



**Independent  
Democratic  
Conference**



# **A New Deal for New York**

**Investing in New Yorkers By Building Up New York**

**February 2015**

## Introduction:

New York State was in many ways the epicenter of the Great Recession and our communities suffered greatly from increased unemployment, the foreclosure crisis, and the loss of many businesses. According to economists the Great Recession of 2007-09 has ended, but unfortunately the recovery that has followed has still left a number of our communities behind. Additionally, the economic pain of the recession depressed investments in the State's human and physical capital. This year the State of New York has received around \$5 billion in funds from a number of settlements by financial institutions accused of a variety of financial crimes. This one-time infusion of money into the budget has spurred a lot of discussions about what would be the best way to spend this money. The Independent Democratic Conference (IDC) believes that we should capitalize on this opportunity by creating a New Deal for New York that maximizes our investment in human capital by focusing on job creation. This program, modeled in the spirit of Franklin D. Roosevelt's groundbreaking New Deal, would have two parts that focus on two different ways in which we can use direct State spending to get people good paying jobs.

### The IDC's New Deal for New York would:

- Invest \$3.5 billion in funding from the bank settlement funds received by the State in infrastructure in order to create high paying jobs with the **Empire Public Works Fund**.
- This investment is structured as a revolving loan fund, meaning that instead of just spending this money once, the State will be able to reinvest the money multiple times over.
- Provide \$1.5 billion in funding for localities and nonprofit groups to make smaller capital investments in our neighborhoods through the **Community Jobs Program**.
- This money would help create jobs for underserved communities and provide individuals with skills and training they can use in the future.
- This funding would be available to all communities throughout the State.

The first part of our program, called the Empire Public Works Revolving Loan Fund is aimed at creating a vehicle that will be able to provide low cost capital for infrastructure development here in New York State for decades to come. By creating a long term financing structure for capital investment, we can maximize the benefit to the State from this one-time windfall. We will also create tens of thousands of good paying jobs directly and tens of thousands of more indirect jobs.

The second component of the IDC proposal, called the Community Jobs Program, is aimed at creating employment opportunities for those members of our communities that have the hardest time in finding steady and good paying jobs. They will be employed to rebuild and revitalize the communities they live in by making improvements in local assets, such as parks, libraries, community centers, child care facilities, local clinics, and the myriad other local facilities that make a critical difference in people's daily lives. This way the IDC helps communities build themselves up from the bottom, instead of using a top down approach.

## The Original New Deal:

When Franklin D. Roosevelt was inaugurated as President in March 1933, he faced a nation where over 30% of the workforce was unemployed. This unprecedented crisis in employment led the President to enact a large number of new programs through legislation in his first 100 days in office. These included the Federal Emergency Relief Act, the Tennessee Valley Authority Act, and the National Industrial Recovery Act. This slate of programs was the beginning of what became known as the New Deal, a title that would by the end include a large number of programs that the Roosevelt Administrations would create between 1933 and 1937. Many of the programs of the New Deal dealt with providing direct economic relief to those affected by the Great Depression, and some, like Social Security, remain with us today. Included in all these programs were two long term employment programs whose aim was to ensure that direct public spending would translate into jobs: the Public Works Administration (PWA) and the Work Progress Administration (WPA).

The Public Works Administration was created by the National Industrial Recovery Act in 1933. Its focus was on spurring job creation by contracting out the construction of large infrastructure programs. From 1933 through 1939 the PWA created jobs in the private construction companies hired to construct the 34,508 projects that this program financed nationally<sup>1</sup>. Here in New York the PWA financed the construction of the Triborough Bridge (now the RFK Bridge) and the Lincoln Tunnel, along with 340 school buildings and 420 other projects excluding federal facilities and buildings. The infrastructure that the PWA created continues to benefit New Yorker's daily. According to studies, the PWA created around 750,000 jobs in the United States, including both direct and indirectly created jobs<sup>2</sup>.

The Work Progress Administration (eventually changed to the Work Project Administration) was another of the main job creation programs instituted by the Roosevelt Administration during its New Deal. The WPA was established in 1935 as part of the Emergency Relief Act of that year. The WPA would finance a wide variety of projects, with the aim of employing those individuals receiving public benefits or who were unemployed. Those hired by the WPA became federal employees, which differs from the jobs created by the PWA, which were all private sector jobs. While a large portion of WPA projects were infrastructure based, they tended to be smaller and require less expertise than projects financed by the PWA. Additionally, the WPA financed many non-construction projects: artists were employed to create murals, writers were employed creating travel and tourist guides, and many people were employed gathering statistics or even creating charts of multiplication tables. The idea was to replace public assistance with employment, and to do so in projects that could be started much faster than PWA projects, which tended to be much bigger and required far more preparation time.

