

# CHRONIC UNDERFUNDING FOR TRANSPORTATION: NEW YORK STATE'S RESPONSE TO LOCAL INFRASTRUCTURE NEEDS

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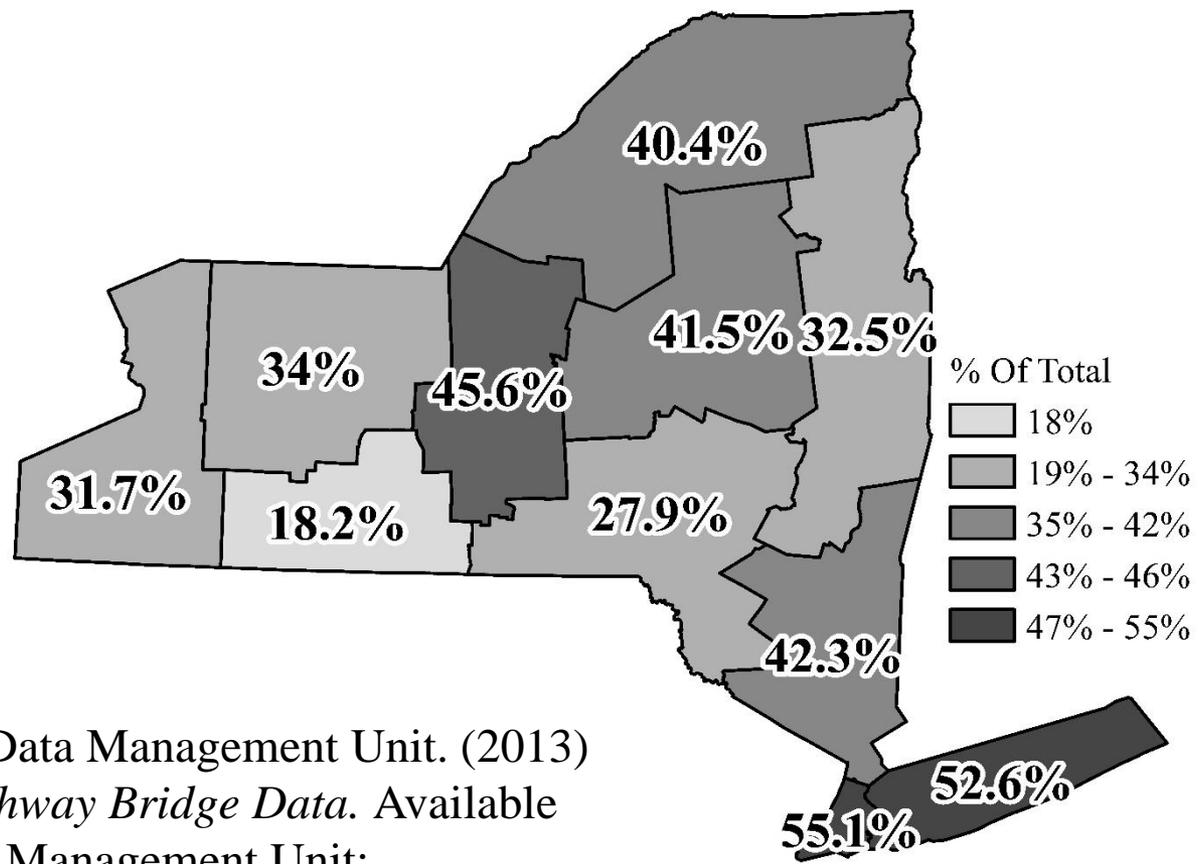
*December 9, 2014 at Gideon Putnam Resort, Saratoga Springs, NY*

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& [www.cardi.cornell.edu](http://www.cardi.cornell.edu) for more information.

