Funding the State's Infrastructure Needs

Less than half of all infrastructure needs in the current inventory are expected to be fully funded.

Information about the availability of funding to meet Tennessee's public infrastructure needs indicates that more than half in dollar terms may go unmet. The inventory does not include funding information for needs at existing schools or for needs drawn from the capital budget requests submitted by state agencies. Excluding those needs from the total of $24.4 billion reported for the period covered by the inventory leaves $20.3 billion in needs. Only $10.1 billion of that amount is expected to be available according to the local officials that provided the information. Most of that amount, $9.5 billion, is for needs that are fully funded, another $600 million is for needs that are partially funded, and the remaining $10.2 billion of needs have no funding at all (Table 12).

Table 12. Summary of Funding Availability
Five-year Period July 2003 through June 2008

	Funding Available [in billions]	Funding Needed [in billions]	Total [in billions]
Fully Funded Needs	$ 9.5	$ 0.0	$ 9.5
Partially Funded Needs	0.6	1.3	1.9
Unfunded Needs	0.0	8.9	8.9
Total*	$ 10.1	$ 10.2	$ 20.3

*Excluding needs for which availability of funds is unknown.

As shown in Table 13 on the following page, general government needs reported in the current inventory were the most likely to be fully funded, and economic development needs were the least likely to be fully funded. Two-thirds of general government needs were reported to be fully funded, but only about one-fifth of economic development needs were. The other categories of need all fell close to 50%, about the same as all categories combined. The stark difference between the general government category and the economic development category is difficult to interpret. General government is the smallest category of needs, and it may be that local officials are unlikely to report these types of needs unless they are reasonably sure they can fund them.

Local officials were asked to report whether each need submitted in the inventory was funded, and if so, from what source or sources: state, local, federal or other. Funding gaps can be identified by comparing total estimated costs to the funding reported for each of these sources.

- *If the funding by source equals the total estimated cost, then the need is fully funded.*
- *If no funding is reported by source, then the need is unfunded.*
- *If the funding by source does not equal the total estimated cost, then the need is only partially funded.*

A few types of needs within the six general categories in Table 13 stand out, but generally, they are the smaller ones. For example, navigation needs and other utilities are the least likely to be fully funded, but few needs of those types are reported, making it difficult to draw general inferences. The three types of needs most likely to be fully funded are also small ones: other facilities, housing, and public health facilities.

Table 13. Percent of Needs Fully Funded By Type of Need
Five-year Period July 2003 through June 2008

Category and Project Type	Total Needs[31] [in millions]	Fully Funded Needs [in millions]	Percent of Total Needs Fully Funded
Transportation and Utilities	**$ 10,395.4**	**$ 4,735.5**	**46%**
Transportation	9,398.2	4,594.0	49%
Other Utilities	604.1	77.7	13%
Navigation	357.3	39.1	11%
Telecommunications	35.8	24.7	69%
Health, Safety and Welfare	**$ 4,982.0**	**$ 2,695.7**	**54%**
Water and Wastewater	3,333.9	1,720.7	52%
Law Enforcement	737.3	429.0	58%
Stormwater	429.3	236.0	55%
Fire Protection	172.3	94.5	55%
Solid Waste	163.7	109.6	67%
Public Health Facilities	82.1	59.1	72%
Housing	63.4	46.8	74%
Education	**$ 1,755.1**	**$ 828.4**	**47%**
K-12 New School Construction	1,690.5	806.4	48%
Non-K-12 Education[32]	37.8	12.8	34%
LEA System-wide Need	26.8	9.2	34%
Recreation and Culture	**$ 1,584.1**	**$ 749.0**	**47%**
Recreation	1,085.8	481.9	44%
Libraries and Museums	257.5	178.0	69%
Community Development	240.8	89.1	37%
Economic Development	**$ 1,221.0**	**$ 253.2**	**21%**
Business District Development	849.7	148.7	18%
Industrial Sites and Parks	371.3	104.5	28%
General Government	**$ 405.5**	**$ 272.5**	**67%**
Public Buildings	375.5	249.7	67%
Other Facilities	21.2	16.8	79%
Property Acquisition	8.8	6.0	69%
Grand Total	**$ 20,343.1**	**$ 9,534.3**	**47%**

Table 14 is almost the mirror image of Table 13 except that economic development needs do not stand out. As expected, general government needs are the least likely to have no funding reported, but economic development is the second least likely. Comparing the two tables indicates that a substantial portion of economic development needs (39%) are partially funded, rather than either fully funded or completely unfunded. The category with the greatest unfunded need is education, but the percent of education needs reported without funding is only slightly higher than most of the other categories of need.

[31] Excludes needs for which availability of funds is unknown.

[32] Excludes needs reported for the state's colleges and universities.

