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Re: Inclusive Growth Through Gateway Cities? An Economic Case Study for Central New York

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Executive Summary

Scholars and policymakers doubt the long-term effectiveness of traditional economic development tactics that offer large companies significant tax breaks to promote job growth. Economic Development advocates suggest inclusive growth may enable former industrial areas like Central New York to promote long-term economic growth with less risk. As Central New York continues to implement inclusive growth principles, however, it should consider the mixed results seen in Massachusetts with its Gateway Cities Program. Massachusetts's attempt to implement an inclusive growth model demonstrates the need to apply inclusive growth principles comprehensively, and with consideration of regional circumstances and political realities. Accordingly, Central New York should continue its tailored implementation of inclusive growth strategies to address remaining issues with skilled labor, infrastructure, poverty, and dependence on state aid.

The Problems with Traditional Economic Development

Traditional economic development focuses on attracting new firms and attractions to areas in order to promote job creation and revenue (Aspen Institute, 2016). Under the traditional approach, communities and regions develop marketing to advertise an area, and lure new businesses to the area through tax breaks. Some may even go into debt to finance stadiums, malls, and office parks in order to create new draws to the community (Liu, 2016).

Tax incentives serve a critical role under traditional economic development. States, communities, and regions attempt to outbid each other by offering companies the greatest incentives through tax breaks. In 2012, for example, the New York Times estimated that states and municipalities lose \$80 billion dollars a year from tax incentives (Story, 2012). To stay competitive, some states cut spending on essential programs, such as education, in order to make up the revenue loss (Bartik, 2018a).

Scholars and activist criticize the traditional approach to economic development for producing inconsistent results. In particular, critics claim that traditional economic development fails in three key ways: the uncertain need for incentives, a lack of transparency with incentives, and its prioritization of short-term gains.

- *Uncertain need for tax incentives.* Although businesses benefit greatly from tax incentives, it is unclear whether they influence business decision-making. State officials

claim they need tax incentives to remain competitive with other jurisdictions (Parilla and Liu, 2018). Research disputes this belief. In one study, tax incentives had negligible impact on business retention or expansion (Jensen, 2016). In his 2018 evaluation of thirty academic studies on tax incentives, Timothy J. Bartik, a leading economic development scholar, concluded that tax incentives were the “but-for” reason for a business’s decision only 2%-25% of the time (Bartik, 2018b).

- *Lack of transparency.* Critics argue that state governments are secretive about the terms of incentive deals and their effectiveness. Wisconsin, for example, attempted to circumvent transparency laws with its recent Amazon HQ2 proposal by submitting it through private parties (Powers, 2018). In a recent study of Texas incentives, researchers discovered that numerous companies secretly renegotiated the terms of their incentive agreements before accountability measures took effect (Jensen and Thrall, 2019). Improved transparency with incentive terms could help communities evaluate the long-term risks and benefits involved with costly tax incentives. In turn, citizens could hold their leaders accountable if they attempt to jeopardize long-term growth through risky short-term gains.
- *Prioritizing short-term gains.* The political circumstances of economic development incentivize short-term gains over long-term growth. Because local politicians face re-election every two to four years, they are under pressure to provide immediate results. In turn, they may offer development incentives that lack a cohesive strategy or pose long-term risks. Michigan, for example, had to cut its state department budget by over \$100 million dollars in 2015 because companies suddenly cashed-in \$300 million dollars worth of tax credits from a previous administration (Dolan, 2015). Elsewhere, communities financed tax incentives by cutting funding for education, a public service known to impact future earning potential (Bartik, 2018a; Jackson, Johnson & Persico, 2016). Both cases reflect a growing concern that politicians may negotiate incentives without adequate oversight or consideration of the long-term risks.

The Promise of Inclusive Growth

Inclusive growth provides an alternative strategy for economic growth in lieu of traditional economic development models. While traditional economic development focuses heavily on bringing new businesses into an area through tax incentives, inclusive growth suggests communities will see greater long-term economic growth by making strategic investments in the local workforce, infrastructure, and industry clusters (Parilla, 2017). According to Amy Liu (2016), a proponent of economic development at the Brookings Institute, there are five key principles behind inclusive growth:

- *Goal setting.* According to Liu (2016), job growth is a limited metric for economic development. Communities and economic development authorities should create goals

that measure prosperity and inclusion as well, such as employment in advanced industries, quantities of local exports, and public transportation access.

- *Grow from within.* Communities should identify local industry clusters and create incentives that will promote growth within those existing clusters, including creating programs to promote collaboration between universities, industries, and governments; and targeted incentives to existing industries to enable expansion (Liu, 2016).
- *Boost trade.* By working with existing industries to identify barriers to foreign trade, communities can identify ways to streamline industry exports and increase foreign cash flow. Examples include marketing regional specialties to global and national audiences; and leveraging relationships with state and federal policymakers to lower barriers to foreign trade (Liu, 2016).
- *Invest in skills and people.* Communities can improve their economic competitiveness by investing in education and skill development for local workers (Liu, 2016). For instance, a partnership between education institutions, local businesses, and economic development officials that identifies future skills gaps and adjusts local training to satisfy those future needs would help facilitate economic growth (Parilla, 2017).
- *Connect place.* According to Liu (2016), key investments in infrastructure and property development can facilitate access between impoverished areas and economic opportunities within a region; it can also help make urban areas more attractive to tourists, employees, and employers. Examples include redeveloping brownfield sites to improve available sites for housing businesses, and tourist sites; adding new stops for public transportation in low-income neighborhoods; or investing in high-speed corridors to improve access between employers and employees.

Critiques of Inclusive Growth

While inclusive growth is becoming popular in the U.S., it is subject to various critiques, including its vague meaning; it is an understudied economic development strategy; and cities need outside support to implement many of its principles.