- The NY infrastructure crisis – what’s causing it?
- NY infrastructure conditions and needs through data
- The unfunded infrastructure network
- Decreasing infrastructure investment
- Solutions:
  - Tax Reform and Innovation
  - Cross-sectoral collaboration
  - State Infrastructure Bank

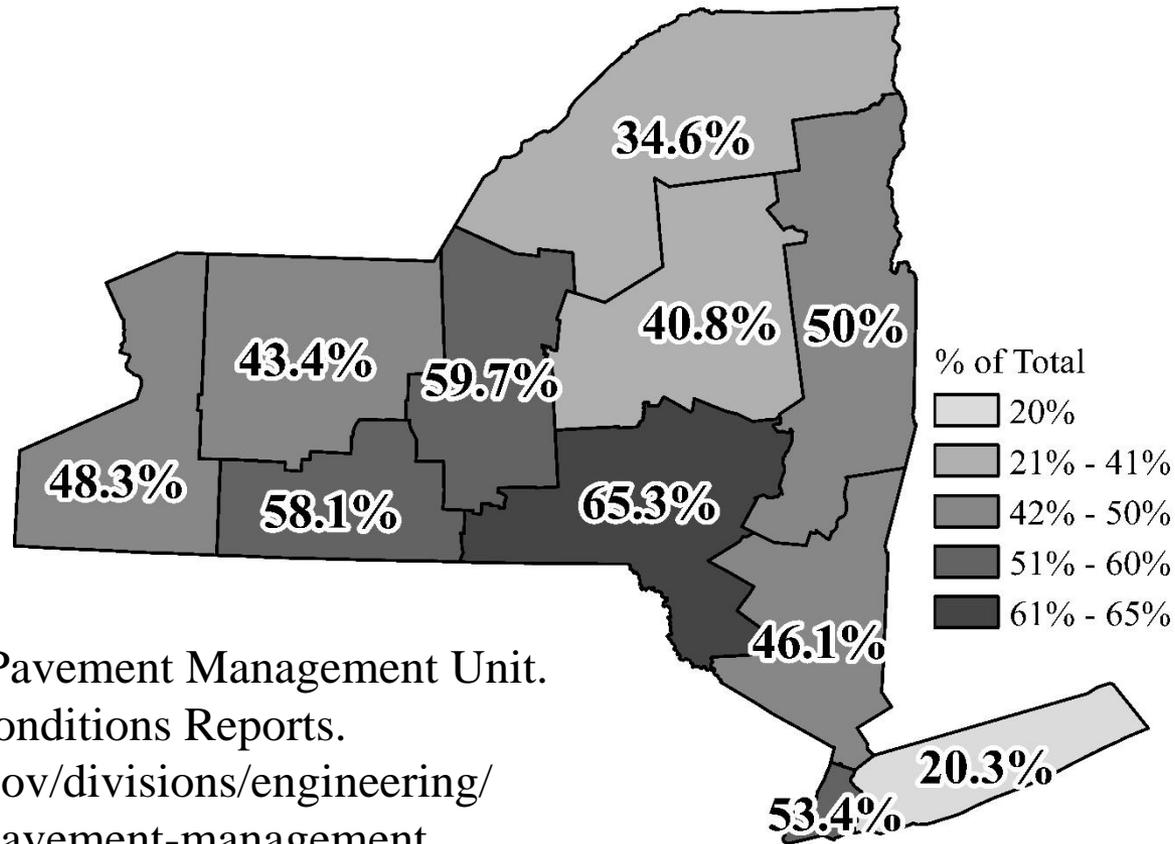
- NY State has invested in mega-projects like the Tappan Zee Bridge (\$4 billion +) while quality of local infrastructure is declining
- The governor has the chance to use the one-time surplus from the bank settlement for long-term investment
- For example, NYS water & wastewater infrastructure requires \$56.7 billion over 20 years according to the American Society of Civil Engineers' 2013 Report Card

## Percentage of Bridges Deficient By DOT Region



Source: NYSDOT Data Management Unit. (2013)  
*New York State Highway Bridge Data*. Available  
 from NYDOT Data Management Unit:  
<https://www.dot.ny.gov/main/bridgedata>

## Percentage of Highway Mileage in Poor or Fair Condition By Region



Source: NYSDOT Pavement Management Unit.  
 (2012) Pavement Conditions Reports.  
<http://www.dot.ny.gov/divisions/engineering/technical-services/pavement-management>

