

# Reporting on economic development subsidies

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## Issues to consider, questions to ask

### Big picture

- Read the enabling legislation, rules and regulations to determine if subsidies are being used as intended.
- Does your state, region or locality have a coherent economic development strategy and, if so, is the project a fit?
- Wealth creation I: Does the activity being subsidized bring new income into the regional economy, such as exports, or does it simply recycle dollars, such as retail?
- Wealth creation II: Does the project keep profits in the regional economy by promoting locally owned business or are the beneficiaries out-of-town corporations.?
- What is the purpose of the project, and is the subsidy a “need” or a “want?”
- Distinguish between “economic development” and “community development.”

### Costs

- Develop data.
- Identify and cost all the subsidies; projects often involve more than one. (total cost)
- Benchmark these costs against jobs and investment. Cost per job, dollar of subsidy for dollar of investment, etc. A good way of giving reader meaningful context.
- Compare and contrast.

### Jobs

- New or retained jobs? Pirated? In a growing sector or one with strategic importance?
- Look at quality of wages and benefits: What is anticipated compensation for jobs? Do lower-skill positions pay a living wage?
- Local hiring provisions?

### Corporate recipients

- Background the companies. Have they received subsidies in the past and, if so, have they held up their end of the bargain? Who are they giving political contributions to, and are they a factor? What is their track record with regulators (EPA, OSHA, DOL, EEOC, etc., and state counterparts.) In other words, are they good corporate citizens?

## Other

- Spin-off: What is the job multiplier effect? There is software used by economic development agencies that can calculate this and other economic spin-offs.
- Location: Is the subsidized business located in the urban core or along transit lines and thus accessible to all? Does location promote sprawl, require public investment for infrastructure improvements?
- Construction: If new structure is involved, will structure be built to LEED or other green standards. Is building in an environmentally sensitive area?
- Transparency and accountability: What are the reporting requirements and are there clawbacks?
- Pirating: Is the subsidy helping to create new jobs or simply relocating them from another community, or even elsewhere within a region?
- Fees paid to issuing agency: Given the times, some agencies that receive a transaction fee might be approving projects out of self-interest, as the fees fund their operations.
- For large projects, is there a Community Benefits Agreement, and if so, what does it include?
- Social/economic justice costs: Do they negate the economic value of the subsidy?