

Who Has Been Watching Spending at DOT?

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The recent Legislative Audit Bureau audit of State Highway Program showed the estimated costs at the time of a highway project approval were much less than costs at completion. The LAB makes many recommendations to DOT to improve their practices.

ALMA, WI - “Let me see how much you spent,” my mother said when I returned from the store. As the oldest of five children, I was often sent to the store to buy groceries. When I returned home, my mother checked the grocery bag, the receipt and counted the change.

I knew I could buy no more than exactly what was on her list. She knew how much everything should cost. I needed to answer for every penny I spent. Everything needed to add up.

This simple accountability seems to be completely missing at our Department of transportation (DOT).

My mother has now gone to live with the angels. However, she would be appalled at the findings in a recent audit released by the nonpartisan Legislative Audit Bureau (LAB).

Auditors looked at spending on highways and found actual spending on individual projects much greater than the cost estimates provided to the Legislature at enumeration, which means legislative approval of the project. In some cases, actual costs for highways were four times more than the approved estimates.

Auditors examined highway projects completed from January 2006 to December 2015. At enumeration, cost estimates for none of the 19 completed projects took into account the increases in inflation during the life of the project. In every completed major highway project reviewed, actual costs were more than the cost estimates provided at enumeration. Over half of the projects had actual costs that were more than DOUBLE the cost estimates at enumeration. Two projects – including I-94 to Chippewa Falls were more than FOUR TIMES the cost estimates provided at enumeration.

The I-94 to Chippewa Falls project was enumerated in 1991 and the last bills were paid in 2011. Why did this information not become part of a public discussion before now?

Part of the answer lies in a lack of transparency and oversight.

This audit, just as prior audits, illuminated problems with missing paperwork and poor oversight. Because of prior audit findings, legislators changed the law to require DOT to report clear information on actual compared to budgeted costs.

Despite the new law, DOT did not provide complete information to the oversight body - the Transportation Projects Commission, which is made up of political appointees. The law required regular reporting by DOT to the Commission.

Auditors also examined current DOT highway projects and found similar problems. In every project reviewed, cost estimates in August 2016 were higher than the cost estimates at enumeration. Of the sixteen major ongoing highway projects, eight are more than double the cost estimates at enumeration, with one – Highway 10 from Marshfield to Appleton – over four times greater.

Why have project cost estimates increased so much?

Auditors mention two reasons: unexpected costs and inflation. DOT did not sufficiently consider the effects of inflation. They also made major errors (my words, not the auditors) in their cost estimates due to unexpected cost increases.

An example may help explain these unexpected cost increases.

In planning construction on I-39/90 from Madison to the Stateline, DOT used five-year-old traffic counts. They updated the project with new counts in 2012. DOT then decided to increase pavement thickness and add two more additional lanes near Janesville. DOT bought additional real estate, moved power lines they had not anticipated, increased the shoulder width and provided alternate routes to avoid delays and accidents. These changes explained about three-quarters of the nearly half a billion of the increase in the project's cost estimate.

All of these changes may appear reasonable. However, serious problems exist in the system when cost estimates increase from about \$700 million to over \$1.2 billion with no public accountability or legislative authority.

Auditors recommend legislators and the public are kept better informed. In its report, the LAB makes 45 separate recommendations. In response to the audit, Speaker Robin Vos called on DOT to provide details related to all DOT projects and actual cost.

But how is it the Department of Transportation has paid more –sometimes four times more – on projects than cost estimates provided at enumeration?

There are more details in the audit, which provide insight into the current budget problems facing the state as we contemplate the next budget. I will be reporting on these details and the activities of the audit committee. This is our opportunity as thoughtful citizens to say, "Let me see how much you spent."

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