# THE UNDERFUNDED NETWORK

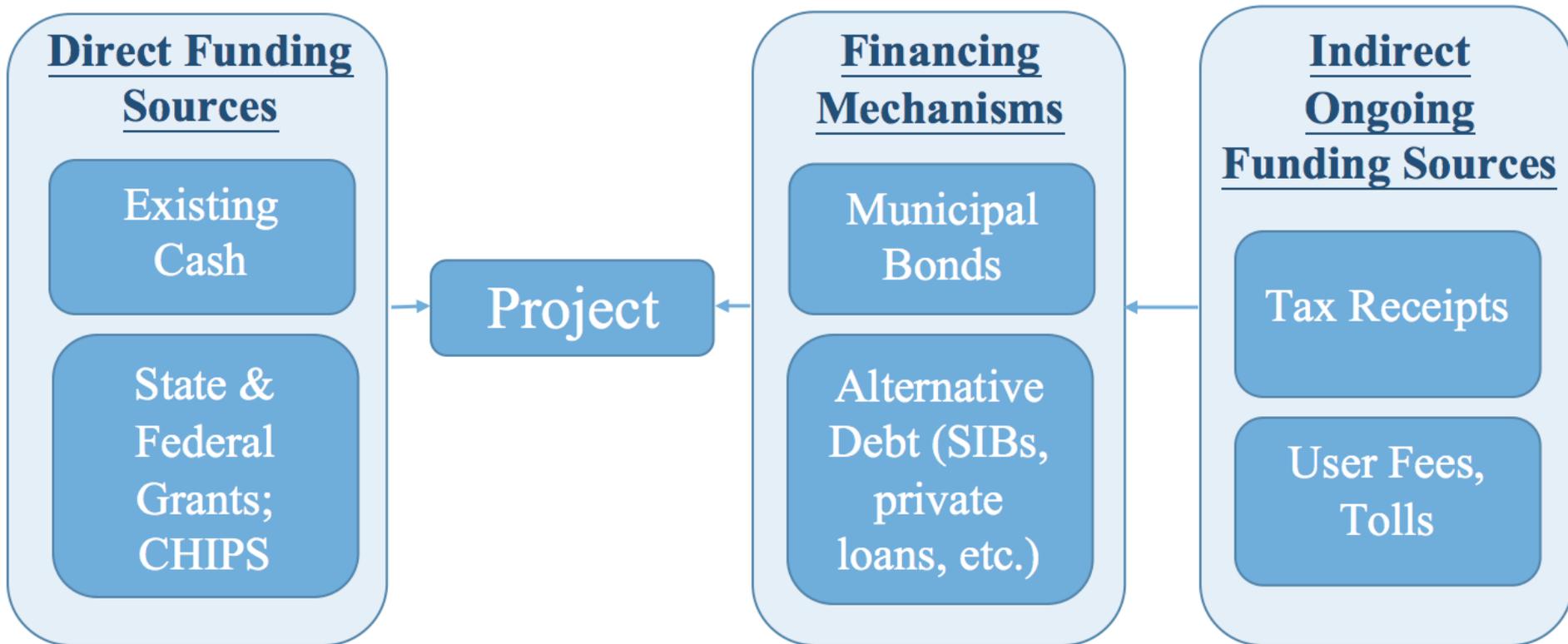
- Network impacts – infrastructure works as a system
- Visible issue that traditional funding sources can no longer pay for
- Underlying critical issue – lack of funding



Source:

