

# Redefining Economic Development in New York State



New York State and its local governments currently spend in the neighborhood of \$10 billion annually on a broad array of economic development programs, largely benefiting big businesses, with results that leave much to be desired. It's time for New York to begin to redefine "economic development" as improving the quality of life for regular New Yorkers and challenge traditional tax abatement and corporate subsidy style economic stimulus. The state and local governments need to realize true economic development is about investments in public goods like childcare, K-12 and higher education, the public workforce, homecare and affordable housing. These investments benefit individuals, families, workers, businesses and the overall economic health of local communities.

## **Child Care IS Economic Development**

Businesses in New York State understand that childcare is a critical component of thriving local economies. In a 2020 [survey of 80 businesses](#) across the seven-county north country region, childcare was identified as a top priority by employers. This was made even worse by the pandemic, as [42% of women \(with children under 2\)](#) were forced out of the workforce.

Regional Economic Development Councils (REDCs) were required to include childcare as part of their 2019 regional strategies moving forward. Unfortunately, there has been minimal investment in the sector on the part of REDCs since the inception of this requirement. In fact, between 2019 and 2021 childcare investments went from \$11.5 million to a mere \$3.6 million.

A report from the Federal Reserve Bank of Minneapolis demonstrated that early childhood investments provide an amazing [return on investment](#), up to [\\$16 in benefits](#) every year for every dollar of public money targeted towards high-quality education and care.

Access to stable, high-quality child care also helps parents [improve their labor productivity](#) by increasing work hours, missing fewer work days and pursuing further education. Sadly, New York's early childhood educators, nearly all women, largely women of color, live in poverty at [more than twice the rate](#) of New York workers in general.

Research demonstrates that the entire community benefits as well as from investments in early childhood education. In fact, the availability of early childhood education programs attracts homebuyers and [increases property values by \\$13 for every dollar](#) invested in local programs and reduces grade retention and is shown to [save school systems money](#) for K-12 education. Participants in high-quality early childhood education also show [long-term gains](#) in the form of lower rates of incarceration (46% reduction), lower rates of arrest for violent crimes (33% reduction) and a reduced likelihood of receiving government assistance (26% reduction).

## **Homecare IS Economic Development**

[Rigorous academic studies](#) have found that public funding to raise home care wages would require significant resources, but those costs would be surpassed by the resulting savings, tax revenues, and economic spillover effects. The net economic gain would total at least \$6.3 billion. Lifting wages would also help fill nearly 20,000 vacant home care positions each year and would create nearly 18,000 jobs in other industries by boosting local economic activity. These findings align with past studies on public investment in the care sector, which have found large effects on economic activity and on job creation both within and beyond care industries.

[Research](#) has found that raising home care wages to 150% of the minimum wage would end New York's massive home care shortage within the next five years — allowing older adults and disabled people to live and age safely at home.

Currently, [42% of the state's home care workers](#) live in or near poverty. The Fair Pay for Home Care Act would lift over [200,000 home care workers out of poverty wages](#). The bill will overwhelmingly improve existing jobs and create new jobs for women and people of color: currently, New York's care sector is 91% female and 77% people of color. As the country and state wrestle with historic racial injustice, along with the disproportionate impact of COVID on communities of color, Fair Pay for Home Care is an investment in equity, and lifting up a historically underpaid workforce.

As New York faces widespread unemployment, the Act would bring 200,000 new home care workers into the field over the next decade and additionally create 180,000 jobs in other sectors and industries via [increased spending and economic activity](#). The Act would pay for itself and generate billions for New York's state economy through [new income and sales tax revenue, economic spillover, and reductions in Medicaid and social assistance](#).