

# AUSTIN MONITOR

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## Council considers which strings to attach to corporate incentives

After postponing action earlier this month, on Thursday City Council will again consider establishing new rules regarding economic incentives for businesses. Council members plan on considering a number of amendments to the proposal aimed at ensuring that public dollars are only used to support good corporate citizens.

The proposed new policy seeks to refocus city subsidies on economic development that favors small, local businesses and middle-skill, middle-wage jobs.



*Photo by John Flynn.*

Critics have said that the city's current business expansion program has focused too much on competing to get multinational corporations, such as Facebook or Merck, to set up in Austin. Proponents of those deals have pointed to the high-wage employment that accompanies those employers, while others have said that they don't create high-wage jobs for current residents as much as they attract high-wage earners to the city.

At Tuesday's work session, Council Member Greg Casar reiterated that the private market in Austin is already attracting plenty of high-paying jobs for those with advanced skills. City incentives, he said, would be better used to create middle-wage jobs that can lift those currently toiling in low-wage employment out of poverty.

One of the aspects of the staff proposal that prompted criticism from Council members earlier in the month was the absence of an absolute requirement that employers receiving city funds pay a living wage, defined by the city as the minimum wage for city employees – or \$15 an hour beginning on Oct. 1.

Jon Hockenyo, a consultant with local economic consultant firm TXP, said that the goal should be to require employers to pay higher than the average for their industry, but that applying a single minimum wage across the board would mean certain industries simply wouldn't participate.

While Casar initially suggested that he could accept exempting very small projects from the living wage requirement, he later revised his plans and will offer an amendment on Thursday to apply the wage requirement for all employers receiving incentives.

“We were caught by surprise by the language in that proposal,” Carlota Garcia, a member of Our Lady of Guadalupe Catholic Church and **Austin Interfaith**, a coalition of religious organizations, unions and nonprofits that advocate for worker rights, told the *Austin Monitor*. “If we hadn’t said something about it, and if Council Member Casar hadn’t stepped in with the amendment that he created, the language would have completely undermined the living wage standard.”

Whether employers getting subsidies are providing health insurance to their workers is another concern for some Council members. The proposed policy does not require that employers sponsor a health plan, but it requires them to do something to facilitate access, either through a plan or a stipend that workers can use to buy insurance. Council Member Ann Kitchen plans to offer an amendment that will require Council to approve granting incentives to employers that do not offer health insurance in-house.

An amendment offered by Council Member Alison Alter specifies that the city will terminate incentives to firms that are found to violate city environmental regulations.

Council Member Leslie Pool has proposed that Council have the option to review and terminate any contract after five years.

An amendment from Mayor Pro Tem Kathie Tovo would change the scoring methodology for incentives to favor employers that have a physical location in Austin as well as those that employ residents of the city of Austin.

Mayor Steve Adler said that he is open to tying incentives to job creation for locals but that he is hesitant to insist that the locals live in the city of Austin. While he doesn’t want to incentivize the relocation of jobs from Cupertino, California, he said, creating jobs for residents of the metro area in Pflugerville or Kyle could be part of a regional approach to economic development.

Another part of the Tovo amendment would favor firms that provide on-site child care for employees. Those that make those child care facilities open to the broader public would score even higher.

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