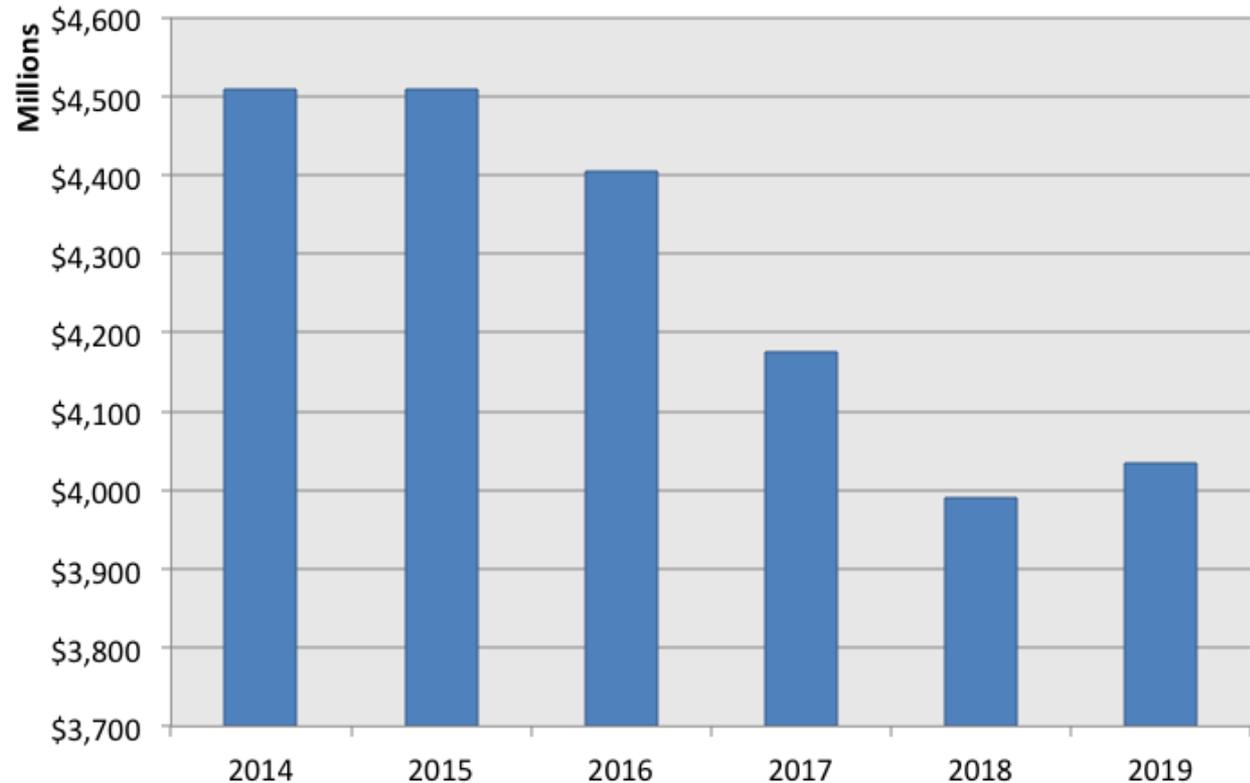
[http://www.boston.com/news/local/vermont/articles/2009/11/10/champlain\\_bridge\\_cant\\_be\\_saved/](http://www.boston.com/news/local/vermont/articles/2009/11/10/champlain_bridge_cant_be_saved/)

