

It's Time for a Comprehensive Audit of Transportation Spending

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Sen. Kathleen Vinehout writes about one of the sticking points in state budget negotiations, the Transportation budget. She shares information about consequences of borrowing, consequences of delaying road rehab and ways to find savings. She calls for a comprehensive audit of the DOT to help inform lawmakers and the public on ways to wisely invest transportation dollars.

MADISON - “Senate leader on budget deal: ‘I don’t know where we are at’” was the headline of a recent Associated Press story on the budget deal. The story went on to report there’s “no agreement yet on how to pay for transportation projects...”

While the Senate leader gathered up votes, I gathered up a few studies to understand if all this borrowing was necessary.

Here’s what I found:

Transportation spending is about \$6 billion - 8.5% of our total state budget. About 40% of that comes from the federal government.

Last April, the budget committee received good news that low fuel costs meant residents were driving more and gas tax money is up – by about \$13 million over 3 years.

But that's nowhere near the amount necessary to cover the problems the governor created for legislators when he decided to borrow \$1.3 billion for transportation spending.

Debt costs are expected to chew up almost a quarter of all transportation funds by the end of the coming budget. Large increases in borrowing is causing concern. To lower debt, legislators must reduce spending or increase revenue. The governor's own Secretary of Transportation suggested many ways to increase revenue in his nearly 600-page budget.

But if my Republican colleagues don't want to take action that might look like a fee increase, what else can be done?

Many in the Capitol are talking about cutting spending. The nonpartisan Legislative Fiscal Bureau (LFB) asked DOT officials what this might mean. One possible consequence of cutting road rehab money is an increase in road roughness – as measured by a federal standard.

In 2001, 9% of Wisconsin roads scored in poor condition for roughness and the DOT now estimates 17% of roads scored poor. With a \$500 million cut to the transportation budget residents will see an increase to 32% of roads in poor pavement roughness over the next ten years. Maybe this is not what citizens want.

Another option is to be more efficient with our transportation dollars. I suggest we audit the DOT to find ways to improve efficiencies. The last truly comprehensive audit of DOT was done by the Legislative Audit Bureau (LAB) was in 1997. In that review, auditors raised questions about the effectiveness of outsourcing engineering to private firms.

Quality measures showed that DOT staff engineers had higher quality project design than outsourced engineers. Studies I reviewed showed use of these outsourced-engineers dramatically increased over the past two decades.

For example, spending on private construction engineers was only 8% of all

construction-engineering costs in fiscal year 1987-88. Ten years later this spending jumped to a third of all dollars spent on construction engineers. By fiscal year 2009-10, three quarters of all dollars spent on construction engineers was spent on private firms.

Data I analyzed from a 2009 limited-scope review by LAB showed a 68% cost increase per project over 5 years for projects that involved private engineering consultants.

Further, a 2009 report to the State Engineering Association found use of outside consultants didn't save the state money; in some cases private engineering firms cost up to 19% more than in-house state engineers. This study also recommended a comprehensive review of the role of consultants in state projects.

Increased use of internal staff instead of outside consultants is just one example of how to save money. The DOT Secretary and the Governor did request and receive 180 new engineering positions in the last budget. Unfortunately, I've heard from DOT staff that pay and benefits at private engineering firms are significantly better than DOT making it hard for the state to keep good staff.

Another concern is a program that allows contractors 'flexibility' in use of construction materials if they 'warrantee' the construction. A 2011 LAB report showed that DOT staff did not make inspections of over half of warrantee projects during the warrantee period; over a third of projects inspected didn't meet DOT performance standards and in 6 projects that didn't meet DOT performance standards, regional offices could not document that contractors performed required repair work.

These are just a few findings over the past few decades.

Any transportation 'fix' will be short-term until Wisconsin can get spending under control. To do that, legislators and the public need detailed management information – the kind that can only be obtained through an audit by the nonpartisan LAB.

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