TENNESSEE’S PUBLIC INFRASTRUCTURE NEEDS CONTINUE TO GROW  
NOW STAND AT $28.3 BILLION

October 15– According to a new report released by the Tennessee Advisory Commission on  
Intergovernmental Relations (TACIR), Tennessee needs at least $28.3 billion of public  
infrastructure improvements to be in some stage of development during the five-year period of  
2004-2009. 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 $23.2  
billion in needs for which the availability of funding was reported, local officials are confident of  
only $9.0 billion of that amount.

The current report, which is based on information provided by state and local officials, shows an  
increase in needs of $14.7 billion (up 107%) since the first inventory was published six years  
ago and an increase of about $3.9 billion (16%) from the October 2005 report. These needs  
fall into six general categories:

- Transportation and Utilities: $14.6 billion
- Education: $5.7 billion
- Health, Safety, and Welfare: $5.2 billion
- Recreation and Culture: $1.8 billion
- Economic Development: $669 million
- General Government: $426 million

Dr. Harry Green, TACIR’s executive director, noted, “TACIR now has the most comprehensive  
inventory of infrastructure needs in the project’s nine-year history. This report is the second to  
provide information about the availability of funding. It should concern us all that local officials  
are only confident of 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 $10.4 billion to $14.6 billion. Transportation  
needs alone represent $13.7 billion (48.2%) of the total infrastructure needs. Most of the rest  
of the increase from the previous inventory was in non K-12 education with an increase of $535  
million; public health facilities with an increase of $99 million; law enforcement, an increase of  
$93 million; and K-12 existing schools improvements, an increase of $54 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, 91% of local public schools are now in good or excellent condition. They estimate the cost to put the remaining 9% in good or better condition at $608 million, which is a $571 million decrease from the cost reported in the previous report. They also report that 82% 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 $69 million statewide, which is also a huge drop (about 86% or $410 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 $1.3 billion in last year’s report to almost $1.5 billion currently.”

Other Highlights from the Report

- Total Education infrastructure needs increased from $5.3 billion to $5.6 billion (about 7%) since the last report. This was the second largest increase among the six categories. Needs at the state’s public post-secondary schools grew $535 million (about 35%) since the last report and are expected to continue to grow because of lottery scholarship-driven enrollment growth

- Health, safety, and welfare at $5.2 billion is the third largest cost category and accounts for 18.3% of the state’s public infrastructure needs. Water and wastewater needs alone total almost $3.2 billion or over 11% of the grand total and 62% of this one category. Water and wastewater, transportation, and local public education combined represent more than 70% of total reported needs.

- The economic development category, which includes business districts and industrial sites and parks, had the largest percentage change as needs decreased by $442 million (40%) from the previous report. Business district development needs decreased $342 million, with more than half of that decrease attributable to a reduction in the estimated cost of a project in Nashville.

- 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.