GAO FINDS STATE DOTS INCREASING CONTRACTING OUT ACTIVITIES

State transportation departments have increased the amount of highway activities contracted out to the private sector over the past five years, according to a Government Accountability Office (GAO) report. More than half of the 50 departments report increases in the amount of public sector preliminary engineering, design, right-of-way, and construction engineering and inspection activities contracted out to the private sector. Fewer departments report increases in the contracting out of operations and maintenance activities during this period.

“We also found from our survey and interviews that many departments are increasingly giving consultants and contractors more responsibility in ensuring the quality and delivery of highway infrastructure and services,” the report states. “For example, departments have increased the use of consultants to perform inspection activities, and the use of consultants as project managers to oversee and manage day-to-day activities on highway projects.” The majority of departments also report that they expect the amount of contracted highway activities to level off over the next five years for all of the activities included in the study.

State transportation department officials indicate that the most important factor in the decision to contract out highway activities “is the need to access the manpower and expertise necessary to ensure the timely delivery of highway infrastructure and services, given in-house resource constraints.” Over the last several years, demand for highway infrastructure and services has continued to grow, while at the same time departments have experienced constant or declining staffing levels. Thirty-eight of the 50 departments indicate that they employ either the same or fewer staff than they did five years ago.

“In general, the state DOT officials we interviewed believe that they have sufficient tools and procedures to select, monitor, and oversee contractors to ensure that the public interest is protected, but that they face additional challenges in protecting the public interest, given current contracting trends,” the report states. “While state employees are always ultimately responsible for highway project acceptance, they are increasingly further removed from the day-to-day oversight of the project and are more frequently overseeing a number of highway projects simultaneously, instead of just one project.”

The GAO recommends that the federal transportation secretary direct the Federal Highway Administration to work with the division offices to give appropriate consideration to the identified areas of risk related to the increased use of consultants and contractors as division offices work to target their oversight activities and develop and implement performance measures to assess the effectiveness of state DOT controls related to the use of consultants and contractors and to ensure that the public interest is protected.
