

Mr. ARMSTRONG. Very definitely, sir.

Mr. CRAMER. Now, the State of New Mexico, as I interpret the figures, could be subject to a cutback of about 38 percent of the amounts that otherwise could be available which include the unobligated amount of \$8.6 million carried over from 1967, plus additional obligational releases that have been and could be made during 1968 of \$56.7 million, for a total of \$65.34 million. And then taking into consideration the limitation on obligations of \$40 million, the State of New Mexico, in effect, has \$25 million cut, or 38 percent; is that approximately correct?

Mr. ARMSTRONG. Yes.

Mr. CRAMER. Does that conform to your understanding?

Mr. ARMSTRONG. Yes, sir.

Mr. CRAMER. How is that going to affect the highway construction industry this year, in your opinion, in the State of New Mexico?

Mr. ARMSTRONG. Sir, within the last 6 months we have had one voluntary and one involuntary going out of business, of two old-time construction firms. It is my understanding that another one will go out of business within 3 months on a voluntary basis.

Our contractors are all small contractors in New Mexico, with one or two exceptions. And the highway cutback can do nothing except, in my opinion, put some others out of business.

Mr. CRAMER. Our chairman has touched on the matter which I think is of considerable interest and importance, and that is that he has had some negotiations with the Bureau and the Department relating to the State of Maryland, and understandably so.

I have discussed the State of Florida with him. It is my understanding, as it apparently is his, that, come about April 1, there is going to be some money floating around. That is at least how I describe it, some money that some States had not used up to that time, and therefore it can be floated to other States that are prepared to let contracts; is that your understanding?

Mr. ARMSTRONG. Sir, I had not heard this.

(Mr. Kluczynski resumed the chair.)

Mr. CRAMER. Well, maybe we can be of service to each other, then.

Mr. ARMSTRONG. Right.

Mr. CRAMER. I have a copy of an instructional memorandum that is dated January 23, instructional memorandum 30-2-68, January 23, 1968, signed by Mr. Turner, Director of Public Roads, which, in the next to the last paragraph says and I quote—and the reason I quote is that I think it is important for the States to understand it, and then I have another comment relating to it in a moment.

"It will be our purpose to make continuing analyses of the progress being made in utilizing the funds available for obligation under this limitation"—meaning the cutbacks. "Adjustments will be made in the schedule as appropriate to permit full use of available funds."

Adjustments: "If it is found, after a few months' experience, that all of the States limitation, as shown on the attached table, cannot reasonably be expected to be utilized, we will attempt to develop a method to make these amounts available to other States."

This is the floating money I am talking about.

Therefore, I would hope that the States understand that there may be funds available, and that they should not curtail their tool-