Table 14. Percent of Needs With No Funding Reported By Type of Need
Five-year Period July 2003 through June 2008

Category and Project Type	Total Needs[33] [in millions]	Needs With No Funding [in millions]	Percent of Total Needs With No Funding
Transportation and Utilities	**$ 10,395.4**	**$ 4,716.5**	**45%**
Transportation	9,398.2	4,317.8	46%
Other Utilities	604.1	71.2	12%
Navigation	357.3	318.2	89%
Telecommunications	35.8	9.3	26%
Health, Safety and Welfare	**$ 4,982.0**	**$ 2,085.7**	**0.42**
Water and Wastewater	3,333.9	1,500.3	45%
Law Enforcement	737.3	250.4	34%
Stormwater	429.3	174.4	41%
Fire Protection	172.3	71.5	41%
Solid Waste	163.7	52.1	32%
Public Health Facilities	82.1	20.4	25%
Housing	63.4	16.6	26%
Education	**$ 1,755.1**	**$ 841.1**	**48%**
K-12 New School Construction	1,690.5	799.0	47%
Non-K-12 Education[34]	37.8	25.0	66%
LEA System-wide Need	26.8	17.1	64%
Recreation and Culture	**$ 1,584.1**	**$ 670.4**	**42%**
Recreation	1,085.8	465.5	43%
Libraries and Museums	257.5	58.8	23%
Community Development	240.8	146.1	61%
Economic Development	**$ 1,221.0**	**$ 488.7**	**40%**
Business District Development	849.7	252.6	30%
Industrial Sites and Parks	371.3	236.1	64%
General Government	**$ 405.5**	**$ 118.3**	**29%**
Public Buildings	375.5	114.1	30%
Other Facilities	21.2	1.4	7%
Property Acquisition	8.8	2.8	31%
Grand Total	**$ 20,343.1**	**$ 8,920.6**	**44%**

Just as with Table 13 on the opposite page, a few types of needs stand out within their categories in Table 14, and again, they are relatively small. Most of navigation is unfunded, but comparing the two tables indicates that other utilities are most likely to be neither fully funded nor completely unfunded–three-fourths of those needs are partially funded.

Local revenues are the principal source of funding for fully funded infrastructure needs reported in the inventory.

Of the total $10.1 billion of funding expected to be available, 60% is expected to come from local sources, about 25% from state sources, about 14% from federal agencies, and about 1% from donations or public-private partnerships. The relative significance of local, state, federal, and other funding for fully-funded projects in the three most

[33] Excludes needs for which availability of funds is unknown.

[34] Excludes needs reported for the state's colleges and universities.

recent inventories is shown in Table 15 (funding information was not included in earlier inventories). Local governments have consistently been providing about 60% of the funds for fully funded projects, the state around 26% or 27%, the federal government between 9% and 14%, and other sources have been providing from 1% to 3% of funding.

Table 15. Project Funding Sources for Fully Funded Projects
Five-year Period July 2003 through June 2008

	2001-2006 Inventory		2002-2007 Inventory		2003-2008 Inventory	
Funding Source	**Amount** [in billions]	**Percent**	**Amount** [in billions]	**Percent**	**Amount** [in billions]	**Percent**
Local	$4.3	60.5%	$5.1	60.1%	$5.6	59.2%
State	$1.9	26.5%	$2.3	27.4%	$2.4	25.7%
Federal	$0.9	12.3%	$0.8	9.4%	$1.4	14.2%
Other	$0.5	0.7%	$0.3	3.1%	$0.1	1.0%
Total	**$7.6**	**100%**	**$8.5**	**100%**	**$9.5**	**100%**

Other sources of funding include private funding, corporate gifts, and donations by civic clubs, foundations, and non-profit organizations. Almost all of these are one-time contributions for specific projects. While the overall impact of this funding source is relatively minor, "Other" funding can determine whether a project gets completed or not.

When focusing on specific type of needs, local governments expect to provide more than 90% of the funding for nine of the twenty-two types of infrastructure projects included in Table 16 and more than 60% of the funding for eight of the remaining thirteen. Local sources make up less than half of the funding in only three areas of need: transportation, non K-12 education, and housing. Almost all funding for telecommunications, new elementary and secondary schools, public health facilities, fire protection infrastructure, solid waste facilities, libraries and museums, community development needs, and public buildings are expected to come from local sources.

The state is not expected to provide more than half the funding for any type of need. Even for transportation, local governments expected to provide about 31% and receive 48% from the state, 21% from the federal government, and less than 1% from other sources. Only 1.4% of fully funded solid waste needs are reported as funded by the state. Housing, at 78%, is the only type of need for which the federal government is expected to provide more than half of the funding, although about 32% of navigation needs and 26% of business district development needs are expected to be federally funded.

