 to a five-year, \$759 million program submitted to the Committee.

Because of long lead-times on equipment deliveries and the necessity to offer suppliers firm long-range financial commitments, Amtrak is asking that the \$400 million increase in guarantee authority be included in fiscal 1975 legislation now being considered by the Committee.

## Federal Grants

Amtrak has also asked to increase its authorization to cover day-to-day operating costs. The Administration has already budgeted \$143 million for fiscal 1975, but Amtrak requested this be increased to \$200 million. Since submission of the fiscal year 1975 estimate, new routes under section 403b of the Amtrak Act are certain to be established; operating costs of fuel, equipment maintenance and material are significantly higher due to inflation, and new contracts with the railroads covering improved performance under ICC standards and increased cost compensation are being finalized.

*New Routes:* Inauguration of new routes is now under consideration. Amtrak does not project any new routes at a profit, and there are therefore varying amounts of losses for any of the proposed routes. Additionally, Amtrak must consider the equipment problem and the possible impact on revenues of other routes from which cars may be diverted for new services.

*Equipment' Operations and Repair:* The increased ridership since the energy problems of last fall represents a real opportunity over the long term to Amtrak. But to relieve the pressure caused by burgeoning traffic adds to costs. One way to do this is by renting extra cars from commuter railroads for use on weekend trains. Another is to run Amtrak-owned equipment harder, disrupting preventative maintenance schedules with a cascading effect on costs later. It was impossible to determine these added costs when the original budget submission was made.

*ICC Service Standards:* New regulations have been imposed by the Interstate Commerce Commission which require a number of services on trains and at stations that may not now be provided, including round-the-clock on-board food service and additional baggage facilities. The additional cost of these services is uncertain.

*New Contracts:* Negotiations are currently underway with railroads to establish new operating contracts. While the proposed provisions will add to Amtrak's costs, they will, for the first time, establish clear billing categories and ceilings on costs. This is of major long-range significance in cost control. The contracts will also tie the level of payments to the quality of service provided, as legislated by Congress last year. Payment incentives will exist for superior performance (e.g., on-time trains) and penalties for substandard performance. The cost of these contracts could not be anticipated when Amtrak prepared its initial fiscal '75 budget.

*Inflation:* This has had a particularly difficult impact on Amtrak's operating ratio. With a cost base, which Amtrak inherited, larger than the revenue base, Amtrak cannot pass along inflationary cost increases to its customers on a percentage-point-for-percentage-point basis without being priced out of its markets.

Because of these five major challenges facing Amtrak, Lewis said, "It would perhaps be prudent for the committee to consider the provision of sufficient authorization to assure continued operation of Amtrak in the probable event that operating deficits accrue at a greater-than-budgeted rate. I should also point out at this time that Amtrak no longer will be receiving 'entry fee' payments from the railroads as an available source of income, and if there is a shortfall in the amounts necessary to meet expenses our only option would be the curtailment of services."

In concluding his formal statement and just prior to his summary, Lewis underscored the significance of the type of mutually beneficial agreement he has been working to get through negotiations with Penn Central which in turn he hopes will be the model for new contractual arrangements with the other railroads.

# Railroads & Unions Agree on Retirement System

Railroads and rail unions have agreed on recommendations to Congress aimed at solving problems threatening the solvency of the Railroad Retirement System, management and labor representatives have announced jointly.

Worked out in negotiating sessions held at the direction of the Congress, the recommendations to modify the federally administered system include proposals with respect to a new benefit formula, certain benefit improvements, and so-called "dual benefits" - under which some railroad employees have received benefits from both the Railroad Retirement and Social Security systems.

The principal goal of the recommendations is to avert the predicted bankruptcy of the retirement fund. The fund now stands at some \$4.5 billion, but the Railroad Retirement Board has projected that it would be exhausted sometime during the early 1980s. This warning echoed the conclusion, in 1972, of a special Commission on Railroad Retirement created by Congress to examine all aspects of the system.

In addition to the projected depletion of the fund, the Commission pointed to inequities in the Railroad Retirement structure and to the need for a simplified and improved benefit formula. Congress directed the railroads and unions to consider these matters as well as the anticipated fiscal collapse of the system.

A principal recommendation of the joint rail-union group relates to dual benefits. The Commission on Railroad Retirement recommended that these benefits be phased out gradually in order to protect existing employees and beneficiaries. The joint rail-union group agreed in general with this recommendation.

Moreover, the joint rail-union group recommended that the existing financial interchange between Social Security and Railroad Retirement be adjusted so that the part of dual benefit costs heretofore borne by the Railroad Retirement account would be shifted to the Social Security fund during the phase-out period. The negotiating group pointed out that this adjustment would be more equitable than the existing arrangement because the dual benefit is a Social Security benefit and because the Social Security System pays similar dual benefits to employees under the Federal Civil Service retirement program as well as under certain state and local government employee retirement programs.

The new formula for computing the benefits of employees who retire after January 1, 1975, is a blend of the old formula with the type of retirement program found in other industries. An eight-year "grandfather" provision, tied to the old formula, is proposed to smooth the transition. In addition, the proposal contains a cost-of-living fea-

ture similar to that recently adopted in the aluminum industry.

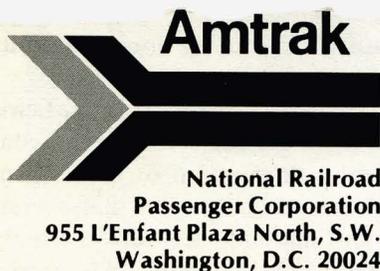
Among the benefit improvements recommended by the joint rail-union group are full benefits, including supplemental annuities, to employees who retire early - at age 60, with 30 years' service - and full spouse annuities to their spouses when they reach age 60. Another improvement increases the benefits accorded to widows and other survivors of railroad employees.

Finally, the negotiating committee recommended that Congress continue a limitation on employee contributions to the level of Social Security taxes. The railroads would bear the cost of the pension benefits in excess of Social Security benefits.

This tax arrangement was established through December 31, 1974, in legislation enacted last year. Prior to that, employees shared the additional costs of Railroad Retirement equally with railroads.

The negotiating committee concluded that, if the recommendations were put into effect, the Railroad Retirement System would be placed on a financially sound basis.

In bringing this agreement to your attention, it must be emphasized that it will be necessary for the Congress to enact legislation and for the President to sign such legislation before the agreement reached by the Negotiating Committee can go into effect as intended.



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U.S. POSTAGE  
PAID 1 oz.  
Permit 44651  
Washington, D.C.