



New York City Comptroller
John C. Liu

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COMPTROLLER LIU UNVEILS INFRASTRUCTURE PLAN TO CREATE 15,000 JOBS

*City Can Spur Economic Growth and Realize Long-Term Savings
by Accelerating Capital Projects Already in the Pipeline*

NEW YORK, NY – Comptroller John C. Liu today unveiled details of an innovative plan to accelerate school construction and other vital capital projects that have already been approved. The plan would create jobs now, improve infrastructure, and take advantage of today’s historically-low borrowing costs and relatively low construction costs. Comptroller Liu is advocating for adoption of this plan in the Fiscal Year 2013 budget.

“By accelerating projects already in the pipeline the City can jump-start 15,000 jobs – at a time when the construction industry is still struggling and unemployment is stubbornly high, especially among minorities.” Comptroller Liu said. “The plan addresses infrastructure challenges such as school overcrowding, deteriorating roads and bridges, and the need for new and better parks. It also offers an opportunity to save taxpayer money by taking advantage of today’s historically low interest rates and relatively low construction costs.”

The City plans to commit \$28.8 billion in capital projects for Fiscal Years 2014-2021 to build schools and upgrade other infrastructure. The Comptroller's plan challenges the City to evaluate its long-term pipeline to identify projects that can start in the upcoming fiscal year. Accelerating \$2 billion of capital spending over the next two fiscal years would not represent an increase to the City's long term capital plan, but rather an acceleration of scheduled capital budget commitments. The plan expands on the concept Comptroller Liu proposed in his State of the City address earlier this year which outlined ways to spur economic development.

The Comptroller’s office estimates that borrowing \$2 billion now could save taxpayers up to \$468 million in long-term borrowing costs. The short-term cost of debt service on the incremental borrowing could be mitigated by targeting savings from refinancing existing high

coupon debt at current low rates – resulting in no new costs for taxpayers. Since taking office, Comptroller Liu, together with the Office of Management and Budget, has executed refinancings that have produced more than \$700 million in total budget savings.

Accelerating capital projects has the potential to spur more than 15,000 jobs in FY 2013 and 2014. Conservative estimates by the U.S. Dept. of Commerce indicate that 7.7 new jobs are created for every \$1 million invested in infrastructure; thus, a \$2 billion investment over a two-year time span would create over 15,000 jobs. Further, construction costs, while rising, are still low compared to four years ago – presenting an additional cost-saving opportunity.

The City's infrastructure needs are well-documented. New York City is currently No. 1 in competitiveness among 120 of the world's major cities, according to a ranking earlier this year by the Economist Intelligence Unit. Yet, that same study ranked New York City 24th in terms of physical capital, raising questions about the City's ability to maintain its competitive edge.

“When the construction industry is strong, New York City thrives,” said Richard T. Anderson, President of the New York Building Congress. “More government leaders need to focus on the city's capital budget – in fact, we would like to see the budget not just accelerated but also increased. The Comptroller is paying attention to the capital plan in a very important way, and this innovative plan would help ensure New York City maintains its competitive edge. The Building Congress supports this Capital Acceleration Plan. It would generate much-needed jobs, help kick-start our sluggish economy, and expedite important infrastructure improvements.”

“We are fully supportive of the Comptroller's initiative, which would assist in creating much-needed jobs today while also stimulating economic growth and new development,” said New York City Central Labor Council President Vincent Alvarez. “New York City's unacceptably high unemployment rate – higher than the national rate – illustrates just how badly jobs are needed here, especially in the hard-hit construction industry.”

“This would save the City money and speed up much-needed school construction. It's a common-sense plan and a good idea for the City of New York,” said Michael Mulgrew, President of the United Federation of Teachers.

“Creating good jobs in New York City is priority number one for the unionized Building and Construction Trades,” said Gary LaBarbera, President of the Building and Construction Trades Council of Greater New York. “To the extent there are public works projects that can be accelerated to put people to work while at the same time cutting long-term borrowing costs to taxpayers by taking advantage of currently low interest rates, we ought to fully explore doing so.”

“This plan represents much-needed thinking about how to seriously address the City's high unemployment and unused capacity in the critical construction sector,” said James Parrott, Deputy Director and Chief Economist at the Fiscal Policy Institute.

“School construction must be accelerated, or else another generation of children will lose out on their right to an adequate education,” said Leonie Haimson, Executive Director of Class Size Matters. “This is a far-thinking proposal and we hope that the Mayor, DOE and the City Council take heed.”

“The New York City Parents Union supports Comptroller John C. Liu's capital acceleration plan because it will create much needed jobs for New Yorkers and the construction of new school buildings will alleviate overcrowding in our schools,” said Mona Davids, President of the New York City Parents Union.

“This proposal is a no-brainer. It creates 15,000 much-needed jobs, costs very little in the short-term, and actually saves money in the long-term,” said John Petro, policy analyst at the Drum Major Institute.

For more information, download “New York City Capital Acceleration Plan: Creating Jobs Today by Improving Tomorrow’s Infrastructure,” at:

<http://comptroller.nyc.gov/bureaus/opm/reports.shtm>

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