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<sup>1</sup> Moslander, Margaret. "When the federal government dared to act" (December 21, 2011) Available at: <http://www.remappingdebate.org/node/989>

<sup>2</sup> Harvey, Philip The New Deal's Direct job Creation Strategy: providing Employment Assurance for American Workers. Available at: <http://www.philipharvey.info/newdealdirect.pdf>

It is estimated that at its height in November 1938, the WPA directly employed 3.3 million Americans<sup>3</sup>. As the direct employer, the Federal government had control over the wages that would be earned by those individuals employed by the WPA. The administrators of the Program established what they labeled a security wage. The schedule of what amounted to a security wage was based on the education and skills level of each worker as well as geographic location, so highly technical worker in New York had a higher security wage than unskilled workers in the Mississippi Delta. The WPA also set up a minimum number of hours necessary for an employee to earn that security wage. There were many debates nationally about what the wage level of WPA employees should be – many in private business did not want WPA jobs to be competitive with private business jobs, while others worried that if WPA wages were set too low, they would form a floor for private wages in those fields. From 1936 to 1939 the WPA used a prevailing wage mechanism to pay employees. Because each worker could earn only up to their security wage, this created coordination issues on projects between workers with different skills levels, and thus different hourly wages<sup>4</sup>. This led to a change back to the original pay system in 1939.

Both the PWA and the WPA ran until the United States became embroiled in World War Two, at which point labor conditions had changed sufficiently due to full wartime employment and federal spending had to be focused on war-time necessities. The PWA and the WPA together financed tens of thousands of projects, and created infrastructure and public goods that Americans still benefit from almost eighty years later. Millions of Americans were taken off public assistance and given the dignity of work. While some have argued that these programs by themselves did not end the high unemployment caused by the Great Depression, the value they added to the United States is undeniable and the benefits gained by those who became gainfully employed was incalculable.

## **Why a New Deal for New York is needed:**

According to the New York State Department of Labor, the current unemployment rate in New York State is 6% as of October 2014, the latest available figure<sup>5</sup>. This rate is clearly vastly smaller than the 30% unemployment that Roosevelt faced in 1933, but if one digs deeper into this figure, we see that unfortunately the reality is that many of our communities face struggles that the headline unemployment figures fail to capture. Unemployment is not uniform among different parts of the State or among different populations. For example, while the headline unemployment rate for the State now lies at 6%, there several counties with much higher unemployment rates as of October 2014:

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<sup>3</sup> Levine, Linda. Job Creation Programs and the Great Depression: The WPA and the CCC, Congressional Research Service. January 14, 2010. Available at:

[http://www.law.umaryland.edu/marshall/crsreports/crsdocuments/r41017\\_01142010.pdf](http://www.law.umaryland.edu/marshall/crsreports/crsdocuments/r41017_01142010.pdf)

<sup>4</sup> Ibid.

<sup>5</sup>NYS Department of Labor, “Statewide Unemployment Rate Drops to 6% in October 2014, Reaching Lowest Level in Six Years.” November 20,2014. Available at: <http://labor.ny.gov/stats/pressreleases/pruistat.shtm>

*Top Highest County Unemployment Rates<sup>6</sup>:*

<b>Country</b>	<b>Unemployment Rate</b>
Bronx	9%
Oswego	7.10%
Jefferson	7%
Kings	6.90%
St. Lawrence	6.90%

As this chart shows, the Bronx faces a 9% unemployment rate, while four counties hover close to a 7% unemployment rate, a full percent above the Statewide average. Between October 2013 and October 2014, significant regions of New York State have seen actual job losses. New York has a total of 62 counties, 26 of which are located outside of metro areas. The others make up the state's 14 metro areas. Of those 14 metro areas, 4, all in western New York, have had a net loss in non-farm jobs over the last year. Of the 26 rural counties, 10 had a net loss in non-farm jobs and another five remained stagnant, according to New York State's labor statistics:

