

COALITION FOR ECONOMIC JUSTICE

ECLECO JAN01'11 PM12:15
237 Main Street, Suite 1200
Buffalo, NY 14203
Phone (716) 892-5877
Fax (716) 852-3802
www.buffalोजwj.org

January 28, 2011

Honorable Barbara Miller-Williams
427 William St.
Buffalo, NY 14204

To the attention of Erie County's Legislators

Dear Legislator Miller-Williams,

As leaders in the local community we are writing to express our support for ensuring quality job provisions on economic development assistance provided by the Erie County Industrial Land Development Corporation (ILDC), a subsidiary of the Erie County Industrial Development Agency (IDA).

We are deeply disturbed by the fact that County Executive Collins is accusing your honorable body of *killing jobs* and is spreading this false narrative with the media. We are writing to provide a few facts and to re-center the discussion on the need for comprehensive reform of local and state development programs **to ensure that public financing (whether through interest free bonding or tax breaks) results in the creation of quality jobs for local residents.**

On January 31, 2008, the provisions of the New York State General Municipal Law that permit IDAs in New York State to provide tax-exempt revenue bond financing for civic facility/non-profit projects expired and have not been renewed. The elimination of the ability of IDAs to provide such financing was due to the longstanding failure of IDAs across the state to provide a strong return on the public's investment.

With IDAs unable to grant assistance to important civic facility projects, subsidiaries much like the Erie County ILDC began to take on this function in many areas across the state. In fact, since January 2008, over 20 new agencies have been created, and several existing agencies have resumed their financing activity. Most of these new agencies are shadows of their sponsoring IDAs; they have the exact same staff and board as the IDA and operate out of the same buildings. **Consequently, the shadow agencies are susceptible to the same flaws of IDAs, and should be subject to reform measures similar to the ones being proposed for IDAs – increased transparency and accountability as well as high road labor and environmental standards.**

The Erie County Legislature is to be commended for incorporating key reform provisions into the resolution it passed in July of 2009 regarding ILDC financing. Of particular note is the Legislature's inclusion of a prevailing wage provision for construction as well as requirements regarding ILDC Board representation.

Rather than stripping the ILDC of any of these reforms, we would recommend that you expand upon provisions guiding the ILDC's public financing to ensure that the ILDC uses its powers to even more aptly support job development and general prosperity, by including increased disclosure provisions for example.

That said, we do also want to explicitly express our support for the quality job provision that your body did include in its 2009 resolution authorizing the ILDC to do civic facility financing.

Mr. Culliton and others from the IDA have told you that the inclusion of prevailing wage will increase project costs by over 25%, citing a Center for Government Study report commissioned by the state's IDAs.

This and other studies have been widely criticized for their flaws in approach. **Studies have found that prevailing wage laws can enhance state tax revenues, industry income, and non-wage benefits for workers; lower future maintenance and repair costs; reduce occupational injuries and fatalities; and increase the pool of skilled construction workers—to the benefit of both the public and the construction industry.** Productivity among construction workers paid prevailing rate is 20% higher than that of lower paid construction workers. And, most importantly, payment of prevailing rate protects the residents of Erie County from hidden taxpayer costs associated with low wages.

In conclusion, it is important for the legislature to put measures in place that will ensure that the ILDC lives up to its mission to create jobs and further general prosperity.

We support the Erie County Legislature's 2009 resolution. We urge you to make it stronger, not weaken it.

Sincerely,

Allison Duwe, Executive Director
Coalition for Economic Justice

Sam Magavern, Co-Director
Partnership for the Public Good

Lou Jean Fleron, Director
Workforce, Industry, and Economic Development
Cornell University, ILR

Aaron Bartley, Executive Director
PUSH Buffalo

L. Nathan Hare, President/CEO
Community Action Organization of Erie County, Inc.

Rev. Mark Blue
Second Baptist Church

Dorian Gaskin, Vice President
Outsource Center

Rev. Dan Schifeling
Church of the Nativity

Rev. Eugene Pierce
WNY Outreach Ministries

Bruce Fisher, Director
Center for Economic and Policy Studies

Rabbi Alexander Lazarus-Klein
Temple Sinai

Karima Amin, Director
Prisoners are People Too

Susan M. Davis, Associate Professor
Department of Economics and Finance
Buffalo State College

Bryon McIntyre, Board President
Citizen Action of Western New York

Jim Anderson, Board President
Western New York Peace Center

Rev. M. Bruce McKay
Pilgrim-St. Luke's UCC

Rev. Jeff Carter
Ephesus Ministries

*Organization information for identification purposes only

CC: Al Culliton, Chief Operating Officer, Erie County Industrial Development Agency

WNY Delegation