

Macro Roundup Article

Headline: [Procurement and Infrastructure Costs](#)

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Summary: We conduct a survey of infrastructure procurement practices across the 50 states, [interviewing] both employees at each state department of transportation (DOT) and the road builders that win contracts to build and maintain roads. We correlate the survey with a new, detailed dataset of project-level infrastructure costs. We find that two important inputs in the procurement process appear to particularly drive costs: (1) the capacity of the DOT procuring the project and (2) the lack of competition in the market for government construction contracts. A state with [average] employees has almost 30% higher costs per mile than one that rates the DOT employees as “moderately high quality.” When we measure capacity using external data we show that states with higher DOT employment per capita have lower infrastructure costs. A one standard deviation increase in DOT employment per capita is correlated with 16% lower costs.

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Primary Topic: Infrastructure

Topics: Academic paper, Fiscal Policy, Government Spending, Infrastructure

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