

Washington State's

CAPITAL BUDGET DELAY



WHAT'S THE ISSUE?

State capital funds already scheduled for **56 school construction and renovation projects in 36 school districts** across the state are currently **on hold**, waiting on the State Legislature to pass its capital budget for the 2017-19 biennium. Without an approved capital budget, **\$1.03 billion dollars**, identified and agreed upon by the Legislature in Senate Bill 5981 for K-12 school construction projects, **are unavailable**.

WHY DIDN'T THE BUDGET PASS?

Water resource management legislation (unrelated to education) is holding up passage. While the Legislature passed a \$43.7 billion¹ statewide **operating budget**, which addresses increased funding for K-12 school operations, the **capital budget** must be passed for \$1.03 billion in school construction project funds to be distributed.

WHEN WILL THIS BE RESOLVED?

It is unclear when the Legislature will return to adopt a capital budget.

WHAT CAN I DO NOW?

Share your questions or concerns about the impacts on your district at **www.WAschoolconstruction.org**. We will gather information and answer questions.

¹ Washington State Operating Budget: <http://fiscal.wa.gov/BudgetO.aspx>

² Washington State Capital Budget: <http://fiscal.wa.gov/budgetcap.aspx>

³ Associated General Contractors of America, Sept. 2016 report

⁴ Rider Levett Bucknall North America Quarterly Construction Cost Report, Second Quarter 2017

WASHINGTON STATE CONSTRUCTION

By the Numbers

25.8
PERCENT

of the 2017-19 Washington State Capital Budget is appropriated for K-12 construction.²

ALL
295

Washington school districts could lose the opportunity to participate in OSPI's 2017-19 capital programs.

\$10.4
BILLION

in construction wages and salaries from public and private projects contributed to the state's economy in 2015.³

Construction costs in Seattle increased by

5.16
PERCENT

from April 2016 to April 2017.⁴



POTENTIAL IMPACTS TO SCHOOLS & COMMUNITIES



ECONOMIC IMPACT & LOCAL JOB LOSS

School construction is a large, specialty industry. The immediate loss of thousands of construction jobs, the impacts of those lost wages on our local communities, and the negative economic impacts for suppliers are real and painful.



HALT OF CURRENT CONSTRUCTION

Even existing projects with funding from the previous capital budget may come to a halt because payment from the Office of the Superintendent of Public Instruction (OSPI) might be delayed.



INCREASE IN COSTS

Construction costs are rising quickly, and school construction plans may need to be redesigned and scaled back due to delays. School construction bonds that communities voted on might not be able to happen as planned.



DELAYED FUNDING IMPACTS

The longer it takes for a capital budget to be adopted, the more K-12 projects throughout the state will be in line for funding. With a line-up of competition, it will be more difficult to fund all needs.



MATERIALS & LABOR SHORTAGE

When the budget is finally passed, many districts will seek labor and materials simultaneously, and a shortage of design, construction and materials capacity in the marketplace will drive up costs and push out timelines.



SIGNIFICANT LOST PLANNING TIME

Many districts have already put projects out to bid, and, because bids must be approved by OSPI, this process may be hindered and require rebidding. A delay could require resubmissions of land use and building permit applications as well.