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Testimony before the New York City Council Committee on Finance

Proposed Int. 1040-A, A Local Law to amend the administrative code of the city of New York, in relation to the creation of a database to track the expenditure of funds in connection with recovery efforts in the wake of Hurricane Sandy

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Comments of Bettina Damiani, Good Jobs New York

Thank you for the invitation to testify today. My name is Bettina Damiani and I direct Good Jobs New York, 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 economic development subsidies. Since our launch in 2000, we have worked to improve public participation in and transparency of these subsidy programs including the vast expansion of a searchable database of deals approved by the Industrial Development Agency (IDA) and city's largest as-of-right economic development program, the Industrial and Commercial Incentive Program.

Our Database of Deals is available on our website, www.goodjobsny.org. We have also expanded a new section on our website "Eye on Hurricane Sandy Money" with news, resources, upcoming events and other materials related to promoting a transparent and equitable rebuilding. Since Hurricane Sandy we have provided technical assistance to and are actively engaged with the grassroots groups Alliance for a Just Rebuilding and the Sandy Regional Assembly.

At Good Jobs New York we feel uniquely qualified to work on rebuilding issues because after the attacks on Lower Manhattan in 2001 we became the go-to organization for various non-profits, elected officials and media to learn more about the proposed use of federal rebuilding funds via our Reconstruction Watch project. In addition, our parent organization, Good Jobs First, based in Washington, DC did a study on Gulf Opportunity Zone Bonds after Hurricane Katrina.

At GJNY we did our best to track the use of disaster funds after the attack of September 11, 2001. It was never easy as the Lower Manhattan Development Corporation's process for deciding how to allocated funds were opaque, at best. That experience taught us that spending billions of dollars from behind closed doors does little to assure taxpayers that recovery resources are helping those impacted by a disaster that need it most.

We also learned that these types of resources can take years to allocate, and be easily spent on projects that have the most political support from the real estate industry rather than from a democratic planning process.¹ It doesn't have to be this way: New Yorkers deserve the right know how billions of dollars in federal aid are being spent, who is benefitting, and what promises were made in exchange for the aid. And most importantly, communities and taxpayers deserve to know whether those promises were kept.

In fact, New York City has made leaps and bounds in its transparency efforts since 9/11. Thanks to the council Local Law 62 and sponsored by Council Member Reyna, the city has the nation's most comprehensive, publicly accessible database of discretionary corporate subsidies.²

After reviewing the proposed bill GJNY has two suggestions and a clarification:

According to the US Department of Housing and Urban Development, (and amplified in August's report released by the Hurricane Sandy Rebuilding Task Force: Hurricane Sandy Rebuilding Strategy *Stronger Communities, A Resilient Region*), priorities for allocating funds focus on keeping neighborhoods affordable and expanding existing workforce programs. The best way to determine if residents are benefiting from disaster funds is to identify where employees live that were hired as a result of the relief funds. The proposed bill requires employees be listed by which borough they live in which is too broad of a measure for a city with such huge economic disparity.³ We suggest that more accurate way to establish if low-income New Yorkers are accessing jobs created by Sandy funds is to identify them by zip code.

A point worth clarifying regarding the database: The proposed bill states the database "shall be updated on a monthly basis". It is unclear if that means entries already in the database will be updated on a regular basis or just that new entries will be added monthly. We urge the council to ensure taxpayers can track the hiring practices of individual firms. For example: if a company receives funds and promises to create 10 jobs, will the database reflect a firm's hiring practices on a regular basis?

From the bill, it is unclear how the Sandy database would interact with other databases such as the Open Data Law and the EDC's Annual Investment Projects Report, mandated by LL62. To ensure taxpayers are provided with comprehensive subsidy information, Good Jobs New York recommends incorporating the data in this report into the existing one which will reinforce this council's commitment to transparency and accountability.

As an organization dedicated to making economic development subsidies more transparent GJNY is pleased that the council is moving forward to lift the veil that is currently on the allocation of Sandy-related public resources. A comprehensive Sandy tracker would be an invaluable tool for all New Yorkers, including members of the council, to help create an authentic dialogue between communities and rebuilding officials.

¹ Reports and analysis on Community Development Block Grants and Liberty Bonds can be found on GJNY's "Reconstruction Watch" section of our website: <http://goodjobsny.org/economic-development/reconstruction-watch>

² Available at the Economic Development Corporation's website: <http://www.nycedc.com/about-nycedc/financial-public-documents> and Good Jobs New York "Database of Deals" <http://goodjobsny.org/subsidy-database>.

³ Section 4 "the borough of the residence of employees on Hurricane Sandy funded projects..."