

REPAIR OUR SCHOOL BUILDINGS, REPAIR THE ECONOMY

Since the housing aid moratorium took effect in 2011, Rhode Island schools have deferred \$600 million in facilities maintenance.¹ RIDE estimates that bringing all district schools into good condition will cost \$1.8 billion, not including new facilities construction costs.²

At the same time, our unemployment rate ranks 46th nationally at 6.8 percent,³ and the construction industry is a major contributor to joblessness with a 2014 unemployment rate estimated at 40 percent.⁴

One solution offers a win-win for lawmakers. Lifting the school housing aid moratorium and improving Rhode Island's facilities financing policies will spur the investments needed to get Rhode Islanders back to work, while ensuring our students have high-quality learning environments.

Lifting the moratorium will boost our economy

Construction investments create almost as many jobs in industries supported by construction as they do in the construction industry itself.

For every 100 construction jobs created in Rhode Island, another 83 non-construction jobs are produced by the resulting economic activity.⁵

Research from other states, including Massachusetts and New Jersey, confirms that school facilities investments create thousands of new jobs, add billions to state economies and generate millions in new tax revenue.⁶

Economic benefits of new facilities investments in other states



Massachusetts



New Jersey

	Massachusetts	New Jersey
SIZE OF INVESTMENT	\$6.78 billion	\$5.4 billion
JOBS CREATED PER YEAR (DIRECT AND INDIRECT)	9,565	9,357
INCREASE IN GROSS DOMESTIC PRODUCT	\$7.76 billion	\$3.3 billion
NEW TAX REVENUE	\$412 million	\$159 million

¹ Linda Borg, "Three-year moratorium on school construction in R.I. seen creating 'missed opportunities'," Providence Journal (January 10, 2014), accessed January 27, 2015, <http://www.providencejournal.com/breaking-news/content/20140110-three-year-moratorium-on-school-construction-in-rhode-island-seen-creating-missed-opportunities.ece>.

² "FY 2013 Public Schoolhouse Assessment," RIDE (2012), pp. 18-20, accessed January 26, 2015, <http://1.usa.gov/1Mb38Ry>.

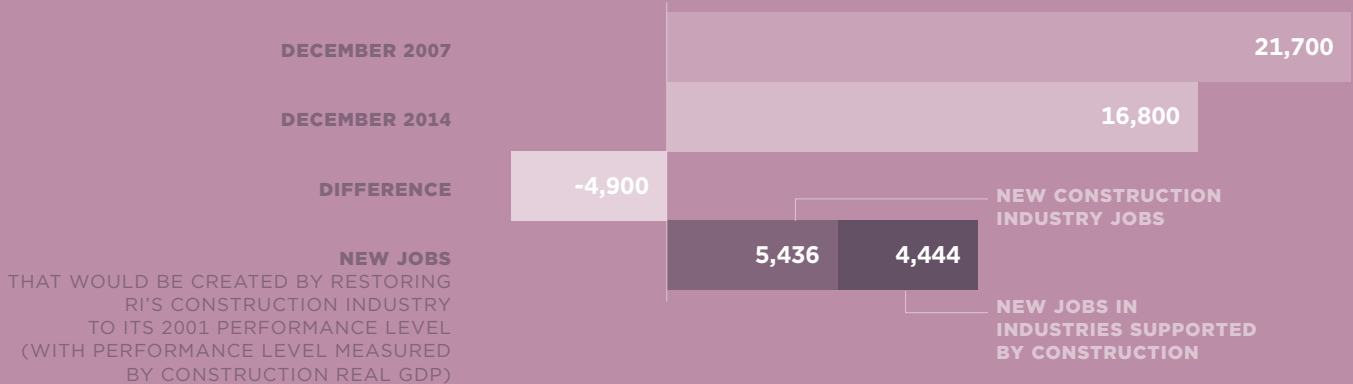
³ "Unemployment Rates for States, Monthly Rankings, Seasonally Adjusted, Dec. 2014," Bureau of Labor Statistics, accessed January 30, 2015, <http://www.bls.gov/web/laus/laumstrk.htm>.

⁴ "Senate Task Force on School Housing Aid: Findings and Recommendations," RI Senate Task Force on School Housing Aid (April 16, 2014), p. 9, accessed January 29, 2015, <http://bit.ly/1CS6rum>.

