Memorandum

U.S. Department
of Transportation

**Federal Highway
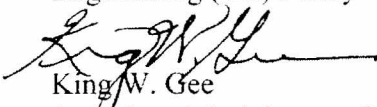Administration**

Subject: **INFORMATION:** Updated FHWA Value
Engineering (VE) Policy

From: King W. Gee
Associate Administrator for Infrastructure

To: Federal Lands Highway Division Engineers
Division Administrators

Date: May 25, 2010

Reply to
Attn. of: HIPA-20

This memorandum is to inform you of updates to FHWA's VE Policy which has been issued as
an FHWA Order dated May 25, 2010. This policy replaces FHWA's VE policy that was
contained in the Federal-aid Policy Guide (September 8, 1998, Transmittal 24). The updated
policy is attached and is available on FHWA's VE Program Web site at:
http://www.fhwa.dot.gov/ve/vepolicy.cfm.

The FHWA's VE Policy reflects the Agency's commitment to continuously enhance the
conducting of VE analyses, the quality of State department of transportation VE programs, and
FHWA's stewardship and oversight of the VE program. The revised policy also reflects the
revisions made to the VE provisions in Federal law (Safe, Accountable, Flexible, and Efficient
Transportation Equity Act: A Legacy for Users) and address the recommendations contained in
the Office of the Inspector General's Audit Report entitled, "Value Engineering in the
Federal-Aid Highway Program." Application of this policy is expected to:

- Clarify FHWA's requirements for conducting VE analyses;
- Identify the characteristics of a VE analysis process, including life-cycle cost analyses;
- Influence when VE analyses are conducted to maximize their effectiveness;
- Provide more consistent documentation of the VE analyses;
- Delineate responsibilities for establishing and sustaining VE programs and ensuring VE
  analysis recommendations receive proper review, approval and are implemented; and
- Ensure the appropriate level of FHWA involvement, monitoring, and oversight.

We appreciate your continued support with advancing the VE program and practices within your
State and office. If you have any questions about the changes to this policy, please contact
Mr. Jeffrey Zaharewicz at jeffrey.zaharewicz@dot.gov.

Attachment