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New study finds IDAs do benefit localities

By **Matt Glynn** NEWS BUSINESS REPORTER

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An organization representing economic development professionals in New York state has fired back at a report that had sharply criticized industrial development agencies and their effect on local economies.

The New York State Economic Development Council engaged the nonprofit Center for Governmental Research to analyze IDAs' results. The center's conclusions cast the agencies' impact in a far more favorable light than portrayed in a May 2007 report by New York Jobs With Justice, a coalition of labor, community, student and faith-based organizations.

Jobs With Justice said its report, "Getting Our Money's Worth," which was based on 2005 data provided to the Office of the New York State Comptroller, "clearly reveals a pattern of poor performance and unfulfilled job creation promises by Industrial Development Agencies." The report argued that subsidies granted by IDAs were shortchanging taxpayers, and the group urged reforms.

The Center for Governmental Research's report, released Tuesday, reaches sharply different conclusions. It said the number of jobs created from IDA-assisted projects in 2005 was 309,504, compared to 81,821 in the Jobs With Justice report.

"The record is positive, and given the economic environment in which IDAs operate, especially upstate, it is clear that IDAs make a significant contribution to local economic development efforts," said Brian McMahon, the NYSEDC's president, in a statement about the center's report.

The center is a research and analysis organization with offices in Rochester and Albany.

Jobs With Justice, in revised figures, said the number of jobs created by subsidized companies was 84.5 percent of those promised; the CGR said that the number of jobs created was instead 124 percent above projections.

Why such a drastic difference in the two reports' findings?

Part of the explanation lies in their use of the 2005 data. For instance, Jobs With Justice claimed far fewer projects had sufficient data for analysis than the Center for Governmental Research did, so the center analyzed a much larger pool of projects.

The center also challenged a point made in the Jobs With Justice report: that tax exemptions provided through IDAs were a "net loss" to state and local governments. The center countered that there was no guarantee projects receiving tax breaks would have moved forward without those incentives and generated

those revenues for the government.

Carrie Brunk, executive director of New York Jobs for Justice, stood by her group's report. She said CGR used the same data supplied to the comptroller but also relied heavily on supplemental reports to every individual IDA.

"It is not surprising that NYSEDC, the organization that lobbies on behalf of the state's IDAs, was able to get access to the records of every IDA — but New York taxpayers don't enjoy the same close relationships and access to know how their money's being spent," Brunk said.

She also said that parts of the Center for Governmental Research report call for greater transparency and clearer communication between the IDAs and the comptroller's office — improvements that Jobs With Justice also recommends.

Brunk said her group revised its report after two IDAs reported inaccuracies in the data they reported to the comptroller last year, but that the center's report did not reflect those changes.

The center was critical of how Jobs With Justice conducted its report. "While [the Center for Governmental Research] did not find a perfect record for the IDAs, our findings indicate that the summary of the record published by [Jobs With Justice] is biased and incomplete," the center said. "We urge [Jobs With Justice] to either revise their report in accordance with our more careful analysis of the record or simply remove it from their Web site."

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