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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*

December 2, 2013

#### 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 the 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](http://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.

In our effort to help bring transparency to Hurricane Sandy related funds, over two months ago, GJNY submitted Freedom of Information Requests to the NYC Office of Management and Budget (for recipients of CDBG-DR funds) and the Industrial Development Agency (for a list of recipients from its loan, grant and any other financial programs). The OMB responded saying it would provide us information in the middle of January 2014.

Last week, we received a response from the NYCIDA. It is a woefully inadequate one. (Samples of the documents we received are attached at the end of our testimony.)

Good Jobs New York requested	Received from the IDA
Company name and address of beneficiaries	Redacted
Industry type by NAICS	None
Type of financial assistance received, (i.e. grants, loans, etc.)	Two redacted lists of "borrower" charts with loan amounts and date application was received
Number of employees at firm employed full-time and part-time before Hurricane Sandy	None
Number of jobs the firm expects to retain or create after Hurricane Sandy, full-time and part-time	None

Our tracking of federal 9/11 CDBG grants taught us that an entity charged with spending billions of dollars from behind closed doors does little to assure taxpayers that recovery resources are helping those most impacted by a disaster.

Sadly, more than a year after the storm the Bloomberg Administration process for allocating Sandy money is even more opaque than the LMDC. After Hurricane Sandy it is nearly impossible to follow public monies for Sandy recovery: who is deciding how programs are developed? How will the hardest hit residents and small businesses benefit from federal resources? How much has been allocated and to whom?

This secrecy is a major change by the City: The Bloomberg Administration made leaps and bounds in its transparency efforts over the years by providing the public more information about proposed subsidies via the IDA and made its public hearings procedures more accessible. These policies combined with Local Law 62, sponsored by Council Member Reyna, the city has the nation's most comprehensive, publicly accessible database of local discretionary corporate subsidies.<sup>1</sup>

These types of resources can take years to allocate, and easily be spent on projects that have the most political support from powerful business and real estate interests rather than from a democratic planning process.<sup>2</sup> It doesn't have to be this way: New Yorkers deserve the right to 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.

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 hired as a result of the relief funds live. The proposed bill requires employees be listed by which borough they live in – too broad of a measure for a city with such huge economic disparity.<sup>3</sup> We suggest that a 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.

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<sup>1</sup> 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>.

<sup>2</sup> 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>

<sup>3</sup> Section 4 "the borough of the residence of employees on Hurricane Sandy funded projects..."

A Sample of information received by Good Jobs New York from  
 the NYC Industrial Development Agency  
 "Borrower Chart 1 - redacted"

Date Received	Borrower Name	Loan Number	Address	Zipcode	SDS Counselor	Date to Admin	Screen-Out	Date of Screen-Out Email to SDS Counselor, Colleen & Crew	Loan Amount	Date to Underwriters	Analyst
11/7/2012						11/7/2012	Yes	11/8/2012	\$25,000		
11/7/2012						11/7/2012	No		\$25,000		
11/7/2012						11/7/2012	Yes	11/17/2012	\$25,000		
11/7/2012						11/7/2012	No		\$25,000		
11/7/2012						11/7/2012	Yes	11/8/2012	\$25,000	1/11/2013	
11/7/2012						11/8/2012	Yes	11/8/2012	\$25,000	11/13/2012	
11/7/2012						11/7/2012	Yes	11/8/2012	\$25,000	11/17/2012	
11/7/2012						11/8/2012	Yes	11/9/2012	\$25,000	1/22/2013	
11/7/2012						11/8/2012	Yes	11/8/2012	\$25,000	11/19/2012	
11/7/2012						11/8/2012	Yes	11/9/2012	\$25,000	11/20/2012	
11/7/2012						11/15/2012	Yes	11/16/2012	\$25,000		
11/7/2012						11/8/2012	Yes	11/8/2012	\$25,000		
11/8/2012						11/8/2012	No		\$25,000		
11/8/2012						11/8/2012	Yes	11/8/2012	\$25,000	11/13/2012	
11/8/2012						11/9/2012	No		\$25,000		
11/8/2012						11/8/2012	Yes	11/9/2012	\$25,000	11/20/2012	
11/8/2012						11/8/2012	Yes	11/9/2012	\$25,000	11/20/2012	
11/8/2012						11/8/2012	Yes	11/9/2012	\$25,000	11/20/2012	
11/8/2012						11/8/2012	Yes	11/9/2012	\$25,000	11/20/2012	
11/8/2012						11/9/2012	No		\$25,000		
11/8/2012						11/9/2012	No		\$25,000	11/13/2012	
11/8/2012							No		\$25,000		
11/8/2012							No		\$25,000		
11/8/2012						11/14/2012	No		\$25,000		
11/8/2012						11/9/2012	Yes	11/13/2012	\$25,000	11/20/2012	
11/8/2012						11/8/2012	Yes	11/9/2012	\$25,000	12/10/2012	
11/8/2012						11/9/2012	No		\$10,000	11/13/2012	
11/9/2012						11/9/2012	Yes	11/13/2012	\$15,000	11/20/2012	
11/9/2012						11/9/2012	Yes	11/13/2012	\$25,000		
11/9/2012						11/9/2012	Yes	11/14/2012	\$25,000	11/17/2012	
11/9/2012						11/13/2012	Yes	11/14/2012	\$15,000		
11/9/2012						11/9/2012	Yes	11/14/2012	\$25,000		
11/9/2012						11/9/2012	Yes	11/14/2012	\$25,000	11/17/2012	
11/9/2012						11/9/2012	Yes	11/14/2012	\$25,000	11/20/2012	
11/9/2012						11/13/2012	Yes	11/13/2012	\$25,000		
11/9/2012							No		\$25,000	11/13/2012	
11/9/2012							No		\$25,000		
11/9/2012						11/9/2012	No		\$25,000		
11/9/2012						11/13/2012	Yes	11/14/2012	\$25,000	11/26/2012	
11/9/2012						12/6/2012	Yes	12/10/2012	\$25,000	12/11/2012	
11/12/2012						11/13/2012	No				

