



We Build the Roads



NASHTU is a coalition of 38 unions from 20 states representing hundreds of thousands of state and local transportation employees. Since our inception in 1999, NASHTU has become a respected voice for transportation workers around the country dedicated to ensuring that federal transportation dollars are spent cost-effectively and in a manner that serves the public interest. For more information or to sign up for NASHTU updates, please visit our website at www.nashtu.us.

NASHTU's Policy Proposals

HR 1692 (Edwards) – Public Inspection

To ensure that public safety is protected, transportation funds are not wasted and projects are delivered in a timely manner, HR 1692 (Edwards) will require public employees to perform the inspection on federally funded state and local transportation projects. On transportation projects, construction inspectors are the eyes, ears, and voice of the public. Public inspectors ensure that construction standards are met, that projects meet safety requirements, and that the materials used will stand the test of time.

Cost Comparison Prior to Outsourcing

For architectural, engineering, and related services on surface transportation projects using federal funds, a government agency should prepare an estimate of the cost of procuring the services under a private contract and an estimate of having the services performed by employees of a government agency.

This proposal will ensure that taxpayers receive safe, high-quality transportation services at the best price. Increasingly, state and local departments of transportation are spending hundreds of millions of federal dollars on private contracts for engineering and related transportation services without competitive bidding and without determining whether these contracts are cost-effective and protect the public interest.

Increased Transportation Funding Creates Jobs, Economic Competitiveness

The funding to support our nation's highways and bridges is increasingly inadequate due to its reliance on the dwindling gas tax. While the new surface transportation authorization (FAST Act) included "modest" increases in transportation funding, it is not enough for states to eliminate their large backlog of needed infrastructure repairs and improvements to maintain their networks and reduce congestion. According to ASCE's latest *Report Card on America's Infrastructure*, 42% of the nation's urban highways are congested, costing the economy \$101 billion annually in wasted time and fuel. Adequate transportation funding is critical to job creation and the country's economic competitiveness.

Now that the long-term authorization has been enacted, it is time for Congress to address the huge transportation funding shortfall in the Highway Trust Fund. Under the FAST Act, average transportation funding provided to states is about \$57.5 billion per year. This is about \$16 billion more than the Highway Trust Fund brings in per year through gas tax revenues. NASHTU looks forward to working with Congress to develop new and sustainable revenue to close the shortfall and provide ongoing funding to help repair and rebuild our highway infrastructure.

Outsourcing Mandates and Incentives Limit State Flexibility

Outsourcing mandates or incentives are an inappropriate use of federal authority that infringes on a state's ability to choose how best to deliver its transportation program.

During the last authorization, a broad coalition of transportation groups including AASHTO, NASHTU and other public and private sector stakeholders worked together to block the inclusion of language that would mandate or incentivize the outsourcing of engineering and design services. These proposals would skew a state's decision-making authority and could lead to states favoring a particular delivery method not in the best interest of taxpayers. States should also not be penalized for choosing to utilize their own in-house professionals to deliver safe and cost-effective transportation services.

May 2016

The High Cost of Outsourcing on Transportation Projects

The Government Accountability Office (GAO) has concluded that outsourcing is “more expensive than performing work in-house, particularly for engineering services.”

Several states have analyzed outsourcing by their DOTs. The results are alarming and **underscore the need for implementing a cost comparison analysis prior to outsourcing.**

- **California** spends \$237,000 per outsourced engineer per year compared to \$116,000 for a state-employed engineer, according to the 2014 state budget.
- **Louisiana** spends \$197,942 per outsourced engineer per year compared to \$82,364 for a state-employed engineer.
- **Colorado** saved 29% per position by performing work with in-house engineers rather than consultants.
- **Mississippi** found that a private sector engineer cost on average 29% more than a public engineer at the entry level. The cost difference balloons to 77% more for a private engineer at the senior engineer level.
- **Texas** found that outsourcing is 62% more expensive for most design work.
- The **Virginia** Department of Transportation found that safety inspections were 40% more expensive when consultants were used rather than in-house staff.
- The **Connecticut** Department of Transportation realized a 29% savings by using in-house engineering staff and an 18% savings for using in-house inspectors.
- An **Oregon's** Secretary of State Audit of the Department of Transportation found that in-house engineers cost about 20% less than private consultants for design engineering services.
- A Legislative Audit in **South Carolina** concluded that outsourcing engineering projects contributed to \$50 million in wasted transportation spending.
- A Legislative Fiscal Report in **Wisconsin** found that WDOT would save \$5.5 million a year by hiring 180 additional engineers and completing more work using its own professional staff.
- The **New Jersey** Department of Transportation found that performing design and inspection projects with in-house engineers would save the state \$26 million per year.

