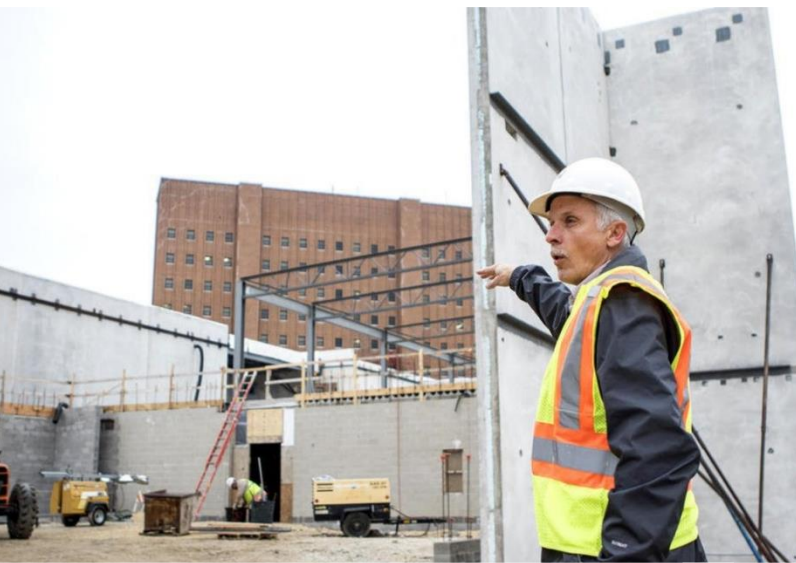


PASSING THE BUCK:

AN ASSESSMENT OF CAPITAL FUNDING NEEDS IN ILLINOIS

May 2, 2018



Mary Craighead, AICP

EXECUTIVE SUMMARY

Infrastructure investment has been debated at the federal, state, and local levels for decades, and for good reason. Infrastructure, including transportation, education, and other state facilities, not only serves as the backbone of a state's economy, but its construction also provides quality, middle-class jobs. This report by the [Illinois Economic Policy Institute \(ILEPI\)](#) explores past capital funding bills in Illinois and examines funding needs for transportation and state buildings and facilities.

Illinois is due for new capital funding.

- Historically, transportation, education, and public service agencies throughout Illinois could depend on a capital bill approximately every 10 years.
- A capital bill has not been passed since the 2008 bill known as "Illinois Jobs Now!"
- The federal infrastructure plan depends largely on state and local governments and private organizations for funding, thus Illinois lawmakers should be motivated to supply their own capital funding.

State buildings and facilities have significant maintenance and repair needs.

- Total deferred maintenance needs are over \$7.3 billion for fiscal year 2019.
- Deferred maintenance needs have grown by \$550 million per year.
- The Departments of Corrections and Health and Human Services alone account for over 50% of deferred maintenance needs, at over \$2 billion and \$1.9 billion, respectively.

Education facilities are also facing massive maintenance and repair needs.

- Higher education facilities, including public universities and community colleges, have additional deferred maintenance needs totaling more than \$5.5 billion for fiscal year 2019.
- The two-year capital needs for P-12 education facilities in fiscal year 2017 were \$7.5 billion, averaging approximately \$18.5 million per district.

Additional investment is necessary to bring transportation systems into a state of good repair.

- IDOT requires *an additional* \$11 billion through the year 2023 to bring all road miles into an acceptable condition and repair all backlog bridges.
- The Regional Transportation Authority's current capital needs total \$19.4 billion.
- Downstate transit systems require \$2 billion in capital improvements to both urban and rural systems over the next 10 years.

Over \$21 billion per year is necessary to address deferred building maintenance and bring the state's transportation systems into a state of good repair.

- Building facilities needs account for over \$16 billion per year, with state owned facilities accounting for 34% of total needs.
- Education needs stand at approximately \$9 billion per year – 44% of total needs.
- Almost \$5 billion per year is required just to address backlog on IDOT roads and bridges and statewide transit systems.

Capital investment in Illinois' infrastructure systems is crucial to promote a thriving and economically successful state. Despite this, funding has been inadequate in recent years. Education, health, and corrections facilities have been poorly maintained, roadways and transit systems have deteriorated and become congested, and classrooms have become overcrowded. In the end, the state's transportation, education, and public facilities are too important to allow continued neglect. It is time for lawmakers to seriously discuss viable funding options and sustainable, adequate capital funding to address these severe shortfalls.

