

# GJNY Good Jobs New York

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## *Database Details Dozens of Deals Online*

In a time when many suffer from information overload, there's actually a scarcity of easily available information about the costly subsidy packages New York City and New York state hand out to keep corporations in the city. Good Jobs New York is working to remedy that situation, with a new database of the city's most expensive "job retention" deals now available online at [www.goodjobsny.org](http://www.goodjobsny.org). The database, which is continually updated, currently lists 73 pending or completed deals announced since 1987, worth nearly \$3 billion in public resources. Profiles of the packages highlight the need to overhaul the process of awarding subsidies. For example:

- The New York City and state governments are planning to give the New York Stock Exchange over \$1 billion – \$930 million in outright cash grants plus \$160 million in tax breaks and energy discounts – to build a new trading floor even though a relocation of the exchange is highly unlikely. (See page 3.)
- The city and state governments allocated \$5.8 million in subsidies to keep insurance company Zurich Centre Group in New York City – after the company had decided not to move. (See table at right.)
- Eight companies laid off employees after or just before they received subsidies in the name of saving New York City jobs. (See table on page 3.)
- Most of the subsidies, by far, have gone to major finance and media corporations. (See charts on page 2.)

The database allows users to view lists of the deals chronologically, by size or alphabetically by company name. Profiles of each package detail the amount each company received and, when available, information on the kind of subsidy (sales tax exemptions, property tax abatements, discounted electricity, cash grants, etc.). The profiles also include background information on each company, whether the company received more than one round of subsidies,

**Good Jobs New York** seeks to ensure that government holds corporations accountable for creating family-wage jobs when they receive tax breaks, grants, and other economic development subsidies.

and the circumstances surrounding the subsidy agreement. The database lists packages worth \$1 million and excludes those involving only tax-exempt bond financing.

For each case in which the information is available, the database also details the conditions agreed to by the company in exchange for subsidies. These conditions sometimes include job creation commitments and promises to remain in the city a minimum number of years,

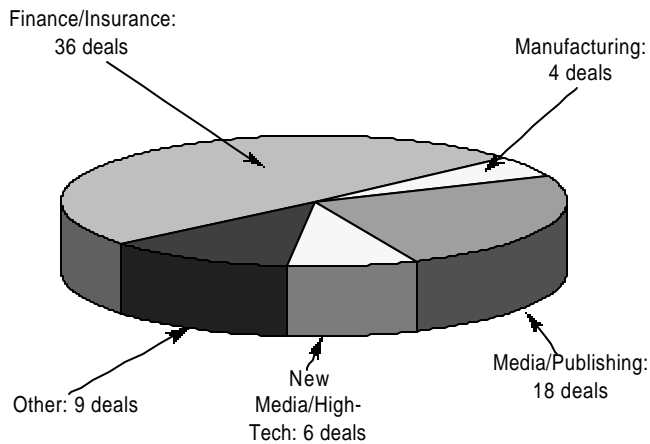
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### **Unlikely to leave**

*Subsidies for ten corporations that probably would have stayed anyway*

<b>Corporation</b>	<b>Subsidy Date</b>	<b>Subsidy Amount</b>	<b>Reason for Skepticism</b>
Zurich Centre Group	Oct. 1998	\$5.8 million	Had already decided to stay before deal was made.
CBS	Mar. 1993	\$49.3 million	Chairman said "We never threatened to leave the city."
Bear Stearns	Aug. 1997	\$75 million	CEO said company had never threatened to leave NYC.
N.Y. Stock Exchange	pending	\$1.1 billion	Many securities firms – which NYSE needs to be near – have already been paid to stay.
Travelers/Smith Barney	July 1994	\$22.1 million	Had already acquired and decided to use a large, modern Manhattan building.
NBC	May 1996	\$7 million	Had a 35-year lease, made millions of dollars in improvements and already received a retention package in 1987.
Equitable Companies	Sep. 1995	\$9.3 million	Did not seriously examine the N.J. relocation sites it claimed it was considering, say real estate sources.
theGlobe.com	Feb. 1999	\$1 million	Each of these firms reported that either the talent pool they draw from or their current staff live and want to work in New York City.
Ziff-Davis	Nov. 1997	\$4.3 million	
Information Builders	Mar. 1997	\$4.9 million	