- Funding and Financing: How Projects Get Built



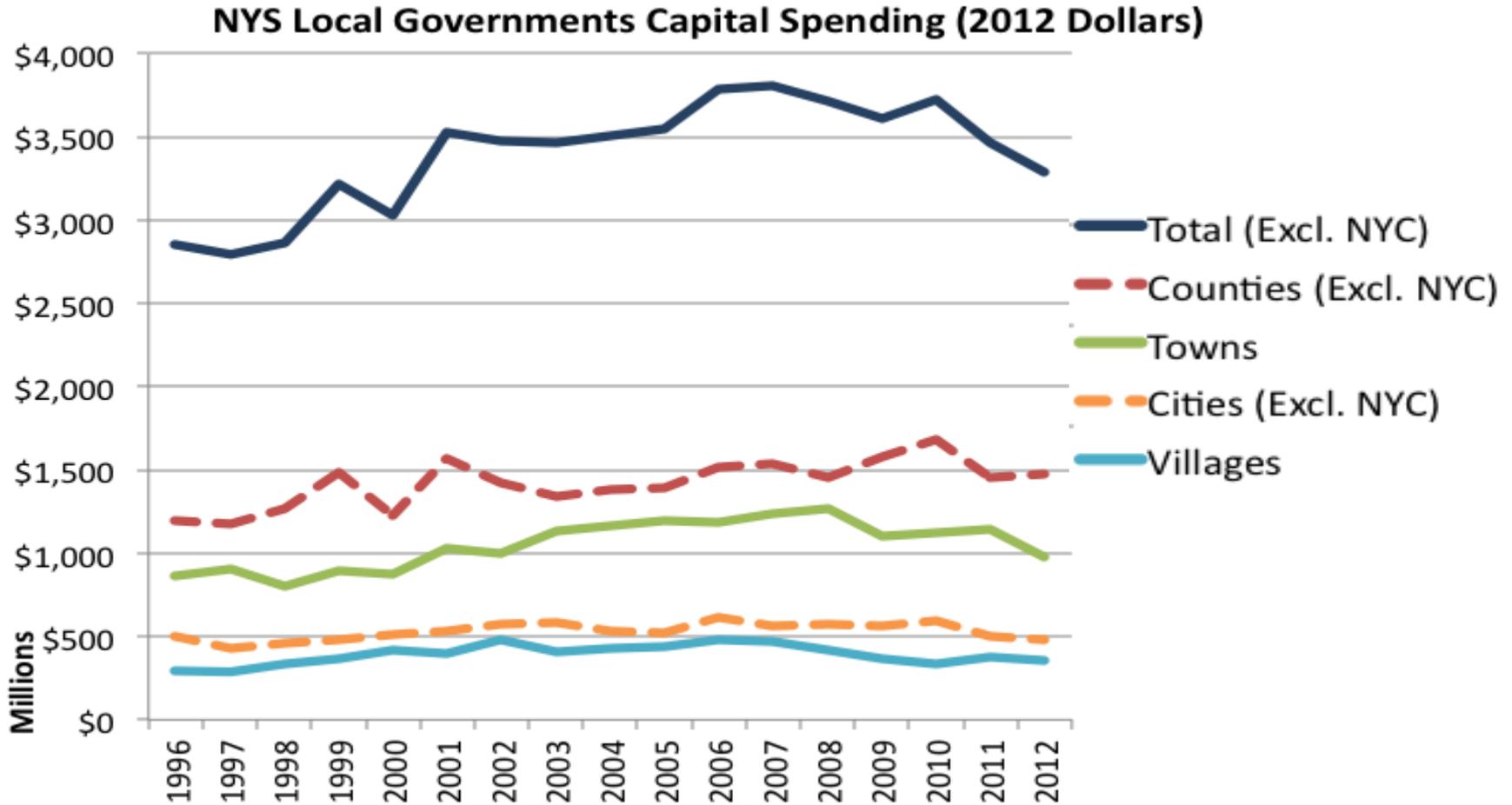
- State and federal grant funding has fallen
- Property tax cap constrains revenue
- CHIPs funding is rising but not enough

5-Year State Transportation Spending Plan (Current Dollars)



Source: NYS Division of the Budget (2014). *FY2015 Enacted Budget, Capital Program & Financing Plan*. From: [www.budget.ny.gov/budgetFP/FY2015EnactedCapitalPlan.pdf](http://www.budget.ny.gov/budgetFP/FY2015EnactedCapitalPlan.pdf)

