Award-Winning Monthly Magazine of the Rhode Irland Builder: Arrociation

June 2015

# R.I. economy missing the benefits of children



State and local economies benefit from family spending, but a key finding is: State benefits more, report says.

#### By Paul F. Eno Editor

Keeping children out of a community to save on public-school costs not only doesn't work, it will backfire in the economic long run. That's the overall finding of a new report from the Center for Global and Regional Economic Studies at Bryant University, released in May.

"Spending among households with school-age children has a significant impact on economic activity, and it generates significant tax revenues for cities and towns in Rhode Island," said Bryant University economist Edinaldo Tebaldi, who co-authored the study with colleague Jongsung Kim.

The study, The Economic Impact of School-Age Population Loss on Rhode Island's Economy, also looked at the decline in the state's student population during the 2000s, noting that this actually costs more money per student by making school districts less efficient.

"Along with virtually non-existent population growth since 2000, Rhode Island has also seen a marked decrease in its school-age population, those under 18. This loss of population resulted in decreased economic activity statewide and contributed to a significant increase in average spending per student enrolled in K-12 public

see CHILDREN...page 28

# Come to RIBA's Networking (RBQ) June 11 <u>It's free! See page</u> 6



## **FEATURED PRODUCTS AND SERVICES FOR JUNE**

Center Section

### **Networking BBQ** on June 11

Attend the Networking BBQ at RIBA on June 11th, sponsored by Boston Cedar. Free for members and non-members.

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## RIBA clambake coming Aug. 7!

RIBA's 65th Annual Clambake will take place August 7th at Francis Farm, Rehoboth, Mass. Watch for more information.

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### **Economists** explain study on children

**Bryant University economists** Edinaldo Tebaldi and Jongsung Kim look at their findings in depth and explain how they reached them.

## **Charts illustrate** report's findings

See charts illustrating the local and state economic impact of families with children.

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## **RIBA offers** state-mandated contractor classes

State-mandated education for contractors is soon to take effect, and the Rhode Island **Builders Association will offer** all required classes.

Pages 4, 12, 21



# Raimondo unveils Real Jobs R.I. program

Construction among the industries targeted for public/private partnership to close the skills gap, fill open jobs.

#### By Paul F. Eno Editor

In an initiative that echoes and expands on 2014 legislation to reform career and technical education (CTE) in the state, Gov. Gina Raimondo has unveiled Real Jobs Rhode Island.

"This is a new approach to workforce training where we partner with businesses to make sure we're training people for jobs that exist now," Gov. Raimondo stated during the Real Jobs Rhode Island (RJRI) launch on April 13<sup>th</sup> at Yushin America, Cranston.



Official publication of the Rhode Island Builders Association since 1951

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With Gov. Gina Raimondo at Yushin America in Cranston on April 13<sup>th</sup> are Rhode Island Builders Association members Tracy Weick, Troy Johnson, Scott Gaudreau and Jose Vargas of The Property Advisory Group.

The initiative will involve "strategic industry partnerships" between employers, secondary and post-secondary schools, government, training providers, not-forprofits, community organizations and other partners "to meet employer demands and put Rhode Islanders back to work."

These partnerships will be backed by grants from the Dept. of Labor and Training (DLT) to "plan partnerships and initial workforce strategies." Businesses may apply for these grants until July

"This will be a demand-driven jobs program. Many of our best businesses can't find the workers they need in Rhode Island," Gov. Raimondo said.

Michael R. Greenhalgh, Yushin America's operations director, noted that his company alone has 14 open positions.

Also present at the April 13<sup>th</sup> program launch were DLT Director Scott Jensen, Commerce Secretary Stefan Pryor, Senate Majority Leader Dominick J. Ruggerio (D-Providence, North Providence), business owners and industry leaders. These included John Marcantonio, executive director of the Rhode Island Builders Association, and representatives from RIBA member The Property Advisory Group.

The initiative will be led by the DLT, the governor said. She named the construction see JOBS...page 28

## **DEADLINES FOR THE JULY ISSUE**

All copy, ads and photos must be to us by

Friday, May 29

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2/June 2015 www.ribuilders.org



RIBA says: 'Not good!'

# R.I. has nation's second most expensive land values

By Paul F. Eno Editor

Many are hailing the news that Rhode Island has the second most expensive land values in the nation, but the Rhode Island Builders Association recommends that we not pop the champagne corks anytime soon.

"It isn't our small size or the scarcity of land that's driven up land costs, as news commentators have suggested, but our planning policies," said RIBA Executive Director John Marcantonio.

"Because of low-density planning, Rhode Island has some of the largest lot requirements in the country. Even our cities aren't into adding much residential capacity or extra density," he added.

Without additional lots being created, there's no new housing supply in the marketplace, and that's driving up costs, according to Mr. Marcantonio.

Local news commentators dubbed the land-value data, based on a study from the U.S. Commerce Dept. Bureau of Economic Analysis, reported in the *Wall Street Journal* on April 22<sup>nd</sup>, as a ray of light in the state's gloomy economic landscape. They generally attributed the numbers to Rhode Island's size, relatively high population and lack of available land. The state covers only about 673,000 acres, and statisticians consider the entire state, along with some of southeastern Massachusetts, as a single metro area.

"The numbers in the study are misleading," Mr. Marcantonio contended.

"We are dense as a state but not as a metro area. We have plenty of room to grow, and plenty that can be redeveloped. The key is density. We can't continue to reject density and expect things to improve," he said.

"In Rhode Island we have high-end housing and subsidized product being built. Housing for the middle class has been regulated away," Mr. Marcantonio added.

According to the study, land in Rhode Island is worth an average of \$133,370 per acre, second in value only to the \$196,410 average per acre in New Jersey. At the same time, both were the most developed states, each at about 31 percent.

The study found that the typical acre of land in the second-smallest state – Delaware (about 1.25 million acres) has less than half the value of an acre in the Ocean State. In neighboring Massachusetts (about 5.1 million acres) and Connecticut (about 3.1 million acres), the average acre costs \$102,210 and \$128,820, respectively.

