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Study: Companies Get Subsidies to Move, Mostly Leaving Hard-Hit Areas in Cleveland and Cincinnati Metro Areas

Cleveland, Ohio, July 7, 2011—One hundred and sixty-four companies were given lucrative property tax breaks as they moved facilities around within the Cleveland and Cincinnati metro areas. The subsidized relocations, affecting an estimated 14,500 workers, were overwhelmingly outward bound and by many measures fueled suburban sprawl, especially in the Cleveland region.

By dispersing jobs away from the urban cores, the relocations worsened inequalities in wealth and opportunity. They moved jobs away from areas hardest hit by plant closings and with higher rates of poverty, unemployment and people of color to more affluent and less diverse areas. Most also moved to locations that are inaccessible via public transportation, denying job opportunities to carless workers and denying thousands more any commuting choice.

Ominously, Ohio's economic development programs are becoming much less transparent, denying taxpayers the ability to see how their job investments are performing—or where.

Those are the key conclusions of *Paid to Sprawl: Subsidized Job Flight from Cleveland and Cincinnati*, a study released today by Good Jobs First at a press conference in Cleveland. The study is available at www.goodjobsfirst.org. Funded by the Ford Foundation, it is the largest study of subsidized relocations ever performed in the United States.

“Ohio's enterprise zone program is so loose it has been perverted,” said Greg LeRoy, the study's lead author. “It has become pro-sprawl, which is tragic given that it was originally created to revitalize older areas.” The study also examines Community Reinvestment Areas, a program succeeding enterprise zones.

To remedy these problems, the study recommends that the state encourage the creation of cooperation systems among local officials and anti-poaching protocols like those in effect in Montgomery County (Dayton) and Summit County (Akron) and that being debated in Cuyahoga County (Cleveland). To reverse declining transparency, the study

recommends that all economic development deals' costs and benefits be disclosed online. It also recommends that proposed deals should be ineligible unless they are accessible via public transportation. Finally, regional revenue-sharing would reduce tax-base competition and complement a cooperation system.

Founded in 1998, Good Jobs First is a non-profit, non-partisan research center promoting accountability practices in economic development and smart growth for working families. Headquartered in Washington, DC, it has a project office in New York.