

The image features three construction workers in a professional setting. They are wearing hard hats and safety vests. The worker on the left is writing in a notebook. The worker in the middle has his arms crossed. The worker on the right is holding a large roll of blueprints. They are standing in front of a brick wall that is painted in vibrant colors: yellow, orange, blue, and light blue. Large, stylized geometric shapes, resembling chevrons or arrows, are overlaid on the wall in matching colors. The overall scene suggests a collaborative and modern construction environment.

**BUILDING A BETTER WAY:
Federal Construction Cost Estimation**



The Big Issue

Methods of cost estimation for federal construction projects are not always accurate, which can lead to delays and additional expenses for the project.

Why it Matters

Changing costs or delays can mean that people aren't able to access the infrastructure they need, and lead to higher price tags for the taxpayer.



BUILDING A STRONG FOUNDATION

What is construction cost estimation?



A kinetic
process



Key to public
confidence

The Building Blocks

COMPREHENSIVE

WELL-DOCUMENTED

CREDIBLE

ACCURATE



INACCURATE & OUT-OF-DATE INFORMATION

Reliable baselines are critical to a successful cost estimation, but when an agency relies on inaccurate or out of date information, their decisions will ultimately also be flawed.



USE CASE

Military Construction (MILCON)

\$1.6 billion

in "reprogramming" changes between 2010 - 2014

California Training Barracks



Florida Naval Training Facility



Reprogramming:

the practice of using unspent money from other project to support endeavors that have not been appropriated money by Congress

WEAK REPORTING FRAMEWORK

Poor end-of-cycle reports mean that future cost estimations are not able to use lessons learned or established best practices from past projects, as well as weakening public trust.



USE CASE:
GSA Rebaselining

25/36

projects were “rebaselined”
between 2014 and 2018



Rebaseline:
changing the metrics for being on-
schedule and on-budget.

REAL WORLD CONSEQUENCES: The Veteran's Administration



9
million
veterans



170
Medical Centers



1074
Outpatient
Clinics



Injuries, mental
health care, and
other services



REAL WORLD CONSEQUENCES: The Veteran's Administration

01

Between 2013 and 2016, construction costs on a new veteran's hospital in Denver doubled to \$1.68 billion.

02

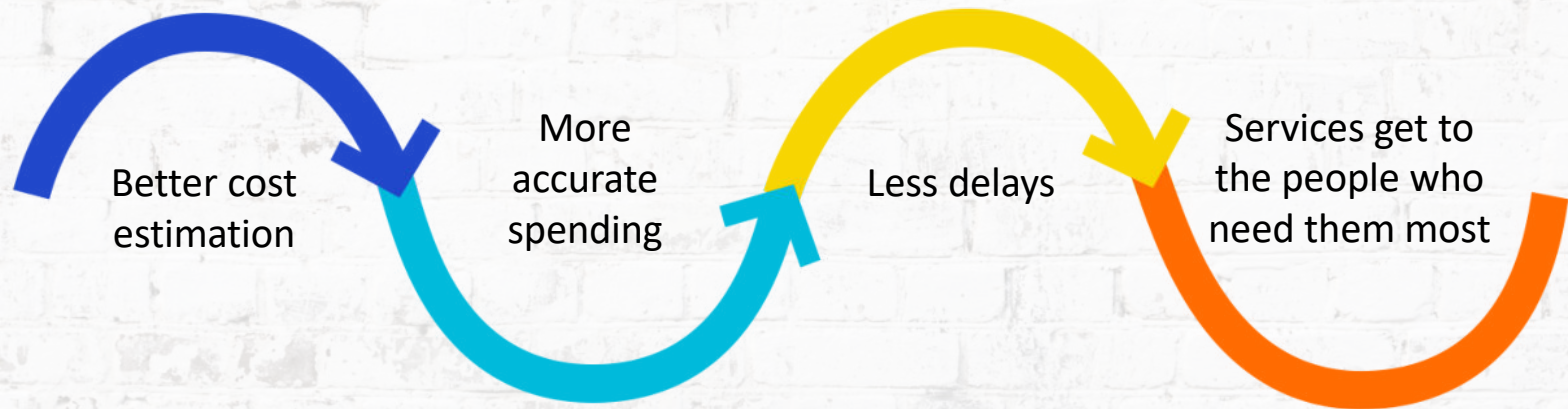
Decline of public trust led to Congressional outsourcing to Army Corps of Engineers

03

Real world consequences for veterans who need that care.

STABILIZING THE FOUNDATION

Cost estimation must be as dynamic as costs themselves



STABILIZING THE FOUNDATION

What's next?

01

Biden administration's impending infrastructure package

02

Possible investments in clean energy

03

Continued military and veterans' hospital construction and improvement



SOURCES

Federal News Network. "Biden attempts bipartisan push for infrastructure package." March 4 2021. <https://federalnewsnetwork.com/government-news/2021/03/biden-attempts-bipartisan-push-for-infrastructure-package/>

Federal News Network. "Congress gives DoD big boost for facilities upkeep, but not enough to fix deteriorating buildings." April 3, 2018. <https://federalnewsnetwork.com/dod-reporters-notebook-jared-serbu/2018/04/congress-gives-dod-big-boost-for-facility-upkeep-but-not-nearly-enough-to-fix-deteriorating-buildings/>

Federal News Network. "Indecision, poor leadership led to \$888 million overruns on VA hospital, IG says." September 23, 2016. <https://federalnewsnetwork.com/agency-oversight/2016/09/indecision-poor-leadership-led-888-million-overruns-va-hospital-ig-says/>

GAO. "Action Needed to Increase the Reliability of Construction Cost Estimates." March 2018. <https://www.gao.gov/assets/700/690891.pdf>.

GAO. "GSA Can Improve its Communication and Assessment of Major Construction Projects." December 2019. <https://www.gao.gov/assets/710/703200.pdf>

GAO. "VA Construction: Actions Taken to Improve Denver Medical Center and Other Large Projects' Cost Estimates and Schedules." January 17, 2018. <https://www.gao.gov/assets/690/689443.pdf>.

Committee on Veteran's Affairs. "Hearing before the Subcommittee on Oversight and Investigation of the Committee of Veteran's Affairs, US House of Representatives." May 7 2013. <https://www.govinfo.gov/content/pkg/CHRG-113hhrg82234/html/CHRG-113hhrg82234.htm>

Veteran's Affairs. "VA Healthcare Utilization by Recent Veterans." 2015. <https://www.publichealth.va.gov/epidemiology/reports/oefoifond/health-care-utilization/>