AIA WASHINGTON COUNCIL

ISSUE BRIEF

DON'T LIMIT CONSTRUCTION FINANCING FOR CRITICAL BUILDINGS AND INFRASTRUCTURE

PLEASE OPPOSE SSJR 8215

KEY POINTS

- *SSJR 8215 is moving too fast to be good policy.*
- *Pushing through such a big issue in the waning days of a difficult session leaves room for error.*
- *The capital budget is critical to getting the state's economy moving and funds construction of schools, community colleges, health clinics and public housing.*
- *Hebert Research report found that WA gets the biggest return on its investment when funding construction.*
- *Every billion dollars spent on construction creates 13,820 jobs and $723 million in wages.*

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BACKGROUND

The capital budget is critical to getting the state's economy moving again. The projects it funds are needed by our schools, community colleges, health clinics and public housing. There is currently a misguided effort to ***withhold support for the capital budget and the bond bill*** in order to ensure passage of SSJR 8215.

SSJR 8215 is Moving Too Fast to be Good Public Policy

SSJR 8215 has only been around for a couple of months and has changed significantly in its short life. Its impacts have not been fully explored. SSJR 8215's major provisions would not take effect for four years. There is time to review it more fully. ***The legislature should not force such a big issue through in the waning days of a difficult session.***

Construction Spending is a Wise Investment

What is the wisest investment of the state's limited resources? *A recent report by Hebert Research of Bellevue found that the state gets the biggest return on its investment when funding construction.* In fact, every billion dollars spent on construction creates 13,820 jobs and $723 million in wages. That is nearly 1,000 more jobs and $55 million more in wages than if those funds were spent in the general government budget.

Buildings and Infrastructure are Critical to State Services

Proponents have incorrectly stated that limiting the state's debt payments would free up money to "to pay for K-12 education, higher education and social services." *How will we operate these programs without adequate facilities and infrastructure?*

We cannot have lower class sizes without classrooms. We cannot educate at our colleges without laboratories, dormitories and classrooms. We cannot heal the sick without hospitals and clinics. And, we cannot keep criminals off the street without jails and prisons.

Construction Spending is Not Driving the State's Budget Problems

State construction spending is directly tied to the size if the general fund revenues. As the revenues decline, construction spending declines. Bonds sales have dropped by more than $1.1 billion in the last two budgets. This will be the lowest bond sales in the last 10 years.

The State's Debt is Already Limited

State debt service has historically hovered around 5% of the operating budget. During a recession, we see it grow as a percentage of the budget when revenues fall. As revenues recover, debt service will again fall as a percentage of the budget. *Put simply, this is a onetime problem driven by the steep decline in revenues.* It is already self-correcting as revenues recover.

10 Year Averaging is a Positive Move

The AIA|WA agrees that moving from 3 year to 10 year averaging for calculating the debt limit would be an improvement. But, the 10 year average does not need to be tied to lower the debt limit to be effective. Just changing the averaging would smooth out the cycles.

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SUPPORT CONSTRUCTION SPENDING FOR FACILITIES AND SERVICES