- *Inclusive growth is not universally understood.* The meaning of inclusive growth remains unclear. Paloma Durán (2015), Director of the U.N.'s Sustainable Development Goals Fund, described the ambiguity of inclusive growth this way: “[W]hen you ask five economists to define the concept, you will likely come up with six answers.” Because there is no universally accepted definition for inclusive growth, critics argue the concept becomes a creative label policymakers can put on policies that lacks substantive meaning (Lee, 2018).

- *Inclusive growth is supported by limited data.* Globally, inclusive growth is an understudied model (Lee, 2018). Much of the support used by the Brookings Institute, for example, is largely based on individual success stories seen in various urban areas across the country (Liu, 2016). They also rely on disparate studies of separate principles, such as recent studies showing how inequality of opportunity hampers economic performance (Parilla, 2017).
- *Cities have limited ability to implement inclusive growth independently.* A significant problem with inclusive growth is that cities have limited resources and authority to implement comprehensive policies (Lee, 2018). In the case of boosting trade, for example, it is likely that the City of Milwaukee has limited ability to market its regional specialties to Djibouti or remove trade barriers to Canada without the aid of the state or federal governments.

Why Inclusive Growth is Still A Worthwhile Economic Development Strategy

Inclusive growth is not an economic development model that offers a suite of original ideas in economic development. In fact, it incorporates policy ideas that have been around for some time such as partnerships between institutions, governments, and employers (Parilla, 2017). The benefit of inclusive growth is that it brings renewed attention to the distribution of wealth as a critical piece of economic development (Lee, 2018). Additionally, it proposes to improve economic output more effectively than traditional economic growth by reorienting existing practices under a new comprehensive development model (Lee, 2018).

Although the data is preliminary and piecemeal, available evidence adds credibility to inclusive growth principles. A 2016 study (Bradbury & Triest, 2016), for example, found evidence that inequality of opportunity impeded economic growth in urban areas; its initial findings are credible because their results align within hypothesized outcomes in other literature (Bradbury & Triest, 2016). Additionally, a recent study by the Lincoln Institute for Land Policy of former industrial cities corroborated the the importance of goal-setting, placemaking, and skills development as key drivers of economic growth (Hollingsworth and Goebel, 2017). The Lincoln Institute study is credible because it bases its conclusions on successful results in former industrial towns like South Bend, Lima, and Scranton (Hollingsworth and Goebel, 2017). Elsewhere, a study from the Urban Institute (Eyster, 2016) demonstrates a link between effective workforce development and long-term economic growth, which highlights the benefits of aligning workforce development policies with economic development goals. Lastly, another study (Moretti, 2010) found that increasing jobs in tradable sectors creates additional local jobs through a “multiplier effect”, which demonstrates that encouraging exports benefits the local economy more than encouraging the production of non-tradable goods and services.

Despite its limitations, many cities and states have already started to implement inclusive growth principles into their economic development strategies (Lee, 2018). This paper will compare how

two areas attempted to implement inclusive growth principles: Massachusetts and Central New York.

State Funded Inclusive Growth in Massachusetts

Since the implementation of empowerment zones in the 1990s many states have adopted similar approaches to lure private sector investment in strategic locations. Supply side techniques for encouraging growth can be done in various ways, from tax free enterprise zones to state acquisition of property for the purpose of renovation. This section will review and critique a case study of Gateway Cities in Massachusetts to better understand how a state can implement economic growth strategies based on inclusive growth principles. The purpose of this section is to recommend possible best practices in inclusive growth and to caution against practices that may not be effective. This case study, along with other smaller examples of inclusive growth strategies, will help inform recommendations for potential policy in post-industrial New York cities.

The state of Massachusetts has seen impressive growth over the last few decades. From 1980 to 2005 the state saw its real per capita income increase by 74% (MassINC, 2007). The state has seen their GDP grow from 300 billion in 1997 to roughly 446 billion in 2016 (GDP expressed in 2009 chained dollars). However, this growth has been uneven throughout the state. Between 1980 and 2000, “the gap in per-capita income between Greater Boston and the rest of the state increased from 18 percent to 28 percent” (MassINC, 2007). Furthermore, gateway cities have 43% percent of all state residents living under the poverty line, despite only consisting of 25% of the state’s population (MassINC, 2016).

Gateway cities are "midsize urban centers that anchor regional economies around the state" (MassINC, 2007) that are post-industrialized. These cities were once regional manufacturing hubs that have since seen a significant decline in industry activity resulting in social and economic challenges. Massachusetts gateway cities were devised in 2007 as a coalition of city leaders from 11 cities. Legislative leaders from those areas would mimic the new compact and create the Gateway City Caucus in the Massachusetts General Assembly. The coalition was mostly ceremonial and initially did not have institutionally devoted fiscal support. Coalition leaders would eventually leverage their political capital to acquire funding for economic development in specific to gateway cities.

After a few years of success in securing state aid additional cities were attracted to the designation of gateway city. New criteria required cities to have a population of 35,000-250,000 residents and an average household income below the state average with and educational attainment rate (bachelors) below the state average as well (Section 3A of Chapter 23A of the General Laws of Massachusetts). In 2019, there are 26 gateway cities.

Transformative Development Initiative

In 2013, the state economic and development agency, Mass Development, formulated a coherent strategy on how state investment dollars should be focused. Transformative Development Initiative (TDI) is designed to “enhance local public-private engagement and community identity; stimulate an improved quality of life for local residents; and spur increased investment and economic activity” (MassINC, 2016) using place-based methods. The TDI program focuses on delivering incentives to strategic districts within Gateway Cities, builds local collaborative public-private partnerships, and helps with community engagement by using existing agency resources and networks. It also provided a mechanism for gateway cities to acquire more direct capital investment in a coordinated fashion.

