

**Written Testimony of the Pennsylvania Housing Research Center (PHRC)
Dr. Katherine Blansett, P.E., Associate Director of the PHRC**

**To the Senate Committee on Labor and Industry
Regarding SB 1023**

September 24, 2013

Mr. Chairman and Distinguished Members of the Pennsylvania Senate Labor and Industry Committee,

Thank you for the opportunity to provide written testimony on SB 1023, an Act amending the Act of November 10, 1999 (P.L.491, No.45), known as the Pennsylvania Construction Code Act, further providing for the duties of the council, for revised or successor codes and for education and training programs.

Although there are major changes to the structure of the RAC and the code adoption process proposed in this bill, we will only address the section of the proposed legislation that directly affects funding to the Pennsylvania Housing Research Center (PHRC). This testimony will (1) provide a brief background in the history of the \$4 building permit fee, (2) explain how the PHRC is accountable for the funds received, (3) explain how the proposed legislation will change the way in which the \$4 fee is allocated and the negative effect and impacts that will have on both the PHRC budget and training/education opportunities for the construction industry, and (4) provide a summary of the mission of the PHRC and the types of activities that the PHRC conducts each year with our portion of the \$4 fee to achieve our mission.

The Pennsylvania Construction Code Act as amended by Act 157 of 2006 requires each municipality administering and enforcing the Act to assess a \$4 fee on every building and construction permit issued. The Act created two restricted accounts within the State Treasury: (1) the Municipal Code Official Training Account and (2) the Construction Contractor Training Account. The act notes that the \$4 fee is collected by the Department of Community and Economic Development (DCED) and then equally distributed between Pennsylvania Construction Codes Academy (PCCA), through the Municipal Code Official Training Account, and a Pennsylvania-based housing research center located at a land grant university (through the Construction Contractor Training Account) to provide education and training to code officials and the construction industry. Memorandum of Understanding (MOU) #27-872-001 between the PHRC and the DCED documents that the PHRC is a Pennsylvania-based housing research center and will receive the funds in the "Construction Contractor Training Account for the purpose of providing education, training and other activities to meet the needs of the construction industry."

MOU #27-872-001 between the PHRC and DCED requires that the PHRC maintain an Industry Advisory Council (IAC) that reviews the annual work plan and ensures that projects meet the needs of the construction industry. The IAC meets in April of each year to vote and prioritize projects for the coming fiscal year and also meets in October for a status update on project progress. Based on the project prioritization of the IAC, the PHRC develops an annual Project Plan for each fiscal year. The Project Plan detailing the projects to be funded by the permit fee monies in the coming year is submitted to DCED by the end of June of each year. Within 90 days of the end of the fiscal year the PHRC submits a Year in Review report to DCED summarizing the activities completed in the past fiscal year that used permit fee

monies. The Project Plan and Year in Review reports are available for download from the PHRC website at www.engr.psu.edu/phrc.

SB 1023 proposes to change the allocation of the \$4 fee. In Section 3 (c) Deposits, the bill proposes to take 25% of the current fee, or \$1 per permit, and deposit it into a new Review and Advisory Council Administration Account. The remaining \$3 per permit will be split equally between the Municipal Code Official Training Account (PCCA) and the Construction Contractor Training Account (PHRC). The PHRC and PCCA each currently receive \$2 per permit. Reallocating 25% of the total fee reduces the amount to each of the PHRC and PCCA to \$1.50 per permit. This is a 25% reduction in the funding to both organizations. The income from the permit fee varies from quarter to quarter and from year to year based on the number of permits issued, which is related to the health of the housing market. For the fiscal year from July 2012 to June 2013, the PHRC received \$443,426.04 from our portion of the permit fee. Directing 25% of the permit fee to the proposed Review and Advisory Council Administration Account would have reduced the PHRC budget by \$110,856.51. This is approximately equal to the salaries of two staff members. The PHRC currently has six full-time staff, including four technical specialists. The proposed adjustment to our budget would effectively reduce our staff, and consequently eliminate a considerable number of the training services offered to the industry and/or cause a significant reduction of other R&D and technology transfer related activities.

As its main mission, the PHRC serves the home building industry and the residents of Pennsylvania by improving the quality and affordability of housing. This mission is achieved through training, applied research, academic research, and technology transfer. The PHRC training programs and publications, which are highly regarded by those in the housing industry, reach a large audience within the construction industry, including not just builders, but also remodelers, land developers, engineers, architects, planners, code officials, and local government officials. At different training activities, continuing education or professional development credit is offered to code officials, professional engineers, architects, and landscape architects.

Since the PHRC has started receiving the permit fee money in 2006, the following numbers of training activities have been held:

- Total number of PHRC training workshops held: **483**
- Total number of people trained at PHRC workshops: **17,701**
- Total number of people educated at the PHRC annual conferences: **1,616**
- Total number of PHRC speaker services offered: **94**
- Total number of people educated through PHRC speaker services: **2,498**
- Total number of views of PHRC webinars (live and recorded): **11,058**

In the 2012-2013 fiscal year alone, 63 training workshops on 18 different number of topics were held educating a total of 1,725 people. The Annual PHRC Housing and Land Development Conference was attended by 154 people. A total of 426 people attended one of our speaker service presentations.

In addition to training programs, the PHRC offers other technical resources to those in the construction industry. Other project types with examples include:

- **Builder Briefs** - a series of short technical documents that address specific issues resulting from research projects or other topics of interest to the construction industry as identified by our Industry Advisory Council
 - *Kitchen Ventilation Systems: Part 1 Evaluating the 2009 IRC Requirement for Makeup Air*

- *Kitchen Ventilation Systems: Part 2 Providing Adequate Makeup Air*
- *Summary of the Typical Residential Land Development Process in Pennsylvania*
- *The International Stormwater BMP Database, Part 1: Summary of Database*
- *The International Stormwater BMP Database, Part 2: Data Summary for the Design of Residential BMPs.*
- **Research reports** – the result of academic research projects
 - *Performance of Structural Insulated Panels with Different Fasteners and Splines Under Monotonic and Cyclic Loading*
 - *Determination of Seismic Performance Factors for Structural Insulated Panel Shear Walls Based on FEMA P695 Methodology*
 - *Experimental Cyclic Racking Evaluation of Light-frame Wood Stud & Steel Stud Wall Systems*
- **Technical reports** – the result of applied research projects
 - *A Quick Guide to the Residential Provisions of Pennsylvania's Uniform Construction Code and Local Amendments*
 - *Impact of the Uniform Construction Code in Pennsylvania*
 - *Analysis of the Wall Bracing Requirements for PA*
- **Standards** - development and support of standards that respond to industry demands
 - *Pennsylvania's Alternative Residential Energy Provisions – 2009*
 - *Pennsylvania Standards for Residential Site Development Standards*
 - *Foundation Systems for Relocated Manufactured Housing*

All PHRC documents are available for free download from our webpage at www.engr.psu.edu/phrc.

Other aspects of SB 1023 not commented upon here, as well as the increasing complexity of the building code in each cycle, only increases the need for education and training of those in the housing industry. As it currently stands, SB 1023 will substantially increase the demand for training, while simultaneously decreasing the funding to provide that training.

We respectfully request that the redistribution of the \$4 permit fee be removed from SB 1023, allowing the PHRC to continue with our mission to educate and train the building industry professionals.

We thank you for this opportunity to submit this testimony and have attached as reference our Year in Review report for the 2012-2013 fiscal year and the Project Plan for fiscal year 2013-2014 as additional examples of the types of projects that the PHRC is completing with our 50% share of the \$4 permit fee.