INTRODUCTION

Infrastructure investment has been debated at the federal, state, and local levels for decades, and for good reason. Infrastructure, including transportation, education, and other state facilities, not only serves as the backbone of a state's economy, but its construction also provides quality, middle-class jobs. Despite this, Illinois' leaders and policymakers have failed to provide adequate funding for crucial capital maintenance and construction projects. As a result, residents across the state are experiencing pothole filled roads, overcrowded schools, poorly maintained university buildings, and deteriorating state facilities. This report by the [Illinois Economic Policy Institute \(IEPI\)](#) explores past capital funding bills in Illinois and examines both transportation and state buildings and facilities funding needs.

CAPITAL FUNDING IN ILLINOIS

Historically, Illinois transportation, education, and public service agencies could depend on a capital bill approximately every 10 years. State and local agencies across the state – including the Illinois Department of Transportation (IDOT), Illinois Department of Corrections (IDOC), local transit organizations, public universities, P-12 schools, and many others – depend on the funding to maintain and update buildings and equipment. Since 1985, three capital programs have been passed:

- **1985 Build Illinois:** passed under Governor Jim Thompson, it included \$1.3 billion for infrastructure, education, environmental, and business development projects (TFIC, 2017).
- **1999 Illinois FIRST:** passed under Governor George Ryan, it included \$12 billion in funding, including federal and local matches. It was largely transportation focused, but also provided funding for school construction, water and sewer projects, corrections, outdoor recreation, and many other programs (TFIC, 2017).
- **2008 Illinois Jobs Now!:** the most recent capital funding bill was passed under Governor Pat Quinn and included \$31 billion in investment through a combination of state debt and federal and local matching funds. Transportation, education, community development, economic development, and environmental projects were all supported (State of Illinois, n.d.).

Now 10 years after the last capital bill was passed, a new bill has not yet been proposed. Furthermore, a sweeping federal infrastructure plan that includes the needed funding can no longer be expected.

President Trump's recently released \$1.5 trillion infrastructure proposal emphasizes the need to leverage federal funding with local or private support. Only \$200 billion of direct federal funding was proposed through a combination of five major programs to support infrastructure, ranging from transportation to electricity and broadband systems. The largest funding is allotted to the Infrastructure Incentives Program at \$100 billion, of which only 20% of total project costs will be covered by federal funds, with the remaining generated by local sources (The White House, 2018). Consequently, Illinois lawmakers should be especially motivated to supply its own capital funding bill for infrastructure projects.

STATE BUILDINGS AND FACILITIES NEEDS

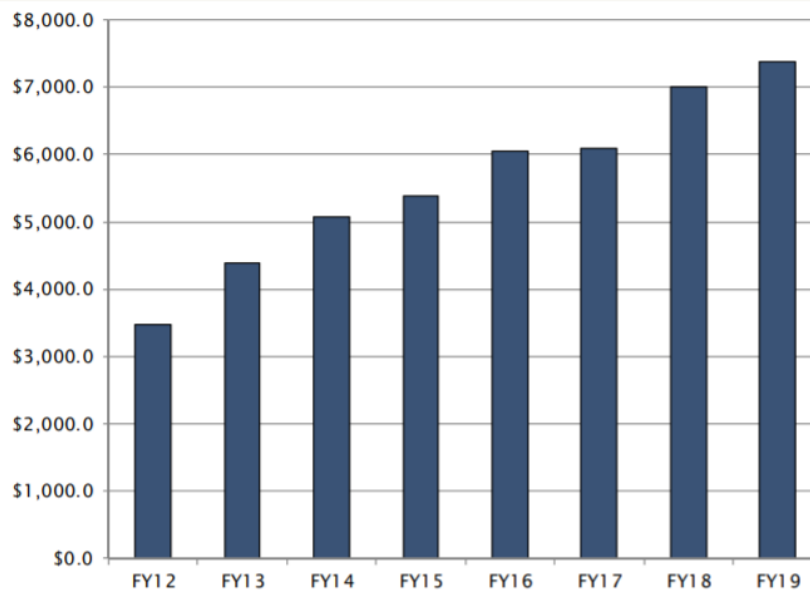
Illinois' state facilities occupy over 8,700 buildings and 101 million square feet of floor space. They serve diverse needs, ranging from prisons to universities, mental health hospitals, and state parks.

The building types are similarly diverse, including office buildings, hospitals, laboratories, fairgrounds, garages, state park lodges, and historical structures. Despite the importance of these facilities – with students, patients, and staff depending on safe buildings and conditions – funding to provide proper maintenance has faltered. The following section summarizes the core building needs throughout Illinois, including statewide facilities, higher education, and P-12 education facilities.