<b>County/Metro Area</b>	<b># of Jobs, Oct. 2013</b>	<b># of Jobs, Oct. 2014</b>	<b>Net</b>	<b>Net % Change</b>
<b>Binghamton Metro Area</b>	107,800	107,500	-300	-0.3%
<b>Rochester Metro Area</b>	522,900	522,200	-700	-0.1%
<b>Syracuse Metro Area</b>	319,000	317,200	-1,800	-0.6%
<b>Utica-Rome Metro Area</b>	130,200	129,300	-900	-0.7%
<b>Cayuga County</b>	26,400	26,300	-100	-0.4%
<b>Chautauqua County</b>	52,800	53,200	-400	-0.8%
<b>Chenango County</b>	18,700	18,600	-100	-0.5%
<b>Delaware County</b>	16,600	16,300	-300	-1.8%
<b>Essex County</b>	14,700	14,600	-100	-0.7%
<b>Franklin County</b>	19,600	19,400	-200	-1.0%
<b>Fulton County</b>	18,200	18,100	-100	0.5%
<b>Lewis County</b>	6,600	6,500	-100	-1.5%
<b>Montgomery County</b>	19,100	18,900	-200	-1.0%
<b>Otsego County</b>	27,300	27,100	-200	-0.7%

The five counties that saw no change in jobs were Hamilton (2,000 jobs), Jefferson (42,800 jobs), Steuben (39,100 jobs), Sullivan (24,800 jobs), and Wyoming (13,500 jobs).

Unemployment numbers among young adults are also remaining perniciously high; a situation that is only exacerbated among minority populations. Analyzing 2012 data, the most recent available, unemployment rates among young people aged 18-24 are 2-3 times higher than the

<sup>6</sup>NYS Department of Labor, "Rate of Unemployment by County of Residence, New York State , October 2014. Available at: [http://www.labor.ny.gov/stats/PressReleases/county\\_rates.pdf](http://www.labor.ny.gov/stats/PressReleases/county_rates.pdf)

national average. Because of this trend, college-educated young adults are forced to take positions that do not utilize or require their skill sets and education. This tendency to accept underemployment among the higher-educated portions of the population then forces those with lower levels of education out of the workforce.

A study by Demos, a New York-based public policy think tank, found that “unemployment and underemployment at the start of a working life provoke consequences that last a lifetime: lower wage growth, the inability to invest in future security, and diminished earnings that persist for decades. We can already observe the changes in rates of marriage, home ownership, and parenthood.”<sup>7</sup> The greatest burdens of this unemployment fall disproportionately on minorities. 1 in 4 African Americans aged 18-24 are unemployed. This is compared to nearly 1 in 6 Hispanics and 1 in 8 whites.

New York’s young people face a higher unemployment rate than most; among the state’s neighbors, only New Jersey has a higher unemployment rate for people aged 16-24, and most are significantly lower, according to 2012 annual data, the most recent available for youth unemployment by state, from the Bureau of Labor Statistics.

State	Unemployment Rate, Ages 16-24	Unemployment Rate, Ages 16-19	Unemployment Rate, Ages 20-24
New York	18.0	28.4	14.7
New Jersey	18.2	24.7	15.7
Pennsylvania	13.4	16.8	12.1
Massachusetts	12.2	20.2	9.2
Vermont	13.1	17.7	10.5
Connecticut	17.0	25.4	13.4
Mississippi (Nat’l high)	23.0	24.0	22.6
North Dakota (Nat’l low)	7.2	12.4	5.0
Florida (Comparable population to NY)	16.4	23.5	14.3

These numbers do not include individuals who have given up on the job market and either resigned themselves to remaining unemployed went back to school. The national employment-to-population ratio takes that into account:

Age	Federal Ratio Average 2012	Federal Ratio 3/1/2013
25-54	75.7%	75.9%
20-24	61.5%	60.8%
16-19	26.1%	25.8%

<sup>7</sup> Reutschlin, Catherine, and Tamara Draut, *Stuck: Young America’s Persistent Job Crisis*, Demos, April 2013.

The long-term unemployed, however, face further obstacles. Federally, the long-term unemployed (those jobless for 27 weeks or more) made up nearly 2.9 million people - 1/3 of the total unemployed population (32%) - in October 2014<sup>8</sup>. This number has remained little changed since June 2014. Furthermore, those marginally attached to the work force (those not in the labor force, who wanted and were available for work, and who had looked for employment within the last 12 months) has remained steady over the past year at 2.2 million. They are not counted as unemployed by federal statistics. The number of Americans employed part time for economic reasons (also known as involuntary part-time workers) also remained unchanged in October at 7.0 million.

