

The Golden Fleece Why Was The \$27 Billion Estimate So Wrong?

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The Golden Fleece Why Was The \$27 Billion Estimate So Wrong?

Former Senator William Proxmire (D-Wi.) periodically issued a "Golden Fleece" to "the biggest, most ridiculous or ironic examples of wasteful federal spending." On November 10, 1981, the Golden Fleece went to the Federal Highway Administration for "the worst record of civilian cost overruns in the Federal Government." He was referring to "a 267 percent, \$100 billion cost overrun that dwarfs any other civil project." Senator Proxmire was neither the first nor the last to criticize the escalating cost of the Interstate System. But how did the original estimate go so far astray?

On March 25, 1955, Secretary of Commerce Sinclair Weeks released the U.S. Bureau of Public Roads (BPR) report on *Needs of the Highway Systems, 1955-1984*, as requested by Section 13 of the Federal-Aid Highway Act of 1954. The BPR estimated that the cost of building the Interstate System would be \$23.2 billion:

Rural: \$12.5 billion

Urban: \$10.7 billion

This estimate covered only the miles that had been designated on August 2, 1947, including 33,300 miles in rural areas and 4,400 miles carrying the routes through urban areas. Within the 40,000-mile statutory limit imposed by the Federal-Aid Highway Act of 1944, the estimate could not include the additional 2,319 miles that had been reserved for additional urban routes, including circumferentials, that would be designated in September 1955. The estimate was based on midyear 1954 prices for a 10-year construction period to upgrade the routes for expected traffic in 1974 based on the standards at the time. The BPR assumed that most Interstate construction in rural areas would involve upgrading, improving, and rebuilding existing roads, not building them on new location.

General Lucius D. Clay (U.S. Army, Retired) used the BPR's estimate as he developed a plan at the request of President Dwight D. Eisenhower to finance a systematic upgrading of the Nation's highways. Based on sample estimates for several representative metropolitan communities, General Clay added \$4 billion to the estimate for additional urban feeder and distribution routes, noting that this figure was "not intended to meet the total needs in this category."

Adding the BPR's and Committee's estimates, the total came to \$27.2 billion. During congressional debate on the National Highway Program in 1955 and 1956, all parties were trying to find a way to fund a \$27 billion Interstate Highway Program over 10 years, having lost sight of the limitations of the estimate.

The final Interstate Cost Estimate, issued in 1991, projected the cost of the Interstate System to be \$128.9 billion (Federal share: \$114.3 billion). Senator Proxmire, writing 10 years earlier, considered the increased costs to be "so staggering that they numb the mind" and rejected any explanation that didn't involve "mismanagement and waste." But for the record, the increases were a result of such factors as added mileage and lanes, bridges, and interchanges; higher design and safety standards; increased cost of right-of-way acquisition, especially in urban areas; mitigation or elimination of adverse impacts; and inflation.