State Owned Facilities

Total state owned deferred maintenance needs – defined as postponed repairs to facilities and equipment – total over \$7.3 billion for fiscal year 2019. As summarized in Figure 1, this amount has been steadily increasing every year since 2012. On average, deferred maintenance needs have grown by \$550 million per year, and the amount will only compound over time (State of Illinois, 2018).

Figure 1: Illinois State Deferred Maintenance Needs, FY 2012-2019 (\$ millions)



Source(s): Illinois State Capital Budget Fiscal Year 2019

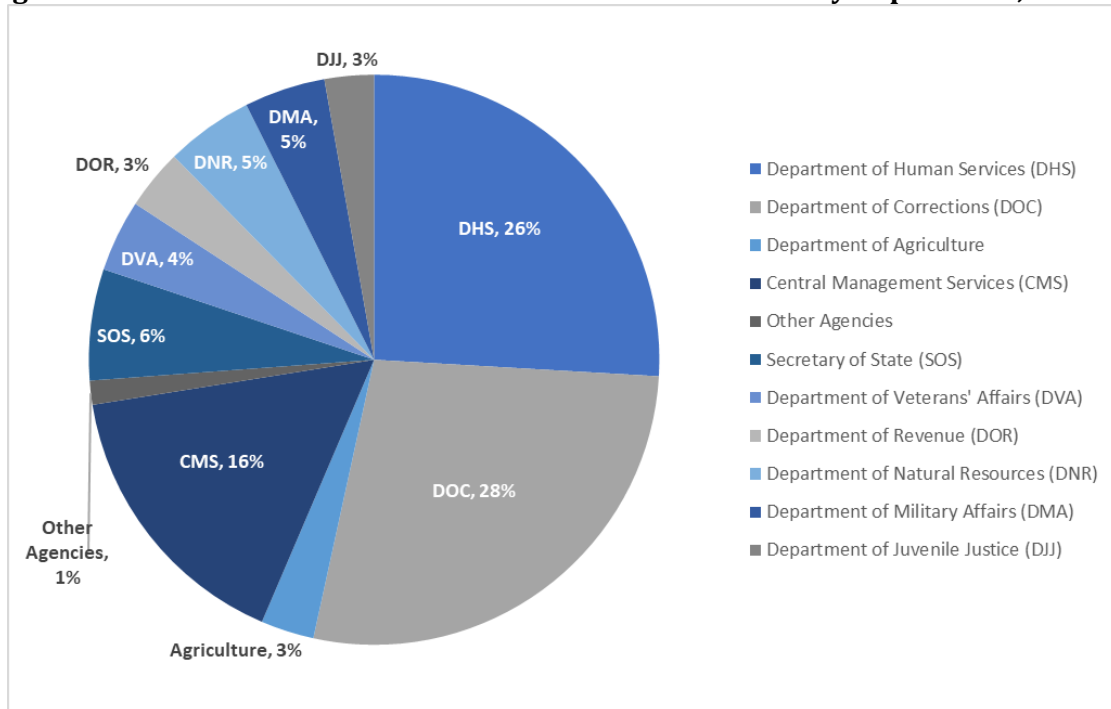
Maintenance needs may include upgrading electrical, mechanical, roofing, and plumbing systems or minor remodeling of building interiors and exteriors. Repairs to exterior features, like roofs, windows, and doors, will lessen additional costs in the long-term, by protecting all interior elements from additional damage.

Over 50% of total facilities maintenance needs can be attributed to the Department of Human Services (DHS) and Department of Corrections (DOC) (Figure 2). The DOC estimates over \$2 billion in maintenance needs, the highest of any agency, within their 25 adult correctional facilities. Similarly, maintenance is required at every DHS facility – including mental health and developmental centers, the Illinois School for the Deaf, and the Illinois School for the Visually Impaired – totaling over \$1.9 billion. Both of these departments operate facilities 24-hours a day, thus making improvements vital for the residents and staff (State of Illinois, 2018).

As an example, the Illinois Veterans Home, a state-run facility in Quincy, has been battling Legionnaires’ disease since 2015 as a result of its 132-year-old plumbing. Consequently, 13 people have died and at least 61 residents and staff have been sickened between three separate outbreaks over three years. The disease is contracted through the facility’s showers, sinks, and fountains, which are supported largely by the original plumbing of the facility. The Director of the Illinois Department

of Veterans' Affairs stated that the facility will likely never be rid of the disease as long as the original plumbing remains in place. This is a prime example of the extreme hazards deferred maintenance can have on Illinois residents. If adequate funding was in place, the tragic hurt felt by veterans' and their families could have been avoided (McKinney and Arnold, 2017).

