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New Analysis of Subsidized Projects Finds Low Wages Common

City subsidies exceed \$2 billion annually

An updated study of job quality and economic development subsidies in New York City shows that public funds are subsidizing poverty-level jobs. New York City spends well over \$2 billion annually in the name of economic development and job creation.

The study, "An Overview of Job Quality and Discretionary Economic Development Subsidies in New York City," outlines discretionary programs through which some of these billions are spent. It also includes case studies of three subsidized projects—the Bronx Gateway Mall, the new Yankee Stadium, and Fresh Direct, the Queens-based online grocer. The study was jointly prepared by the Fiscal Policy Institute, Good Jobs New York, and the National Employment Law Project.

Researchers found that the top five non-managerial jobs at the three case study projects were low-wage occupations: concession food and beverage workers, warehouse workers, retail salespersons, security guards, and cashiers. The estimated annual median wages for these positions ranged from \$17,534 to \$26,395 for a full-time worker, only 58 percent to 87 percent, respectively, of the Bloomberg administration's own 2008 poverty threshold for a four-person family in New York City. These are median figures, indicating that half of the workers in these

occupations earn less than these amounts, with annual pay as low as \$15,000 and \$16,000. With such low incomes, workers are likely to qualify for various forms of public assistance.

“The Great Recession has only exacerbated the difficulties low-wage workers face in supporting themselves and their families,” said Annette Bernhardt, Policy Co-director, National Employment Law Project. “It’s disconcerting to see the city spending billions in the name of job creation yet subsidizing jobs that pay poverty wages.”

“The city’s concentration on corporate giveaways must stop,” said Bettina Damiani, Project Director of Good Jobs New York. “Economic development programs must be held accountable for their use of public resources. When taxpayers invest in poverty-wage jobs, there’s a double subsidy—a direct one to the subsidy recipient and a second one when low-wage workers are forced to turn to public assistance to make ends meet.”

“With more than \$2 billion at stake every year, it’s imperative that we use these taxpayer dollars wisely,” said Michele Mattingly, Research Associate at the Fiscal Policy Institute. “This is all the more true at a time when the Mayor’s proposed budget calls for dramatic cuts in areas like education and human services. How can we close child care centers and cut services for the city’s seniors yet lavish money on low-wage employers?”

Damiani will discuss the study at a forum sponsored by the Brooklyn College Graduate Center for Worker Education on Thursday, March 10, at noon (25 Broadway, 7th Floor, Manhattan; 212-966-4014). The forum will also feature New York City Comptroller John Liu.

The study, an update of an analysis originally conducted last May, is available at http://www.fiscalpolicy.org/FPI_GJNY_NELP_SubsidizedEmployersCreateLowWageJobs.pdf.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies practices to better the economic and social conditions of all New Yorkers.

Good Jobs New York (www.goodjobsny.org) promotes policies that hold government officials and corporations accountable to the taxpayers, particularly when economic development agencies give subsidies to large corporations that threaten to leave New York City.

The National Employment Law Project (www.nelp.org) is dedicated to improving conditions for workers across America and to protecting working families from the vagaries of the global economy.

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