All these figures highlight the fact that while the economic conditions of today are not as bad as they were during the height of the Great Depression, nor as bad as they were during the heights of the Great Recession five years ago, the recovery has been inconsistent, and certain populations here in New York still face significant issues when it comes to being able to get full time employment.

## **A New Deal for New York:**

The IDC's New Deal for New York is made up of two programs which mirror the distinction between the two original New Deal programs discussed earlier. The **Empire Public Works (EPW) Revolving Loan Fund** is aimed at making available capital for large infrastructure projects just like the Public Works Administration did. Like the PWA, the EPW would provide financing for projects, but construction would be carried out by private contractors. The EPW will focus on larger long term projects such as roads, bridges, rail and transit projects, water and sewer projects, and parks projects. The EPW will function as a revolving loan fund in order to maximize the amount of infrastructure that this money can finance, and will leverage private capital in the case of revenue-generating projects. As with the PWA, the jobs that the EPW will create will be private sector jobs in construction, as well as jobs among suppliers and other businesses involved in the construction and in catering to the construction workers. The minimum amount for a loan would be \$250,000 while the maximum would be \$750 million.

A study by the Council of Economic Advisors to the President examined the cost per job of direct public expenditure programs when it examined the effects of the American Recovery and Reinvestment Act of 2009. According to their report in 2009, the cost per job of this kind of program would be \$92,000<sup>9</sup>. This amount is lower than the cost per job created by federal offsets to local budget cuts (estimated at \$117,000 a job) and jobs created by tax cuts (\$145,000 per job). Newer estimates by the Department of Transportation put the number of direct jobs created by spending on transportation projects at 13,000 per \$1 billion spent, a per job cost of \$76,923<sup>10</sup>. If we use the 2009 estimate, every single \$1 billion spent on public infrastructure spending will

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<sup>8</sup> Bureau of Labor Statistics, "The Employment Situation - October 2014" Available at:

<http://www.bls.gov/news.release/pdf/empst.pdf>

<sup>9</sup> Executive Office Of The President Council Of Economic Advisers, Estimates Of Job Creation From The American Recovery And Reinvestment Act Of 2009. May 2009. Available at:

[http://www.recovery.gov/arra/About/Documents/Jobs\\_Report\\_Final.pdf](http://www.recovery.gov/arra/About/Documents/Jobs_Report_Final.pdf)

<sup>10</sup> US Department of Transportation, "Grow America Act: Creating a Pathway to Transportation Careers". Available at: [http://www.dot.gov/sites/dot.gov/files/docs/Workforce\\_DOT\\_Reuth\\_FINAL\\_2014.pdf](http://www.dot.gov/sites/dot.gov/files/docs/Workforce_DOT_Reuth_FINAL_2014.pdf)



create 10,870 direct jobs. New York State Department of Transportation Estimates put the number of direct and indirect jobs created by infrastructure spending on transportation to be 24 jobs per \$1 million of spending<sup>11</sup>, which means that the total job creation from \$1 billion in spending would be 24,000 jobs. This is similar to the estimates by the Federal Highway Administration (FHWA) from 2007 that estimated that \$1 billion in spending would result in 27,800 direct and indirect jobs<sup>12</sup>. The IDC proposes that \$3.5 billion from the settlement awards New York has gained by placed in the EPW Revolving Loan Fund. Using the NYS DOT estimates, the number of direct and indirect jobs that the fund would create would be 84,000 while using the earlier FHWA would give us 97,300 jobs.

<b>Empire Public Work's Revolving Loan Fund</b>	
Amount of Public Spending	<b>\$3.5 Billion</b>
Cost per Direct Job Estimates	<b>\$77,000 to \$92,000</b>
Amount of Direct Jobs Created	<b>38,500 to 45,500</b>
Amount of Total Jobs Created	<b>84,000 to 97,300</b>

There Empire Public Works fund could be utilized for a number of projects that have already been proposed throughout the State. As part of her proposal for a “Syracuse Billion”, Syracuse Mayor Stephanie Miner proposed spending up to \$750 million to repair and replace water mains and pipes throughout Syracuse. The City of Syracuse has stated that they spend at least \$2 million annually on repairing water main breaks, and that only takes into account the direct costs to the City of Syracuse<sup>13</sup>. As water and sewer projects are eligible for funding, the Empire Public Works Fund would be able to finance this project.