The TDI program assists gateway cities in several different ways. The initiative programs are:

- *TDI Assistance*: a technical assistance program through which MassDevelopment provides and manages tailored third-party professional services; community-building placemaking projects; and TDI Fellows, a fellows program through which a MassDevelopment employee is embedded in and works with a TDI District’s local partnership.
- *TDI Investment*: an equity investment program through which MassDevelopment makes equity investments in real estate within TDI Districts.
- *TDI Cowork*: a business growth tools program that will expand in 2016 and 2017 with new programs to support collaborative workspaces and innovative initiatives to catalyze business development.
- *TDI Local*: a small grants program initiated to pilot grants to help support local market development.

-“TDI Program Guidelines FY2018 MassDevelopment Finance Agency”

Progress of the TDI Program

Initially, state financing and resources were delivered piecemeal with little impact. From FY 2008 to FY 2013 of the \$8.5 billion invested statewide gateway cities received \$3.3 billion in state investment. Some of this investment was provided as general obligation bonds or investment flows through state tax credits. However, much of this spending is directed toward maintenance of existing regional state assets (e.g., court- houses) or constructing new ones that do little to catalyze economic growth (e.g., mental health facilities)” (MassINC, 2016).

MassINC also reported that the state’s capital investment in gateway city education was just over \$2.3 billion, but caution that this investment was not aligned with the broader economic development and neighborhood revitalization strategies. Only 14% of state investment in

gateway cities went to economic development during this time period. Just as when gateway cities were starting out investment is still diffuse and not enough to make an impact or connect with other regional strategies and projects.

The TDI program started as a three-year pilot program with 10 districts within gateway cities. From 2014 to 2016 Mass Development invested more than \$72 million in grants and loans for TDI Districts. Although it's hard to attribute how much other public-private investment was inspired by specific TDI policies, there was an additional 469 million invested in TDI districts with 38 million directly associated to TDI projects (Economic and Public Policy Research group, 2018).

The current governor, Governor Baker, has committed to extending the TDI program. In March of 2018, the governor introduced the *Act Enhancing Opportunities for All*. The Administration has invested \$274 million in MassWorks funding to 134 projects in 106 communities throughout the Commonwealth, igniting the development of over 2 million square feet of commercial and retail space, over 7,000 immediate housing units, at least 7,000 square feet of new public space, and 1,200 new hotel rooms and commercial/retail space (Baker Administration, 2018).

Analysis

The intent of establishing gateway cities was to create clear and coherent story about disproportionate growth throughout Massachusetts and to leverage political power to receive additional state funding for post-industrial cities. Initial success for the coalition was limited due to poor coordination among leaders. Piecemeal efforts to attract state aid and private investment wasn't successful until a cohesive strategy, Transformative Development Initiative, was adopted. Although this encouraged Governor Baker to campaign for inclusive economic development, the full results of the pilot project remain to be seen because it concludes this year.

There are several concerns about using enterprise zones, state or federal, that should be considered. First, enterprise zones can siphon off private investment or even commercial activity from surrounding communities. Instead of creating additional wealth to the region. Second, municipalities can mistakenly subsidize private investment in an enterprise district if the private entity would have done business in the district regardless of incentives. enterprise district regardless if there would have been benefits to attract said investment. Third, enterprise zones function on supply side theories of development. If private corporation receive state investment, then they may create jobs within that area. However, if capitalization cannot occur, and rents or leases do not cover construction costs, then state investment may not be enough to encourage development. TDI districts and investment in them can share the similar concerns.

Encouraging businesses to relocate to gateway cities and their districts could cause employment displacement just as enterprise zones do. However, despite potential impacts on economic growth, employment displacement can be an end in itself. Massachusetts is sixth in the country

for highest income inequality (Rocheleau, 2016). Gateway cities and TDI districts redistribute state aid and divert private investment away from areas of concentrated wealth like Boston. Transferring wealth, investment, and high skilled labor could reduce Massachusetts income inequality.

TDI districts may also subsidize private investment or corporations in a similar to the effects of enterprise zones. Information asymmetries regarding if companies are on the margin of relocating still exist. Therefore, there remains potential inefficiencies in state aid if companies were already willing to relocate to a TDI district. One difference, however, is that state incentives in TDI districts are typically spent on developing infrastructure to support business activities. In contrast, enterprise zones use tax abatements. If a company were to eventually relocate outside of the zone, they would leave with whatever benefits they received. Investment in infrastructure in a TDI district remains regardless if a company leaves or not.

Finally, TDI districts aim to be holistic in their development, which includes incorporating housing development. Rents and mortgages in most gateway cities are still too low to cover the cost of new construction. Estimates suggest current sales prices are approximately 25% below the cost of new construction. For rental units, the gap is much larger, with the value of market rents 70% lower than construction costs (MassINC, 2016). Assessed values grew in Boston since the recession by 28% and declined 2% in gateway cities (MassINC, 2016). Although lower mortgages and cheaper rents are beneficial to current residents, they prevent cities from attracting new construction that would increase the housing stock. The majority of gateway city TDI district housing plans have mix use housing that make efficient use of urban lands. Denser urban areas can utilize public services and public transportation more efficiently than areas with sprawl.

The Massachusetts case study of their gateway cities shows a state's attempt at turning the philosophy of inclusive growth into applicable policy. For much of its history these strategies primarily worked as signals to the private market that municipal leaders were making a concerted effort to support industry development in their area. The lack of institutionalization in promised state funding that can be found in typical enterprise zones, such as guaranteed tax abatements, caused uncertainty for businesses considering relocation to the districts. Now that a strategy has been piloted, there is potential for inclusive growth practices to be scaled if the results are positive. However, the Commonwealth of Massachusetts is fast approaching its constitutional debt ceiling. This constraint will require gateway cities to implement innovative financing practices to pay for future transformative development efforts. MassINC calls for \$1.7 billion in targeted investment across all of gateway cities over the next 10 years. Future TDI strategies will need to incorporate public-private partnership opportunities to help spread the burden of investment. Other states, such as New York, that may want to incorporate a similar strategy to TDI districts should also consider the same.

