

**Testimony of Good Jobs New York  
Bettina Damiani, Project Director  
November 8, 2004**

**Before the New York City Council Committees on  
Economic Development; Transportation; the Select Committee on Lower  
Manhattan**

***Re: Oversight – Liberty Zone Financing for a JFK Airport Rail Link from Lower  
Manhattan: What are the Tradeoffs?***

Thank you, Chairmen and committee members for the invitation to speak before you today. 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. Our website, ([www.goodjobsny.org](http://www.goodjobsny.org)) contains the only publicly available database of the city's large corporate retention deals and in August, released a report citing how the allocation of cash grants after 9/11 have benefited primarily well connected businesses and wealthy neighborhoods of Lower Manhattan.

The title of this hearing is appropriate, since as much as we all would like it to be the case, money does not grow on trees, and tradeoffs must be made to ensure broad benefits in taxpayer back economic development projects. Transportation projects that benefit a wide swath of New Yorkers are a worthwhile investment, yet the public has yet to be given enough details to decide the merits of a the proposed link between Lower Manhattan and J.F.K. Airport and Long Island Rail Road.

Serious questions remain about the project, such as where the resources to build the project will come from, how the RailLink will interface with local transportation, particularly in Lower Manhattan, and how this investment will improve job prospects for New York City residents.

The lack of transparency on these questions raises serious concerns about the decision-making process. For example, the Lower Manhattan Development Corporation has already spent \$3 million on a study for the link that has yet to be made public. At the same time, officials and powerful business interests are lobbying the President to help finance the project. Moreover, both the Governor and Senator Schumer have advocated

that the remaining nearly \$1 billion in 9/11 rebuilding cash grants, controlled by the LMDC be used for this project. We are greatly concerned that public officials are using the LMDC, instead of the agencies such as the Metropolitan Transportation Agency that have an established record of public scrutiny, to funnel resources for this project.

It should be said that the RailLink as it is currently proposed will benefit the commute of Long Island residents over New York City residents. With a price tag of \$6 billion dollars – a figure that most surely will grow – and the pressing needs in local transportation, public officials must do a better job of explaining how this project will benefit New Yorkers.

In addition to the use of the remaining cash grants at the LMDC, Mayor Bloomberg, Governor Pataki and President Bush have proposed that \$2 billion in resources originally earmarked to help rebuild the Lower Manhattan economy after the September 11, 2001 attacks be redirected for the proposed J.F.K. link. (This would be done by transferring unused tax credits in the form of Work Opportunity Tax Credits and the Accelerated Depreciation Allowance to finance part of the rail link.) *In light of the urgent needs need for local transportation, affordable housing and new middle-income jobs in Lower Manhattan, it cannot be overstated how misguided transferring these funds for a rail link between Lower Manhattan and J.F.K. Airport would be.*

This past summer, Good Jobs New York released a report analyzing the allocation of cash grants by the Lower Manhattan Development Corporation (LMDC) that showed that grants have disproportionately gone to higher income residents and powerful financial, insurance, and legal firms in the Financial District and Battery Park City over lower-income residents and small businesses. By transferring funds, in the form of the Work Opportunity Tax Credit, whose intent prior to 9/11 was to help move people off of public assistance into the work force, this project would prioritize the convenience of wealthy Long Island residents over your constituents' need for affordable housing and good jobs.

While the Governor and Mayor insist that 9/11 resources have kept jobs in Lower Manhattan, little verifiable evidence have been presented to the public to prove this. Moreover, the need to diversify the economy to create jobs, including those for the rapidly disappearing middle class, has been ignored. A rail link, officials argue, would bring 80,000 jobs to Lower Manhattan and Downtown Brooklyn. *But, jobs for whom?* It

has been documented that companies are not hiring as many middle management jobs in the FIRE sector (Finance, Insurance, and Real Estate).<sup>[1]</sup> So, its highly conceivable that middle income or low-income Long Island residents will not benefit from this new transportation link since there may not be jobs waiting on the other end.

While making the trip to the airport quicker and easier would be welcome by some, a recent poll of Downtown residents by The Pace Poll found that most do not want to use 9/11 resources for the proposed link.<sup>[2]</sup>

As you have heard today, there are other pressing needs of our city's transportation infrastructure made more urgent by the depressing financial state of the Metropolitan Transportation Authority. Even without the proposed J.F.K. link, the MTA faces a \$2 billion shortfall over the next several years. The real opportunity to strengthen the city's and region's economy is to ensure everyone has access to good paying jobs with benefits and not to prioritize the transportation wants of suburban voters over the needs of New Yorkers.

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

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<sup>[1]</sup> John Mollenkopf and Ken Emerson, Rethinking the Urban Agenda, The Century Foundation Press, 2001. Page 49

<sup>[2]</sup> The Pace Poll: September 23, 2004-The Rebuilding of Lower Manhattan: The Nuts-and-Bolts of Rebuilding Change the Debate