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TESTIMONY TO THE HOUSE FINANCE COMMITTEE & SENATE COMMITTEE ON COMMUNITY, ECONOMIC, & RECREATIONAL DEVELOPMENT

On The Economic Development and Fiscal Accountability Act
House Bill 2340 and Senate Bill 1279

Monday, June 28, 2010

Good morning Chairman Levdansky, Chairman Rohrer, Chairwoman Earll, members of the House Finance Committee, and members of the Senate Committee on Community, Economic, and Recreational Development. Thank you for the opportunity to testify in favor of the bills before you today. Across the state, 32BJ represents 16,000 property service workers. As commercial cleaners, security officers, school maintenance workers and cafeteria workers our members are directly impacted by the quality of jobs that are created through economic development subsidies.

The introduction of these bills could not be timelier. Since 2007 192,300 Pennsylvanians have found themselves out of work and one in five Pennsylvania households is not making enough money to meet basic needs. Low wage workers haven't fared much better with two out of every three families living below poverty including full-time workers. With the unemployment rate at over nine percent, high rates of underemployment, and declining wage trends for middle class workers, now more than ever Pennsylvanians need legislation that ensures their valuable tax dollars are utilized in projects that create good jobs.

Each year, to create or retain jobs in Pennsylvania, State government gives away an estimated \$300 million in economic development subsidies and tax breaks targeted to individual businesses. It should never be the case that companies receive hundreds of thousands of dollars in subsidies, while their hard-working employees are forced to depend on public programs for food, housing and health care. A full time worker should at the end of a labor intensive week go home with a paycheck that will enable them to pay rent, buy groceries, and access healthcare. Although certain state economic development subsidies attach job creation goals and standards to programs, there is no centralized system through which subsidy recipients are required to report essential information or publically disclose compliance with job creation mandates. Without fundamentally adjusting the way it monitors and enforces compliance with job creation and quality guidelines, Pennsylvania's taxpayers will continue to pick up the slack for businesses that use their subsidies to create poverty level jobs.

Taxpayer funded subsidies should be accessible only to those business that create family sustaining jobs, to this end, it is critical that Department of Community and Economic Development of the Commonwealth fully disclose the employment practices and job creation outcomes of subsidy recipients. The Economic Development and Fiscal Responsibility Act would implement the accountability mechanisms and claw back provisions needed to ensure companies fulfill their job creation and job quality promises. More comprehensive reporting requirements for subsidies will also enable Pennsylvania to more strategically target its subsidies to employers with proven track records and business that will bring new jobs to communities underrepresented among subsidy recipients.

In closing, I ask the Assembly to stand behind the principal that the government should never be in the business of subsidizing poverty level jobs. Upholding this principal means advancing the Good Jobs Bill so that economic development projects create the types of jobs that can truly sustain Pennsylvania's families. 32BJ appreciates the Assembly's leadership on this issue. and urges you to pass this legislation so that