

# Investing in school infrastructure

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It has been five years since the peak of "The Great Recession" in California.

More than 1.4 million Californians lost their jobs between July 2007 and February 2010, with the overwhelming majority of those being in the construction industry.

It is no surprise that when California's building industry collapsed, so did our economy and the billions in revenues that we generate to the state.

During the dark days of the recession, the state had to deal with budget deficits as high as \$42 billion and elected officials were forced to make drastic cuts to programs important to all Californians.

While extremely painful for us all, California and the homebuilding industry are now finally starting to see light at the end of the tunnel as new development projects are once again starting to happen and companies begin to hire tens of thousands of new workers.

While it has made progress, the state's homebuilding industry could at a moment's notice revert back into recession and tragically drag California's economy with it.

A major threat currently facing our industry is the state's participation in the funding of public school facilities.

Since 1998, the state, local school districts and the building industry have all financially partnered to improve and construct school facilities throughout the state.

While many local school districts and builders have been actively securing their funding for new projects, the state's portion of funding has been completely depleted – putting this highly successful program at risk.

Failure by the state to provide additional funding for school facilities could be devastating for schools and California's still fragile recovery.

One of the biggest impacts of not providing state facilities funding would be to low-income areas that simply do not have the local resources or the tax base to fund school facilities solely on their own.

Another major impact would be to the struggling construction industry that would now be expected to fully fund the cost of schools that benefit not just new homebuyers but also existing residents of a community.

Depending on the location of a new project, the square footage of the home and the current level of the school fees, new homebuyers could be forced to pay additional fees of as much as \$30,000 per house to cover the state's portion of school facilities funding.

Many new proposed construction projects are already on the bubble in terms of being financially viable. A massive fee increase of up to \$30,000 per house would unequivocally halt new projects and result in a new round of massive job losses in the construction industry.

California cannot allow this to happen. Not since 2006 has California approved a School Facilities **Bond** measure, yet the need for additional funding has dramatically increased as more children enter the public school system and the number of older schools in need of rehabilitation continues to grow.

Currently pending is a bi-partisan legislative measure, Assembly Bill 2235 by Assemblywoman **Joan Buchanan**, D-Alamo, and Assemblyman Curt Hagman, R-Chino Hills, that if approved by the Legislature and signed into law by the governor would place a School Facilities **Bond** measure on the November 2014 ballot.

While a final dollar amount has yet to be determined for the **bond** measure, studies have shown that each \$1 billion in **bond** funds would create 13,000 jobs, as well as save thousands of current construction jobs.

Those jobs, sales tax on materials, corporate taxes and personal income tax revenue that would be generated as a result of continuing California's school facilities program, would result in significant increased state revenues and at today's record low interest rates, likely more than offsetting the debt service impacts to taxpayers and the state's general fund.

That is why a broad bipartisan coalition of teacher, education, labor and business groups have come together to strongly advocate that voters be given the opportunity to vote on a new School Facilities **Bond** measure.

In the coming weeks our organizations will continue to educate the state's policymakers on the pressing needs of local schools and the importance of a School Facilities **Bond** to jobs and California's overall economy.

California's children, schools and hardworking families can ill-afford to allow this successful program to come to an end.

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