Economic Conditions within Central New York

Central New York (CNY) is a region in transition. In the distant past, its location on the Erie Canal helped make it a specialist in manufacturing (DiNapoli, 2016). Now, the largest industries include government, health care, higher education, and retail (DiNapoli, 2016). Despite recent efforts to specialize in emerging industries like Unmanned Aerial Systems, its economic growth is below the national average and below other regions in Upstate New York (Abbott, 2017). Additionally, while the region's unemployment trend improved after the Great Recession, its population continues to decrease (DiNapoli, 2016).

Applying Inclusive Growth Principles in Central New York

The Central New York region has also recently begun to adopt the principles of inclusive growth and is relying primarily on funding from New York State to do so. The Central New York Regional Economic Development Council (CNYREDC) - the New York State designated regional economic development planner and leader - identifies four focus areas for regional development that directly align with Liu's (2016) key inclusive growth principles (CNYREDC 2017-2018 Progress Report): placemaking, workforce development, tradable sectors, and innovation. These focus areas are generally intended to make the Central New York region a more attractive place for businesses to locate or expand and for talented individuals - both outsiders and current residents - to choose to their make CNY their home without unduly relying on tax-based incentives.

Placemaking

The CNYREDC has identified placemaking, defined as "revitalizing the region's urban cores, Main Streets, and neighborhoods," as a regional strategic goal. This goal is intended to build upon the redevelopment of the Armory Square area in downtown Syracuse that took place in the 1990s and 2000s (Hollingsworth, 2017) and replicate this development in smaller regional cities such as Oswego and Auburn with New York State Downtown Revitalization Initiative (DRI) funding (City of Oswego, 2017; City of Auburn, 2018). CNYREDC cites the lack of connectivity between major investments and economic anchors in the City of Syracuse as an obstacle to furthering its placemaking goals. Successful placemaking initiatives, including revitalizing historic downtowns, promoting walkable and bikeable urban areas, and encouraging the provision of high-quality recreational and entertainment activities (Hollingsworth, 2017), will be vital to attracting talented workers from outside the region and to retaining the thousands of students who are educated in the region's high schools, colleges, and universities.

Workforce Development

The Central New York economy suffers from a skills gap that prevents employers from hiring necessary talent and potential employees from finding well-paying, long-term jobs (Buckshot, 2017). To close this gap, policymakers and businesses in the Central New York region must

coordinate their efforts to build a competitive workforce by adhering to Liu’s principle to “invest in skills and people.” CenterState CEO, the Central New York region’s primary economic development organization, and its business and academic partners in the region have developed a variety of programs to begin to address the skills gap issue. These programs generally fall into two categories of workforce development: providing specific career-based educational opportunities for young students and “re-skilling” older members of the workforce to become more competitive for current employment opportunities. Funding for these programs is largely piecemeal and consists of a mixture of federal and state grant funding and financial assistance from participating businesses and local education organizations.

Some school districts in the region (Syracuse City School District, Auburn Enlarged City School District), have begun offering Pathways in Technology - Early College High School (PTECH) programs to their students. PTECH students in the Syracuse City School District pursue classroom and work-based training in electrical engineering or mechanical technologies in addition to their traditional high school curriculum. Students in this program intern and work with local firms who help to develop the curriculum.

CenterState CEO administers a program, “Work Train,” which seeks to provide un- and underemployed individuals with the skills demanded by local employers. This program has provided training to over 500 individuals in its first four years of operation from 2014-2018 (CNYREDC 2018-2019 Progress Report), primarily in the healthcare and machining sectors and had an 88% placement rate with local employers. ProTrain, the newest arm of the Work Train program, is designed to provide individuals with advanced skills needed for higher-tech manufacturing positions. Eighteen out of the nineteen individuals in the first cohort of ProTrain program took jobs with local advanced manufacturers after completing the program in 2018. (Allyn Family Foundation, 2018).

Tradable Sectors

In partnership with the Brookings Institution, a group of regional organizations including Centerstate CEO and the Manufacturers Alliance of Central New York (MACNY) created the CNY International Business Alliance (CNYIBA) in 2011 to increase the CNY region’s exports and further integrate the region’s industries into the global economy (Brookings-Rockefeller, 2012). The CNYIBA serves largely as a regional clearinghouse for information related to international trade and hosts educational and networking events for potential local exporters and representatives from such trade promotion entities as the U.S. Small Business Administration (SBA), U.S. International Trade Administration, and Empire State Development (ESD). New York State has also provided the CNY region with significant funding to upgrade and enhance transportation infrastructure associated with trade. Specifically, the Syracuse Hancock International Airport recently completed a \$60 million renovation project (Lohmann, 2018) and the Port of Oswego has completed a series of upgrades with NYS and federal financial support to increase its export and import capacity (Jarchow, 2017; Reitz, 2018). To achieve Liu’s “Boost

Trade” objective, the Central New York region will need to continue to educate its local businesses on export opportunities, promote the region as a destination for foreign investment, and leverage state and federal resources for further infrastructure improvements. The Syracuse metropolitan area has increased its real exports and the number of local jobs supported by exports, however the region still lags behind the country as a whole in export growth (Marchio, 2018).