<sup>11</sup> NYS Department of Transportation, “jobs Created and Employment Reporting. Available at: <https://www.dot.ny.gov/recovery/jobs>

<sup>12</sup> Levine, Linda. Job Loss and Infrastructure Job Creation During the Recession, Congressional Research Service. December 23, 2008. Available at:

[http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1578&context=key\\_workplace](http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1578&context=key_workplace)

<sup>13</sup> Das, Anagha, “Miner’s ‘Syracuse Billion’ plan focuses on need for infrastructure improvements”, *The Daily Orange* (Dec. 3, 2014) Available at: <http://www.dailyorange.com/2014/12/miners-syracuse-billion-plan-focuses-on-need-for-infrastructure-improvements/> (photo credit: Glenn Coin | [gcoin@syracuse.com](mailto:gcoin@syracuse.com))



Another important regional project that would be eligible for funding through the IDC proposal is the Metropolitan Transit Authorities' proposal to extend Metro-North service into the eastern



Bronx and linking this service to Penn Station in midtown Manhattan. According to the MTA's new five year capital program, the building of the four new stations and additional track work would cost \$746 million<sup>14</sup>. The Bronx Borough President's Office and Sen. Jeff Klein's office issued a joint report in 2013 highlighting the beneficial economic impact this project would have for the Bronx, which is the State's lowest income county and which has one of the highest unemployment rates in the State as well. That report<sup>15</sup> found that this project could bring over \$1.15 billion annually in additional economic activity for Bronx businesses and create up to 5,400 new jobs in the borough, which would make a significant positive difference for the communities that would be directly affected by this project. This of course is not the only project for which the MTA could apply for funding, and the MTA would not be the only transit agency able to apply for funding from this program.

The single largest infrastructure project in the State currently is the building of the New New York Bridge, which is meant to replace the Tappan Zee Bridge. Construction of the Tappan Zee began in 1952 and it was first opened in late 1955. Unfortunately, the bridge was constructed in a manner that gave it a functional lifespan of only fifty years. This meant that by the late 1990's and early 2000's the maintenance costs to keep the bridge viable had escalated dramatically.

After many years of planning and study, a replacement to the Tappan Zee, the New NY Bridge, is now under construction. Current estimates put the total cost of this project at \$3.9 billion. The State has yet to identify the full funding sources for the bridge. According to the State, around \$1.6 billion in funding has already been identified in the form of a low-interest federal loan<sup>16</sup>. The Empire Public Work's Fund would certainly become part of the funding mix for this project if enacted into law.



<sup>14</sup> Smalls, Eddie. "4 Metro-North Stations Rolling Into the Bronx" *DNAinfo* (Sept. 25, 2014). Available at: <http://www.dnainfo.com/new-york/20140925/hunts-point/4-new-metro-north-stations-coming-bronx>

<sup>15</sup> *Growing the Bronx for the 21<sup>st</sup> Century and Beyond: An analysis of the Metro-North Expansion into the East Bronx* (May 2013) Available at: <http://bronxboropres.nyc.gov/pdf/2013-05-14-metro-north-economic-impact.pdf>

<sup>16</sup> New NY Bridge FAQ: How will the New NY Bridge be paid for? Available at: <http://www.newnybridgegallery.com/updates/faqs/#4>

The **Community Jobs Program (CJP)** is aimed at bringing into the workforce individuals who have been marginalized from it or have had trouble entering the workforce in the first place. The CJP is our modern equivalent to the WPA, which also sought to employ individuals that were receiving some form of public assistance. As with the WPA, our program is aimed at providing individuals in communities jobs while leaving those communities with long term assets. This program will finance smaller projects, and will be a grant program as opposed to a loan program. The IDC envisions a onetime allocation to this program of \$1.5 billion in settlement funds. The minimum grant amount would be \$50,000 while the maximum would be \$10 million. Projects seeking funding from other public streams can also apply for CJP funding.

Each CJP project would have to include both a construction component and a job training component. In this way, a community will gain a long term asset while each person employed by the program will gain valuable job skills on top of the experience they will gain through work. Local governments, library districts, and non-profit corporation can apply by themselves for grants, while for profit businesses and unions can apply in partnership with the aforementioned organizations. Municipalities will be able to apply for grants to build, rebuild, repair, or modernize local facilities and parks. Nonprofits will be able to apply to build, repair, rebuild, or modernize any facilities they operate, such as child care or senior centers, local clinics, shelters, community centers. Affordable housing organizations will be able to apply for grants as well to provide much needed housing. Municipalities and nonprofits would be able to pair up with businesses to create small business opportunities by expanding local commercial spaces for small businesses. Ten percent of the funds will be available only to nonprofit applicants; nonprofit applicants would still be able to compete for the rest of the funding.

