



## **MID ATLANTIC BX TESTIMONY ON HOUSE BILL 2124**

Majority Chairman Clymer, Minority Chairman Roebuck, and members of the House Education Committee, thank you for the opportunity to speak with you today regarding Representative Grove's legislation.

My name is Chad Harvey and I'm the Executive Director of Mid Atlantic BX (MABX), a trade association headquartered here in Harrisburg that serves the construction and design industry throughout the Mid Atlantic region. Our membership is composed of general contractors, subcontractors, vendors, suppliers, architects and engineers. Some of these companies are large, vertically integrated organizations while others are small mom and pop operations. The unifying factor with all of our members, though, is their reliance upon Mid Atlantic BX to furnish them with information on a wide variety of construction projects in a timely manner.

Before I proceed any further I'd like to thank Representative Grove for his sponsorship and support of this legislation as well as the interest of the Committee with this matter. Mid Atlantic BX supports this legislation and in general is supportive of efforts to secure adequate funding for primary and secondary educational construction projects as well as the procedural improvements that are contained in House Bill 2124.

One of MABX's primary membership benefits is a construction project reporting service that compiles detailed information on a wide variety of projects and allows our members to bid on and exchange information regarding construction projects. So, given the widely varying types of members that we have, as well as the amount of construction projects that we interact with on a daily basis, our organization is uniquely positioned to speak with you today about the construction, architecture and engineering industries, school construction in Pennsylvania and the overall impact on the economy.

School construction projects are critically important to our membership and the construction community as a whole and it's no accident that the 100,000<sup>th</sup> project that MABX reported on in the summer of 2012 was a dual middle school project built just down the road in Carlisle. So with that in mind, let's turn to educational construction projects in general.

Since the 2011-2012 fiscal year, approximately \$296 million has been allocated annually for PlanCon. But how does this translate into actual projects and what impact has the static funding had on school construction in Pennsylvania? Here's what I can tell you with certainty.

During 2010 to 2013 MABX reported on a total of 5,803 primary and secondary educational construction projects. When we break this down further, though, and look at the years 2010-2012 and then contrast that block of time with 2013 we see some interesting things. From 2010 to 2012, MABX reported on an average of 1,511 projects annually with a value of approximately \$5.6 billion each year. In 2013, however, we only reported on 1,269 projects. This is a decrease of 16% in the total number of projects when compared to the average of the three years that immediately preceded 2013. In addition, the

total value of these projects was between \$4.5 to 4.8 billion which of course, represents a drop in the overall annual value of all projects. It is interesting to note, however, that the average value of the individual projects increased slightly in 2013 over 2012 to between \$2.6 - \$3.8 million. Several factors could account for this fluctuation but in general we believe this change is representative of moderate improvements to the economy, increases in materials prices and more complex projects.

So what do these figures mean and how do they affect the PlanCon program and our support of House Bill 2124?

First, a 16% drop in total projects during 2013 from the previous three year average would appear to demonstrate the chilling affect that static funding and the current PlanCon process have had upon the renovation or new construction of primary and secondary schools. Architecture firms and other construction professionals directly engaged in school projects are better equipped than I to convey the immediacy of the impact this drop has personally had upon them and we've heard from several today. So please know that when I speak of billions of dollars there is a personal side that shouldn't be overlooked.

Second, the overall drop in funding illustrates the very real and substantial impact that educational construction spending has within the Commonwealth and its effect upon Pennsylvania's construction industry and work force. This drop is quite significant as it totals approximately \$1 billion in spending that did not occur in 2013. And that lost money translates into fewer Pennsylvanians working to support their families.

Third, when we speak about investing between \$4-6 billion dollars annually, we're talking about a sizeable impact to the economy of Pennsylvania. And make no mistake, this is a two-fold investment. Number One, it's an investment in Pennsylvania's future that helps to ensure that our children have adequate educational facilities. In addition to the ravages of time, schools take a tremendous amount of abuse and they require attention in the form of updates to existing structures as well as the construction of new facilities. For Pennsylvania to remain competitive we must continue to nurture and educate our students to the best of our abilities and investing in our schools is an important part of fulfilling that obligation.

Number Two, investing in our schools is also an investment in our current workforce. Schools are complex buildings with increasingly complex needs and Pennsylvania is fortunate to have design professionals, contractors and an extremely competent construction industry that has the knowledge and skills to meet those needs. In the 1970's a well built school meant something very different than what is required today. The skills and expertise required to build today's schools are very different from yesteryear and we must be aware of the vital role that the construction of educational facilities play in sustaining and enhancing the skills of our workforce.

As Pennsylvanians, we need to make sure that we are funding the construction and renovation of our schools to the level that not only meets the needs of our future but also ensures that the jobs and skills required to continually meet this obligation remain in Pennsylvania and are as sharply honed as possible.

Many others have spoken today at length regarding specific provisions of this bill and I have no wish to reiterate the many well reasoned comments in support of Representative Grove's legislation. Instead, I desire only that you understand Mid Atlantic BX supports House Bill 2124 because we believe it is a vehicle that will improve and modernize the PlanCon process, decrease administrative and procedural costs and effort while ultimately increasing funding for our schools and help to keep Pennsylvania's construction and design industry working and engaged in projects critical to the future success of our great Commonwealth.

In closing, thank you once again for the opportunity to speak with the Committee today about this important issue. House Bill 2124 is a positive step forward for Pennsylvania and our educational system and Mid Atlantic BX joins with many other voices today to support this legislation. We look forward to continuing our participation in this ongoing discussion and helping to raise the overall level of understanding about the impact of PlanCon upon the architecture, engineering and construction industries.