Innovation

The CNYREDC strategic plan outlines a goal to “strengthen targeted industry concentrations that leverage unique economic assets.” This goal aligns directly with Liu’s (2016) “grow from within” principle as the strategic plan identifies six industries in which the region has existing competitive advantages – advanced manufacturing, agribusiness, unmanned aerial systems, information assurance, and tourism – to concentrate its efforts for future growth. Rather than attempt to enter markets in which regional businesses have little or no expertise, this strategic goal emphasizes capitalizing on existing expertise and experience to grow and enhance specific industries. For example, the CNY region is in the process of creating an unmanned aerial systems (UAS) “cluster” that draws on existing local expertise in military and civilian sensors and radar technology to establish a foothold in this emerging market (Donahue, 2018). The UAS cluster is a joint effort between regional economic development organizations, businesses such as Lockheed Martin, Saab Sensis, and SRC, and the state and federal governments. The UAS cluster is also an example of how government - in this case the federal and state governments - can relax certain regulations such as airspace regulations in certain areas to foster development and growth in an emerging industry (Weiner, 2018; Moriarty 2017).

Capitalizing on the Central New York region’s expertise and experience with radar and sensor technologies may promote the development of an agglomeration economy, particularly through localization effects such as knowledge sharing and labor pooling (Rosenthal, 2004). The Northeast UAS Airspace Integration Research (NUAIR) Alliance was specifically created to foster collaboration amongst public and private entities, academic institutions, and units of government to further UAS research and policy development.

Progress and Recommendations for the Future

Lessons Learned from Massachusetts

Massachusetts’ effort to implement an inclusive growth model through customized placemaking strategies reinforces the need to customize programs according to regional circumstances and political realities. The Massachusetts’ example also demonstrates the need to implement inclusive growth principles comprehensively, and not in a piecemeal manner. As a result, the Central New York region should continue its tailored implementation of an inclusive growth strategy based on the long-term strategic plan that was developed by the Central New York Regional Economic Development Council. Consequently, Central New York should focus its

efforts on four critical areas: skilled labor, infrastructure, poverty, and fiscal independence.

Shortage of Skilled Labor

Despite the workforce development and placemaking efforts of CNY policymakers and economic development organizations, there remains a significant shortage of skilled workers in the region. The Central New York region has not been able to attract qualified workers from outside the region or train local residents to perform the high-skilled jobs that are available, particularly in the advanced manufacturing sector (Moriarty January 2018; July 2018). Workforce development is a long-term process and local CNY governments and New York State must commit to their workforce development initiatives and ensure a stable funding stream for many years to come.

Crumbling Infrastructure

The CNY region faces significant infrastructure challenges, particularly in its highways and bridges, and drinking and wastewater infrastructure. Two regional elected leaders, former NYS Senator John DeFrancisco and former Syracuse Mayor Stephanie Miner, criticized the NYS Regional Economic Development Council awards process stating that it ignores necessary, yet mundane, local infrastructure projects in favor of flashier economic development opportunities (Baker, 2017). Without substantial state aid, local governments in the Central New York region will need to finance significant infrastructure investments on their own. For example, in February 2019 Onondaga County Executive Ryan McMahan projected that \$500 million would be needed to repair sewers and wastewater treatment systems in the County (Coin, 2019). Failing to address these issues remains a barrier to attracting outside investment and encouraging expansion of existing local businesses.

Persistent poverty

Despite committing to the principles of inclusive growth, the City of Syracuse still has some of the highest rates of concentrated poverty in the United States, particularly amongst specific demographic groups (Abott, 2018). Economic leaders in the Central New York region have identified these high levels of poverty and inequality as a persistent threat to the region's economic vitality (Liu and Robinson, 2018). Ensuring that economic opportunity is available to all residents, through education, workforce training, and access to reliable transportation, must remain a priority of state and local government and economic development organizations to ensure that development in the region is truly inclusive.

Over Reliance on State Funding

The majority of the projects associated with these inclusive growth focus areas are funded through the New York State Regional Economic Development Council awards process, while local governments in the CNY region still rely primarily on tax-based incentives such as

exemptions and taxable and tax-exempt bonds to attract businesses and encourage expansion (Onondaga County Office of Economic Development; City of Syracuse Department of Neighborhood and Business Development). While the Central New York region should continue to pursue state, federal, and private outside funding for its economic development projects, the competitive nature of the REDC awards process and its strong personal association with Governor Andrew Cuomo may threaten the long-term stability of this particular stream of funding. To ensure that progress towards inclusive growth principles continues into the future, local governments and economic development organizations must identify additional revenue sources for inclusive growth projects and to mitigate the effects of a potential loss of New York State grants and direct funding.

Conclusion

Including inclusive growth principles in local and regional economic development strategies is a potential alternative to traditional, tax-incentive-based economic development policies. Inclusive growth offers an alternative lense through which to view economic success, for example by looking at quality of life and prosperity metrics in addition to the number of jobs created.

Inclusive growth requires flexibility and the ability to tailor economic development programs to the unique circumstances of each community and region. What works in Massachusetts' Gateway Cities and Transformative Development districts is unlikely to work in Central New York, despite these areas sharing similar histories as post-industrial small to medium-sized cities. However, while specific programs and policies are generally not replicable, the principles of inclusive growth - such as placemaking, encouraging growth from within, and investing in workforce development - can be applied to every city or region's economic development plans.

While the individual principles of inclusive growth are not new to the practice of economic development, the inclusive growth approach combines these principles into a comprehensive strategy which cities and regions can use to guide their economic development practices. Although more research is required to evaluate the effectiveness of inclusive growth strategies comprehensively, separate studies demonstrate the effectiveness of each principle independently, such as placemaking (Hollingsworth and Goebel, 2017), investing in the local workforce (Eyster, 2016), and promoting trade (Moretti, 2010).