## Number of retention deals, by industry

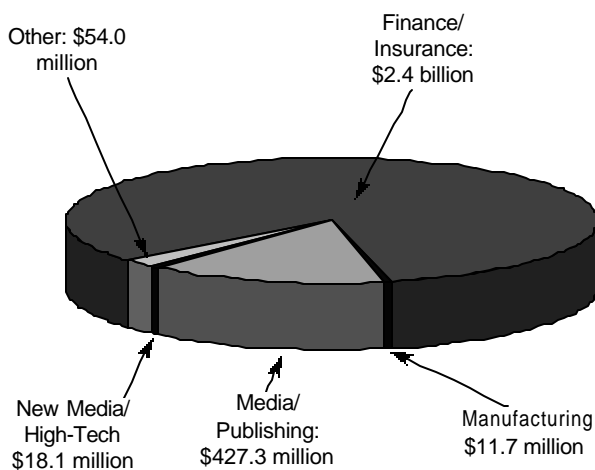


## No matter how you slice it...

The charts and table on this page clearly show the city and state's economic development priorities for New York City: major finance and media firms. All the top 25 deals listed at right went to companies in one of those sectors. And the charts above and below demonstrate that when all 73 of the completed or pending retention packages in Good Jobs New York's database are counted, both the overwhelming majority of deals and the overwhelming majority of dollars were allocated to companies in those industries.

## ...the bucks go to the big boys

## Dollar value of retention deals, by industry



## Top 25 deals

The city's biggest subsidy packages – all awarded to major finance or media companies

Corporation	Date	Total Subsidy	Industry
New York Stock Exchange	pending	\$1.1 bil	Finance/Ins.
Chase Manhattan Bank	Nov. 1988	\$235 mil	Finance/Ins.
NASDAQ/Amex	Nov. 1998	\$200 mil	Finance/Ins.
New York Mercantile Exchange	Aug. 1994	\$183.9 mil	Finance/Ins.
Prudential Securities	Aug. 1992	\$106 mil	Finance/Ins.
NBC (first package)	Dec. 1987	\$97 mil	Media/Pub.
Citicorp	1989	\$90 mil	Finance/Ins.
Bear Stearns & Co. (second package)	Aug. 1997	\$75 mil	Finance/Ins.
American International Group (third package)	Nov. 1996	\$55.7 mil	Finance/Ins.
Credit Suisse First Boston	Jan. 1995	\$50.5 mil	Finance/Ins.
CBS (first package)	Mar. 1993	\$49.3 mil	Media/Pub.
Morgan Stanley	Oct. 1992	\$39.6 mil	Finance/Ins.
McGraw-Hill/Standard & Poor's	Apr. 1997	\$34.5 mil	Media/Pub.
New York Board of Trade	Apr. 1999	\$31 mil	Finance/Ins.
Kidder Peabody	Oct. 1993	\$31 mil	Finance/Ins.
Bear Stearns & Co. (first package)	Oct. 1991	\$30.7 mil	Finance/Ins.
Equitable/Donaldson, Lufkin & Jenrette (first package)	Aug. 1994	\$29.5 mil	Finance/Ins.
New York Times	Dec. 1993	\$29 mil	Media/Pub.
Merrill Lynch	June 1997	\$28.5 mil	Finance/Ins.
Time Warner/Time Inc. (second package)	June 1999	\$28 mil	Media/Pub.
Capital Cities/ABC	June 1994	\$26 mil	Media/Pub.
Reuters	Oct. 1997	\$26 mil	Media/Pub.
News America/New York Post (second package)	July 1998	\$24.4 mil	Media/Pub.
Travelers/Smith Barney	July 1994	\$22.1 mil	Finance/Ins.
News America (first package)	July 1996	\$20.7 mil	Media/Pub.

# Three good reasons to question the NYSE deal

In December 1998, New York City, New York state and the New York Stock Exchange announced a plan to “keep” the exchange in lower Manhattan. The city and state would provide \$900 million in subsidies to buy land for and build a new trading facility across the street from the NYSE’s old headquarters. The cost has since risen to nearly \$1.1 billion, as land owners have raised their asking prices. But the plan has not been finalized yet. Here are three good reasons to reconsider, before it’s too late:

- **There has been no opportunity for scrutiny of this plan by taxpayers or elected officials other than the mayor and the governor**, whose representatives have been privately negotiating with the NYSE for over two years. While the state Legislature passed a bill authorizing this deal, that legislation was passed one day after it first saw the light of day. Only a “Message of Necessity” from the governor allowed for the waiving of the constitutional requirement that no bill can be passed unless it has been in print and on legislators’ desks for at least three days. Furthermore, this bill exempts the project from New York City’s land-use and other review processes, eliminating the opportunity for public

input. While the project involves \$705 million in city money, it is being implemented in a way that avoids public hearings or City Council debate.