Figure 2: State Owned Facilities Deferred Maintenance Needs by Department, FY 2019

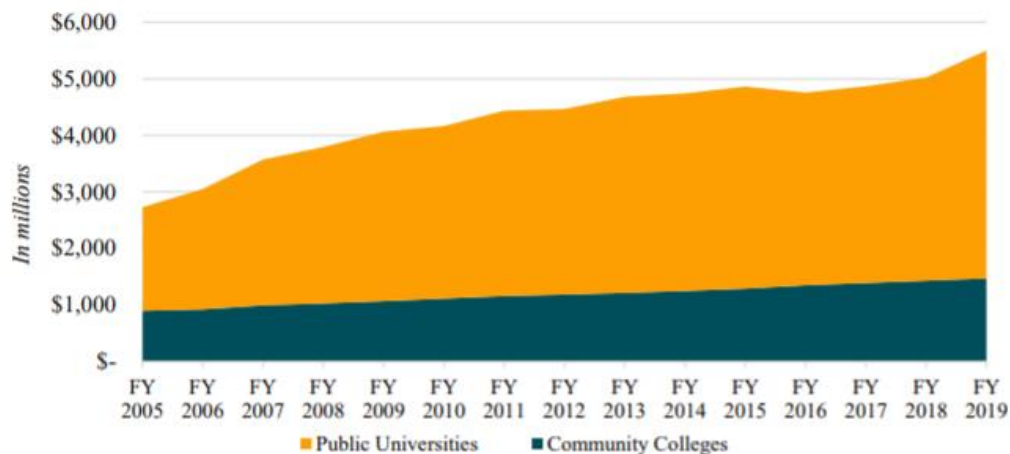


Source(s): Illinois State Capital Budget Fiscal Year 2019

Public Higher Education Facilities

Similar to state facilities, the needs of public universities and community colleges have been steadily increasing over the last decade. As shown in Figure 3, deferred maintenance for these facilities has more than doubled from just under \$2.7 billion in FY 2005 to almost \$5.5 billion in FY 2019, including \$4 billion for public universities and \$1.5 billion for community colleges (IBHE, 2018).

Figure 3: Public Universities and Community Colleges Deferred Maintenance, FY 2005-2019



Source(s): Illinois Board of Higher Education FY 2019 Higher Education Budget Recommendations

Without addressing these issues, many public universities are facing health and safety issues that result in operational disruptions and endanger campus populations. Chicago State University has already suffered from several partial building closures. Additionally, 17 projects have been identified statewide that require immediate remediation, totaling over \$44 million. Without repairs, operations will cease or campus populations will be subject to safety issues. Despite this cost, the Illinois Board of Higher Education only requested \$20 million in their FY 2019 budget recommendation for emergency capital; this is the result of lack of capital funding offered in recent years and past awarded funding being directed towards new construction as opposed to maintenance as the IBHE recommended (IBHE, 2018).