Central New York should continue to pursue a comprehensive inclusive growth strategy by prioritizing developing a skilled workforce, making strategic infrastructure investments, promoting growth from within, addressing persistent poverty, and ensuring fiscal sustainability.

Annotated Bibliography

Abbott, E. (2017, January 12). Central New York economy behind the pack. *WRVO*. Retrieved March 11, 2019, from <https://www.wrvo.org/post/central-new-york-economy-behind-pack>

WRVO is a CNY public radio station and affiliate of NPR. Ms. Abbott is a journalist. Her account is credible because it provides direct quotations from a local economist, Gary Keith, who gave his remarks at an event hosted by Centerstate CEO, the regional economic development organization.

Abbot E. (December 2018). *Syracuse not dealing with issues related to poverty as well as other upstate cities*. WRVO Public Media. Retrieved on March 20, 2019 from <https://www.wrvo.org/post/syracuse-not-dealing-issues-related-poverty-well-other-upstate-cities>

This article is from WRVO, the local public radio station for the Syracuse-area. The author cites data from the U.S. Census Bureau's American Community Survey from 2017 and quotes a representative from the City of Syracuse. The article compares Syracuse's performance on measures such as workforce participation, educational attainment, transportation, housing stability and digital access to Buffalo, Rochester, and Albany.

About the Gateway Cities. MassINC. Retrieved from massinc.org/our-work/policy-center/gateway-cities/about-the-gateway-cities/.

General definition of Gateway cities provided by MassINC, which is a nonpartisan think tank in Massachusetts that focuses a lot on Gateway city development. The general definition is: "Gateway Cities are midsize urban centers that anchor regional economies around the state. For generations, these communities were home to industry that offered residents good jobs and a "gateway" to the American Dream. Over the past several decades, manufacturing jobs slowly disappeared. Lacking resources and capacity to rebuild and reposition, Gateway Cities have been slow to draw new economy investment." This page also highlights the initial cities that were designated with profiles.

Allyn Family Foundation. (May 2018) *ProTrain Bridges the 'Skills Gap' in Syracuse*. Retrieved on May 2, 2019 from <https://www.allynfoundation.org/single-post/2018/05/04/ProTrain-bridges-the-skills-gap-in-Syracuse>

The Allyn Family Foundation is a multi-million dollar philanthropic organization that is active in the Central New York community. The Allyn Family Foundation is part of the collaborative that funds the Work Train program.

The Aspen Institute. (n.d.). Inclusive economic development: Key terms and concepts [PDF File]. Retrieved March 11, 2019, from <https://www.aspeninstitute.org/content/uploads/files/content/images/eop/InclEcoDev-background.pdf>

The Aspen Institute is a non-partisan think tank that addresses a variety of contemporary policy issues. This document is useful because it offers a concise summarization of key topics, including inclusive economic development and traditional economic development.

Baker, C. (December 2017) *Miner, DeFrancisco take turns chiding Cuomo during bipartisan panel in Albany*. Syracuse.com. Retrieved on May 1, 2019 from https://www.syracuse.com/politics/2017/12/miner_defrancisco_trade_jobs_at_cuomo_in_albany.html

This article describes comments made by former NYS Senator John DeFrancisco and former Syracuse Mayor Stephanie Miner regarding Governor Cuomo's economic development priorities. While Miner and DeFrancisco were well-known critics of the Governor and were often his political opponents, they were very influential leaders in Central New York while in office. Their views are not an objective analysis of the Regional Economic Development Council process, but they do reflect some of the political dynamics that surrounded the Central New York's participation in that process.

"Baker-Polito Administration Announces New Support for Transformative Development Initiative Districts in Gateway Cities." *Mass.gov*, Commonwealth of Massachusetts, www.mass.gov/news/baker-polito-administration-announces-new-support-for-transformative-development-initiative.

Press release from the Massachusetts Governor's office about their commitment to further investment in transformative development and gateway cities. This was the announcement of the initial TDI pilot project winners and the resources they would be provided to accomplish their development projects. This information provided the amount for the initial investment in the program and historical context into the administration's intent for gateway city development.

Bartik, T. J. (2018a). *Improving economic development incentives* (pp. 1-4). Kalamazoo, MI: W.E. Upjohn Institute. doi:<https://doi.org/10.17848/pb2018-1>

The Upjohn Institute for Employment Research is a non-partisan research institute. Timothy Bartik is a recognized economist and senior economist at the Upjohn Institute. His work is cited by many, including the Brookings Institute. This source is a policy brief based on his 2018 report, *Who Benefits from Economic Development Incentives?* He brief is helpful because he summarizes research on economic development incentives, and also addresses political dimensions to the debate about incentives.

Bartik, T.J. (2018b). "But For' percentages for economic development incentives: What percentage estimates are plausible based on the research literature?" Upjohn Institute Working Paper 18-289. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. <https://doi.org/10.17848/wp18-289>

The Upjohn Institute for Employment Research is a non-partisan research institute. Timothy Bartik is a recognized economist and senior economist at the Upjohn Institute. His work is cited by many, including the Brookings Institute. Bartik's assessment is credible because he brings up valid critiques of studies with higher estimates, such as positive bias from lack of randomization, and inadequate controls for other influences. His assessment is also in-line with other studies, such as a foreign study in the *Journal of Public Economics* by Michael Devereux, Rachel Griffith, and Helen Simpson.

Bradbury, K. & Triest, R.K. (2016). Inequality of opportunity and aggregate economic performance. *RSF: The Russell Sage Foundation Journal of the Social Sciences*. 2(2), 178-201, from <https://muse.jhu.edu/article/616926>

The Russell Sage Foundation Journal of Social Sciences is a peer-reviewed academic journal. Katherine Bradbury is a Senior Economist and Policy Advisor for the Federal Reserve, who has a academic focus on income inequality. Robert Triest is a professor of economics at Northeastern University and Vice President and Economist for the Federal Reserve Bank, Boston.

