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Cowles to Introduce DOT Highway Costs Accountability Bill

Madison – Today State Senator Robert Cowles (R-Green Bay) announced he would introduce legislation that requires improved financial reporting for major highway projects. The proposed legislation is in response to developments in the last year and large future spending commitments. “I think we have a spending problem,” Cowles said. “The Legislature has not been able to restrain itself with new road projects and there has been a serious lack of accountability.”

The State Legislative Audit Bureau recently completed a study on the massive cost increases in road building projects. Costs associated with the state’s major highway program have exceeded initial estimates by 69.5 percent in the past ten years to \$284.2 million. Seven projects were detailed, and final costs exceeded original estimates ranging from a 45.2 percent increase up to a 262.4 percent increase. Work on a stretch of Highway 41 increased 167 percent to \$41.9 million. “The major highways program needs some accountability to the taxpayer. We need to have more information and greater oversight.”

The Legislative Audit Bureau made several recommendations to improve the program, including comprehensive and consistent cost information for road building projects. The bill adopts several of the Audit Bureau’s recommendations:

- Develop comprehensive accounting for environmental expenditures. These costs include administrative, maintenance, right-of-way, real estate, engineering, contingency, plus home or business relocation costs.
- Mandate an annual report on complete expenditure information for all major highway projects to the Transportation Projects Commission and the Legislature.
- Consistently communicate changes in project design and scope, so that all parties understand when project of funding needs expand beyond initial proposals.
- Detail the amount and cost of all real estate the DOT purchases for major highway projects before recommendation to the Transportation Projects Commission.

This legislation is even more critical in light of developments in the last year and future commitments. The state is looking at billions in expenditures to rebuild the Marquette Interchange and the Southeastern Wisconsin freeway system over the next 20 years. The 2003-2005 state budget transferred \$675 million out of the road account into the general fund. The legislative audit bureau highlighted hundreds of millions in rising costs of the DOT. And finally, four executives were accused of rigging bids for state projects worth more than \$100 million earlier this month.

“These factors combined put enormous pressure on the transportation fund,” said Cowles. “If we don’t take steps to address this issue, we are either heading toward a huge increase in the gas tax or the majors program will be

grinding to halt.”