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Highlights

Highlights of [GAO-03-764T](#), a statement for the record for the Subcommittee on Transportation, Treasury, and Independent Agencies, House Committee on Appropriations

Why GAO Did This Study

Improving the oversight and controlling the costs of major highway and bridge projects is important for the federal government, which often pays 80 percent of these projects' costs. Widespread consensus exists on the need to fund such projects, given the doubling of freight traffic and worsening congestion projected over the next 20 years, yet growing competition for limited federal and state funding dictates that major projects be managed efficiently and cost effectively.

The Federal Highway Administration (FHWA) provides funding to the states for highway and bridge projects through the federal-aid highway program. This funding is apportioned to the states, and state departments of transportation choose eligible projects for funding. FHWA provides oversight to varying degrees, and, under the Transportation Equity Act for the 21st Century (TEA-21), FHWA and each state enter into an agreement documenting the types of projects the state will oversee.

This statement for the record summarizes cost and oversight issues raised in reports and testimonies GAO has issued since 1995 on major highway and bridge projects and describes options that GAO has identified to enhance federal oversight of these projects, should Congress determine that such action is needed and appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-03-764T.

To view the full testimony, including the scope and methodology, click on the link above. For more information, contact JayEtta Hecker at (202) 512-2834 or heckerj@gao.gov.

FEDERAL-AID HIGHWAYS

Cost and Oversight of Major Highway and Bridge Projects—Issues and Options

What GAO Found

GAO and others have reported that cost growth has occurred on major highway and bridge projects; however, overall information on the amount of and reasons for cost increases is generally not available because neither FHWA nor state highway departments track this information for entire projects. GAO has found that costs grow, in part, because initial cost estimates, which are generally developed to compare project alternatives during a required environmental review phase, are not reliable predictors of projects' total costs. In addition, FHWA approves the estimated costs of major projects in phases, rather than agreeing to the total costs at the outset. By the time FHWA approves the total cost of a major project, a public investment decision might, in effect, already have been made because substantial funds could already have been spent on designing the project and acquiring property. FHWA's implementation of a TEA-21 requirement that states develop annual finance plans for major projects estimated to cost \$1 billion or more has improved the oversight of some major projects, and FHWA is incorporating more risk assessment in its day-to-day oversight activities.

Should Congress determine that enhancing federal oversight of major highway and bridge projects is needed and appropriate, GAO has identified options, including improving information on the cost performance of selected major projects, improving the quality of initial cost estimates, and enhancing and clarifying FHWA's role in reviewing and approving major projects. Adopting any of these options would require balancing the states' sovereign right to select projects and desire for flexibility and more autonomy with the federal government's interest in ensuring that billions of federal dollars are spent efficiently and effectively. In addition, the additional costs of each of these options would need to be weighed against its potential benefits.

Major Federal-aid Highway Projects



Source: Art Explosion.