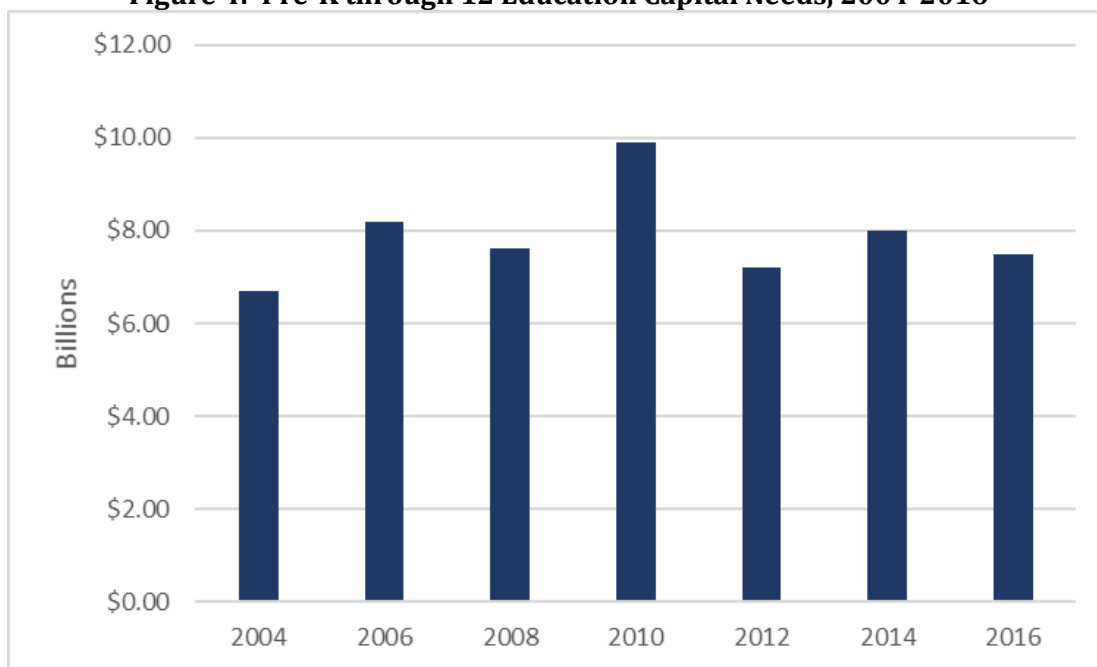
PreK – 12 Education Facilities

While P-12 school districts typically perform capital projects with local funding, many also depend upon state funding. Since 2005 a Capital Needs Assessment has been performed biannually for these facilities, surveying school districts statewide. While all school districts do not consistently respond to the survey, it provides an overall picture of the massive need within these local school districts.

Since 2004, the capital needs reported through these assessments have totaled more than \$6 billion, with 2010 being the highest at almost \$10 billion (Figure 4). The average reported need per district ranged between \$9.7 million in 2004 to \$18.9 million in 2012. In 2016, the average need per district – of the 406 elementary, secondary, and unit school districts surveyed – totaled \$18.5 million (ISBE, 2016).

In all, approximately \$7.5 billion is needed over the next two years for capital needs, including new schools, building additions, and general maintenance. Specifically, \$993 million is needed for 62 new schools and over \$5.7 billion is needed for maintenance and remodeling, including almost \$3 billion for health/life safety work. School districts are currently using 763 temporary classrooms, while an additional 247 and 286 classrooms are needed for pre-kindergarten and kindergarten classrooms, respectively (ISBE, 2016).

Figure 4: Pre-K through 12 Education Capital Needs, 2004-2016



Source(s): Illinois State Board of Education Capital Needs Assessment Survey Results

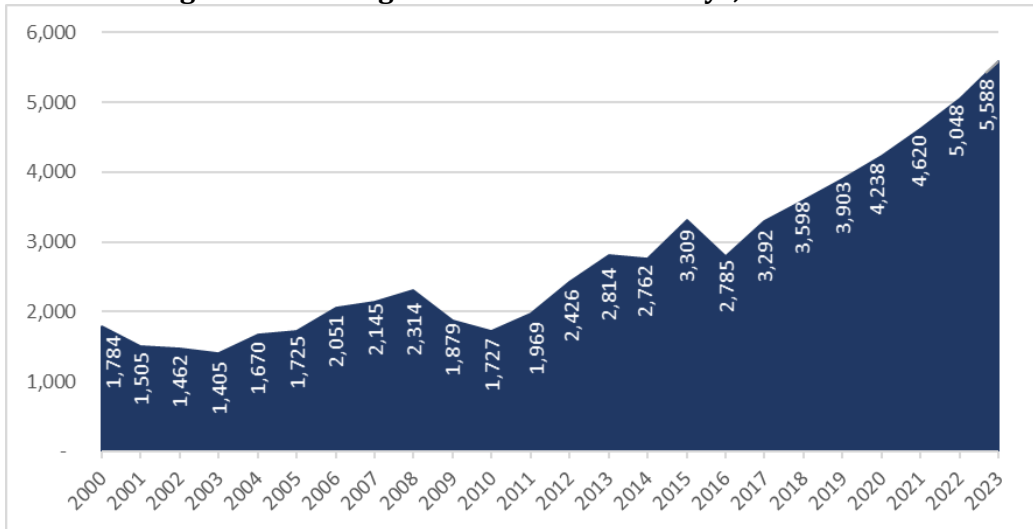
TRANSPORTATION NEEDS

Similar to the state’s building facility needs, Illinois’ transportation system is also experiencing significant maintenance issues as a result of lackluster funding. As maintenance for roads, bridges, and transit systems is deferred, new projects to address safety or congestion needs become unlikely and more difficult.