see LAND...page 28

# Construction Loans



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# **LOOKING AHEAD!**

- **OJune TBA: Pre-Registration Course for New Contractors -** Times TBA. RIBA headquarters. This five-hour class will cover the five required subject areas as specified by the Contractors' Registration and Licensing Board for new registrants. For information, contact Sheila McCarthy, smccarthy@ribuilders.org, or call (401) 438-7400. *Details on pages 12, 21.*
- OJune 9: First Aid CPR/AED class 5-9 p.m., RIBA headquarters, East Providence. Class covers adult, child, infant choking and basic first aid, including protecting yourself and children in trauma treatment and recognition. FREE for members, with a \$25 materials and certification charge. \$50 for non-members, with a \$25 materials and certification charge. To register, contact Sheila McCarthy at smccarthy@ribuilders.org or (401) 438-7400. Class size is limited to 10. Details on page 12.
- **OJune 11: Networking Barbecue -** 5-8 p.m. at RIBA headquarters. Sponsored by Boston Cedar. FREE for members and non-members but registration is required. *Details on page 6*.
- **OJune 16: "Speaking of Success" Presentation** 6 p.m., East Greenwich Yacht Club, sponsored by RIBA's Professional Women in Building Council. *Details on page 9.*
- **OJune 17: R.I. Residential Energy Code: Overview** 8:30 to 11:30 a.m., RIBA headquarters. FREE National Grid program with Rob Sherwood of Conservation Services Group. Register at https://www1.nationalgridus.com/EnergyCodeTraining. *Details on page 21.*
- **OJune 17:** R.I. Residential Energy Code: Envelope and Building Science 1 to 4 p.m., RIBA headquarters. FREE National Grid program with Rob Sherwood of Conservation Services Group. Register at https://www1.nationalgridus.com/EnergyCodeTraining. *Details on page 21*.
- **OJune 23: Beginning Quickbooks™ for Contractors -** RIBA headquarters, 5-7 p.m. FREE for members with a \$25 materials charge. Non-members \$50 with a \$25 materials charge. For more information and to register, contact Sheila McCarthy, smccarthy@ribuilders.org, or call (401) 438-7400. *Details on Page 21*.
- **OJuly 15: R.I. Commercial Energy Code: Overview** 8:30 to 11:30 a.m., RIBA headquarters. FREE National Grid program with Rob Sherwood of Conservation Services Group. Register at https://www1.nationalgridus.com/EnergyCodeTraining. *Details on page 21.*
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- ♦ QAugust 7: 65<sup>th</sup> Annual RIBA Clambake Francis Farm. Rehoboth, Mass. *Details on page 8.*
- **OSeptember 14: Annual RIBA Golf Classic** Warwick Country Club, Warwick. Watch for information.
- **OSeptember 23: R.I. Residential Energy Code: HVAC and Indoor Air Quality** 1 to 4 p.m., RIBA headquarters. FREE National Grid program with Rob Sherwood of Conservation Services Group. Register at https://www1.nationalgridus.com/EnergyCodeTraining. *Details on page 21*.

More information, registration and payment for most RIBA events is available at RIBUILDERS.org.

Olindicates a RIBA-sponsored event.

4/June 2015 www.ribuilders.org

# President's Message

# Rhode Island needs a Land Court



One of the biggest problems faced by the construction and development industries is long waits to resolve land-use issues. And if we bring one of these matters to court, the wait for a decision might be measured in years.

A solution for this logjam could be found in something that is working in other states, including Massachusetts: A Land Court.

Rhode Island already has a Traffic Court and even a Gun Court, which deal only with issues in those legal areas. As a result, judicial decisions can be rendered quickly and are clear-cut.

As with the other "specialty" courts, a Land Court would be part of the Superior Court system. But it would have a dedicated judge, with a separate calendar, who would be knowledgable in land-use matters, handling these cases exclusively.

This court would deal with all commercial and residential landuse cases throughout the state that arrive at the Superior Court level. That would include all property disputes, zoning and planning appeals, and subdivision cases. These would be dealt with in a far more expeditious fashion than they can be handled now.

Currently, these cases must be parceled out among all the Superior Court judges, who are very busy people.

Establishing a Land Court would require action by the General Assembly. It might require some funding, but its benefit to the economy would certainly be worth it. In fact, it's a way to stimulate the economy without government subsidies, allowing the free market to operate. It could streamline and allow predictability in the development process for both developers, communities and the state. And with fast, clear-cut decisions, land transactions could be streamlined from start to finish, benefiting all concerned.

The Rhode Island Builders Association will make a Land Court a legislative goal, so watch for more information.

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## From the Board

# Directors see economic study, education grants

By Paul F. Eno Editor

A landmark study on the positive economic effect of families with children was the topic in the first half of the May 5<sup>th</sup> meeting of the Rhode Island Builders Association's Board of Directors.

Bryant University economists Edinaldo Tebaldi and Jongsung Kim, authors of the study, *The Economic Impact of School-Age Population Loss on Rhode Island's Economy*, made the presentation. *Story on page 1*.

#### Education

State-mandated education for contractors will take effect soon, Mr. Marcantonio reported. RIBA will offer all required courses, free of tuition charge for members and their employees. *Stories on pages 12 & 21*.

To enhance its education program, RIBA will apply for a \$25,000 grant from the Dept. of Labor and Training as part of Gov. Gina Raimondo's Real Jobs Rhode Island program (*Story on page 2*). RIBA also will apply for grants of \$150,000 a year or more going forward. RIBA will partner with member companies, other industry groups and schools to provide ongoing education and job training, Mr. Marcantonio said.

RIBA also has been awarded at \$50,000 grant from the Office of the Attorney general to provide classes in Spanish.

## Legislation

Legislative Committee Co-Chairman Robert J. Baldwin reported on the progress of industry-related legislation at the State House. RIBA President Roland J. Fiore thanked Mr. Baldwin and Executive Director John Marcantonio for their work in this arena.

For information on RIBA membership, contact Elizabeth Carpenter at (401) 438-7400 or ecarpenter@ribuilders.org.



Bring your friends and your appetite

# RIBA Networking BBQ slated for June 11

WHEN: Thursday, June 11th, 5 to 8 p.m.

WHERE: Rhode Island Builders Association headquarters, 450 Veterans

Memorial Pky #301, East Providence 02914. **COST:** FREE for members and non-members.

**DEADLINE TO REGISTER: ASAP** 

**FOR INFORMATION AND TO REGISTER:** Contact Elizabeth Carpenter at ecarpenter@ribuilders.org or (401) 438-7400.

#### SPONSORED BY BOSTON CEDAR

Members and non-members alike: Stop by Rhode Island Builders Association head-quarters on June 11<sup>th</sup> for a free barbecue with all the trimmings, and a chance to network with your fellow contractors! There will be beer, wine and plenty of food.

Also meet the folks from Boston Cedar, a RIBA member and the generous sponsor of this event. They're excited to meet you and will have a lot of great products on display, and representatives can answer your questions on features, use and installation. Boston

see BBQ...page 28



## April 23 at The Dorrance in Providence

# PAC fundraiser draws big crowd



Bill and Sean Finnegan of Coventry Lumber meet up with friend Steven Carlino of Douglas Lumber.



From left are Mike McDole of National Building Products, RIBA President Roland J. Fiore of South County Sand & Gravel, John Cooper of Ferland Corp. and Bintou Chatterton of Chatterton Insurance.



Bill Dawson of Pawtucket Credit Union, left, and Steve Borowick of Picerne Real Estate Group enjoy the fare as the Rhode Island Builders Association's members and guests get together to support Build-PAC.



Jose Marcano of JM Painting, left, and Steve Rendine of Douglas Lumber.



