

We are an association of highway contractors, equipment dealers, material suppliers, and consulting engineers.

I wish to direct my remarks primarily to the effects of the Federal highway cutback on the State of Florida, since it is one of the hardest hit.

From 1962 through 1966, 5 years, contract lettings with the State road department of Florida have amounted to \$785 million, or an average per year of \$157 million.

In the year 1967, contract lettings by the State road department amounted to \$116 million, an amount of \$41 million below the 5-year previous average. This was primarily brought about because of failure to match \$25 million in Federal funds.

With a 37-percent cutback from the funds which would normally be anticipated for 1968, leaves only \$62 million rather than the anticipated \$99 million. With State matching funds for this \$62 million for both ABC and interstate, and after deducting engineering, supervision, R/W and other contingencies, the amount left for actual construction amounts to approximately \$73 million. That is the Federal program.

An additional \$5 million for the primary program is anticipated by the State road department which totals \$78 million. Adding the secondary and bond programs, the total amounts will not far exceed a \$100 million 1968 actual construction program for Florida.

This whole cutback has had a tremendous effect on the contracting industry in Florida. The industry is operating at approximately 35-percent capacity.

I might add there that when a contractor is operating at 70 percent he is up in the cream, he is at his peak, and when he gets down to 50- or 55-percent level, he is hitting famine; and he is well below the famine stage now.

Twenty-five percent layoffs are not uncommon among the contractors. If relief does not come soon in the form of going back to the pattern of construction that prevailed from 1962 through 1966, many contractors, equipment dealers, and others will be forced into bankruptcy in Florida.

The State road department of Florida is recommending to the Honorable Alan S. Boyd, Secretary of Transportation, that in their opinion an equitable formula would be a pro rata cutback for each State. This formula would amount to a 10.86-percent cutback of 1968 anticipated funds. This would accomplish the same end result of \$4.115 billion obligation limitation.

Attached to this statement is a copy of their proposal.

That ends my statement, Mr. Chairman.

Mr. KLUCZYNSKI. Any questions to my left?

Any questions to my right?

I want to thank you for this fine statement of yours.

Without objection, the table attached to your statement will be made a part of the record.

(Table referred to follows:)