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## **GUEST VIEW:** ***Budget cuts could hurt constuction industry***

By Candy Munz  
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Nationally, the design and construction industry is still trying to bounce back from the unprecedented layoffs and business failures that have occurred since 2008.

In Florida especially, the industry is still reeling from the meltdown of the real estate market.

Yet, the end of the year could bring any traces recovery to a screeching halt. Potential budget cuts could result in \$2 billion in lost work for the construction industry if an agreement cannot be reached on the so-called fiscal cliff.

Going over the fiscal cliff, which refers to a series of tax increases and spending cuts, is set to occur at the end of 2012 if Congress and President Barack Obama are not able to reach an agreement on the federal budget

This means the "Bush tax cuts" from 2001 and 2003 will expire, which will increase taxes on nearly 90 percent of U.S. taxpayers. Additionally, on Jan. 2, the first round of \$1.2 trillion budget cuts will take effect in the event the debt super committee still cannot reach an agreement. These budget cuts are also referred to as "sequestration."

From these cuts, nearly 50 of them will directly target spending cuts to funds for design, construction and rehabilitation of buildings and infrastructure.

According to The American Institute of Architects, a 2007 study by the Center for Regional Analysis found that every \$1 billion spent on design and construction yields 28,500 full-time jobs. This goes to say that as many as 66,500 full-time positions could be lost in an industry that accounts for one in every nine dollars in Gross Domestic Product.

What does this mean for Florida?

While on a national level we can foresee the potential job loss and tax increases on small architectural firms that will cripple the profession's ability to create jobs and grow the economy, it is hard to pin point specific losses that will be felt in Florida.

“Because the spending cuts are so arbitrary in nature, it’s hard to make a call on specific losses that will be felt in Florida,” said Peter W. Jones, President of AIA Florida. “We do know that more than 90 percent of the architectural firms in Florida are classified as small businesses, and they will undoubtedly suffer tremendously.”

The Small Business Administration defines the size standard for architectural firms as \$7 million.

The indiscriminant nature of sequestration is not the answer to the problem. There is no question in the need to cut spending. However, as the saying goes, “the devil is in the details.” The need for repair, maintenance and retrofitting will not go away. Moreover, these cuts will cost tax payers more in the long run as the cost for repairs continues to rise.

With the clock ticking down and the fiscal cliff looming in the not-so-distant future, the economic roller coaster ride continues for the design and construction industry in Florida.

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