The CJP will specifically target those populations that have had the hardest time finding employment. Applications will have to show how they plan to target hiring individuals who are part of , and those who are trying to enter the workforce for the first time. Bringing these populations into the workforce will make a measurable impact in our State's human capital. Additionally, the program will give slight preference to projects in counties with an unemployment rate higher than the State-wide average, and to lower income communities, both urban and rural.

Projects financed through the CJP would have to meet existing prevailing wage requirements – the fact that the program is in the form of a grant that will finance up to 100% of the costs of the project is the reason the IDC feels the State can ask for such terms. The State of New York should not spend public monies to create minimum wage jobs. Regional Wage Boards will establish the rates of pay for those individuals not covered by existing labor laws mandating a prevailing wage. These boards would take into account local variations in pay scales to better match incomes to the real costs of living in different parts of the State. While the Wage Board will be able to match wages to locations, the program does establish a minimum wage of \$15 per hour for these jobs. At 40 hours a week, that means an individual might earn \$31,200 a year, an amount that amount would still place an individual at under 60% of Area Median Income (AMI), making them a low income worker. This shows that even at that wage rate, jobs from the CJP would not outcompete private sector jobs.

Each applicant for a CJP grant will have to show that they have plans for the maintenance and viability of those facilities or improvements created through the program. Affordable Housing projects will have to enter into agreements regarding the length of affordability, while projects that include a commercial component will have to meet job creation and retention standards. As noted earlier, each application will also have to include a job training component. Any job training program will have to be Department of Labor approved, to ensure its effectiveness and the Department will create a list of certified programs so help eligible applicants fulfill the job training component. Organizations with existing training programs, and unions which have existing apprenticeship programs would be able to use their programs to meet this requirement.

Estimates of the cost per jobs of this program are somewhat harder to find. These smaller projects will spend a greater portion of their monies in labor than the larger projects which have to cover greater material costs, and which also have to deal with much greater preparation costs (such as comprehensive environmental impact statements). At the same time, there aren't many studies of comparable jobs projects in other states. As such, the IDC will go with the lower estimate of job creation costs we found, that being the estimate of \$77,000 in spending per job, to estimate the direct employment impact of the CJP. This would mean that by spending \$1.5 billion, we would create 19,480 jobs. If we use the FHWA estimate of the number of direct and indirect jobs, which is the one that has the lowest per job cost estimate, the total number of jobs to be created by the CJP would be 41,700.

<b>Community Jobs Program</b>	
Amount of Public Spending	<b>\$1.5 Billion</b>
Cost per Direct Job Estimates	<b>\$77,000</b>
Amount of Direct Jobs Created	<b>19,480</b>
Amount of Total Jobs Created	<b>41,700</b>

## **Summary:**

New York has been given a significant opportunity to invest in itself thanks to the several bank settlements that have given us a surplus of around \$5 billion. The Independent Democratic Conference believes that the best way in which this money can be spent is by giving New York a New Deal. By focusing on job creation and the investment in our human capital that such a commitment makes, we can maximize the long term benefits to the people of New York from this surplus. While the unemployment situation today is nowhere as dire as it was when the original New Deal was established, the pain and damage wrought by unemployment is as real today as it was in 1933. As the figures provided show, while the headline unemployment rate is low, some populations, particularly youths, face unemployment rates not too dissimilar from those seen during the Great Depression. Many workers can face months of unemployment, and each month that they fail to find a new job makes the chances that they will find one the following months even lower. These pernicious conditions do great damage, and the State should focus its attention in ending these conditions.

Our New Deal for New York proposes the Empire Public Works Revolving Loan Fund and the Community Jobs Program. The first program makes funding available for large infrastructure projects while the second will finance smaller community projects. Both will create thousands of jobs. If fully funded, the estimate that the entire New Deal for New York can create up to 65,000 direct jobs and up to 139,000 direct and indirect jobs. The IDC wants to do this in a manner that gives New Yorkers long term assets they can use throughout the State and in their own communities. Almost eighty years later, our population benefits from the works created by the Public Work Administration and the Work Projects Administration from the original New Deal. We expect that come 2090, New Yorkers will still be enjoying the fruits of the Empire Public Works Revolving Loan Fund and the Community Jobs Program.