American Federation of State, County and Municipal Employees
AFSCME Council 13
AFSCME Council 32
AFSCME Local 375 DC 37
AFSCME Minnesota Council 5
Alaska Public Employees Association/AFT
American Federation of Teachers (AFT)
Association of Engineering Employees of Oregon (AEEO)
Communications Workers of America (CWA)
Communications Workers of America Local 1032
Connecticut State Employees Association (CSEA), SEIU Local 2001
Council of Engineers and Scientists Organizations (CESO)
CSEA Local 1000, AFSCME, AFL-CIO
International Federation of Professional & Technical Engineers Local 21
International Federation of Professional & Technical Engineers Local 195
International Federation of Professional & Technical Engineers Local 400, RIDOT Professional Employees Association
International Federation of Professional & Technical Engineers, AFL-CIO & CLC
Maine State Employees Association/SEIU Local 1989
Massachusetts Organization of State Engineers and Scientists (M.O.S.E.S.)
Michigan Public Employees SEIU Local 517M
Minnesota Government Engineering Council (MGEC)
Montana Public Employees Association
New York State Public Employees Federation (PEF), AFL-CIO
Ohio Civil Service Employees Association (AFSCME), Local 11 AFL-CIO
Ohio Civil Service Employees Association (AFSCME), Local 11, Chapter 2513 AFL-CIO
Oklahoma Public Employees Association (OPEA)
Professional & Technical Employees Local 17
Professional Engineers in California Government (PECG)
SEIU Local 285
SEIU Local 503, Oregon Public Employees Union
SEIU Local 1000
Service Employees International Union (SEIU)
State Highway and Transportation Employees Association of Missouri
Teamsters Local Union No. 916/IBT
Wisconsin State Engineering Association (SEA)

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- Mississippi: "Mississippi Department of Transportation: A Review of Departmental Accountability and Transparency," Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER), January 6, 2014
- Texas "Highway Design Cost Comparison," Price Waterhouse Coopers for the Texas Department of Transportation, February 1999
- Virginia "Review of the Use of Consultants by the Virginia Department of Transportation," Joint Legislative Audit and Review Commission, 1998
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- Oregon "Department of Transportation: Engineering Services Cost Analysis," Audits Division, Oregon Secretary of State, 2006
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- Wisconsin: "Louisiana Government Efficiencies Management – Final Report," State of Louisiana, Alvarez & Marsal, May 29, 2014
- New Jersey: "An Evaluation of Contracting-out Activities in the New Jersey Department of Transportation," Prepared by the Policy Research Seminar, Eagleton Institute of Politics, Rutgers University, 1992

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HR 1692: The Safety, Efficiency and Accountability in Transportation Projects through Public Inspection Act

To ensure that public safety is protected, transportation funds are not wasted and projects are delivered in a timely manner, **HR 1692 (Edwards)** will require public employees to perform the inspection on federally funded state and local transportation projects.

On transportation projects, construction inspectors are the eyes, ears and voice of the public. Public inspectors ensure that construction standards are met, that projects meet safety requirements and that the materials used will stand the test of time. They are there to ensure that the motoring public gets what they pay for and public safety and the public interest are protected.

When the construction inspection function is outsourced to a private company, there is no longer a representative of the public on the job site. David M. Walker, the former Comptroller General of the United States from 1998 to 2008, described the issue in a 2007 *New York Times* article: **“There’s something civil servants have that the private sector doesn’t, and that is the duty of loyalty to the greater good – the duty of loyalty to the collective best interest of all rather than the interest of a few. Companies have duties of loyalty to their shareholders, not to the country.”**

Outsourcing public inspection functions on state and local surface transportation projects can lead to multiple conflicts of interest. Without a representative of the public on the jobsite, a private company is charged with inspecting the work of another private company. Because the private construction company whose work they are inspecting on one project may be a business partner on a future project, private inspectors may feel pressure from the private contractor to take steps that ensure larger profits for both firms.

Unfortunately, across the nation, some departments of transportation are outsourcing public inspection with poor results. **Examples of the dangers of outsourcing include the following: Boston’s Big Dig (where a concrete slab from a tunnel ceiling fell and killed a woman), the Los Angeles Redline subway (Hollywood Boulevard collapsed), and the Connecticut I-84 project (hundreds of drains that lead nowhere).**

