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Testimony at the Joint Legislative Public Hearing on 2014-2015 Executive Budget Proposal: Economic Development

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Good afternoon. I would like to thank the members of the Senate Finance and Assembly Ways and Means Committees for giving me the opportunity to comment on the Governor's proposed 2014-2015 Executive Budget as it relates to economic development. My name is Andy Reynolds and I am the Communications Organizer for the Coalition for Economic Justice, a Buffalo-based non-profit that unites workers, community members, religious leaders, students and other allies to advance social, racial and economic justice. The Coalition for Economic Justice also co-anchors the Getting Our Money's Worth Coalition, a broad-based coalition that advocates for good jobs, strong communities, and sustainable economic growth through comprehensive reform of New York's economic development system.

We believe that our government has a responsibility to use public money to make smart investments that revitalize our economy, increase economic opportunities for all New Yorkers, and benefit our community as a whole. Far too often, however, our state's economic development programs invest public subsidies in private businesses that fail to create good jobs or new economic growth.

The Getting Our Money's Worth Coalition released a report last year, which analyzed data from dozens of economic development programs, and found that New York spends approximately \$7 billion annually in the name of economic development. In addition, the report found that few programs require recipients of subsidies to set performance goals such as job creation; few require project-specific reporting or monitor the success of projects; and few allow for adequate public review or recourse when corporations fail to live up to their agreements. At a cost of \$7 billion a year, it is nearly impossible for the public or policymakers to determine if this substantial investment in economic development is working for New York.¹

New York's failing economic development system comes at a huge cost to local communities, which lose out on critical tax revenue needed for infrastructure, schools, public transportation, and other public services we all depend on. In a moment when many municipalities are facing budget deficits,

¹ ALIGN: The Alliance for a Greater New York and the Getting Our Money's Worth Coalition, *The 7 Billion Wager: New York State's Costly Gamble in Economic Development*, May 2013, at <http://www.alignny.org/posts/resource/2013/05/the-7-billion-wager-new-york-states-costly-gamble-in-economic-development/>

We need legislators to support the JOBS Act to rein in the \$7 billion in annual economic development spending. The key reform measures included in the JOBS Act are:

- **Prioritize Performance** by requiring that proposed development projects set job creation, job quality, and local hiring goals before receiving public subsidies.
- **Show Us the Jobs** by creating a public website where any New Yorker can track the performance of subsidized projects and by including subsidy spending in a state unified economic development budget.
- **Increase Accountability** by ensuring that all publicly subsidized projects engage community stakeholders and establish a “money-back guarantee” that allows local or state government to recapture subsidies when projects do not meet their promises.