

Wisconsin Towns Association Scholarship Essay

Why is town road investment important to economic development in Wisconsin?

Town road investment is important to economic development in Wisconsin because transportation infrastructure, and most importantly, effective roadway transit, “is the backbone of a modern, competitive and productive economy.”¹ More specifically, a well-developed roadway system facilitates the efficient movement of goods and services, promotes the creation and expansion of businesses, and fosters increased residential growth.² Effective roadways further boost productivity, safety, recreation, tourism, and even increased property values.³

Investing in town roads is especially crucial as towns are responsible for maintaining 61,996 miles of Wisconsin’s 112,362 miles of public roadways, over 95% of all Wisconsin land is located within towns, and towns support over 30% of Wisconsin’s population.⁴ Furthermore, failing to invest in town roads can have a debilitating impact on not only the local economy, but also on the spirit and vitality of a town.⁵

Given these facts, it would seem obvious that investing in roads would be a top priority and readily achieved by towns across Wisconsin. However, it seems nothing could be further from reality as the costs of creating and maintaining roads can be difficult to bear, especially with ever-tightening budget constraints. In fact, a recent audit of Wisconsin’s roadways concluded that, while town roads were rated better than many “non-backbone” state roads, approximately 30% of town roads were nonetheless rated as being only in either fair, poor or

¹ Business Roundtable, Road to Growth, The Case for Investing in America’s Transportation Infrastructure, September 2015 at page 1.

² Regional Science and Urban Economics, The Productivity of Transport Infrastructure Investment: A Meta-Analysis of Empirical Evidence Vol. 43 (2013) at pages 695-706.

³ Committee for Economic Development, Fixing America’s Roads and Bridges, Richard Geddes and Thomas Madison, Jr. (2017) at page 2.

⁴ Wisconsin Towns Association, Town Quick Facts, Updated April 2009, at page 1.

⁵ WPR, In Small Wisconsin Towns Paved Roads Return to Gravel, Shawn Johnson, March 2, 2017 pages 1-5.

very poor condition.⁶ This is due in large part to the fact that the cost to pave a roadway is estimated by town officials to range between \$60,000 and \$80,000 per mile.⁷

Given the fact road maintenance and improvement is expensive, local governments must prioritize needs and determine what amount of money is appropriately expended on roads versus other important town requirements. This process has been made especially difficult given the ever-increasing state-mandates placed on local governments in a variety of areas but without the additional funding to support the requirements. In particular, while the cost to towns to provide necessary services to its residents steadily increases, the state and federal aid provided to counties and towns for these purposes continues to decrease.⁸ Furthermore, any increase in the local property tax levy is now limited to the annual percentage increase in equalized value from net new construction (which is often very small or even non-existent). Compounding the problem is the fact that the local government's share of the tax levy has steadily decreased.⁹ In other words, towns are getting a smaller and smaller piece of a smaller and smaller funding pie.

I would like to be able to convey to you that I have uncovered some trade secret or funding source that solves this dilemma – but I have not. The best we can do as interested residents on a national, state and local level is to take the money we do have available and spend it wisely. In my opinion, that means placing a very high priority for use of the funds on town road maintenance and improvement.

My reasoning for this is two-fold. First, effective roadways are to the economic well-being of a town what the circulatory system is to our bodies. By that I mean, without the ability

⁶ WisContext, How Rough Are Wisconsin's Roads? Scott Gordon, March 2, 2017 at page 2.

⁷ See Article at Footnote 5 above, at page 4.

⁸ NACO Policy Research Series, Doing More with Less, Joel Griffith, et. al., Issue 5, November 2016.

⁹ League of Wisconsin Municipalities, Levy Limits Explanation and Strategies, date not provided.

of our veins and arteries to effectively support all of our vital organs, it does not matter how much is invested in the organs themselves as they will surely perish without the resources supplied by our circulatory systems. Comparably, without an effective transportation system, and especially roadways, all the investments in schools, business, districts, tourism and other endeavors never come close to reaching their full potential, and may even fail in extreme cases. As noted above, the roadway transportation system at any level of government truly is the backbone around which all other functions of a society are built. Without a strong backbone, no entity can ever thrive.

Second, other than perhaps the area of health care costs, no other area of local government costs has increased at the rate at which road repair and improvement has increased since 2005. For example, the Producer Price Indexes for asphalt and concrete had remained fairly stable from 1982 through 2005 increasing at modest rates ranging between approximately 1% and 3% annually. However, from 2005 through 2015, these same costs rose on a far greater basis with increases ranging up to 12% annually.¹⁰ The trend however since 2015 has shown that concrete and asphalt prices have flattened and even decreased in some years making this an especially opportune time to invest in road improvement.¹¹ Furthermore, motor vehicle transit is expected to increase by over 50,000,000 licensed drivers nationwide over the next 25 years further stressing an already challenged roadway system.¹²

In sum, nothing is more important to a local economy than effective roadways. Effective roadways serve as the life-blood and conduit for facilitating and achieving all local interests,

¹⁰ Market Intelligence, *The New Paving Realities*, 2012; see also, Federal Reserve Bank Economic Research *Producer Price Index by Industry* with graph of costs increases from 2005 through 2017.

¹¹ Federal Reserve Bank Economic Research *Producer Price Index by Industry* with graph of costs increases from 2005 through 2017.

¹² Market Intelligence, *The New Paving Realities*, 2012.

endeavors and requirements. Without effective roadways, no government or commercial interest will come close to reaching its potential. Furthermore, while road improvement costs have certainly increased, there is substantial evidence that market factors reveal the costs have flattened for the most part for the time-being making this a very sensible time to highly prioritize investing in the most important part of a town's infrastructure – its roadways.

Thank you for considering my essay.

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