

## **Rochester Democrat & Chronicle**

### **Companies that get subsidies must hit job-growth targets**

Sen. Joseph Robach and Sen. George Maziarz

Guest essayists

(February 19, 2008) — Every year across New York, industrial development agencies grant more than \$400 million in taxpayer subsidies to help businesses grow and create jobs.

With more than 115 IDAs statewide and a swelling appetite for economic development, communities are starting to ask what they're getting for their money. Unfortunately, studies are showing that a number of IDA-subsidized companies have created only a handful of low-paying jobs.

In 2005, New York's IDAs gave more than \$135 million in exemptions to 1,275 projects that cut jobs or didn't create any at all. Monroe County's IDA gave \$5 million to companies that didn't live up to the criteria in the County of Monroe Industrial Development Agency regulations. Statewide, those funds could have paid for a year's worth of schooling for more than 9,600 students, or covered the wages of nearly 2,500 teachers. Instead, the funds went into local development projects and never came out in the form of new jobs or revenue.

The state law authorizing local governments to continue IDAs needs to be amended. If the intent is to retain IDAs, Gov. Eliot Spitzer and the Legislature should improve the effectiveness of these expenditures. An agreement should include:

- Keeping labor in New York and local.
- Making all IDAs consistent, transparent and accountable for improving quality and accuracy measures.
- A fair "clawback" or return policy of taxpayer dollars if job creation goals are not met.
- Requiring IDA clients to use prevailing wages, so taxpayer-subsidized companies don't have paid workers tapping into government-funded Medicaid and welfare programs.

At a time when we need to be on the top of our game to revitalize upstate communities, we need to see economic development that ensures businesses stay, grow and create quality jobs with taxpayer assistance.

The Senate has carried a bill for several years to make IDAs more accountable and effective. This bill, which incorporates many of these vital measures, makes certain that our IDAs support businesses that will deliver on their promises to provide good jobs and services as well as ensure that communities get the promised benefits for sacrificing needed revenue.

Together we need to have an open, honest review of IDAs. We know the rest of our Monroe County Senate delegation, Sens. Jim Alesi, R-Perinton, and Mike Nozzolio, R-Fayette, Seneca County, share our commitment to IDA reform and increased accountability to the taxpayers.

*Robach, R-Greece, represents the 56th District in the state Senate; Maziarz, R-Newfane, Niagara County, represents the 62nd Senate District*

## **Rochester Democrat & Chronicle**

### **Pay fair wages, get quality work**

Jesse Lenney and James Parrott  
Guest essayists

(February 19, 2008) — What's the good news in regard to industrial development agencies in New York state? Now there's a chance to fix the way they work.

Recently, the state law that authorizes IDAs to fund certain projects like senior-care facilities and libraries expired. As the Legislature and Gov. Eliot Spitzer prepare to renew the program, they can and should use this moment to reform IDAs so they are more accountable to the communities they serve.

On the eve of expiration, the Assembly approved a bill that would add transparency to how IDA funds are spent and require companies that receive assistance to deliver on their job creation promises and pay a decent wage. The proposed reforms would require companies to hire locally, not skip town after they receive funding, and return their subsidies if they fail to do what they promise. With no counterpart in the Senate, however, that bill didn't pass, and the law expired.

Critics of reform proposals have said that the IDA reforms on the table would do more harm than good by requiring subsidized companies to pay prevailing wages to their workers.

That argument comes from a study released recently by the Center for Governmental Research — a study that employs a crude methodology and reflects little understanding of the construction industry.

The report, commissioned by the New York State Economic Development Council, assumes that the productivity of workers is the same whether you pay them prevailing wages or not.

In fact, construction economists have demonstrated repeatedly that workers who make a prevailing wage are better trained and more productive than workers offered the lowest wage the market will bear.

After years of skill and safety training, prevailing-wage workers require less supervision and save on materials by getting the job done right the first time.

At a time when all of us are rooting for the revitalization of our upstate communities, we need to see economic development in its entirety: investment in workers' skills, investment in higher productivity, and ensuring that businesses stay and grow, with transparency, in the communities that entrust them with their tax dollars.

We might start getting better results if the state Economic Development Council recognized the value of a skilled work force and the policies needed to support them.

The Assembly approved the reform proposals once before, last June, but in a legislative standoff, the two houses put off any agreement on reforms and extended the old law for seven months. Those months are up, and it's time the Assembly, Senate and governor come together with a real intention of fixing IDAs.

If they need to buy more time to figure out how to do that, they should limit the extension of the old law to no more than 30 days. Otherwise, IDAs and the communities they serve will have to endure more of the same wasteful system and continue wondering when and how their money could be better spent.

Albany has a chance to do right by all New Yorkers — if the state's leaders use this moment to take an honest look at our economic development needs and act quickly. The time for the Legislature and administration to reach an agreement on IDA reform is now.

*Lenney is president, Metro Justice, a Rochester organization that works for social and economic justice; Parrott is deputy director and chief economist of the Fiscal Policy Institute in New York City.*