- **The New York Stock Exchange is highly unlikely to move to New Jersey (or anywhere else).** Most of the major investment banks that are members of the NYSE have already invested in Manhattan buildings and/or received subsidies in exchange for agreeing to stay in New York. (See securities firm entries in the GJNY database at [www.good-jobsny.org](http://www.good-jobsny.org).)

- **The NYSE and its member companies could easily pay for the new building themselves.** The corporations that own the NYSE are extremely profitable and are handing out huge bonuses. The total profits of NYSE member corporations were \$16.3 billion last year, up from \$9.7 billion in 1998, according to the NYSE itself. In another indicator of prosperity, the securities industry in New York City (dominated by NYSE member firms) paid out bonuses of nearly \$12 billion in 1999, up from just under \$9 billion in 1998, according to the state comp-

## Subsidized layoffs

Corporations that took the money and cut New York City jobs

Company	Subsidy Date	Subsidy Amt	Layoff Date(s)	Number of Layoffs	Notes
Chase Manhattan	Nov. 1988	\$235 million	various	11,000	Chase’s layoffs have come in several waves, and the bank’s pending merger with J.P. Morgan will reportedly mean a loss of an additional 1,000-3,000 New York City jobs.
Citigroup (Merger of Citicorp and Travelers)	1989 (Citicorp); July 1994 (Travelers)	\$90 million (Citicorp); \$22.1 million (Travelers)	Dec. 1998	1,000	Citicorp and Travelers, which merged and laid off thousands of employees in 1998 – about a thousand of them in New York City – each received its own subsidy package.
Conde Nast	May 1996	\$10.8 million	May 1996	unclear	Conde Nast eliminated its pre-press unit, employing an unrevealed number of people, while in subsidy talks with city and state officials – without informing those officials.
Credit Suisse First Boston	Jan. 1995	\$50.5 million	Feb. 95	Between 135 and 900	Less than a month after closing the subsidy deal, CSFirst Boston fired 135 municipal bond staff and announced plans to cut up to 765 more jobs.
Kidder Peabody	Oct. 1993	\$31 million	Oct. 1994	2,500	PaineWebber bought Kidder Peabody and laid off roughly half of Kidder’s work force less than a year after Kidder got the subsidy package. (PaineWebber then laid off another 450 staff in early 1995, barely a year before closing its own subsidy deal.)
NBC	Dec. 1987	\$97 million	Nov. 1987	700	These layoffs were announced barely a month before the retention deal.
Price Waterhouse	May 1997	\$3.1 million	Nov. 1999	“fewer than 100”	The company (now PriceWaterhouseCoopers) said the cuts would not affect its compliance with its guarantee to add 1,090 New York City jobs over five years.

## Database of dealmaking run amok

*continued from page 1*

etc. For many deals, however, those details are not included. Good Jobs New York is now attempting to obtain more information on the terms of these packages from city and state economic development agencies under the Freedom of Information Law. Good Jobs New York will post additional details as they become available. If the agencies fail to release information, the database will reflect their failures as well.

Taken as a whole, the subsidies profiled in the database make a compelling case for reforming the city's and state's economic development policies. It's clear that our economic development agencies lack a clear business strategy for dealing with companies that threaten to leave and have failed to explore alternatives to throwing money at them. Furthermore, the city's Economic Development Corp. and the state's Empire State Development Corp. by and large operate without input and oversight from the public or the legislators we elect.

Unlike New York City and New York state, numerous states and cities around the country require corporations to report the number and wage levels of jobs created with public subsidies – and to return the subsidies if the companies fail to live up to their promises. The information in our database makes it amply clear it's time for New York to do the same.

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**Good Jobs New York** is a joint project of the Fiscal Policy Institute and Good Jobs First

**Good Jobs First** is a national clearinghouse tracking best practices in economic development. It provides research, training, consulting and communications to promote corporate accountability for family-wage jobs when companies receive economic development subsidies. GJF is a project of the Institute on Taxation and Economic Policy, based in Washington, DC. For more information, visit the GJF website at [www.goodjobsfirst.org](http://www.goodjobsfirst.org).

**The Fiscal Policy Institute** is a New York-based research and education organization that focuses on state and local tax, budget, economic and related public policy issues. FPI's work is intended to further the development and implementation of public policies that create a strong economy in which prosperity is widely shared by all New Yorkers. For more information, visit the FPI website at [www.fiscalspolicy.org](http://www.fiscalspolicy.org).

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