From left are RIBA General Counsel Christine Engustian, Louis Cotoia and Cheryl Boyd of Arnold Lumber Co. and RIBA Operations/Project Manager Elizabeth Carpenter.

To find out more about RIBA's legislative advocacy and Build-PAC, contact Executive Director John Marcantonio at (401) 438-7400.



# 65th Annual Clambake: August 7 Over 400 expected, so reserve now!

WHEN: Friday, August 7th, noon to 8 p.m.

WHERE: Francis Farm, 27 Francis Farm Rd., Rehoboth,

MA 02769

COST: \$35 per person for the first 300 paid reservations,

\$70 per person after that

**DEADLINE TO REGISTER:** July 31st

**FOR INFORMATION AND TO REGISTER:** Contact Elizabeth Carpenter at ecarpenter@ribuilders.org, or call (401) 438-7400.

The Rhode Island Builders Association's 65<sup>th</sup> Annual Clambake, our biggest social event of the year, is almost here! Over 400 people are expected to attend.

Thanks to our sponsors, ticket prices remain low. And the more sponsors who sign on, the more people will be able to enjoy a fabulous day of fun, contests, events, prizes, food and drink at the nominal \$35 charge. We expect nearly 500 people to attend this event at the great Francis Farm venue, a RIBA tradition since 1950

It's a major industry happening, so now's the time to reserve your tickets! Each ticket includes two free beers.

Make 2015 the year that your company makes the RIBA Clambake your annual outing, as many companies do. Watch your mail for more information.

### **Sponsorships**

Please consider becoming a sponsor! Every dollar of your sponsorship goes to keeping the ticket price low. Major sponsors will have exhibits set up to showcase their latest products and services. This began two years ago with only a few booths and has proven very popular with attendees.

See the information on sponsorships at the bottom of the page, or contact Elizabeth Carpenter at the RIBA office, ecarpenter@ribuilders.org or at (401) 438-7400 for more information about sponsorships for the Clambake or any other RIBA event.

Sponsors will be recognized at the venue and in *The Rhode Island Builder Report's* Clambake Issue in September.

As always, great food will be featured throughout the day. There will be clam cakes and chowder (both red and white), hot dogs, and little necks on the half shell. Later in the day, there will be a traditional clambake, with steamers, barbecued chicken, brown bread, fish and all the fixings, followed by ice cream. Steak and lobster will be available for an extra charge. Soda, beer and assorted drinks will be on hand all day.

Enjoy volleyball, horseshoes, basketball, the football toss, insulation toss, the RIBA-invented sport of plywood throwing, and more! And, at the end of the day, enjoy awards and door prizes.

Once again, consider making this great event your company's annual outing, and please consider a sponsorship!

The Rhode Island Builders Association's
65th Annual Clambake, August 7, Francis Farm, Rehoboth, Mass.

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Premier: Includes five complimentary tickets, a sign at every event station, a banner at dinner, mention in The Rhode Island Builder Report, and a vendor/exhibit table at clambake.

Supporter: Includes two complimentary tickets, a banner at dinner, mention in The Rhode Island Builder Report, and a vendor/exhibit table at clambake.

Patron: Includes a banner at dinner and mention in The Rhode Island Builder Report.

Friend: Includes mention in The Rhode Island Builder Report.

Contact Elizabeth Carpenter at the RIBA office, ecarpenter@ribuilders.org or at (401) 438-7400.

8/June 2015 www.ribuilders.org



# Learn to 'speak for success' at PWB's June 11 event

**WHEN:** Thursday, June 16<sup>th</sup>, 6 p.m. **WHERE:** East Greenwich Yacht Club, 10 Water St., East Greenwich 02818 **COST:** FREE for members, \$25 for

non-members

**DEADLINE TO REGISTER:** June 8<sup>th</sup> **FOR INFORMATION AND TO REGISTER:** Contact Tracey Boyajian at tboyajian@ABCLEADS.com

The Professional Women in Building Council's next event will continue the series on "Branding Yourself and Your Products."

The guest speaker will be Richard Austin of Speaking of Success. Mr. Austin specializes in communications consulting and coaching in public speaking, dynamic and effective presentations, networking and sales skills, presentation development and written communication needs such as web content, blogs and articles.



Members and guests of The Rhode Island Builders Association's Professional Women in Building Council attend a Social Media Workshop at RIBA headquarters on April 8th.

Previous events in this series discussed how non-verbal communication "makes a statement," and we have explored the benefits of optimizing our professional socialmedia profiles. Light fare will be provided and a cash bar will be available.

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Member Profile: Mike DiScuillo of J&L Builders Inc.

# It all started with a broom... and a detour through Boston

By Paul F. Eno Editor

As with all great things, this one started small – in this case with a broom.

"I began working for my father when I was really young. First it was sweeping the shop floor during the summers," recalls Mike DiScuillo, now a partner in and vice president of J&L Builders Inc.

"Then I graduated to carrying nails at iobsites!"

Mike's dad, Ralph "Joe" DiScuillo, had his own company since 1974, but didn't establish J&L Builders until 1998.

Meanwhile, with a summer job assured, Mike attended the University of Rhode Island, graduating with a bachelor of science degree in business management. After college, Michael joined J&L Builders fulltime as a carpenter. But there was a fork in the road ahead, and Mike faced a decision.

"I decided that continuing my education would be best for my career, so I took classes at Roger Williams University toward a second BS in construction management," Mike recalls.



Mike DiScuillo

After working on several of these multimillion dollar projects, Michael got the wander bug, deciding to move on to a new company and new challenges. So he joined George B. H. Macomber Inc. as a project engineer, renovating Higgins Hall at Boston College. This was a three-year, threephase, \$56 million project.

Mike stayed on through phase 1 before being promoted to assistant project manager for a new assignment: an \$85 million, 360,000 square-foot building for EMC in the Boston area.

The project was to be fast-tracked, with design/development drawings to be largely completed within 14 months - a tall order.

Inside the building was to be an Olympicsized swimming pool and raised-access flooring throughout.

But Mike soon saw some "writing on the

"As that project neared completion, I began to see that the commercial market slump was deepening," Mike remembers.

"So my priorities changed. I wanted to be closer to home for when my wife and I started our family."

So seven years ago Mike came home to roost, bringing his nowtremendous knowledge and experience back to J&L Builders. Joe made him a partner.

## A great offer

Halfway through obtaining his second degree, a large Boston construction firm swooped down and offered to make Mike a project engineer. That was too good to turn down, so he took the job, working primarily on big projects at the Massachusetts Institute of Technology. These included complete renovation of the chemistry labs and offices, along with facilities at the student

### J&L Builders Inc.

Partner/Vice President: Michael DiScuillo

RIBA member since: 2009 Focus: General Contracting

Serves: Rhode Island and Southeastern

Massachusetts **Founded:** 1998

Based: Middletown, Rhode Island

## Big asset for a small business

J&L remains a small, family-owned business, but with a man who has an extraordinary background in construction. Joe and Mike run the operation, while Joe's wife is the office manager. There are four other employees. The company works mostly in Rhode Island and southeastern Massachusetts and does just about anything a general contractor can do, including custom homes. Clients are split pretty much evenly between commercial and

J&L Builders joined the Rhode Island Builders Association in

"We get a benefit out of the classes and seminars they have, and RIBA provides valuable information we really can't get anywhere else," Mike states. "It's a great organization!"