IDOT Roads and Bridges

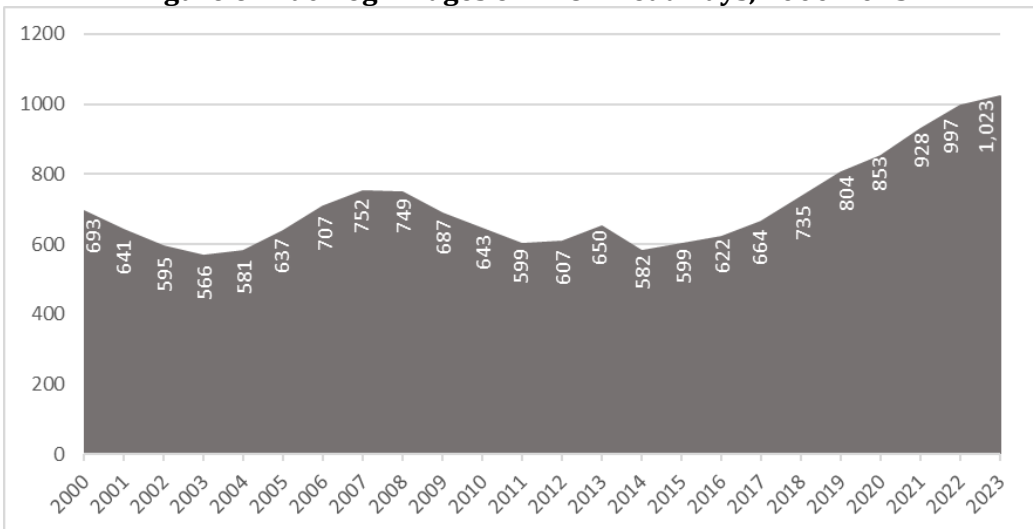
An increasing number of roads and bridges are being classified as “backlogged” by the Illinois Department of Transportation (IDOT). Backlog indicates that a roadway or bridge has deteriorated to the point of requiring maintenance immediately. Figures 5 and 6 illustrate the number of roadway miles and bridges on the IDOT system that were both historically considered backlogged and are expected to be in the future without increased investment.

Figure 5: Backlog Miles on IDOT Roadways, 2000-2023



Source(s): Craighead, 2018

Figure 6: Backlog Bridges on IDOT Roadways, 2000-2023



Source(s): Craighead, 2018

The number of backlog miles has increased over time, from approximately 1,700 in 2000 to over 3,300 in 2015, an 85% increase (Figure 5). The number of backlog miles is expected to double to more than 5,500 between 2016 and 2023 if current funding levels are maintained.

The number of bridges considered to be backlogged has actually decreased from 693 in 2000 to 622 in 2016; however, the number is expected to reach over 1,000 by 2023, a 64% increase, if current funding is continued to be employed. Currently 8% of bridges are considered backlogged, however 26% are “accruing,” which is defined by IDOT as a bridge that will require improvements within 6 years (IDOT, 2017a).

A recent transportation needs assessment by the Illinois Economic Policy Institute determined an approximate cost to remedy these issues and bring IDOT’s roads and bridges into a state of good repair. The report analyzed IDOT’s Highway Improvement Programs between fiscal years 2015 and 2023 to determine average maintenance costs per road mile and bridge. It was determined that the average maintenance and improvement cost per road mile is estimated to be \$1.43 million per mile and the average improvement cost per bridge is estimated to be \$2.17 million per bridge. Consequently, as summarized in Figure 7, based on IDOT’s identified total of backlog road miles and bridges, the state requires an additional \$7.98 billion to bring all road miles into an acceptable condition and \$2.17 billion to adequately repair all bridges by the year 2023 (Craighead, 2018).

Figure 7: Estimated Funding Needed to Eliminate Backlog Road Miles and Bridges on IDOT Systems by 2023

	Backlog*	Cost	Total
Road Miles	5,588	\$1,427,840	\$7,978,769,865
Bridges	1,023	\$2,170,074	\$2,219,985,325
TOTAL			\$10,198,755,189
* Backlog figures identified by IDOT for 2023			

Source(s): Craighead, 2018

Chicago Transit Systems

The Regional Transportation Authority (RTA) represents not only the largest transit system in Illinois, but the third largest in the nation. As such, it serves as a prime example of how a lack of transportation investment can impact vital transit systems throughout the state. The RTA supplies financial and planning oversight for the three major transit systems in the region – the Chicago Transit Authority (CTA), Pace suburban bus, and Metra commuter rail. Their 2015 capital asset assessment indicates that 31% of all RTA assets are not in a state of good repair. Specifically, fewer than 60% of RTA systems and 70% of RTA guideway elements are considered to be in “good repair” or within their useful life (RTA, 2017). These needs represent over 51% of total capital needs in the next 10 years, and currently stand at \$19.4 billion.

