



Putting New York's Economy Right Side Up

Create jobs by righting New York's upside-down economy

New York has a jobs crisis: Nearly 800,000 New Yorkers are unemployed.

There is a solution. We can give New Yorkers high quality jobs that will make our streets safer, repair our crumbling bridges and improve our children's education. To do this, we must redirect state funds from programs that benefit the few to those that benefit everyone.

Strong economies – in which family-sustaining jobs are widely available and vulnerable residents are cared for – require good schools, safe streets, efficient transit and accessible health care.

Today, we cannot adequately fund these investments and the quality jobs they provide. Our upside-down revenue system does not generate sufficient funds because we are giving tax breaks to the richest instead of investing in education, social services and infrastructure. We need policies that support working families with good jobs across New York State.

Fact: Cutting taxes on the rich means cutting infrastructure and services.

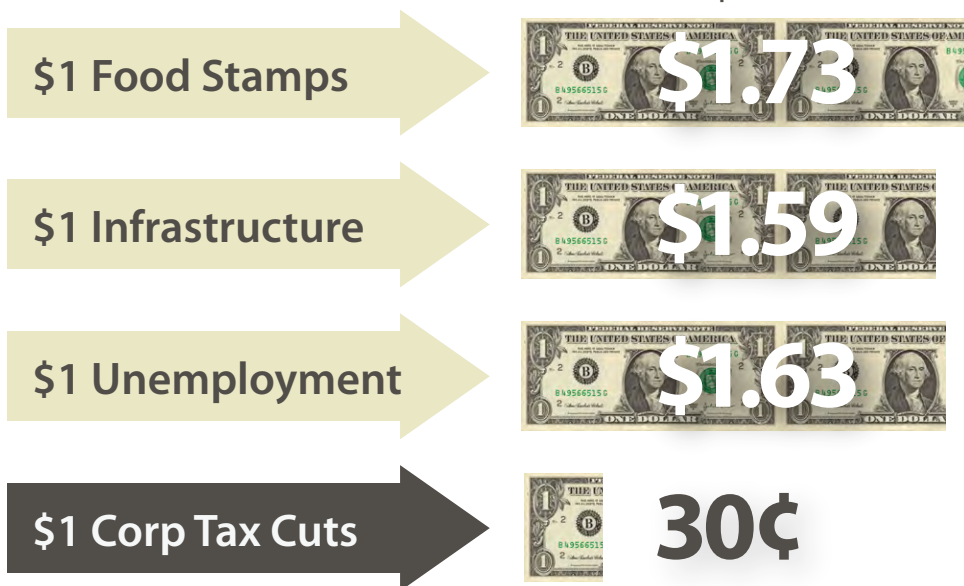
\$1 dollar of investment in corporate tax cuts produces only 30 cents of economic activity.¹

Tax breaks for corporations and high earners produce very little economic activity. That's because the savings from these tax breaks is usually squirreled away instead of spent in local economies.

Which Investments are the Best Economic Boosters?

Government Investment

Economic Impact



In addition, these tax breaks reduce government revenue. This results in both public and private sector layoffs, forcing families to scrimp on groceries and clothes, depressing local businesses and sending local economies into downward spirals.²

Effective solutions for state legislators: prioritize spending on infrastructure and social programs over spending on tax cuts for corporations and the wealthy.

FACT: Spending on infrastructure boosts the economy & creates jobs directly.

\$1 dollar of infrastructure investment produces \$1.59 of economic activity.

Expanding public bus routes, repairing bridges, and modernizing our out-of-date school buildings puts New Yorkers to work on important projects and enables the new workers to spend their earnings in local businesses. The results? Every dollar of investment in infrastructure yields more than one and a half times that in economic activity.

Effective solution for state legislators: In hard economic times, state legislators should ensure that the state generates funds for the important infrastructure projects that keep New Yorkers working, such as repair of bridges and upgrades to dilapidated school buildings.

FACT: Spending on safety net benefits boosts the economy & creates jobs.

\$1 dollar of investment in food stamps produces \$1.73 of economic activity.

\$1 dollar of investment in unemployment benefits produces \$1.63 of economy activity.

Low-income families use Supplemental Nutrition Assistance Program (also known as food stamps) benefits in local groceries immediately, just as laid off workers quickly spend unemployment benefits on household essentials.

In addition to helping struggling families get back on their feet, these benefits give an efficient boost to the broader economy. For example, retailers may see an uptick in business as families purchase school supplies or clothes, causing them to hire.

Effective solutions for state legislators: work to maximize New Yorkers' access to federal entitlement programs like food stamps and preserve programs that protect vulnerable residents from homelessness and hunger. Reform New York's outdated unemployment insurance program to make it more accessible and progressive.

Endnotes

1. Zandi, Mark, "Economy Impact of the Recovery and Reinvestment Act," 21 January 2009. Available at: http://www.dismal.com/mark-zandi/documents/Economic_Stimulus_House_Plan_012109.pdf. All economic multipliers in this fact sheet are taken from this document unless indicated otherwise.
2. Pollock, Ethan (27 May 2010), "Local Government Job Losses Hurt the Entire Economy" (Economic Policy Institute). Retrieved on March 15, 2011 at: <http://www.epi.org/page/-/pdf/issuebrief279.pdf>.



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