The authors research is credible, but admittedly preliminary. Their results align with outcomes theorized by other scholars, and relies n research by Raj Chetty, a noted scholar, and U.S. Census data, both reputable sources. They distinguish when data is suggestive of causation versus conclusive.

Brookings-Rockefeller Project on State and Metropolitan Innovation. (2012) *Centerstate New York Export Plan: Metro Export Initiative*. Retrieved on March 19, 2019 from <https://www.cnyiba.net/assets/CenterState-Export-Plan.pdf>

This document is from the Brookings Institution’s Metropolitan Policy Program. Brookings worked with CenterState CEO in 2011 and 2012 to develop an export plan for the Central New York region. In developing the plan, Brookings and CenterState CEO conducted a market assessment and developed goals and objectives for increasing exports from the region. Many aspects of the Export Plan were included in another planning document produced by Brookings and CenterState CEO, the “Centerstate New York Metropolitan Business Plan,” which itself was uses to develop the Central New York Regional Economic Development Council’s strategic plan.

Buckshot S. (April 2017) *Why can't CNY manufacturers fill openings when factory workers need jobs?* Syracuse.com. Retrieved on March 19, 2019 from https://www.syracuse.com/cny-job-hunt/2017/04/cny_manufacturers_have_jobs_but_lack_skilled_candidates_training_programs_tr_y_to.html

Syracuse.com is the website of the Syracuse Post Standard, the newspaper of record in the Syracuse-area. This article describes the difficulties that local advanced manufacturers were facing in 2017 in finding skilled workers to fill available positions. This article is useful because it names specific manufacturers who were not able to find the workers it needed rather than making general claims about the skills gap in Central New York.

Central New York Regional Economic Development Council. 2017-2018 Progress Report. Retrieved March 17, 2019, from <http://www.centerstateceo.com/sites/default/files/CNYREDC%20Round%207%20Progress%20Report%20%28low%20res%20-%20w.Cortland%20DRI%29.pdf>

The Central New York Regional Economic Development Council is the state-designated regional economic development organization tasked with developing long-term strategic

plans for economic development and coordinating the region's requests for New York State economic development funding. Each year, the REDCs issue a progress report describing the New York State funded projects that are operating within the region.

Central New York Regional Economic Development Council. 2018-2019 Progress Report. Retrieved May 1, 2019, from <http://regionalcouncils.ny.gov/sites/default/files/2018-10/CentralNewYork2018ProgressReport.pdf>

The Central New York Regional Economic Development Council is the state-designated regional economic development organization tasked with developing long-term strategic plans for economic development and coordinating the region's requests for New York State economic development funding. Each year, the REDCs issue a progress report describing the New York State funded projects that are operating within the region.

City of Auburn. (June 2018) *The City of Auburn: Downtown Revitalization Initiative* Accessed March 21, 2019 from https://www.ny.gov/sites/ny.gov/files/atoms/files/DRI_Auburn_application.pdf.

This document was developed as part of the City of Auburn's application for Downtown Revitalization Initiative Funding (DRI). The application was selected for DRI funding in 2018. This document reflects the City's plans for utilizing DRI funding. As of March 2019, the City of Auburn was still working through the process of finalizing the projects which would receive the DRI funding.

City of Oswego. (March 2017) *Downtown Revitalization Initiative Strategic Investment Plan*. Accessed March 21, 2019 from https://www.ny.gov/sites/ny.gov/files/atoms/files/Oswego_DRI.pdf.

This document was developed as part of the City of Oswego's application for Downtown Revitalization Initiative Funding (DRI). The application was selected for DRI funding in 2016. This document reflects the City's plans for utilizing DRI funding and does not necessarily describe how the funding was eventually distributed.

City of Syracuse Department of Neighborhood and Business Development. *Economic Development Incentives*. Retrieved on March 22, 2019 from http://www.syracuse.ny.us/Development_Incentives.aspx

This information is taken from the City of Syracuse's Department of Neighborhood and Business Development. This website describes the City's financing options for firms interested in investing in the City. The website is part of the City's promotional materials used to attract investors and the information contained in it can plausibly be used to describe what the City is willing to offer to firms.

Coin, G. and Knauss, T. *Onondaga County Faces \$500 million sewer bill to save creeks, jobs*. Syracuse.com. Retrieved on May 2, 2019 from <https://expo.syracuse.com/news/g66l-2019/02/04776d707d6330/onondaga-county-faces-500-million-sewer-bill-to-save-creeks-jobs.html>

This article describes the Onondaga County Executive's assessment of the County's wastewater treatment infrastructure and his plans to improve the system. This article is useful because it cites New York State Department of Environmental Conservation opinions and statistics regarding the state of Onondaga County's wastewater infrastructure and cites the American Society of Civil Engineers to provide context to Onondaga County's situation.

DiNapoli, T. P. (2016). *Special report: Central New York Region* (pp. 1-19) (New York, Office of the New York State Comptroller).

This is an official state publication regarding Central New York authored by the State Comptroller. It cited credible sources in discussing the history and current economic landscape of the region.

Dolan, M. (2015, February 11). Tax-Subsidy programs fuel budget deficits. *Wall Street Journal*. Retrieved March 11, 2019, from <https://www.wsj.com/articles/corporate-tax-incentives-generate-budget-problems-1423696411>

The Wall Street Journal is one of leading newspapers in the United States. Although it has a right leaning bias in its editorial section, it is considered politically centered for its news stories. The cited article is a news story written by Mr. Dolan, who covers the Michigan area.

Donahue R. (July 2018) *Rethinking Cluster Initiatives: Syracuse - Unmanned Aerial Systems*. Metropolitan Policy Program at Brookings.

