

TACIR

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TENNESSEE'S PUBLIC INFRASTRUCTURE NEEDS CONTINUE TO GROW NOW STAND AT \$24.4 BILLION

November 2 – According to a new report released by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR), Tennessee needs at least **\$24.4 billion** of public infrastructure improvements to be in some stage of development during the five-year period of 2003-2008. Information about the availability of funding to meet Tennessee's public infrastructure needs indicates that in dollar terms more than half may go unmet. Of the \$20.3 billion in needs for which the availability of funding was reported, only \$10.1 billion of that amount is expected to be available according to the local officials who provided the information.

The current report, which is based on information provided by state and local officials, shows an increase in needs of **\$10.8 billion** (up 79%) since the first inventory was published six years ago and an increase of about **\$2.9 billion** (13%) from the March 2004 report. These needs fall into six general categories:

- ◆ Transportation and Utilities: \$10.4 billion
- ◆ Health, Safety, and Welfare: \$5.4 billion
- ◆ Education: \$5.3 billion
- ◆ Recreation and Culture: \$1.8 billion
- ◆ Economic Development: \$1.2 billion
- ◆ General Government: \$411 million

Dr. Harry Green, TACIR's executive director, noted, "TACIR now has the most comprehensive inventory of infrastructure needs in the project's seven-year history. This report is the first to provide information about the availability of funding. It should concern us all that local officials expect to have less than half of the funds necessary to meet the needs they have identified."

The largest increase is in the transportation and utilities category, which remains the single largest overall. This category increased from **\$9.1 billion to \$10.4 billion**. Transportation needs alone represent **\$9.4 billion** (almost 39%) of the total infrastructure needs. Most of the rest of the increase from the previous inventory was in business district development with an increase of \$447 million; water and wastewater with an increase of \$349 million; recreation, an increase of \$346 million; and law enforcement, an increase of \$221 million.

This project is the only source of statewide information on the condition of public school buildings and what it would take to get them all in good or better condition, and the news here is good: According to local school officials, **86%** of local public schools are now in good or

excellent condition. They estimate the cost to put the remaining 14% in good or better condition at almost **\$1.2 billion**, which is a **\$134 million** increase from the cost reported in the previous report. They also report that 64% of all school systems have sufficient space to house the teachers and classrooms required by the smaller class-size standards imposed by the Education Improvement Act (EIA) in the fall of 2001. The rest use portable classrooms, non-classroom spaces such as libraries and cafeterias for teaching classes, and classrooms that are empty when other teachers have planning periods. TACIR estimates the cost of the remaining classrooms needed to house these teachers at almost **\$480 million** statewide, which is also a huge drop (about 40% or **\$327 million**) from the cost estimate in TACIR's last report. Representative Randy Rinks, TACIR's chairman, had this to say about the declining costs:

"School officials are to be commended for their continued progress toward providing permanent classrooms for the teachers needed to meet the EIA class size mandates. But systems with high enrollment growth still face challenges. The amount needed for enrollment growth and replacement schools increased from **\$960 million** in last year's report to almost **\$1.3 billion** currently."

Other Highlights from the Report

- **Health, safety, and welfare at \$5.4 billion** is the second largest cost category and accounts for 22% of the state's public infrastructure needs. Water and wastewater needs alone total over **\$3.3 billion** or nearly 14% of the grand total and 62% of this one category. Water and wastewater, transportation, and local public education combined represent more than two-thirds of total reported needs.
- The **economic development category**, which includes business districts and industrial sites and parks, had the largest percentage change as needs increased by **\$501 million** (70%) from the 2004 report. More than half of that increase can be attributed to the expansion of a business district development project in Nashville, and another \$110 million to the addition of a single large business district development project in Memphis.
- Total education infrastructure needs increased from **\$5.1 billion to \$5.3 billion** (about 3%) since the last report. This was the fifth largest increase among the six categories. Needs at the state's public post-secondary schools grew **\$31 million** (about 2%) since the last report and are expected to continue to grow because of lottery scholarship-driven enrollment growth
- Conventional wisdom holds that population density should produce lower infrastructure costs because of economies of scale. This relationship is not borne out by TACIR's infrastructure inventories based either on comparisons of counties that rank high and low for population density or on statistical analysis. The most likely explanation is that urban development requires more infrastructure per capita than rural development does.

The full report can be found on TACIR's web site at <http://www.state.tn.us/tacir/infrastructure.htm>.

TACIR Mission

TACIR's mission is to serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality *research* support to state and local government officials in order to improve the overall quality of government in Tennessee; and to improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.

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