

**Comments of Good Jobs New York  
Bettina Damiani, Project Director  
Before the New York City Industrial Development  
Agency**

**May 6, 2010**

*Re: Proposed Commercial Growth benefits for JetBlue Airways*

Good morning. My name is Bettina Damiani, Director of Good Jobs New York, a joint project of the Fiscal Policy Institute, with offices in Albany and New York City, and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies.

Good Jobs New York is here to share several concerns about the Industrial Development Agency's proposal to subsidize JetBlue Airways' move from Forest Hills, Queens to Long Island City, also in Queens. It is especially critical that the public be able to scrutinize the details of this proposal given that in 2006, Jet Blue received an IDA package worth over \$40 million that will remain in effect until 2030.

Having JetBlue's headquarters and their employees stay in New York City is good for New York. Yet the company's game to pit New York City – which has treated the company well – against Orlando in an economic war between the states is not how we deserve to be treated. This behavior should not be rewarded with additional tax benefits. We ask the board to vote no on this proposal.

Our concerns are as follows:

**Stronger guarantee for job creation is necessary**

The application states that IDA will award benefits to JetBlue based on the *potential* relocation of up to 70 employees from Darien, Connecticut and the *projected* hiring of 130 new employees at the New Headquarters Facility. The project materials state “five years following the move, JetBlue *may* grow as many as 130 jobs.” These statements imply that job creation is optional, rather than a clear condition the company must satisfy in order to receive scarce public resources (we are under the impression that the company won’t receive additional subsidies unless jobs are created).

There is also no expectation that JetBlue will make an effort to hire locally and therefore no guarantee that the project will benefit New Yorkers. Good Jobs New York believes that IDA can and should adopt stronger standards as it negotiates subsidy deals with companies with regard to job creation and local hiring. Leaving local elected officials and workforce development agencies to implore subsidized companies to hire locally after a subsidy is approved is ineffective policy.

### **More complete wage data needed**

The application states that JetBlue expects, during the first year, to pay workers at the project location an average quarterly wage of \$20,064. This figure represents a range of compensation levels, from higher-earning pilots to lower-paid back office workers. There is no way to know from the application what the lowest wage workers—whom the city should be especially concerned benefit from subsidized projects—are likely to be paid. IDA's application should be amended to request more detailed information about the projected wages, salaries and benefits by occupation of jobs expected at the site. This will enable the public to more accurately assess whether the project will provide good jobs across a range of incomes, and for residents who most need them.

## **IDA should expect that firms buy locally**

In its application JetBlue does not state how much machinery and equipment will be purchased locally. Neither the public nor the IDA can fairly evaluate this project without a complete answer to this critical question. GJNY realizes that companies can't always get the materials they need locally, but where possible, IDA should encourage them to do so, starting with the application process. A clear commitment from JetBlue to support local manufacturers where possible would help ensure that this subsidy package will stimulate New York's working-class economy, be more environmentally friendly and create good jobs.

The good news is that there are clear, easy-to-use resources companies can access to determine whether the materials they need are available locally. For example, "Made in NYC," an initiative of the New York Industrial Retention Network (NYIRN) and the Industrial and Technology Assistance Corporation (ITAC), is a free online directory of products made in the city. Currently, there are at least 1,700 different companies that produce products related to building construction and outfitting. Both on its application and in other published resources, IDA should make companies aware of this resource, require them to use it, and encourage companies to consult about local suppliers.

GJNY urges IDA to better leverage subsidies to strengthen the important multiplier effects that occur when companies procure products locally. With so many existing resources available to help connect companies with local suppliers, there is little excuse to miss this opportunity.

## **Value of subsidies incomplete**

Media reports indicate JetBlue is eligible for approximately

\$30 million in subsidies from a variety of programs. For example the firm's application states it is waiting for approval for additional funds from the Empire State Development Corporation. The public has a right to know the total value of subsidies JetBlue is applying for, including its eligibility for various as-of-right incentives like the Commercial Expansion Program or the Industrial Commercial Abatement Program. In addition, the value of past subsidies allocated for the construction of its new terminal at JFK should be included. Without this information, the public and the IDA board do not have a concise understanding of the level of public investment in this firm.

Thank you for this opportunity to present our testimony to you today.