

Testimony Submitted to the  
House Appropriations Subcommittee on Interior, Environment and Related Agencies  
by  
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Thank you for accepting public comments on the important programs under the purview of the Subcommittee on Interior, Environment and Related Agencies. Recognizing the continued tight budget constraints on all federal programs, I am writing out of concern for the administration's proposed cut of \$4.22 million from the U.S. Geological Survey (USGS) Minerals Resource Program for the Mineral Information Team (MIT). The reports the MIT compiles are heavily relied upon by the federal government and the U.S. aggregates industry, among many others, and are available nowhere else. Therefore, I urge the restoration of funding for this important and essential government service.

Let me begin by thanking you for your leadership and understanding that the MIT is a vitally important program to the nation. Your strong support for the program was well received by those who rely on reports issued by the MIT, as highlighted by the following statement included in the FY 2006 Interior, Environment and Related Agencies Conference Report (109-188):

*"The managers strongly disagree with the Administration's proposed reductions to the minerals assessment program and believe it is irresponsible for the Administration to decrease or eliminate funding for what is clearly an inherently Federal responsibility. The conference agreement restores funding for this vital program to the enacted level."*

The National Stone, Sand & Gravel Association's member companies produce 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the U.S. Aggregates are the largest component of both asphalt and concrete. Nearly three billion metric tons of aggregates valued at approximately \$17.4 billion are estimated by the USGS to have been sold in the U.S. in 2005. Without these important commodities, the nation's infrastructure could not be built or maintained, and the commerce and quality of life would be severely reduced. In 30 of the 50 states, crushed stone, sand and gravel are the principal nonfuel minerals produced, and in another 10 states, our product is the second most valuable nonfuel mineral produced. With more than 11,000 sites nationwide and a workforce of 117,000 men and women, most Congressional Districts are home to multiple aggregates operations.

Once again, the administration has proposed reductions in the USGS FY 2007 budget that would drastically affect the MIT by eliminating data collection and analyses for 100 mineral commodities in 180 countries. Specifically, the USGS would cease collection of minerals data outside the U.S. In this era of global markets, essentially closing our eyes to these important facts and figures is inadvisable. In 2004, according to the MIT, domestic businesses imported two thirds or more of 33 minerals and one third or more of another 15 minerals to meet manufacturing requirements. These minerals are used in the following industries: aviation,

medical, automotive, construction, steel, computer, and mining among others. Not knowing what is happening in foreign countries in regard to mineral production will leave American manufacturers who use the materials—banks that may be lending to companies based on the availability of those minerals, and analysts who review companies' business plans based on the public information produced by the MIT—at a severe disadvantage.

The U.S. is the world's largest user of mineral commodities. Processed materials of mineral origin accounted for more than \$487 billion in the U.S. economy in 2005 (an increase of eight percent over 2004, on top of an increase of more than 13 percent in 2003). Notably, imported raw and processed mineral materials increased in value by more than 14 percent from 2005 to \$103 billion, according to the USGS. The Mineral Resources Program, of which the MIT is a component, is the sole provider of scientific information for objective resource assessments and unbiased research results on mineral potential, production, consumption and environmental effects.

To complement coverage of mineral production, information is also collected, analyzed and disseminated on individual country mining, environmental, investment, and other laws that affect the minerals industry; trade with emphasis on the interactions with the U.S.; structure and ownership within the industries; types of deposits; labor force; official reserves data; and other pertinent information. The departments of Interior, Defense, and State, the CIA, Federal Reserve, and private sector companies use this information. The Federal Reserve Board uses this data to calculate the indices of industrial production, capacity, and capacity utilization, *which are among the most widely followed monthly indicators of the U.S. economy*. The Department of Defense also uses the information to help manage the National Defense Stockpile.

In short, both the public and private sectors use the information in the reports issued by the USGS MIT to better understand supply, demand and end use of these materials. This data is essential for effective production and use of our natural resources and for accurate forecasting. The statistics that serve as bases for a number of the reports are derived from proprietary information given by our members precisely because the government is a trusted third party. To state the obvious, this information is extremely important for both policy makers and the private sector and is a service only the government can provide.

It is troubling that, after the subcommittee's strongly worded support for the MIT, the administration once again is attempting to abolish this vitally important function. Other agencies within the federal government have realized how important similar information is and have worked to promote its use by the federal government and private sector interests.

For example, the Energy Information Administration (EIA) says this about itself:

“We provide policy-independent data, forecasts, and analyses to promote sound policy making, efficient markets, and public understanding regarding energy and its interaction with the economy and the environment.”

The FY 2007 budget proposes \$89 million for the EIA. To put it in perspective, imagine if the EIA decided to stop reporting on worldwide petroleum production, but would continue

monitoring domestic petroleum production all in the name of focusing its limited resources on the core Department of Energy programs.

In another instance, Congress recognized the importance of statistics regarding transportation and created the Bureau of Transportation Statistics (BTS) in 1991. BTS is responsible for data collection, analysis and reporting and to ensure the most cost-effective use of transportation-monitoring resources. Not surprisingly, the Department of Transportation and BTS realized how important this data was to the economy that they created the Transportation Services Index (TSI), which measures the movement of freight and passengers. The index is widely used to help predict economic activity and is regularly cited by Wall Street firms, business papers, businesses, and economists among many others. The FY 2007 budget proposed \$27 million for the BTS.

Instead of promoting the MIT and the incredibly valuable information it provides, the USGS once again has decided to eliminate this vital data collection and analysis function. Congress must remind the USGS of the value of the information before it is permanently lost. After all, once the reporting on foreign mineral production capability is lost, it is highly unlikely Congress would reconstitute the program.

For these reasons I urge you to continue rejecting the proposed cuts to the USGS MIT so it may continue to produce the reports that are so vital the economy and security of the nation. I would be pleased to answer any questions you may have.