If current investment levels remain the same, the RTA will have over \$37 billion in total backlog in the next 10 years. As shown in Figure 8, the RTA estimated in their recent Capital Investment Needs report needing over \$3.4 billion per year for the next 10 years to address all existing backlog and provide normal investment. The organization’s existing capital budget totals approximately \$785 million, thus an additional \$2.6 billion per year would be required.

Figure 7: RTA Capital Funding Needs, 2017-2026 (billions 2015\$)

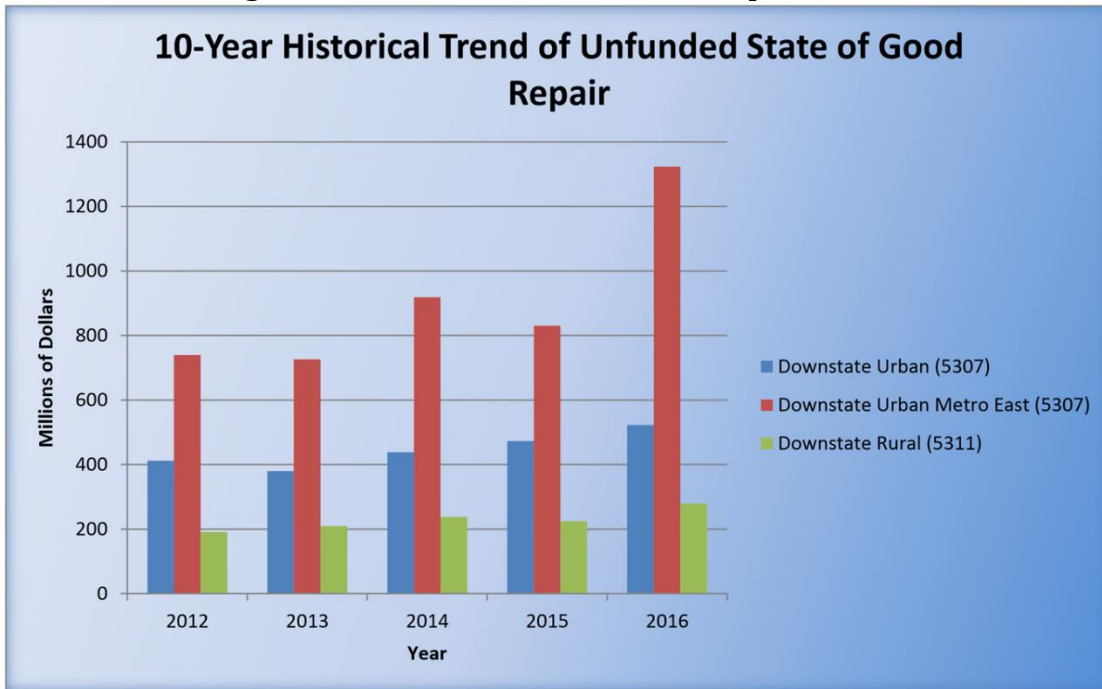
	Annual Funding	Additional Required	Times Existing Funding
Existing Capital Funding	\$0.785	-	-
10 Years to SGR	\$3.410	\$2.625	4.34
20 Years to SGR	\$2.580	\$1.795	3.29
30 Years to SGR	\$2.330	\$1.545	2.97
Maintain Backlog	\$1.540	\$0.755	1.96

Source(s): RTA Capital Investment Needs of the RTA Region: Bridge the Gap

Downstate Transit

Downstate Illinois’ transit systems number more than 60, made up of both urban and rural systems. The most significant system is the Metro-East Public Transportation District in the St. Louis metropolitan area, serving Madison, Monroe, and St. Clair Counties. In 2016, the 10-year outlook for funding needed to reach a state of good repair for all downstate transit systems totaled over \$2 billion. This was a \$600 million increase over the previous year. Figure 9 illustrates the growing needs throughout all downstate transit systems.

Figure 9: Downstate Transit 10-Year Capital Needs



Source(s): Illinois Public Transportation Association, 2017

TOTAL CAPITAL FUNDING NEEDS

As illustrated throughout the previous sections, capital needs are significant throughout Illinois and are only expected to grow if action is not taken. Figure 10 summarizes total building facilities and transportation needs per year. Each total estimated need expanded upon in previous sections was divided by the corresponding number of years it covers to provide a general estimate of over \$21 billion per year. It should be understood that this total per year is an estimate that does not take into

account inflation or specific agency needs, which may require varying funding needs over longer time periods.

Of the \$21 billion, over \$16 billion can be attributed to building facilities needs, with 34% of total funding needs falling under state owned facilities. Higher education facilities account for over 25% of total funding needs. And almost \$5 billion is required just to address backlog on IDOT roads and bridges and statewide transit systems.

