

we certainly would be remiss if we did not bring to your attention the serious consequences of those cutbacks and their effect on those who depend on highway construction for their livelihood.

The great majority of firms participating in the construction of Federal-aid highways are small organizations. They are not diversified, and highway construction provides their only income. Many must obtain contracts to enable them to meet payments on their plant and equipment. These firms are always the first casualties of a cutback in the Federal-aid highway program, since most lack the resources to carry them over long periods of idleness. Even if they do survive, they can hardly be expected to reinvest in a future program, with no assurance of its continuity.

For all highway contractors, small or large, cutbacks create difficulty in intelligently planning work, in bidding on contracts, in mobilizing equipment, personnel, and resources and sources of supply. Contractors have made long-term commitments for plant and equipment, relying on the stated intent of Congress to maintain a balanced, orderly, properly financed highway program.

The design and construction of highways is a continuing and long-reaching process. Projects must be scheduled far in advance of actual construction, and that schedule is of necessity based on the predictable availability of Federal funds. Short, intermittent, delayed, and unscheduled releases of these funds undermine the entire planning process, and serve only to prevent orderly completion of highways and to substantially increase their overall cost. Unless a basically stable letting schedule can be carried on by the State highway departments, contractors cannot maintain efficient operational organizations; they lose the construction momentum necessary for economical operations. All too frequently they are forced out of business.

CONCLUSION

In conclusion, we support the authorization contained in the bills you are considering; we hope you will approve the 1968 cost estimate for making those authorizations; and we most sincerely hope that you will continue to protect and maintain the integrity of the trust fund which you established in 1956.

Thank you.

Mr. KLUCZYNSKI. Does that complete your statement, Mr. Gilvin?

Mr. GILVIN. That concludes my statement, Mr. Chairman. I would now like for the committee at this time to hear Mr. Teer's statement.

Mr. KLUCZYNSKI. We have the questions after we have heard the testimony of Mr. Teer.

Mr. Teer, you may proceed.

Mr. TEER. Mr. Chairman and members of the committee, my name is Nello L. Teer, Jr., I am president of the Nello L. Teer Construction Co. of Durham, N.C. We are highway-heavy and building contractors and operate as far north as Pennsylvania, as far south as Florida, and as far west as Oklahoma. We also operate extensively overseas.

I currently serve as chairman of the Highway Contractors Division of the AGC of America and a member of the executive committee. I am here today to express the association's opposition to the extension of the Davis-Bacon law to the A-B-C program. We have many reasons