

## **Budget Debacle's Long-Term Impacts**

*By Jack Kyser  
Chief Economist*

*Los Angeles County Economic Development Corporation*

The budget debacle confronting the State of California as well as the problems with the federal budget deficit rate lots of headlines. However, all the implications of these problems and their longer-term impacts on both residents and business are not being explored.

Consider the fact that Southern California already has a transportation "deficit" — our transportation infrastructure has not kept up with past growth in moving goods and people, and we are going to fall further behind.

In addition, the region's population continues to grow at the rate of over 300,000 people per year while the economy is back on a growth track. Two of the industries with the best prospects are international trade and tourism. This means more cars and trucks on our roadways and more demand for rail transportation.

But the state and federal budget problems mean little or no money for critical transportation projects. While the state's money problems may disappear in a couple of years, the cuts in transportation funding will be impacting us for a long, long time. It will mean more time spent on the freeways, more missed deadlines for goods movement (with a resulting cost to business), and more air pollution caused by vehicles stuck in traffic jams.

According to the Texas Transportation Institute, traffic congestion already costs the LA area \$9 billion per year and the total will grow.

The prospects are not pleasant. However, in the competition for funds between social programs and hard things like transportation, the former always wins. We need to think more creatively about funding our transportation needs.

###