

NASHVILLE—Tennessee needs at least \$38.8 billion of public infrastructure improvements during the five-year period of 2012-2017 according to a new report by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR). The need for public infrastructure improvements, as reported by state and local officials, is up \$1.3 billion (3.5%) compared with the year before.

Costs for current infrastructure needs fall into six general categories:

- Transportation and Utilities: \$21.8 billion
- Education: \$7.7 billion
- Health, Safety, and Welfare: \$5.9 billion
- Recreation and Culture: \$1.7 billion
- Economic Development: \$1.3 billion
- General Government: \$555 million

One of the reasons for the overall increase in the need for public infrastructure was the increase in the estimated cost for transportation improvements, which increased by \$917 million (4.4%) to \$21.5 billion. At 55% of the estimated costs for all infrastructure improvements, transportation, part of the Transportation and Utilities category, dwarfs other types of infrastructure needs. The net increase in transportation costs would have been much larger if not for \$1.5 billion in projects that were completed and \$1.3 billion for projects that decreased in cost or were canceled or postponed. New transportation projects in the inventory totaled \$1.2 billion; and hundreds of projects already in the inventory increased by \$2.4 billion.

In comparison, the other categories are relatively small. Education is the second largest (\$7.7 billion) and increased \$406 million (5.6%) mainly because the cost of improvements needed at the state's public college and university campuses increased \$327 million (8.8%) to \$4 billion. The estimated cost of additions and new public K-12 schools has been on a downward trend since 2007, and there has been a shift from adding new space to improving or replacing existing space and schools. The shift from adding new space to improving existing space is partly the result of the slowing growth of enrollment that began in 2007, coinciding with the economic downturn, and remains low to this day. Health, Safety, and Welfare, the third largest category, decreased \$58 million (1%) to \$5.9 billion. This decline resulted primarily from decreases in the need for improved water and wastewater infrastructure and public health facilities. Water and wastewater accounts for the largest portion of the Health, Safety, and Welfare category at \$3.9 billion; it decreased by \$104 million (2.6%) from last year.

The need for public infrastructure improvements and the ability to meet them continue to vary across Tennessee. Those counties with the largest populations, population growth, and tax bases need the most infrastructure and are consistently able to build the most. Local

governments reported \$15.5 billion in local infrastructure needs, and Shelby and Davidson, the 1st and 2nd most populous counties in the state, need the most, nearly one third (\$4.6 billion). They also completed the most and had the largest tax bases in the state. However, even though the most populous counties need and complete more infrastructure, an examination of infrastructure improvements per capita indicates that population alone does not explain the differences. Available financial resources, including sales and property tax bases and residents' income, are strong predictors of how much infrastructure is needed and how much gets completed.

Local officials are confident in obtaining funding for only \$11.6 billion of the \$31 billion identified as local needs. These figures do not include needs at existing schools or those in state agencies' capital budget requests. Most of this funding, \$11.3 billion, is for improvements that are fully funded; another \$362 million is for improvements that are partially funded. That leaves another \$19.3 billion of improvements for which funding is not yet available.

Earlier this month, Governor Haslam announced more than \$28 million in community development grants, which will help pay for some of the infrastructure needs in seventy cities and counties across the state and help those communities attract investments and jobs. The grants ranged from \$88,000 to \$525,000, with local governments matching some of the total. These grants covered a wide-range of projects from waterline extensions in Bradley County to sewer system improvements in Oliver Springs. They also helped fund fire protection, housing rehabilitation, ambulance services, and drainage improvements.

The inventory 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. According to local school officials, 93% of local public schools are now in good or excellent condition. However, they estimate the cost to put the remaining 7% in good or better condition at \$487 million.

The full report is available on TACIR's web site at <http://www.tn.gov/tacir/infrastructure.html>. For more information, contact Dave Keiser, Project Manager, at david.keiser@tn.gov or 615.253.4237.

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.