

## **Press Release**

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## ***New Report Reveals How NY Economic Development Funds Shortchange Communities of Color***

*Report released today by Make the Road New York & the Fiscal Policy Institute shows white males massively overrepresented on Regional Councils and funding for communities of color drastically less than for white communities.*

New York, NY (August 2nd, 2018)—Today, Make the Road New York, the Fiscal Policy Institute, New York Communities for Change and ALIGN held a press conference in front of New York City's Regional Economic Development Council's Office to mark the release of "[Shortchanged](#)," a new report previewed in [The New York Times](#) last night. The report, authored by the Fiscal Policy Institute and Make the Road New York, reveals stark racial disparities in the operation of Governor Cuomo's signature economic development strategy - Regional Economic Development Councils (REDC's). The leadership of the regional councils - appointed by the Governor - is 90 percent white, and almost entirely white male. This compares to just 56 percent of the New York population as whole. An analysis of the funding investment through the program reveals additional race disparities: lower state economic investment in areas with high concentrations of people of color. Economists, researchers and community leaders at the press conference explained the report findings including that the REDC program awards significantly less investment per capita in regions with higher concentrations of people of color than areas that are predominantly white. While Mid-Hudson and Long Island would have been awarded at least twice as much money if they got their fair share in the annual development competition, New York City would have been awarded 10 times their allotment.

The [report](#) details Cuomo's economic development initiatives in the state as well as recent corruption scandals associated with them. The report finds that a complete overhaul of the economic development system is necessary in order to invest in strategies proven to support all New Yorkers, including people of color. The report calls for passing the Database of Deals (S.6613-B and A.8175-A) legislation, which unanimously passed the NYS Senate this year, to bring much-needed transparency to this broken system. It further calls for investment in public goods such as infrastructure, education, and housing instead of crony capitalism that masquerades as economic development.

**Ana Alulema, member of Make the Road New York and New York City resident, said,** "We need investments in our classrooms--not tax giveaways to wealthy developers. Along with

creating good jobs, that's what real economic development looks like. Under Governor Cuomo, New York has underinvested in high needs public school districts by billions of dollars, especially in communities of color. Our children cannot wait any longer.”

**Ron Deutsch, Executive Director of the Fiscal Policy Institute, said,** “It should be abundantly clear after numerous scandals, indictments and convictions, that our economic development system is broken, inequitable and in desperate need of a major overhaul. People of color are being shortchanged while REDC leaders are awarding themselves tens of millions of dollars a year in subsidies in what amounts to a clear conflict of interest.”

**Deborah Axt, Co-Executive Director of Make the Road New York, said,** “This report is shocking. And we should keep in mind that this report only covers those deals that researchers were able to evaluate based on publicly available information. No one knows about the secret offers the Governor may have made to other corporate giants like Amazon. The total underrepresentation of leaders of color on the councils, the disparate spending that neglects communities of color, and corruption scandals like the Buffalo Billion may just be the tip of the iceberg. To even begin to assess how our state's failed economic development approach can be reformed, we must demand the Database of Deals: a complete database of past, current, and future deals. In the meantime, a moratorium on corporate giveaways is in order.”

**Sixta Barriga, a member of New York Communities for Change, said,** “While the Governor claims that he cares about immigrants, immigrant communities struggle to survive in New York. The state is giving away billions to corporations while neighborhoods like mine in Flatbush, Brooklyn get shortchanged. The Governor should invest in communities of color that have been ignored for decades, by investing in housing, transit and public education.”

**Jonas Shaende, Chief Economist of the Fiscal Policy Institute, said,** “The main and very fixable problem with the state's economic development framework is that -- due to its opacity, mediocre design, and lack of accountability -- it consistently fails to maximize public benefit in the areas of job creation and poverty reduction. Its noticeably uneven development commitments disadvantage low-income and vulnerable communities. At the same time, there are ample opportunities for corruption, self-dealing, and other forms of abuse. It is true, Governor Cuomo is not responsible for every corrupt official in New York. Nonetheless, he is responsible for the system's design and outcomes. Both can and need to be improved; and there exists a political and expert consensus on what is to be done. The key first step to the necessary enhancements in transparency, accountability, and governance is the “Database of Deals,” a proposal with bipartisan support in the state legislature.”

The report concludes with the following recommendations:

- Invest in public goods. Instead of corporate giveaways, the governor should reallocate regional economic development support towards proven investment strategies.
- Pass the Database of Deals (S.6613-B and A.8175-A) bill.

- Support economic development programs that assist Minority and Women-Owned Business Enterprises.