# Beware 'patent trolls,' industry is taking action

Eliminating abusive patent litigation and achieving comprehensive patent reform are the goals of a broad coalition of diverse American businesses. The National Association of Home Builders and the Rhode Island Builders Association have now joined that coalition: United for Patent Reform (UPR).

The main culprits in patent abuse are "patent trolls," companies that accuse other businesses of patent infringement, then try to win settlement money. Builders are among the victims.

In a joint letter to members of the House and Senate Judiciary Committees, UPR noted that lawsuits by patent trolls have risen an average of 22 percent a year since 2005.

"The problem has grown out of control, and as every member of the coalition can attest, patent trolls target every corner of the American economy...." the letter said.

NAHB members have received demand letters from patent trolls that seek to force companies to enter into licensing agreements or face litigation. UPR supports several legislative remedies, including reform regarding these abusive demand letters.

The coalition has asked Congress to require that patent demand letters include truthful, basic information. Patent trolls send vague and deceptive letters alleging patent infringement to demand unjustified payments from innocent individuals and businesses.

"Vague demand letters should not be used to bully innocent businesses into paying what amounts to protection money," the coalition said.

### If you receive a demand letter...

Any RIBA member targeted by patent trolls should contact the NAHB legal team through fwatson@NAHB.org. While NAHB does not provide specific legal advice to members, the association can provide free information on options if members are confronted with patent trolling.

The U.S. Patent and Trademark Office has developed a Patent Litigation Online Toolkit that provides additional information and resources for people who may have received a demand letter or have been sued for patent infringement, or who may want more information about the patent process. See it at www.USPTO.gov/patents-maintaining-patent/patent-litigation/patent-litigation.

Members can find additional information at www.NAHB.org/patentreform and at www.UNITEDFORPATENTREFORM.com.

UPR is comprised of more than 20 founding members including NAHB, Google, Verizon Communications, JC Penney, Facebook, Amazon, the American Hotel & Lodging Association, the National Restaurant Association and other realty, technology, hotelier, restaurant and retail businesses.



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## RIBA offers all required classes for contractors

# State-mandated education expected to take effect by July

By Paul F. Eno Editor

State-mandated education for contractors was expected to take effect by July.

That's the news from the Contractors' Registration and Licensing Board (CRLB) after new regulations containing the mandate were approved by the Office of Regulatory Reform and filed with the Office of the Secretary of State.

Education, including five pre-registration subject areas and five credit hours of education before renewal, are now required.

### The fine print...

If you are currently a registered contractor in Rhode Island, you will have two years from your renewal date to take five credit hours (50 minutes = one credit hour) of continuing education in CRLB or other third-party vendor approved courses in subject areas related to your business. Subject areas may include, but are not limited to, land use, development, planning and zoning, resource conservation and estimating.

If you are also licensed by the CRLB as a home inspector, well drilling contractor, underground utility contractor, or any other trade governed by the CRLB, education credits obtained for that license may satisfy the requirements for registration. You must provide proof of completion of these credits upon renewal, and courses must be approved by the CRLB.

New registrants must prove to the CRLB that they have completed five credit hours of education before they can register. The five credit hours must have been completed within 24 months before applying for a registration and must have been completed in person.

An applicant who has graduated from an accredited career and technical (CTE) high school or college program within the previous 24 months may submit evidence to the CRLB that courses completed are sufficient to satisfy the pre-registration education requirements. It is within the CRLB's discretion whether to allow the prior schooling to qualify as pre-registration education credits.

#### For RIBA members...

While contractors may seek the required instruction through any CRLB-approved provider, the Rhode Island Builders Association will keep its members informed

about what they need, will offer the classes, will keep education records for members, and will provide the written proof that they took the classes.

For the last two years, RIBA has offered industry-related classes, seminars and workshops free of tuition charge for members and their employees. And the statemandated instruction will be no exception.

Accordingly, the association's education program is expanding to accommodate any subject area the state requires, including the five mandated subject areas for new registrants.

These won't be the only new courses RIBA will offer, and Executive Director John Marcantonio reports that several grants will be coming RIBA's way to further expand the education program.

Need more information, have a course you'd like to see RIBA offer, or are you interested in teaching a course?

Contact Mr. Marcantonio at (401) 438-7400

If you'd like to register for classes, call Sheila McCarthy at RIBA, (401) 438-7400.

For details on classes in the next few months, see pages 4, 12 and 21.

# **CPR/First Aid Class**

June 9

WHEN: Tuesday, June 9th, 5-9 p.m.

WHERE: RIBA headquarters, 450 Veterans Memorial

Pkwy., East Providence

**COST:** FREE for members, with a \$25 materials and certification charge. \$50 for non-members, with a \$25 materials and certification charge.

**DEADLINE TO REGISTER:** June 2<sup>nd</sup>

**FOR INFORMATION AND TO REGISTER:** Contact Sheila McCarthy at smccarthy@ribuilders.org or call (401) 438-7400.

The Rhode Island Builders Association in June offers a basic first aid course that could save a life on your jobsite or in your home. It includes instruction in CPR/AED (cardiopulmonary resuscitation/automated external defibrillation) on adults, children and infants. AEDs are defibrillation machines.

The class also will help participants deal with choking in adults, children and infants. It will cover everything from protecting yourself and children to medical and trauma treatment and recognition.

Light refreshments will be served. Space is limited, so please register now.

12/June 2015 www.ribuilders.org





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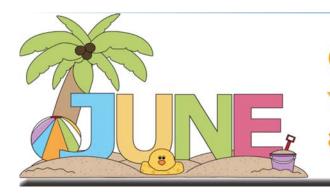
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won't rot, split or crack.

At Douglas Lumber we're also stocking the color Harbor Grey in the Wolf Seaside Collection<sup>TM</sup> (non veriegated).

We have Wolf decking installed right in our showroom so that you and your customers can see, touch and feel the product in a realistic environment. We also have plenty of samples and

literature available.

The experienced sales staff at Douglas Lumber is fully trained on the features and benefits of Wolf Decking and is always on hand and ready to assist you! Find out more about these great products at www. WOLFHOMEPRODUCTS.com/decking-porch.

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# Mandated contractor classes will be ongoing at RIBA

WHEN: TBA

WHERE: RIBA headquarters, 450 Veterans Memorial

Pkwy. #301, East Providence 02914

COST: TBA

**FOR INFORMATION**: Contact Sheila McCarthy, smccarthy@ribuilders.org, or call (401) 438-7400.

Join us at Rhode Island Builders Association headquarters as your trade association begins offering the five credit hours of education to be required for new contractors under revised regulations from the Contractors' Registration and Licensing Board. Mandated education is expected to take effect by July.

