

TACIR

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TENNESSEE'S PUBLIC INFRASTRUCTURE NEEDS CONTINUE TO GROW NOW STAND AT \$37.3 BILLION

NASHVILLE—According to a new report released by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR), Tennessee needs at least **\$37.3 billion** of public infrastructure improvements to be in some stage of development during the five-year period of 2008 to 2013.

The current report, which is based on information provided by state and local officials, shows an increase in needs of **\$23.6 billion** since the 1999 report was published and an increase of about **\$3.1 billion** (9.0%) from the September 2009 report. These needs fall into six general categories:

- ◆ Transportation and Utilities: \$18.9 billion
- ◆ Education: \$7.7 billion
- ◆ Health, Safety, and Welfare: \$7.1 billion
- ◆ Recreation and Culture: \$1.8 billion
- ◆ Economic Development: \$1.0 billion
- ◆ General Government: \$649 million

For only the second time in inventory history, needs in all six categories increased from the previous report. The largest increase is in the Transportation and Utilities category, which remains the single largest overall. This category increased from **\$17.7 billion to \$18.9 billion**. Transportation needs alone make up **\$18.3 billion** (49%) of the total.

Most of the remaining increase from the previous inventory was in needs at the state's colleges and universities, with an increase of \$1 billion, and in water and wastewater, with an increase of \$307 million. Of the 22 types of public infrastructure needs, only 8 decreased.

Business district development needs increased by the largest percentage, more than doubling the amount in the last report. These needs increased from **\$376 million to \$810 million** (115.6%); this increase can be attributed to a new convention center in Nashville.

Dr. Harry Green, TACIR's executive director, has noted "This inventory and report is unique to Tennessee. No other state that, we are aware of, has a comprehensive inventory of needs."

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For the third time, the report includes information about the availability of funding. Of the \$29.2 billion in needs identified as local, officials are confident of funding for only \$9.1 billion. Officials are asked to report only those funding dollars that are available and not asked to speculate about how a project could be funded.

Some projects are expected to receive funding from the American Recovery and Reinvestment Act; however, because the Act authorized two years of funding for some programs, the amount of ARRA funds is as yet unknown. Senator Mark Norris, TACIR's chairman, had this to say about the report: "One of the advantages of having this type of report was our ability to respond quickly for ARRA funding. Many states do not have this resource available." The 2009 ARRA included a significant amount of funding for public infrastructure to meet needs like those in this inventory and to stimulate local economies. Jobs created to build public infrastructure are largely private sector jobs. According to Mark Zandi, chief economist and co-founder of Moody's Economy.com, estimated in a January 2009 report that a dollar spent on public infrastructure boosts gross domestic product (GDP) \$1.59, making investment in infrastructure one of the best ways to create jobs and stimulate the economy.

This inventory of Tennessee's public infrastructure needs 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, **91%** of local public schools are now in good or excellent condition. However, they estimate the cost to put the remaining 9% in good or better condition at **\$1.6 billion**, which is a **\$79 million** increase from the cost reported in the previous report.

Other Highlights from the Report

- Total **Education** infrastructure needs increased from **\$6.8 billion to \$7.7 billion** (about 14%) since the last report. This was the second largest increase among the six categories. This increase can be attributed to **\$1 billion** in new needs at the state's public post-secondary schools.
- **Education** is the category with the greatest unfunded need. Sources are known for only a quarter of the need reported. The funding analysis does not include needs at existing schools or institutions of higher learning.
- **Health, Safety, and Welfare** at **\$7.1 billion** is the **third largest cost category** and accounts for 19.2% of the state's public infrastructure needs. Water and wastewater needs alone total almost **\$4.2 billion** or over 11% of the grand total and 58% of this one category.
- Water and wastewater, transportation, and local public education combined represent more than 70% of total reported needs.

The full report is available on TACIR's web site at <http://www.tn.gov/tacir/infrastructure.html>.

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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