# **Program Terms:**

## **The Empire Public Works Revolving Loan Fund**

### **Purpose:**

To build, repair and upgrade New York's infrastructure to a 21<sup>st</sup> Century standard.

### **How it Works:**

EPW is administered as a revolving loan fund by the Empire State Development (ESD). Prospective applicants will submit an application to the loan fund's Application Review Committee.

### **Application Process:**

1. *Composition of Application Review Committee:* The application review committee will consist of the Commissioners of DOT, DEC, and the CEO of ESD or their representatives, and one representative each appointed by the Executive, the Speaker, and the Temporary President of the Senate. Such representatives must have expertise in critical infrastructure projects, economic development or job creation.
2. Applications accepted on a year-round basis, and must be submitted by March 31<sup>st</sup> in order to be considered for the succeeding state fiscal year. The Committee shall develop a matrix to score the applications. The application review committee evaluates, approves, and prioritizes the projects using the following criteria
  - a. Critical Infrastructure Need
  - b. Includes Job Training Component
  - c. Statewide and community economic and/or environmental benefits
3. The committee must finalize their recommendations within 60 days following the application date.
4. Awards must encompass regional and statewide needs.

### **Applicant Eligibility:**

State agencies; public authorities; municipal corporations as defined in section 2 of the general municipal law; public utilities, and water and sewer districts.

### **Sources of Loan Repayment:**

Eligible sources of loan repayment include, without limitation, the following:

1. Water or Sewer Special Revenues. Projects that will be part of a revenue-producing water or sewer enterprise system may be financed with a loan that is payable with revenues from the water or sewer special revenue fund.
2. Other Dedicated Fund. Other revenue producing enterprises systems such as ports, airports, solid waste systems, bridges, and parking facilities may be eligible if the proposed project and repayment stream are acceptable to the Review Committee.
3. General Fund Lease. Loans secured by leases of Borrower assets.
4. General Fund debt or other debt secured by full faith and credit (general obligation).

### **Project Eligibility:**

1. Eligible projects include:

- a. Bridge repairs
  - b. City, County, and State roads and highway projects
  - c. Mitigate Impact of climate change including: erosion mitigation, flood control, wet land and top soil preservation and restoration, and resilience and hardening of infrastructure projects
  - d. Water and Sewer projects- including drainage
  - e. Utilities- including hardening of utilities
  - f. Tunnel projects
  - g. Public transit- including rail, bus, and subways
  - h. Parks and Recreational facilities
2. Eligible projects do not include: Exclusive environmental remediation projects
  3. Infrastructure projects must be within New York State. The projects must demonstrate meaningful job creation and retention metrics.

**Use of Funds:**

Pre-design studies; Land acquisition and remediation; building construction; machinery; equipment; fixtures; inventory; renovation and modernization; and job training. Wages paid must adhere to article 8 of the state labor law.

**Financial Assistance Available:**

Loans of a minimum \$250,000 and capped at \$750,000,000, as well as loan guarantees, lines of credit, credit enhancements, equipment financing leases, bond insurance, and other forms of financial assistance.

**Interest Rate & Fees:**

Interest rates shall be set to compete at lower rates than the municipal bond market. Fees should be scaled to match project sizes.

**Terms:**

Loan term will not exceed thirty (30) years or the useful life of the project, whichever is shorter. As with federal contracting rules, there will be a “Buy American” provision that will allow for slightly more expensive bids as long as the bidders demonstrate they are using all American-made steel and iron products.

**Community Jobs Program (CJP)**

**Program Features:**

*Financing:*

- The CJP will be funded with a one-time investment of \$1.5 billion in settlement monies.
- Awards by the CJP will be in the form of non-recurring grants. Grants will have a minimum award of \$50,000 and a maximum award of \$10,000,000.
- Grants will pay for projects and training programs that will last a maximum of two years.
- Grants can cover up to 100% of eligible project costs.
- Applicants may use CJP grants along with other public grants/loans already available.

- Applicants will have to include with their proposal a long term financial viability plan for the utilization of the assets that will be financed with the grants
- No more than 50% of all grants may be awarded to projects located in a City with over 1,000,000 residents.
- 10% of grants are set aside specifically for nonprofit applicants. This does not exclude them from receiving grant funding above this percent.
- Applicants may apply for grants that would cover multiple projects, including of different eligible project types, that they would administer.

*Administration:*

The grant program will be administered by Empire State Development.