The course will be offered every five weeks when the program begins. So if you need the class yourself or know someone who does, contact RIBA for more information.

As in the past, these and other classes will be free of tuition charge for members and their employees. This will be one of many new courses offered by RIBA.

Related story on page 12.



# Beginner Quickbooks June 23

WHEN: Tuesday, June 23rd, 5 to 7 p.m.

WHERE: RIBA headquarters, 450 Veterans Memorial

Pkwy. #301, East Providence 02914

**COST**: FREE for members with a \$25 materials charge. \$50 for non-members with a \$25 materials charge.

**DEADLINE TO REGISTER:** June 18th

**FOR INFORMATION AND TO REGISTER**: Contact Sheila McCarthy, smccarthy@ribuilders.org, or call (401) 438-7400.

Join instructor Jeanne George for a journey into "Beginner QuickBooks™ for Contractors." The class covers the basics of setting up and using QuickBooks and is geared toward beginners or those who feel they don't have a good foundation for using QuickBooks. Topics covered will include setting up QuickBooks, working with lists, working with bank accounts, creating invoices, receiving payments and making deposits, and entering and paying bills. Participants are encouraged to bring their laptops to the workshop. Class size is limited. Light refreshments will be served at 4:30 p.m.

# R.I. Energy Code

## June-September

WHEN: Various days and times from June through

September. See page 4.

WHERE: RIBA headquarters, 450 Veterans Memorial

Pkwy. #301, East Providence 02914

**COST**: FREE for members and non-members.

FOR INFORMATION AND TO REGISTER: Visit https://

www 1. national gridus. com/Energy Code Training.

Join Rob Sherwood of Conservation Services Group for a series of National Grid classes on the Rhode Island Energy Code for both commercial and residential applications.

Separate classes will deal with overviews of the residential and commercial codes, envelope and building science, and HVAC and indoor air quality.

Corresponding classes will be held at Rhode Island Builders Association headquarters in the mornings and afternoons of the same days for the convenience of attendees.

This is an important opportunity for members and non-members alike to catch up on the latest updates to the Rhode Island Energy Code.

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# Jobs in R.I.: CTE is the key



Steven Carlino

In a presentation to our Board of Directors on May 5<sup>th</sup>, Bryant University economist Edinaldo Tebaldi illustrated the importance of job training with the following joke.

A CEO wanted to provide more job training to improve employee skills.

"But if we do that, they might leave," the CFO cautioned.

"If we don't do it, they might stay," the CEO replied.

Too true.

The Rhode Island Builders Association has worked hard for many years to encourage and strengthen career and technical education in our state. Too many Rhode Island companies have to search for employees from nearby states to fill crucial jobs because our own people don't have the necessary skills to fill them. So we were very encouraged in April to see Gov. Gina Raimondo unveil her new Real Jobs Rhode Island program. It puts forth a practical and holistic approach to preparing students and others for jobs that actually exist, and it gets communication go-

ing between companies, the state, business organizations and the schools on just what jobs are open and what training is needed to fill them.

The residential construction industry benefits from more skilled workers and more housing when these workers don't take their skills to other states.

The program dovetails nicely with 2014 legislation, backed by RIBA and the Rhode Island Business Coalition, to start building a unified statewide CTE system. That



Robert J. Baldwin

program also involves partnerships between private industry, the schools, the state and business organizations. And it extends that cooperation nationally, on the model of the highly successful Worcester Technical High School.

We in Rhode Island can do what they do in Worcester: Know what companies need, then prepare the students, who will have jobs waiting when they graduate. Let's get Real Jobs Rhode Island and CTE Reform working together to do some great things for our state!

## **RIBA's Legislative Committee**

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## Legislative/Regulatory News



# New Village Guidance Manual encourages denser development

By Paul F. Eno Editor

Compact, mixed-use development is the way to go for Rhode Island's communities.

That's one message in a new, 132-page manual, Village Guidance: Tools and Techniques for Rhode Island Communities, released in April by the Dept. of Environmental Management (DEM). The book is intended as a companion to the recently released Rhode Island Transfer of Development Rights Manual.

Village Guidance advises that growth be more compact and take place away from farms, forests and wildlife habitats. This approach helps protect water quality by reducing impervious cover, reduces greenhouse gas emissions by encouraging walking, biking and mass transportation; and decreases the amount of land needed to support new housing and businesses, according to the book.

John Marcantonio, executive director of the Rhode Island Builders Association, provided input on behalf of RIBA.

According to DEM Director Janet Coit, encouraging more compact, mixed-use growth in "village centers" helps strike a balance between the need for affordable housing and environmental responsibility.

"While in the past unplanned growth has negatively impacted many of our natural areas, the goals of growing our economy and protecting our environment are not mutually exclusive," Ms. Coit stated.

"Development of villages leads to a 'win-win' scenario. Villages help communities accommodate the growth needed to prosper without degrading quality of life or natural resources," she added.

## TDRs highlighted

To further this goal, DEM also encourages municipalities and developers to take advantage of transfers of development rights (TDR).

"TDR is a voluntary, market-based landuse tool that allows a property owner in a 'preservation area' to sell their property's development rights in exchange for a permanent conservation easement that allows the land to stay undeveloped in perpetuity. In turn, a property owner in a 'growth area' can buy those rights to build at densities higher than allowed under the current zoning," a DEM statement explained.

"While there are over 200 successful TDR programs across the country, TDR historically has not been successful in New England. The new DEM TDR guidance makes important changes to customize the approach to enable it to work effectively in Rhode Island. Moreover, there are market trends and fiscal benefits to communities that support the success of TDR in Rhode Island," DEM added.

Village Guidance: Tools and Techniques

for Rhode Island Communities, and the Rhode Island Transfer of Development Rights Manual are available at these links, respectively: www.DEM.ri.gov/programs/bpoladm/suswshed/pdfs/vilgyde.pdf and www.DEM.ri.gov/programs/bpoladm/suswshed/pdfs/devright.pdf



The path to successful village centers is expansion of sewer and water infrastructure. They are the keys to workable density, and the success of this planning concept depends on them.

-Executive Director
John Marcantonio

## DLT clarifies solar certification rules

In response to many questions about solar installations, the Rhode Island Dept. of Labor and Training (DLT) has clarified the requirements for the Renewable Energy Professional Certificate. This certificate allows contractors who don't have an electrician's license to perform supplementary, non-electrical renewable-energy work.

