

Building Tennessee's Tomorrow: Anticipating the State's Infrastructure Needs

July 2002 through June 2007

Executive Summary

This report is the fourth in a series that presents Tennessee's public infrastructure needs as reported by local officials, the second to include needs submitted by state agencies as part of their budget requests to the Governor, and the first to incorporate project listings from state transportation officials. It covers the five-year period of July 2002 through June 2007 and provides two basic types of information: (1) needed infrastructure improvements and (2) the condition of existing elementary and secondary (K-12) public schools. The needs reported by state and local officials fall into the six broad categories shown in the block below. A number of conclusions may be drawn from the information included in the inventory:

- ✓ The total need for public infrastructure improvements for 2002 through 2007 is nearly \$21.6 billion—including upgrading existing public schools to good condition—an increase in reported need of \$8 billion (up more than fifty-eight percent) since the first inventory was published four years ago and an increase of nearly \$1.1 billion dollars (over five percent) from the March 2002 report.
- ✓ Transportation and utilities remained the single largest category and had the largest increase in estimated costs (from \$8.3 billion to \$9.1 billion) since the last report. That figure has increased because of the addition of new projects identified by local officials and highway projects identified by state transportation officials that were not previously included in the inventory totals.

Reported Infrastructure Needs	
Transportation & Utilities \$9.1 billion	Education \$5.1 billion
Health, Safety & Welfare \$4.7 billion	Recreation & Culture \$1.7 billion
Economic Development \$564 million	General Government \$374 million
Grand Total \$21.6 billion	



Adequate infrastructure is as essential to economic growth as economic growth is to individual prosperity.

The Tennessee General Assembly charged the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) with developing and maintaining an inventory of infrastructure needs "in order for the state, municipal and county governments of Tennessee to develop goals, strategies and programs which would

- ♦ improve the quality of life of its citizens,
- ♦ support livable communities, and
- ♦ enhance and encourage the overall economic development of the state."

[Public Chapter 817, Acts of 1996.]

Accomplishments & New Initiatives

For the first time, the inventory includes information gathered from state transportation officials on highway and bridge projects. This information provided this year's report with the most complete inventory of transportation needs in its history. With assistance from state officials and development district staff, 602 projects were added to the inventory with an estimated total cost of \$600 million.

Over the coming months, TACIR staff will analyze and publish information about several new bits of information gathered about infrastructure needs in this most recent inventory:

- ◆ Analysis of project types and their relationship to local economic and population factors.
- ◆ Availability of funds for reported needs.
- ◆ Comparison of Tennessee's efforts to identify and meet infrastructure needs to efforts in other states.
- ◆ Location of projects in relation to boundaries established pursuant to Tennessee's Growth Policy Act [Public Chapter 1101, Acts of 1998], including a review of estimated needs through the fiscal year 2022, the period covered by most of the initial growth plans adopted under PC 1101.

- ✓ The second largest increase was in the education category (from \$4.8 billion to \$5.1 billion or about seven percent since the last report). Estimated needs at the state's public post-secondary costs grew \$289 million, or about twenty-four percent since last year, and account for most of the increase.
- ✓ The economic development category, which includes business district and industrial site and park development, experienced the largest percentage change as costs declined \$314 million or thirty-six percent from the 2001 report. Most of this decline resulted from the restructuring of a major business district development project in Knox County.
- ✓ Eighty-five percent of schools were reported to be in good or excellent condition, and the estimated cost of putting the remainder in good condition fell by \$428 million from last year's totals. These changes suggest that school officials have used the funding increases provided by the General Assembly to improve their school facilities. The total estimated cost for public school needs is \$3.6 billion or nearly seventeen percent of the total infrastructure needs for the state.
- ✓ More than half of Tennessee's public school systems have sufficient space to house the new teachers and classes required by the smaller class size standards imposed by the Education Improvement Act of 1992 (EIA). Overall, Tennessee school systems have made substantial progress toward providing the classroom space they need because of the EIA. Based on TACIR staff analysis of information provided by local school officials, the estimated cost of the remaining classrooms needed to house the additional teachers required by the EIA is \$800 million statewide, which is \$530 million or about forty percent less than reported last year.
- ✓ The lower class sizes required by the EIA may be responsible for about twenty-two percent of the infrastructure improvement costs reported by all local school officials based on specific cost information for existing public schools gathered as part of the inventory and estimates by TACIR staff of the proportion of new school construction costs attributable to the EIA. State or federal mandates affect 7.6 percent of all projects in the current inventory. Federal mandates continue to account for about one percent of the total reported for schools.