



NEW YORK STATE SENATOR

Terrence Murphy

Senator wants to shut down START-UP NY ads

TERRENCE MURPHY July 6, 2016

| ISSUE: **START-UP NY, WASTEFUL SPENDING**

JEFFERSON VALLEY, NY - As several audits by the State Comptroller have shown, the 2011 state advertising contract for the "New York Open for Business Marketing Initiative" is not producing quantifiable results. State Senator Terrence Murphy now says that the advertising contract, which includes START-UP NY, should be suspended until the state enacts the corrective action plan proposed by the Comptroller and terminated if those conditions are not met.

"The way to show we're open for business is by reducing New York's burdensome regulations and cutting taxes, not buying television Commercials," Senator Murphy said. "I never fully understood why New Yorkers were seeing ads about why they should come to New York, but since being elected to the Senate I've played the hand that's been dealt. We have to put the brakes on these commercials until a system of accountability is in place, and if our targets cannot be met, we should scrap the whole thing."

The 2011 "New York Open for Business Marketing Initiative" contract with marketing firm BBDO initially paid for various Empire State Development (ESD) advertising campaigns including Taste-NY, Masterbrand and Hurricane Sandy relief efforts.

In 2013, its scope was expanded to include commercials for the Start-Up New York program of tax free zones located on or near college campuses. A report released on Friday by ESD said that START-UP NY created 332 jobs and \$11 million in investment - with 4,100 pledged in the next five years - at a cost of around \$1.2 million in tax incentives.

However, the state spent \$251 million on the marketing contract with BBDO, a large portion of which went to advertising START-UP NY. In October 2015, the state inked another \$150 million marketing deal with ad firm Campbell Ewald to continue the Open for Business Marketing Initiative, which Murphy says also lacks the accountability needed to measure success, let alone ensure it.

Senator Murphy said controls should be put in place to claw back tax incentives from companies that do not meet job creation agreements under this program. He feels ESD should immediately suspend the contract and implement the Comptroller's proposal:

- Develop strategic plans that include performance measures for monitoring the extent to which marketing efforts have a positive impact on desired outcomes, such as ESD's stated goal of improving the perceptions of New York as a good place to visit and for business development;
- Set specific targets, goals, and benchmarks for evaluating performance outcomes and use these measures to monitor program performance; and
- Establish a regular schedule of program evaluations to measure the outcomes associated with marketing efforts and use this information to periodically adjust program goals, strategies, and resource allocations;

"The new advertising firm needs to show us actual results rather than feel good figures if they want this taxpayer-funded contract to continue," Senator Murphy said. "For any tax break, we need oversight to demonstrate we are creating good paying jobs, using local labor

here in New York before we give away a cent. And we shouldn't spend one dollar - let alone hundreds of millions of dollars - on advertising that is producing little to no results, or results that cannot be quantified."