- The term "apparatus: under RIGL § 5-6-8 (g) includes, but is not limited to, frames, racks, rails, modules and photovoltaic panels.
- "Ancillary non-electrical renewable energy work" under R.I. Gen. Laws §5-6-8 (g) includes advertising, bidding, contracting and distributing materials to the final location of installation. Additionally, this work includes the installation of ground and rooftop support brackets and ballasts for rack systems.
- "Solar sheathing systems" under RIGL§ 5-6-8 (g) are limited to photovoltaic modules that are attached directly to the roof structure without a racking or rail system, and which replace material as the primary weatherproofing system for the roof structure.
- Any and all components of solar installation projects considered to be electrical apparatus must be installed by electricians licensed by DLT. Taking all aspects of photovoltaic (PV) systems into consideration, DLT's position is that the racking/rail systems for PV installations are indeed part of the effective grounding and bonding systems for these installations. As such, only persons who have received the requisite classroom and on-the-job training necessary to obtain journeyperson licensure by DLT are permitted to install these systems. Electrical apprentices, working under the guidance and direct supervision of licensed journeypersons, may also perform these installations.

"Conflicting interpretations of the law led the department to provide this guidance," a DLT statement said. "Trade license laws will be enforced by the department in accordance with this policy. This policy applies to all projects bid for and awarded on or after the policy effective date."

For more information, visit www.ENERGY.ri.gov/renewable/REP/.





# State will help pay for job internships

By Paul F. Eno Editor

If you are willing and able to provide internships for Rhode Island students, the state is willing to help pay for it.

That's the word from the Governor's Workforce Board (GWB), which has announced the Rhode Island Work Immersion Program for career and technical (CTE) students. The program will provide paid internships for high school students and partial wage reimbursement for employers as part of Gov. Gina Raimondo's overall jobs plan, tying in with Real Jobs Rhode Island. To be eligible for the program, a student must:

- Be at least 16 years old.
- Be a high school junior or senior.
- Be enrolled in an approved CTE program, with a grade point average of 2.0 or

abovo

Any employer, for-profit, not-for-profit, or public sector, who does business in Rhode Island may participate.

To qualify for wage reimbursement, the work must:

- Provide the intern with "a meaningful learning opportunity related to their field of study."
- Increase the student's employability.
- Offer the student 60-400 hours of paid employment during the school year or summer.
- Pay an hourly wage equal to or greater than the Rhode Island minimum wage.

• The employer has no obligation to hire the student upon completion of the internship.

The GWB will reimburse the employer for 50 percent of wages paid, to a maximum wage rate of \$20 an hour for an eligible internship.

For complete information and an application form, visit www.RIBUILDERS.org.

For more information about the Rhode Island Work Immersion Program and the pre-approval form, go to www.GWB. ri.gov/internships.htm or contact the Governor's Workforce Board at (401) 462-8864.

# PUC program encourges solar installations

In a bid to help more people install renewable energy sources such as solar panels, the Rhode Island Public Utilities Commission (PUC) has approved the Renewable Energy Growth Program (REG).

REG is intended to make it easier for National Grid customers and renewable energy developers to install new sources of distributed generation (DG) across Rhode Island.

According to a PUC statement, "The groundbreaking program design brings together competitive pricing, scale and flexibility for large systems and enables a simple, customer-friendly process with standard pricing for residential and small non-residential solar photovoltaic systems. The program...will ensure that it is predictably and competitively priced, and, ultimately, it will be beneficial for Rhode Islanders."

Find out more at www.NGRID.com/RE-Growth.

# Be cautious when signing construction releases

By Girard R. Visconti

Releases in the construction industry are common as a "general procedure" for payment to contractors, subcontractors and suppliers. The most popular releases are releases of lien and settlement releases.

As to releases of lien, whether partial or final, scrutiny is a must in determining what the signing party is releasing. For example, a partial or final release of lien may include releasing any and all claims up to the time of the release or thereafter.

Usually, releases include a waiver of lien rights and release of all claims. Where there is a release of all claims, releases can bar unpaid retainage, change orders, delay claims, etc. unless those items are excepted for the release. Otherwise, the releasee, i.e. the one benefitting from the release, could take a position that the signing party gives up all of its rights to those items, except the payment noted in the release.

The other type of release is a settlement release, whereby there is a court action, arbitration, mediation, etc. where parties are settling a certain item of dispute. For example, if the dispute concerns a portion of a building that has incorrect work by a contractor or subcontractor, the release upon settlement should only release that portion of the work that's in dispute.

In the event the release releases the entire project, or the work of the subcontractor or contractor and another portion of the building fails in the future, the release may bar recovery of that particular work.

In addition, if a subcontractor releases a general contractor or a general contractor releases the owner, and later on there is a claim against the subcontractor or the general contractor, either of them could be precluded from filing the claim against each other if, in fact, "full release is signed."

Therefore, it's recommended that all releases should be limited in scope and further recommended to add the following phrase: "Excepted from this release are any claims by third parties for personal injury or property damage."

So give serious thought before signing any release.

Girard R. Visconti, a longtime member of the Rhode Island Builders Association, is an attorney with Shechtman, Halperin, Savage LLP.



# Dr. Edinaldo Tebaldi Dr. Jongsung Kim

# Center for Global and Regional Economic Studies, Bryant University

Edinaldo Tebaldi is an associate professor of economics at Bryant University. He is an applied econometrician with interest in topics related to economic development and social issues. He has published several articles in scientific refereed journals and co-authored a number of reports analyzing regional economic conditions. He received his Ph.D. in economics from the University of New Hampshire in 2005, with a concentration in international economics, and economic growth



Dr. Kim

and development. Dr. Tebaldi was a consultant on economic development for the World Bank and is currently the Rhode Island co-forecast manager for the New England Economic Partnership (NEEP). He has published several articles in scientific journals and professional reports.

Jongsung Kim, professor of economics at Bryant University, specializes in microeconomic principles, macroeconomic principles, national economic analysis, econometrics and economics for business. He earned his bachelor's and master's degrees in economics at Kyung Hee University in Seoul, South Korea, and his doctorate in economics at Johns Hopkins University. He is the author of the book Labor Supply and Occupational Structure of Asian Immigrants in the U.S. Labor Market.

# THE BUILDER: What is the overall condition of Rhode Island's economy right now?

**KIM:** There are many ways to describe the state's economic condition. The two measures an economist would use are the unemployment rate and personal income.

As of March, the unemployment rate was 6.3 percent. That's much lower than the peak of 11.3 percent in 2009. So the state economy has seen tremendous recovery in that area. That said, we have very little information about the quality of those jobs, and that's an important question.

Since "employment" can be defined as working a minimum of

one hour a week for paid employment, many of those jobs may be part-time. If that's the case, that 6.3 percent might not be as good as it sounds. And when we compare that number with neighboring states, we see Massachusetts at 4.8 percent and Connecticut at 4.4 percent.

With personal income, Rhode Island is at 13<sup>th</sup> place in the nation. That means we're doing okay. But we have powerful neighbors. Connecticut is first in the nation for personal income, and Massa-

chusetts is second.

