



Highlights of [GAO-05-173](#), a report to the Chairman, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The federal-aid highway program provides over \$25 billion a year to states for highway and bridge projects, often paying 80 percent of these projects' costs. The federal government provides funding for and oversees this program, while states largely choose and manage the projects. Ensuring that states effectively control the cost and schedule performance of these projects is essential to ensuring that federal funds are used efficiently.

We reviewed the Federal Highway Administration's (FHWA) approach to improving its federal-aid highway project oversight efforts since we last reported on it in 2002, including (1) FHWA's oversight-related goals and performance measures, (2) FHWA's oversight improvement activities, (3) challenges FHWA faces in improving project oversight, and (4) best practices for project oversight.

What GAO Recommends

GAO recommends that FHWA link its activities and staff expectations to its oversight goals and measures, develop an overall plan for its oversight activities tied to goals and measures and supported in workforce plans, define the role of project managers, and develop the capability to track project costs to identify problems and transfer lessons learned. DOT generally agreed with this report's facts and conclusions.

www.gao.gov/cgi-bin/getrpt?GAO-05-173.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kate Siggerud at (202) 512-6570 or siggerudk@gao.gov.

FEDERAL-AID HIGHWAYS

FHWA Needs a Comprehensive Approach to Improving Project Oversight

What GAO Found

FHWA has made progress in improving its oversight efforts since 2002, but it lacks a comprehensive approach, including goals and measures that guide its activities; workforce plans that support these goals and measures; and data collection and analysis efforts that help identify problems and transfer lessons learned. FHWA's 2004 performance plan established, for the first time, performance goals and outcome measures to limit cost growth and schedule slippage on projects, but these goals and measures have not been effectively implemented because FHWA has not linked its day-to-day activities or the expectations set for its staff to them, nor is FHWA fully using them to identify problems and target its oversight.

FHWA undertook activities in response to concerns raised about the adequacy of its oversight efforts that have both promising elements and limitations. For example, while FHWA now assigns a project oversight manager to each major project (generally projects costing \$1 billion or more) and identified skills these managers should possess, it has not yet defined the role of these managers or established agencywide performance expectations for them. While FHWA issued guidance to improve cost estimating and began collecting information on cost increases, it still does not have the capability to track and measure cost growth on projects. Finally, although FHWA received direction to develop a more multidisciplinary workforce to conduct oversight, it has not fully incorporated this direction into its recruiting and training efforts.

FHWA faces challenges to improving its oversight that are in large part rooted in the structure of the federal-aid highway program and in FHWA's organization and culture. As such, they may be difficult to surmount. For example, because the program does not link funding to states with the accomplishment of performance goals and outcome measures, it may be difficult for FHWA to define the role and purpose of its oversight. Also, FHWA's decentralized organization makes it difficult to achieve a consistent organizational vision. Human capital challenges affecting much of the federal government have affected FHWA, particularly in its need to transform its workforce to meet its evolving oversight mission. FHWA faces an increased oversight workload in the years ahead as the number of major projects grows and if provisions Congress is considering to increase FHWA's responsibilities become law. Questions exist about FHWA's ability to effectively absorb these new responsibilities, overcome underlying challenges, and improve its oversight.

We identified selected best practices that could help FHWA develop a framework for a comprehensive approach to project oversight. These include establishing measurable goals to objectively and quantifiably assess progress, making oversight managers accountable for the effective implementation of these goals, providing professional training, and collecting and transferring lessons learned.