⁵ Edinaldo Tebaldi, "The Economic Impact of the Construction Industry on the Economy of Rhode Island in 2013," Bryant University (March 2014), pp. 13-14, accessed January 27, 2015, <http://www.riagc.org/attachments/article/29/2014-ConstructionReport-Final.pdf>.

If our construction industry were supported by new facilities investments and recovered to its 2001 output level, we could expect to see 9,880 new jobs: 5,436 in direct construction industry employment and 4,444 in sectors supported by the construction industry.⁷

Jobs in the RI construction industry over time⁸

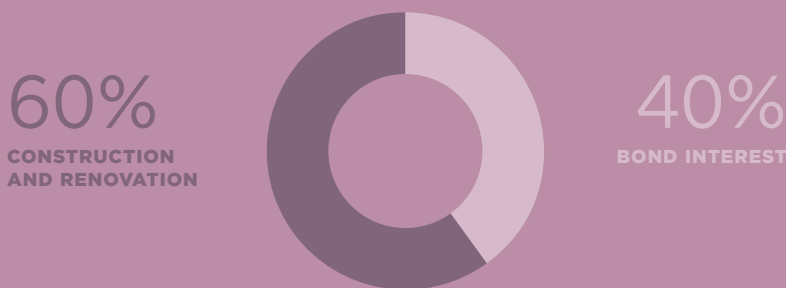


Smart changes to school housing aid will keep our economy strong

Evidence also shows that making smart changes to Rhode Island's school housing aid system will help spur our economy and keep it strong over the long run. Rhode Island should:

1. **Create a school housing authority.** The absence of a clearly unified effort on school facilities between our state's educational and financial arms is concerning. Our neighbors to the north in Massachusetts recognized that and moved to an independent authority in 2004. Since opening its doors, the authority has saved taxpayers nearly \$2 billion by improving the state's project auditing, approval and oversight processes.⁹
2. **Dedicate a revenue stream.** A dedicated funding stream for school facilities investments will ensure that a housing aid moratorium is never again necessary and will help maintain a consistent and sustainable influx of facilities projects.
3. **Institute pay-as-you-build reimbursement.** Rhode Island districts are currently required to cover the full cost of construction and renovation projects, including the share that the state will eventually reimburse. Reimbursing districts for the state's share before or during construction will make projects more affordable and reduce the percentage of housing aid funding Rhode Island spends on bond interest.

Average allocation of school housing aid reimbursement funding in RI, 1993–2014¹⁰



4. **Improve access to capital for all public schools.** Establishing a revolving loan fund or credit enhancement mechanism, and providing public charter schools with a housing aid reimbursement rate equal to what other public schools receive, will encourage districts to make new facilities investments and further boost the economy.

⁶ Alan Clayton Matthews and Barry Bluestone, "The Economic Impact of MSBA Investments on the Massachusetts Economy," Northeastern University (June 2014), accessed January 29, 2015, http://www.massschoolbuildings.org/sites/default/files/edit-contentfiles/Publications/2014_MSBA_Economic_Impact_Study.pdf; Michael L. Lahr and Aaron R. Fichtner, "Economic Impacts of Planned School Construction Projects in New Jersey," Rutgers University (July 2008), p. 1, accessed January 29, 2015, <http://www.edlawcenter.org/assets/files/pdfs/facilities/EconomicImpactSchoolConstruction.pdf>.

⁷ The Economic Impact of the Construction Industry on the Economy of Rhode Island in 2013," pp. 17-18.

⁸ First three bars calculated using: "Economic News Release: Table 5. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted," Bureau of Labor Statistics (January 27, 2015), accessed January 27, 2015, <http://www.bls.gov/news.release/laus.t05.htm>, and "Regional and State Employment and Unemployment: January 2008: Table 5. Employees on nonfarm payrolls by state and selected industry sector, seasonally adjusted," Bureau of Labor Statistics (March 11, 2008), p. 13, accessed January 27, 2015, http://www.bls.gov/news.release/archives/laus_03112008.pdf. Final bar from: "The Economic Impact of the Construction Industry on the Economy of Rhode Island in 2013," pp. 17-18.

⁹ "About Us," Massachusetts School Building Authority, accessed January 29, 2015, <http://www.massschoolbuildings.org/about>.

¹⁰ RIDE Presentation on Program Overview January 9 2014," RI Senate Task Force on School Housing Aid (January 9, 2014), accessed February 19, 2015, <http://www.rilin.state.ri.us/commissions/schoolhousing/commdocs/RIDE%20Presentation%20on%20Program%20Overview%20%20January%209%202014.pdf>.