Our States have determined that additional freeway mileage of at least 41,000 miles, equal to the Interstate System, will be needed by 1985.

The report estimates the cost of needed capital improvements on all streets, roads, and highways at $293 billion for the 1965–85 period. A third of this is for local streets and roads.

The Federal Highway Administration has just increased its estimate of the total cost for the Interstate System to $56.5 billion. This is an increase of $9.7 billion over the last estimate submitted in 1965.

And in the midst of all this, with the States anxious to know what is going to happen after 1972 in highway financing, the Secretary of Transportation announces a cutback in highway trust funds.

All Governors expressed their opposition to such a cutback when it was proposed in three alternative formulas last October. And we will oppose it today.

The proposed cutback is offered as a measure to control inflationary pressures. We believe that deferral of highway funds at this time will not have the effect of combating inflation in any measurable way. By delaying these highway construction programs, they will actually become victims of inflation. Construction costs are sure to rise. The delay will result in higher costs for building the same projects at a later time.

The most immediate effect will be to interrupt the engineering and planning aspects of highway development. Projects ready for contracting and construction will be halted. The great backlog of highway needs will be piled higher. Final accomplishment of the present highway program becomes less and less a reality within our grasp. And the projected work on ABC programs and on urban highway needs is that much further away.

In terms of administration of highway departments, this cutback hurts the States. This prolonged uncertainty creates hardships in recruiting and retaining trained personnel. The States are wondering if it is wise to plan ahead to try to meet the fantastic highway needs of the future.

The highway industry is, of course, greatly affected by this atmosphere of instability. For every man employed on a highway job, there are 2½ men employed in support activities. The highway program has quite an impact on the economic picture. But we wonder if the unemployment resulting from this fund cutback is the best way to solve our economic problems.

By creating a $600 million balance of unobligated funds in the highway trust fund, the Secretary of Transportation makes available a resource of loan money for the General Treasury. This $600 million can then be used to offset expenditures of the general budget. This provision in the trust fund law was in the event that the highway money was not needed by the States for construction programs. I assure you that this need definitely does still exist.

The States are carrying their share of the burden. Several States are in the process of enacting legislation for bond issues or for gasoline