Figure 10: Total Capital Needs for Illinois Building Facilities and Transportation Systems (2017\$)

	Agency / Facilities	Time Period	Total Estimated Needs	Total Per Year
Vertical Construction	State Owned Facilities*	2019	\$7.30	\$7.30
	Higher Education*	2019	\$5.50	\$5.50
	PreK-12 Education**	2016-2017	\$7.65	\$3.83
TOTAL VERTICAL CONSTRUCTION ESTIMATED NEEDS (2017\$)				\$16.63
Transportation	IDOT Roads & Bridges	2018-2023	\$10.20	\$1.70
	RTA (Chicago Transit)^	2017-2026	\$39.07	\$2.72
	Downstate Transit**	2017-2026	\$2.04	\$0.20
TOTAL TRANSPORTATION ESTIMATED NEEDS (2017\$)				\$4.63
TOTAL CAPITAL CONSTRUCTION NEEDS (2017\$)				\$21.25

* The totals provided by the Illinois State Capital Budget and Illinois Board of Higher Education are for fiscal year 2019 and were released in early 2018; as such, they are assumed to still be consistent with 2017\$

** The totals for 2016 provided by the Illinois State Board of Education and Illinois Public Transportation Association were assumed to be in 2016\$ (the original sources do not specify); these figures were converted into 2017\$

^ The total needs provided by the Regional Transportation Authority was converted into 2017\$ from 2015\$; the total per year is the value identified in Figure 7 that subtracts the RTA's existing funding and converts into 2017\$

Source(s): Illinois State Capital Budget (State Owned Facilities); Illinois Board of Higher Education (Higher Education); Illinois State board of Education (PreK-12); Craighead, 2018 (Transportation)

CONCLUSION

Capital investment in Illinois' infrastructure systems is crucial to promote a thriving and economically successful state. Funding has been inadequate in recent years, and with the lack of any new capital funding proposals, the state's residents will continue to feel the effects. Education, health, and corrections facilities will continue to be poorly maintained, roadways and transit systems will continue to deteriorate and be congested, and classrooms will continue to be overcrowded.

The state's transportation, education, and public facilities are too important to allow continual avoidance. If proper repairs are not made and regular maintenance is not performed, these facilities will continue to deteriorate and costs will only continue to increase. It is time for lawmakers to seriously discuss viable funding options and sustainable, adequate capital funding to address these severe shortfalls.

REFERENCES

- Chicago Metropolitan Agency for Planning (CMAP). (2017). *ON TO 2050 Preview Report*.
- Craighead, Mary. (2018). *Forecasting Bumpy Roads Ahead: An Assessment of Illinois' Transportation Needs*. Illinois Economic Policy Institute.
- Illinois Board of Higher Education (IBHE). (2018). *Fiscal Year 2019 Higher Education Budget Recommendations: Operations, Grants, and Capital Improvements*.
- Illinois Department of Transportation (IDOT). (2017a). *Condition Rating Survey Summary Report*.
- Illinois Department of Transportation (IDOT). (2017b). *FY 2018-2023 Proposed Highway Improvement Program*.
- Illinois State Board of Education (ISBE). (2016). *Capital Needs Assessment Survey Results*.
- McKinney, Dave and Tony Arnold. (2017). "Surviving War, But Not the Veterans' Home." *WBEZ 91.5 Chicago*.
- Regional Transportation Authority (RTA). (2016). *Capital Asset Condition 2016: Year 5 Assessment*.
- Regional Transportation Authority (RTA). (2017). *Capital Investment Needs of the RTA Region: Bridge the Gap*.
- State of Illinois. (2018). *Illinois State Capital Budget Fiscal Year 2019*.
- State of Illinois. (n.d.) *Illinois Jobs Now! Statewide Project Highlights*.
- Transportation for Illinois Coalition (TFIC). (2017). *A History of Illinois Capital Bills: 1985-Present*. Presentation Slides.
- The White House. (2018). *Legislative Outline for Rebuilding Infrastructure in America*.

COVER PHOTO CREDITS

- Chambanamoms.com. (2017). "New Hessel Park Splash Pad Under Construction – Champaign Park District."
- Gurrea, Danielle. (2016). "NIU Officials: No Timeline Set for Stevens Building Construction." *Daily Chronicle*.
- Bachman, Tyler. (2017). "New Oswego Police Station Build Slightly Delayed; Chief Anticipating October 2018 Opening." *Wspynews.com*.
- Wolfe, Doug. (2016). "Meridian Gets School Construction Money." *Frankly Media and WAND*.