Dr. Tebaldi

# THE BUILDER: Aren't those statistics, including Rhode Island's, skewed by the presence of high-income people, many from New York?

**KIM:** That's right. Even in Rhode Island, we have affluent families in, say, Newport or Barrington, and low-income families in Central Falls. There's great inequity in personal income, and the overall figure is only an average.

**TEBALDI:** Another way of looking at economic conditions is to consider that Rhode Island was one of the first states to enter the recession, in the first quarter of 2007. We've seen some recovery in jobs and growth, but we're among a handful of states that didn't recover all the jobs we lost during that period. So Rhode Island hasn't fully recovered from the 2008 Great Recession.

And the state has been growing at a very low rate for six years, compared with the rest of New England. We should be doing better

#### THE BUILDER: So what's holding us back?

**KIM:** That's a tough question! It involves a structural problem. When it comes to economic growth, we need contributions from labor, we need capital accumulation and technology. When these three factors are nicely combined, we can expect an economy to grow.

see INTERVIEW...page 26

### INTERVIEW...from previous page

But here in Rhode Island we're squeezed between two big economies, Connecticut and Massachusetts. Even though Rhode Island's economy has some distinctive characteristics, it may be thought of as a subset of the Boston economy in some areas. The contributions of those who work in the Boston economy but live in Rhode Island will be reflected there. I think this is an example of a structural problem relating to locations (when it comes to generating accurate economic numbers specifically for Rhode Island).

**TEBALDI:** When you look to state rankings on the ease of doing business, the regulatory environment or cost structure, we don't do well. Rhode Island is always among the worst-performing states across the nation. To put ourselves on a different path, not only to attract but to retain businesses here, we have to align our economy to the competition. We have to get out of these categories of having a bad business environment or being in the top 10 percent highest when it comes to the tax burden.

# THE BUILDER: So how do we align ourselves with what other states are doing?

**TEBALDI:** As far as the state government is concerned, the annual budget can be a tool to make fundamental changes to our economy. Allocations can be made to various state departments so they can implement changes to regulations and the permitting process, which is very cumbersome. The state can coordinate with cities and towns to make this process more efficient.

That in itself would lower the costs of building and doing business here.

We also need to support job training because a large proportion of our labor force doesn't have the skills for the jobs that are available. We have a very high tax burden, and we need to talk about that. We might also have to talk about property taxes.

This is all part of aligning ourselves to compete with other states.

**KIM:** Regarding the labor market, promoting growth means a well-trained workforce. How many Brown University graduates stay in Rhode Island after graduation? If we can generate suitable employment, and show them they can have a future here, more of them will stay and play a positive role.

# THE BUILDER: So you must see Gov. Gina Raimondo's Real Jobs Rhode Island program and the reform of career and technical education as steps forward.

**TEBALDI:** Yes, these are very important tools. But they have to be part of the larger package we talked about.

#### THE BUILDER: What does the private sector need to do?

**TEBALDI:** Companies have to find ways to be lean and efficient, to innovate. The "new economy" demands that. They have to think hard about new ways to do things, not just wait for help from big government.

As we said before, we are part of the larger New England economy that centers in Boston. We're also part of the corridor that

runs from Boston to Washington, with more than 7 million consumers just in the Boston-Worcester-Manchester metropolitan area. We need to fully integrate into this regional economy. We're not secluded. We need to look beyond our borders, even to markets overseas.

# THE BUILDER: Please tell us about *The Economic Impact* of School-Age Population Loss on Rhode Island's Economy, the study you just completed.

**TEBALDI:** This was a very complicated study in terms of data and our efforts to organize it in such a way that we could analyze it properly. Our basic conclusions in the report were that families with children make great economic contributions to neighborhoods and communities.

The money they spend on groceries, day care, transportation and in many other areas is very important for the state and local economies. They also pay sales, property and income taxes. Our study found that the taxes these families with children pay are split about evenly between the state and local governments.

On the other hand, we know that the cost of educating children falls more on cities and towns. The state's funding formula, the money the state gives to municipalities for education, is supposed to address that. It does compensate cities and towns to a certain extent, but the communities still face a higher burden in educating children.

Another key issue for us was families with low to moderate income. There is a perception that it costs more to educate their children, and that's correct. What's incorrect is that cities and towns have to pay more to educate them. That's because the state's school-aid formula provides more money to communities for lower-income children.

We found that, after considering this state aid, the cost of educating a child, regardless of his or her economic and social background, is about the same.

Another key finding is that some of our school districts may be too small. There is a certain economy of scale. If we increase the number of children in our schools, that will help lower the average, per-student cost of education.

We went through a very interesting and complex process to ascertain that, and we found very strong evidence in favor of economies of scale in our state. School districts are not taking advantage of these economies of scale. That's one of the most important findings in our study.

Over the last decade or so, Rhode Island has lost a very large number of school-age children. Because of that, we have capacity in many schools that is going unused. Thirty-five school districts have seen declines in school population, and that increases the cost-per-student in education because the costs have to be spread over a smaller number of students. Finding ways to optimize the size of school districts would certainly help optimize the cost of education.

# THE BUILDER: What was your methodology in conducting the study?

see next page...

# Towns not anti-family, most local planners report

Among town officials who responded to questions for this story, only Cumberland reported deliberate efforts to avoid attracting families with children.

#### By Paul F. Eno Editor

While a new study demonstrates that fewer children in a community means economic trouble down the road, do Rhode Island municipalities gear their planning policies to keep families out? That depends on the city or town, if comments by municipal officials are any indication.

Asked if Cumberland views families with children as a liability, Town Solicitor Thomas E. Hefner said, "Yes, absolutely. Most of

#### ...from previous page

**KIM:** We collected data and applied a statistical tool called "regression analysis" to answer the question: Are school districts in Rhode Island too big or too small?

**TEBALDI:** We used data from each school district back to 2001 and included the most recent data available (2012). This came from the National Center for Education Statistics. Using regression analysis, we accounted for the size of the district, and compensation of faculty and staff.

The second part of the study was to analyze family spending across the state. We had to account for the direct spending (the places where people are spending money), such as a particular supermarket. We also accounted for indirect and induced spending and the "multiplier effect": The supermarket takes the money the family spends and uses it to patronize suppliers and other businesses, and to pay employees who will, in turn, spend money in the community.

This all has implications for job creation and income creation across the state.

# THE BUILDER: Within Rhode Island municipal planning, do you find an entrenched culture that discourages families with children?

**KIM:** I don't find any entrenched culture to discourage families with children. Some policy makers may be uncomfortable about this issue, and I totally understand that when they see the costs of education.

What they miss is the indirect positive effects of families with children, which Dr. Tebaldi just mentioned.

So if we can educate the local policy makers about the shortterm cost of children bringing long-term benefits, they may think again. the development proposals...provide expert testimony or reports that say this type of program will only produce X number of children. Education is a major expense, and we're not the only town looking at development this way."

