



**U.S. Department of
Transportation**


Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: **INFORMATION:** Audit Announcement—
Growth in Highway Construction and
Maintenance Costs
Project No. 06C3006C000

Date: October 16, 2006

From: David Tornquist 
Assistant Inspector General
for Competition and Economic Analysis

Reply to JA-50
Attn of:

To: Federal Highway Administrator

In response to a request from the U.S. House of Representatives Committee on Transportation and Infrastructure, the Office of Inspector General plans to conduct an audit analyzing the recent growth in highway construction and maintenance costs.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, signed into law in August 2005, authorized \$244.1 billion for funding highway and public transportation projects from Fiscal Year 2005 through Fiscal Year 2009. Just over a year later, dramatic cost increases have already led some state planners to cancel highway projects due to insufficient funds. Further, it is unclear what direction highway costs will follow in the future.

The objectives of this audit are to determine: (1) the extent of recent cost increases for highway construction and maintenance projects, (2) whether the cost increases are the product of transitory factors or indicative of longer term structural changes that need to be reflected in future transportation infrastructure funding plans, and (3) the degree to which these cost increases are subject to regional variations.

We will conduct the audit work at our headquarters in Washington, D.C. Mitchell Behm is the Program Director and Betty Krier is the Project Manager for this audit. If you have any questions or need additional information, please contact Mr. Behm at (202) 366-1995 or Ms. Krier at (202) 366-1422.

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cc: Audit Liaison, OST, M-1
Audit Liaison, FHWA, HAIM-13