



Cuomo's job is to deliver jobs

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At a time of immense fiscal challenge for New York, business and labor groups differ on many policy issues. But when it comes to economic development programs, we agree that the state's track record is poor and its approach should be revamped to assure that taxpayer investments create good-paying jobs that would otherwise leave New York.

In his recent State of the State address, Gov. Andrew Cuomo announced important initiatives including the creation of regional councils to coordinate funding and competitive grants for good, new jobs -- including green jobs. With the governor's nomination of Kenneth Adams to be CEO of the Empire State Development Corporation and the expected release on Tuesday of the executive budget, the details of these plans should emerge soon. We hope they will include specifics for major improvements in the array of existing programs.

All economic development programs should be measured against two principles:

Tax benefits and other incentives should go only to firms that actually generate quality new jobs in the state.

The well-documented failings of the now-expired Empire Zones program should be stamped out of any new economic development programs. Benefits should not go to businesses that would be located here anyway, like "big box" retail stores, if they offer only low-wage jobs. And firms should be monitored to ensure communities get tangible benefits themselves in return for their tax dollar investment.

The best way to assure that the taxpayer is truly getting "bang for the buck" is to require total transparency and accountability in the awarding of benefits. In addition, there must be clear, publicly disclosed performance metrics and regular reporting on how businesses are doing in meeting their job and investment targets. In fact, benefits should be paid when job creation goals are actually met, not simply promised, and should be graduated to incentivize the creation of better, higher-paying jobs.

All economic development activities should be part of a coordinated state-wide strategy that makes targeted moderate investments to key industries in our communities.

Current programs are unwieldy and uncoordinated. For example, New York has 115 Industrial Development Agencies (IDAs) that award nearly \$300 million in local tax breaks each year and provide a conduit for tax-exempt financing for private firms. Some counties have six or seven separate IDAs within their boundaries at work cutting deals with firms. Examples of cross-county cannibalism -- where one firm simply moves across town to the competing IDA's jurisdiction for a more attractive benefit package -- are frighteningly numerous.

A regional approach, as the governor has proposed, could help avoid this problem. But it should also include standardized applications and disclosures, and a statewide plan for targeting program dollars to areas and industries that have the greatest need and potential to bring to New York jobs that would otherwise be lost to other states. Without strong centralized oversight, economic development dollars end up going to one location at the expense of its neighbors and to politically connected and savvy firms at the expense of their competitors.

The amount of public money spent on haphazard unproductive programs in the name of economic development is substantial -- more than \$5 billion annually when the full array of business tax breaks is included. New programs should start small so that we can learn what works and scuttle the rest. A coordinated state approach could achieve better outcomes with less spending, if it consolidates responsibilities and makes sure that everyone is working toward the same objective -- new job creation.

Getting New York back on track economically means taking immediate action on new ideas for economic development with good job-creation. By failing to make subsidized companies more accountable for a better return on taxpayer dollars, New York's leaders have squandered scarce resources.

Governor Cuomo seems poised to dismantle an antiquated and failing economic development structure in favor of a new one aimed at bringing such efforts into line with today's economic realities. By following the principles outlined here in the measures incorporated in his proposed budget, Governor Cuomo could help spur the economic development that all New Yorkers need.

Mike Fishman is president of Local 32BJ of the Service Employees International Union, the largest private-sector union in New York. Carol Kellermann is president of the Citizens Budget Commission in New York City.