



## **Testimony before the New York City Council, Committee on Contracts**

**May 12, 2011**

**Bettina Damiani,  
Good Jobs New York**

Good afternoon Chairperson Mealy and Committee Members. Thank you for the invitation to testify on the proposed Fair Wages for New Yorkers Act (Intro 251-A).

Good Jobs New York is a project of Good Jobs First based in Washington, DC in partnership with the Fiscal Policy Institute, with offices in Albany and New York City. Good Jobs New York promotes accountability to taxpayers in the use of corporate subsidies by encouraging public participation and transparency of the city economic development programs.

We applaud any effort by the council to raise the wages of working New Yorkers, particularly at firms that receive large economic development subsidies; this is a principled and practical tool that would benefit those low-income New Yorkers working at wealthy firms that benefit from our tax dollars. We urge the council to focus establishing wage standards on mega economic development projects rather than, for example, small manufacturers, as often these firms provide job ladders and already pay a living wage.

Billions of tax dollars have been invested in developments on behalf of financial institutions, sport franchises and major retailers. Yet, despite these firms' enormous wealth, none of them have been asked to guarantee a benefit to its employees for something as simple as earning \$10.00 an hour (or \$11.50 when there is no employer provided health insurance benefits).

Three outstanding examples:

Yankee Stadium – There are approximately \$1 billion in city, state and federal subsidies for the development of a new Yankee Stadium across the street from the original one that opened in 2009. However, despite the Yankee franchise being one of the wealthiest and most popular in the world, few jobs at the new stadium pay enough to live on as they are mostly seasonal. An interesting note: this week, concession staff at the stadium filed suit against the

catering firm “Legends” (partly owned by the Yankees) claiming their bosses withheld their tips.

City Point (formerly Albee Square Mall) – Significant public resources have been invested in the re-development of Brooklyn’s Albee Square into what is now called City Point. In 2009, \$20 million in Recovery Zone Facility Bonds (special bonds approved under the American Recovery and Reinvestment Act) financed the development where in 2007, approximately 30 existing retailers were displaced to make way for the new development. And although the new mall (and a residential component is expected) has a goal of 122,000 square feet of retail future retail employees cannot expect to benefit beyond part-time, low-wage jobs. The profitable business model of national retailers which the city expects to occupy City Point relies on paying New Yorkers below a living wage and no benefits.

Gateway Center (formerly Bronx Terminal Market) – The Market’s history spanned over 50 years of food vendors catering to city’s immigrant populations. In 2006, the two dozen food retailers that remained were displaced by the city for the development of “Gateway Center” for over two dozen stores including Home Depot, Target and Toys R Us. Related Companies, one of most prominent developers in the city received what many consider a sweetheart land deal that included at least \$133 million in city subsidies including the city’s relocation of the food distributors. Yet, there are no wage or job standards for the current employees of the mall located in one of the poorest neighborhoods in the city.

It is morally unfair that low-income New Yorkers working at highly profitable and taxpayer subsidized firms struggle to pay their bills. And it doesn’t make economic sense for those same workers to rely of various forms of public assistance like food stamps and housing subsidies because they can’t make ends meet despite being employed.

Clearly, the city needs safeguards to keep large, subsidized corporations accountable for creating the good jobs New Yorkers deserve.