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Another Voice / IDA reform

Paying good wages shields taxpayers from waste

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Legislation to reform the operations of the state's local industrial development agencies (IDAs) is getting a lot of attention in Albany right now. One of the sticking points is whether construction companies that receive IDA tax breaks should have to pay decent wages to the men and women who do the construction on their projects.

In a recent opinion piece, Brian McMahon, the head of the association that lobbies on behalf of the IDAs, argued that a study financed by his association shows that this requirement would greatly increase the construction costs of IDA-subsidized projects. But the study assumes that the output per hour of construction labor is the same whether or not that work is done by experienced and well-trained workers who are paid a decent wage.

Looking at both sides of the ledger, an independent analysis of 14 years of highway construction nationwide found that states with higher construction wages had lower costs per mile because of greater productivity and less work done over. Work hours per mile were 38 percent less when done by more highly skilled and better compensated workers.

In other words, prevailing wages are good for business because workers receive years of skill and safety training; they require less supervision; and they use materials and time more efficiently because they do the job right the first time. Low wages don't lower overall employer costs—they just delay genuine economic growth for the community.

McMahon also tries to give the impression that all or even most IDA-subsidized projects could be located in Tampa, Fla., or Providence, R.I., just as well as in New York. In truth, more and more IDA-subsidized projects are located in the markets that they serve and from which they draw their patrons.

It is important to step back and remember all the reasons why the current IDA law needs reforming. An analysis by New York Jobs with Justice found that in 2005, Western New York IDAs doled out \$39 million in tax breaks, but the companies that received them created less than half the jobs they promised.

At the same time, school districts in Western New York lost \$19 million—money that could have gone to hire teachers, lower class sizes or reduce local property taxes.

The Buffalo News recently reported that Amherst isn't sure it is getting the full benefit of the IDA tax breaks it has given to more than 170 companies, and Erie County Executive Chris Collins questioned whether IDA subsidized companies are sufficiently demonstrating how they're helping the community.

Enough is enough. Now is the time for members of the Legislature and administration to put their heads together and finally reform the IDA law so New Yorkers can get on with the real business of revitalizing our economy.

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