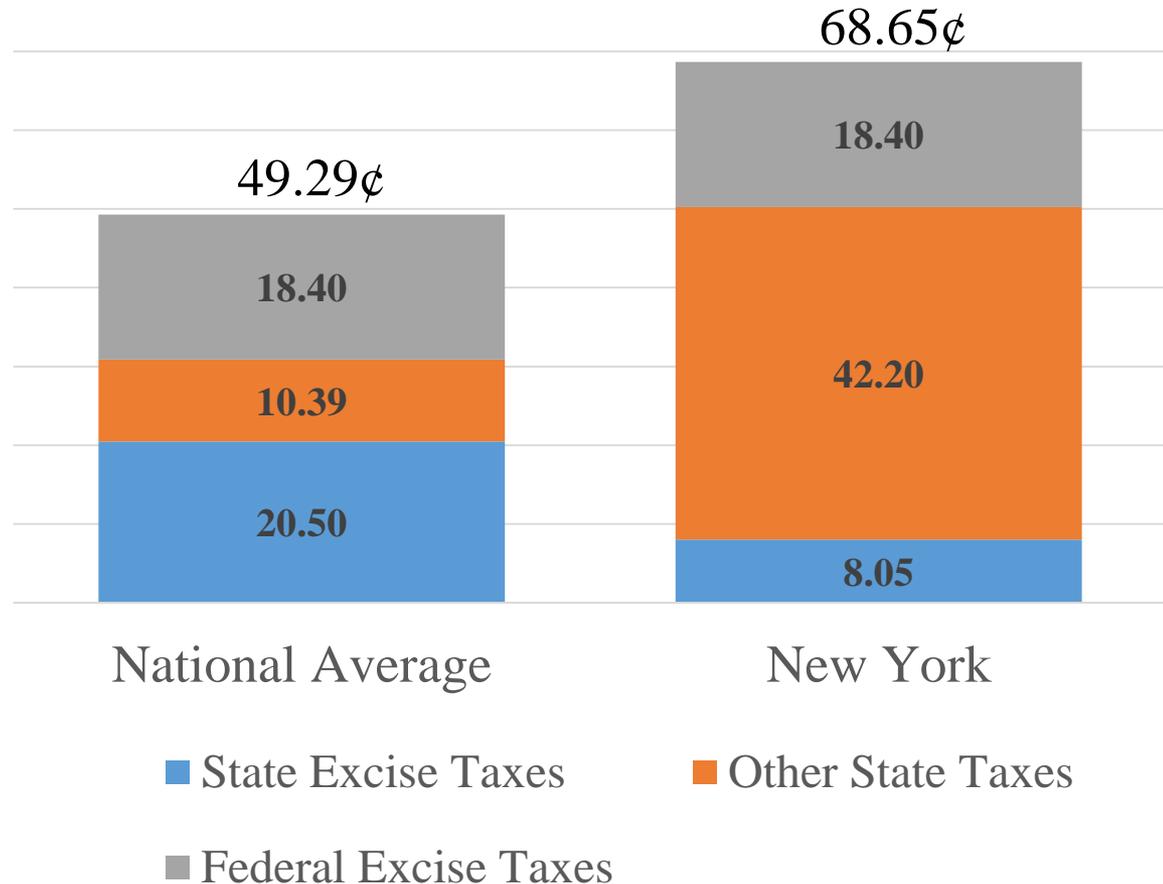
# DECLINING INFRASTRUCTURE INVESTMENTS



Source: Local Government & School Accountability, NYS Office of the Comptroller (1996-2012). Local Government Finances Summary of Data. From: [www.osc.state.ny.us/localgov/datanStat/findata/index\\_choice.htm](http://www.osc.state.ny.us/localgov/datanStat/findata/index_choice.htm)

- Rededicate the Dedicated Highway and Bridge Trust Fund
- Comptroller: only 22% of fund to capital investments
- Bipartisan effort already forming