Local governments in Metropolitan Statistical Areas are much more likely to fund infrastructure projects locally. As shown in Table 17, 64% of the cost of infrastructure projects in the thirty-eight Metropolitan Statistical Area (MSA) counties is expected to be funded from local sources, as contrasted with 40% in the other counties. Federal funding is also a larger share of expected funding in the MSA counties, at 16% of total funding. More than half (52%) of the infrastructure costs in

Table 16. Funding Sources By Project Category For Fully Funded Projects

Five-year Period July 2003 through June 2008

Category and Project Type	Local Amount (in millions)	Local Percent	State Amount (in millions)	State Percent	Federal Amount (in millions)	Federal Percent	Other Amount (in millions)	Other Percent	Total Amount (in millions)
Transportation and Utilities	**$ 1,525.1**	**32.2%**	**$ 2,196.8**	**46.4%**	**$ 988.5**	**20.9%**	**25.1**	**0.5%**	**$ 4,735.4**
Transportation	1,408.4	30.7%	2,188.9	47.6%	974.8	21.2%	21.9	0.5%	4,594.0
Other Utilities	71.2	91.6%	2.9	3.8%	1.0	1.3%	2.6	3.3%	77.7
Navigation	21.5	54.9%	5.0	12.7%	12.7	32.4%	0.0	0.0%	39.1
Telecommunications	24.0	97.4%	0.0	0.0%	0.0	0.0%	0.7	2.6%	24.7
Health, Safety and Welfare	**$ 2,207.3**	**81.9%**	**$ 204.0**	**7.6%**	**$ 227.9**	**8.5%**	**56.6**	**2.1%**	**$ 2,695.8**
Water and Wastewater	1,369.3	79.6%	190.0	11.0%	156.6	9.1%	4.8	0.3%	1,720.7
Law Enforcement	379.6	88.5%	0.1	0.0%	0.0	0.0%	49.4	11.5%	429.1
Stormwater	205.3	87.0%	8.8	3.7%	20.5	8.7%	1.4	0.6%	236.0
Solid Waste	98.4	89.8%	1.5	1.4%	9.7	8.8%	0.0	0.0%	109.6
Fire Protection	91.6	97.0%	0.9	0.9%	1.9	2.0%	0.1	0.1%	94.5
Public Health Facilities	54.6	92.4%	0.8	1.4%	2.8	4.7%	0.9	1.5%	59.1
Housing	8.4	18.0%	1.9	4.1%	36.5	77.9%	0.0	0.0%	46.8
Education	**$ 816.7**	**98.6%**	**$ 5.9**	**0.7%**	**$ 2.0**	**0.2%**	**3.8**	**0.5%**	**$ 828.3**
K-12 New School Construction	804.6	99.8%	1.5	0.2%	0.0	0.0%	0.3	0.0%	806.4
Non-K-12 Education	2.9	22.6%	4.4	34.3%	2.0	15.8%	3.5	27.3%	12.8
LEA System-wide Need	9.2	100.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	9.2
Recreation and Culture	**$ 656.3**	**87.6%**	**$ 18.1**	**2.4%**	**$ 67.3**	**9.0%**	**7.3**	**1.0%**	**$ 749.0**
Recreation	398.4	82.7%	13.9	2.9%	62.7	13.0%	6.9	1.4%	481.9
Libraries and Museums	173.6	97.5%	1.8	1.0%	2.5	1.4%	0.1	0.1%	178.0
Community Development	84.3	94.6%	2.4	2.7%	2.1	2.4%	0.3	0.3%	89.1
Economic Development	**$ 190.8**	**75.4%**	**$ 14.0**	**5.5%**	**$ 48.3**	**19.1%**	**0.1**	**0.0%**	**$ 253.2**
Business District Development	104.4	70.2%	5.4	3.6%	39.0	26.2%	0.0	0.0%	148.7
Industrial Sites and Parks	86.4	82.7%	8.6	8.3%	9.3	8.9%	0.1	0.1%	104.5
General Government	**$ 245.6**	**90.1%**	**$ 7.1**	**2.6%**	**$ 19.8**	**7.3%**	**0.0**	**0.0%**	**$ 272.6**
Public Buildings	231.2	92.6%	1.9	0.8%	16.7	6.7%	0.0	0.0%	249.8
Other Facilities	10.9	64.9%	3.9	23.1%	2.0	12.0%	0.0	0.0%	16.8
Property Acquisition	3.5	58.7%	1.3	21.9%	1.2	19.5%	0.0	0.0%	6.0
Grand Total	**$ 5,641.8**	**59.2%**	**$ 2,445.9**	**25.7%**	**$ 1,353.8**	**14.2%**	**92.8**	**1.0%**	**$ 9,534.3**

Table 17. Funding Sources In Metropolitan and Non-Metropolitan Counties For Fully Funded Projects
Five-year Period July 2003 through June 2008

	Type of County Metropolitan Amount (in millions)	Metropolitan Percent	Non-Metropolitan Amount (in millions)	Non-Metropolitan Percent	Total (in millions)
Local	$ 4,813	64%	$ 828	40%	**$ 5,641**
State	1,359	18%	1,087	52%	**2,446**
Federal	1,212	16%	141	7%	**1,353**
Other	79	1%	14	1%	**93**
Total	$ 7,464	100%	$ 2,070	100%	**$ 9,534**

the non-metropolitan counties are expected to be funded by the state. Other sources of funding are expected to account for 1% of costs for both metropolitan and other counties.