### Keeping it positive

Things may be different in Narragansett, where Director of Planning Michael Deluca took the opposite view.

"We do not see families with children as a liability of any sort for the town. On the contrary, one thing we want to do with the (Comprehensive Plan) is encourage more families to locate here," Mr. Deluca told *The Rhode Island Builder Report*.

Richmond Town Planner Denise L. Stetson looked at the overall economic picture.

"Families with children may be seen as a liability to some folks through the lens of school costs and the effect on property taxpayers, but I think they can also be an important factor for economic development relative to workforce and/or customer-base issues," Ms. Stetson said.

"A diverse population in both age and income is a healthy goal. Both Richmond's Town Council and Planning Board have recently supported affordable family-housing proposals, so it is not discouraged at all," she added.

South Kingstown Director of Planning Vincent Murray and Caroline Wells, director of planning and community development in Warren, both stated flatly that their towns don't have planning policies to keep children out.

Thomas Kravitz, Burrillville's director of economic development, summed up the human side of the issue.

"My personal opinion, planning purposes or not...to think of (children) as an economic liability because a community should be operated like a business, is simply incomprehensible to me," Mr. Kravitz said. "We are all in this together; babies, teenagers, college kids, adults and elderly, and everyone is important."

See the story on page 1 and the charts on page 29.



While it is great to see local planners expressing positive feelings about attracting new families with children to their communities, the actions of local planning boards don't always reflect such attitudes in their decisions. We urge all our state and local officials to read the report by Drs. Tebaldi and Kim, and to seriously consider its ramifications for their communities.

-Executive Director

John Marcantonio

#### LAND...from page 3

Other than New Jersey, Rhode Island, Connecticut and Massachusetts, no other state's average cost-per-acre exceeded \$100,000, according to the study, *New Estimates of Value of Land of the United States* by economist William D. Larson.

### Planning policies not considered

The study, which estimated values between 2000 and 2009, found that Rhode Island is worth about \$90 billion, land-valuewise. Dr. Larson, advised that the dollar figures are estimates and represent the land values alone, without buildings or other improvements.

Dr. Larson's study puts the value of all land in the lower 48 states and Washington, D.C., at approximately \$23 trillion as of 2009. In the study, he outlines his methodologies at length, but municipal planning policies are not among them.

Read the full study online at www.BEA.gov/papers/pdf/new-estimates-of-value-of-land-of-the-united-states-larson.pdf.

### JOBS...from page 2

industry as one area targeted by RJRI.

Asked by *The Rhode Island Builder Report* how RJRI will work with the 2014 CTE reform legislation, which aims to create a unified statewide CTE system with the same purpose and method, the governor deferred to Mr. Jensen.

"We expect Real Jobs Rhode Island to dovetail with the reform process, and to expand on what it will do in preparing students for jobs that are available in Rhode Island," Mr. Jensen said.

At the same event, Gov. Raimondo also outlined her broader "WAVE" strategy for workforce development, advanced industries and innovation, visitor attraction and enterprise expansion and recruitment.

### BBO...from page 6

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#### CHILDREN...from page 1

schools," Dr. Tebaldi pointed out.

The study, commissioned by the Rhode Island Builders Association in cooperation with HousingWorks RI, also found that spending by households with children in the state:

- Creates \$4.2 billion in output across Rhode Island's economy, or 8 percent of the state's gross domestic product (GDP).
- Supports 45,793 full-time equivalent (FTE) jobs.
- Generates \$1.7 billion in income for households.
- Creates \$179.9 million in commercial and industrial taxes, and \$40 million in household taxes and fees for local and state governments.

### The economic effect of losing children...

Rhode Island's school-age population decreased by 35,417 from 2000-2013, according to Drs. Tebaldi and Kim.

"This reduction negatively affects economic activity because it reduces household spending on local businesses and services," Dr. Tebaldi said.

This loss of 14.3 percent of the school-age population:

- Reduced GDP by \$646 million, earnings by \$262 million and employment by 7,045 FTE jobs.
- Reduced child-rearing spending by \$490 million
- Cut commercial and industrial tax revenues by \$27.7 million.
- Dropped personal income and property taxes \$6.2 million. These included tax revenues for local and state governments.

"The fixed costs associated with maintaining school infrastructure, coupled with decreased student population, has meant greater costs per student for municipalities," Dr. Tebaldi noted.

The study suggests ways that state and local governments can help improve the situation by aligning the size of school districts to take advantage of economies of scale.

In other words, policy makers might optimize school enrollment through higher-density housing, local education consortiums and district consolidations when feasible.

The two economists offered a detailed presentation about the study at the Rhode Island Builders Association's Board of Directors meeting on May 5<sup>th</sup>.

See the interview with Drs. Tebaldi and Kim on page 25.



This study, The Economic Impact of School-Age Population Loss on Rhode Island's Economy, shows that households with children benefit the state and local economies in a big way. However, the financial benefit is more state-oriented, since local governments don't receive enough state aid for schools to encourage the growth cycle. When state aid does increase, it generally goes into an inefficient, high-cost system that provides little incentive to reach an economy of scale. In short, we have a structurual problem that discourages growth, and cities and towns need more help to deal with it.

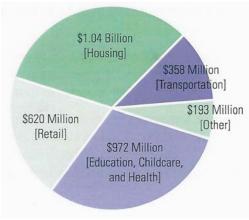
-Executive Director John Marcantonio

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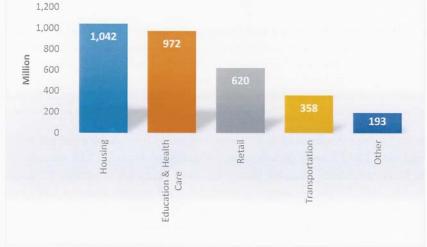
## The Benefits of Families with Children for R.I.



# Direct spending by families with children:



# dren: by industry:



Direct spending by families with children

Source: Authors' calculations.

# State and local tax impact of child-rearing families:

Note: These estimates are calculated using population data from the American Community Survey, the average child-rearing expenses in urban northeast from the Expenditures on Children by Families, 2013 report produced by the Center for Nutrition Policy and Promotion at the USDA, and tax return data from the Rhode Island Division of Taxation.

Description	\$ (1,000)
Commercial and Industrial	\$179,857
Sales Taxes	\$70,059
Property Taxes	\$100,297
Motor Vehicle Licenses	\$1,008
Other Fees and Taxes	\$4,025
Corporate Profits Tax	\$4,468
Personal /Households	\$40,014
Personal Income Taxes	\$30,762
Motor Vehicle License	\$1,140
Property Taxes	\$1,067
Other Fees and Taxes	\$7,044

Source: Author's calculations using IMPLAN.

For a copy of the full report

The Economic Impact of School-Age Population Loss
on Rhode Island's Economy, visit www.RIBUILDERS.ORG.

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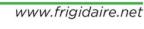
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