*Eligible Applicants:*

Municipal corporations as defined in section 2 of the general municipal law may apply for grants, which includes counties, cities, towns, and villages. Library districts may apply for grants. Registered non-profit corporations may also apply for grants. For profit corporations and labor unions can apply for grants only in conjunction with an organization previously described.

*Eligible Projects:*

For a project to be eligible for a CJP grant, it must include two mandatory components:

A capital improvement project: The creation, repair, or renovation of a structure or public space.

Job Training Program: The project must include a training component for those workers being brought into the workforce through the project.

In addition, projects must meet one of the following community revitalization purposes:

- Construction, Renovation or Repair of Public Assets :
  - For the purposes of the CJP, this is defined as projects aimed at building or repairing/renovating an existing public asset such as a library, park, public garden, town hall, etc, that provides a service or amenity to the community  
Transportation, water, sewer, would not be eligible.
  - One of the applicants must be the locality who owns/operates the structure or space.
- Affordable Housing Construction.
  - This includes senior housing projects but not assisted living projects.
  - Affordable housing would include housing affordable to middle income families (families with income up to 120% of AMI).



- Local Commercial Development:
  - For the purposes of the CJP, this is defined as projects aimed at repairing or building commercial space suitable for small local businesses, including ground floor retail in a residential building.
- Community Service Spaces:
  - For the purposes of the CJP, this is defined as projects aimed at building or repairing/renovating a space used to provide community services, such as day care facilities, senior programs, afterschool programs, etc., and also spaces utilized for cultural and community events.
  - One of the applicants must be the organization who owns/operates the structure or space.

A preference will be given to projects that bring back into use abandoned lots/properties within communities. Additional preference will be given to projects that are located in a county with:

- An unemployment rate above the State-wide average.
- An average income under 75% of the State-wide average.

Funds can be used for construction and training costs, and up to 20% of the grant can be used for design and project administration as well as support services for individuals hired by the program. Land acquisition, environmental remediation, and asset maintenance are not eligible funding uses.

*Job Training and hiring preferences:*

As noted before, all proposals must include a job training program. This training program must be approved by the Department of Labor. DOL will create a list of certified providers that applicants will be able to utilize when submitting applications. At least 30% of the individuals employed under a CJP grant have to receive job training under this program. Apprenticeship programs run by unions qualify.

- Strong preference will be given to projects that include plans to focus on hiring individuals that:
  - Have been long term unemployed, defined as no full time employment (under 35 hours a week) for more than six months.
  - Individuals receiving public assistance.
  - Individuals with physical or developmental disabilities.
  - Individuals who are entering the job market for the first time.
    1. For the purposes of the CJP, this means any individual under 26 years old who has never held a full time position (35 hours a week or more) for more than 4 months in a 12 month period.
  - Individuals who reside in the community:
    1. For the purposes of the CJP, this means any individual who resides in the same city/village/town in which the project is located
- The program will have preferences for women and minority owned businesses.

*Wage requirements:*

Any individuals employed to carry out construction work will be covered by Article 8 of the State Labor law which mandates the payment of prevailing wages, though with a greater allowance for what percentage of the workers are considered apprentices. Any building maintenance jobs created by the project shall be covered by Article 9 of the Labor Law. Wages for those individuals not covered by the aforementioned sections of the Labor Law will be set regionally by wage boards that will determine what wages would be appropriate locally, through these wages can't fall below a \$15 an hour minimum.

*Long Term Viability Plans:*

All applicants will have to provide a financial plan for the long term viability of the project being funded.

- For Construction, Renovation or Repair of Public Assets this means being able to demonstrate the ability to maintain the structure/public space moving forward, including the ability to adequately staff any programs created using this grant program for at least 10 years after the end of the grant.
- For Affordable Housing projects, this means having entered into a restrictive agreement as part of an affordable housing incentive program with a local or state housing agency.
- For Local Commercial Development projects, this means being able to demonstrate that the space will be occupied by businesses once it is completed. If a company is one of the sponsoring organizations of such a project, the company must show that it will employ at least five individuals full time for at least five years. The legislation may include a clawback provision for the failure to meet such a goal.
- For Community Service Space projects, this means being able to demonstrate that the space will be utilized to provide community services for at least ten years moving forward. Applicants with existing public contracts to provide services and with a history of providing community services will be able to use that history to show financial viability.

The viability plans must detail expected sources of future financing in order to achieve these goals.