## Gasoline Taxes (cents per gallon)



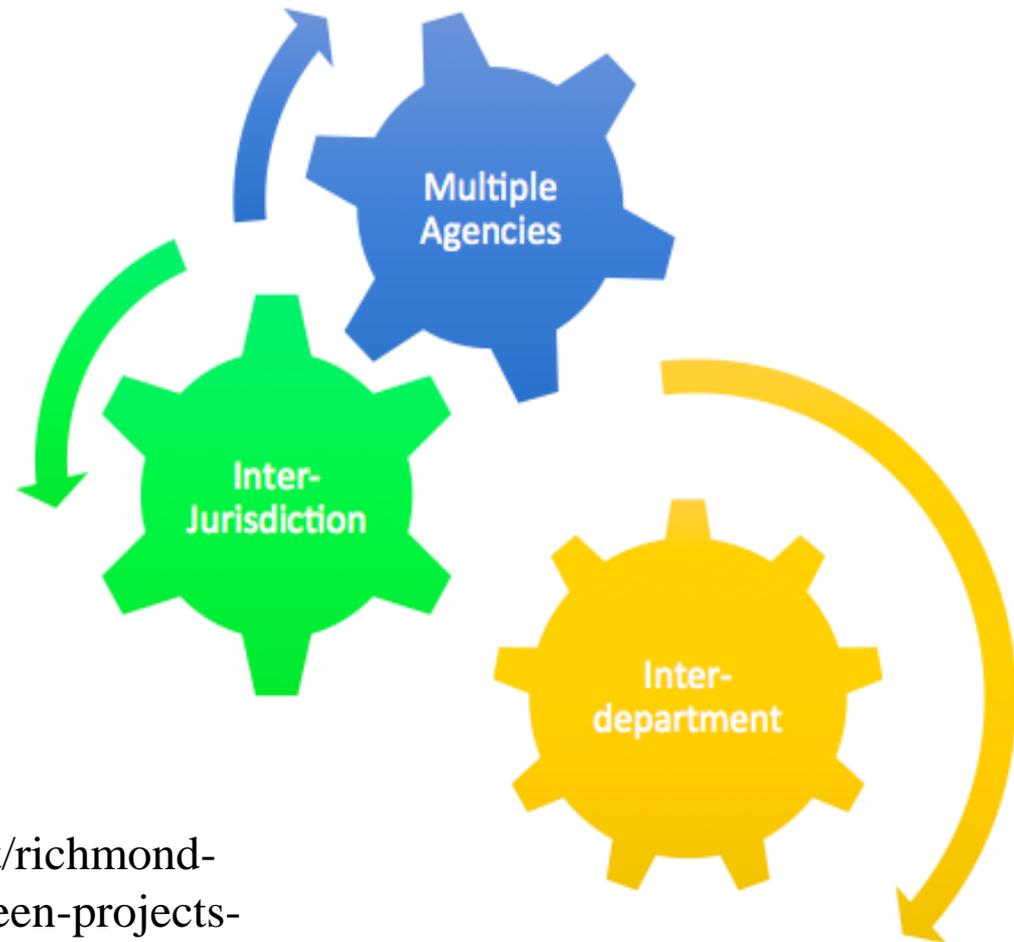
- Property tax cap exemptions!
- Special Purpose Local Option Sales Tax (SPLOST)
- User-based VMT tax



Source:

<http://www.wsbradio.com/news/news/splost-line-gwinnett-co-election/nbTnS/>

# SOLUTIONS: CROSS-SECTOR COLLABORATION



Source: [http://savetherain.us/str\\_project/richmond-ave/?construction\\_date=2013&type=green-projects-acj&cat=p-type&parent=6411](http://savetherain.us/str_project/richmond-ave/?construction_date=2013&type=green-projects-acj&cat=p-type&parent=6411)

- Over 175 Green Infrastructure Projects
- Bundling Delivery of Distinct Infrastructure Projects (roads, water, fiber optic)
- Towns, Cities, Counties, and Private Institutions



Source:

<http://www.slideshare.net/fullscreen/savethera/in/legnetto-gi-maintenance-presentation-2014/22>

- Revolving Loan Funds that provide low-interest loans to infrastructure projects
- Financing tool – not a funding solution
- 33 SIBs to date
- Analysis shows not very useful



Source:

[http://www.commonwealthmagazine.org/News-and-Features/Features/2012/Fall/~/\\_media/Images/Commonwealth%20Magazine/2012%20Fall/INFRASTRUCTURE\\_BANK.ashx?h=549&w=400&as=1](http://www.commonwealthmagazine.org/News-and-Features/Features/2012/Fall/~/_media/Images/Commonwealth%20Magazine/2012%20Fall/INFRASTRUCTURE_BANK.ashx?h=549&w=400&as=1)

- Recommendations for A NYS Infrastructure Bank:
  - Exempt payments from the Property Tax Cap – state approval for loan builds trust
  - Finance smaller projects, not megaprojects
  - Standards should be established to require implementation of best practices in construction and maintenance

# TOPICS FOR DISCUSSION

- Cuomo's focus on financing solutions misses the point:
- Infrastructure crisis has been caused by a lack of funding.
- Solution: increase funding! Through tax reform and cross-sectoral collaboration.
  - A SIB could be a useful financing mechanism if created correctly, but doesn't solve the funding issue.
  - A Full Report is Available at:  
[www.mildredwarner.org/restructuring/fiscal-stress](http://www.mildredwarner.org/restructuring/fiscal-stress)