This document is a brief, written by Ryan Donahue, a former Policy and Research Assistant at the Brookings Institute. The document provides an overview of the "cluster strategy" that the Central New York region is attempting to implement for the UAS industry. The author interviewed representations from CenterState CEO, Empire State Development, the NUAIR Alliance, and Gryphon Sensors (a sensors and radar technology company in Syracuse) for the report.

Durán, P. (2015, July 31). What does inclusive economic growth actually mean in practice? Retrieved April 29, 2019, from <https://www.undp.org/content/undp/en/home/blog/2015/7/31/What-does-inclusive-economic-growth-actually-mean-in-practice-.html>

Paloma Durán is the Director of the Sustainable Development Goals Fund for the United Nations Development Programme. Her position would put her in a position where should would regularly speak to economists and policy advocates about economic development. Accordingly, it is likely she has personally heard competing definitions of inclusive growth.

Eyster, L. and Briggs, A. (November 2016) *State Workforce and Economic Development: Opportunities for Collaboration*. Urban Institute. Retrieved from http://www.urban.org/sites/default/files/publication/86131/2001004-state-workforce-and-economic-development-opportunities-for-collaboration_0.pdf

This report from the Urban Institute discusses state-wide workforce and economic development. The Urban Institute is a respected think-tank that researches many issues related to economic growth, particularly in urban areas. The Urban Institute is generally considered to be an objective and authoritative source of public policy information.

Haney, E. (February 2019) *Using 40R and 43D to Stimulate Transformative Transit-Oriented Development in Gateway Cities*. MassINC.

Third of a series of policy briefs investigating approaches generating transformative transit-oriented development (TTOD) in Gateway Cities. This approach is an evolution of the initial TDI pilot and a bit more complex. Leaving it out of the paper in order to focus on clarifying the fundamental aspects of TDIs

Haynes, A.G.. (September 2018) *Transforming Local Economic Development in Massachusetts' Older Industrial Cities*. Brookings Institution. Retrieved from www.brookings.edu/blog/the-avenue/2018/09/21/transforming-local-economic-development-in-massachusetts-older-industrial-cities/.

Article from the Brookings Institute discussing a brief history of transformative development strategies in Massachusetts. This article acted as an introduction to the gateway city efforts and helped highlight some of the initiatives that made up the transformative development strategy. It also highlighted local efforts to integrate into the strategy, such as Lynn, MA placemaking initiative Beyond Walls, which was a grassroots effort. These examples show the potential to inspire other economic development efforts aside from what can be delivered by the state.

Hodge, D. et al. (May 2016) "REBUILDING RENEWAL: An Analysis of State Investment in Gateway Cities and a Work Plan for Delivering Transformative Development." *MassINC Gateway Cities Innovations Institutions*.

This report continues the series of reports from MassINC on gateway cities. Acknowledging that more state aid has been directed to gateway cities but calls for more investment and to be done so in a coordinated fashion. The report provides an overview of trends in the state for state investment, real estate development, and specific transformative development projects. This report was beneficial to research because it continues to develop a baseline for economic activity throughout the state. However, it emphasizes gateway cities and transformative development projects more so than in other reports. Biggest take away is that most of the state aid investment to gateway cities is going towards education and that the state itself is not tracking how investment is done nor its impacts.

Hollingsworth, T. & Goebel, A (2017). *Revitalizing America's smaller legacy cities: Strategies for postindustrial success from Gary to Lowell*. (pp 1-78). Lincoln Institute for Land Policy and Greater Ohio Policy Center.

The Lincoln Institute for Land Policy is a think-tank that specializes in research of land policy. Alison Goebel is the Executive Director of the Greater Ohio Policy Center and has authored numerous papers on economic development. Torey Hollingsworth is the

former manager of research and policy for the Greater Ohio Policy Center. The Greater Ohio Policy Center is a non-partisan think-tank that researches best practices for city management and economic development. In their report, the authors examine fifteen years of data from 24 cities in seven states. They offer best practices based on policies implemented in those cities. For each of their recommendations, the authors offer numerous examples of cities implementing similar policies and describe the results they experienced.

Jackson, C.K., Johnson, R. and Persico, C. (2016). The effects of school spending on educational and economic outcomes: Evidence from school finance reforms. *The Quarterly Journal of Economics*, 131(01), 157–218, <https://doi.org/10.1093/qje/qjv036>

The Quarterly Journal of Economics is a peer-reviewed academic journal published by the Oxford University Press. Dr. Jackson is professor at Northwestern University and a fellow at Northwestern University's Institute for Policy Research, who specializes in labor economics. Dr. Johnson is an Associate Professor at the Goldman School of Public Policy, U.C. Berkeley who also specializes in labor economics. Dr. Persico is an Associate Professor at the School of Public Affairs of American University, where she specializes in education policy. They examine the relationship between school spending and wages by matching lifetime national survey data with court-mandated changes to education. They find a 10% increase in public school funding is associated with a 7% increase in wages. Their results are credible because they use methodology that is preceded within their field of study, and their results align with other studies of the subject.

Jarchow, M. (February 2017). *Funding Will Expand Port of Oswego's Facilities, Cargo Capabilities*. Spectrum News. Retrieved from <https://spectrumlocalnews.com/nys/central-ny/news/2017/02/20/port-of-oswego-funding>

This article is from Spectrum News, a local TV news agency in Central New York. The article describes funding from New York State that was being made available to the Port of Oswego. The funding that is mentioned in this article is corroborated by other news reports and press releases from local politicians.

Jensen, N. M. (2016). Job creation and firm-specific location incentives. *Journal of Public Policy*, 37(01), 85-112. doi:10.1017/s0143814x16000039

The Journal of Public Policy is a peer-reviewed journal published by the Cambridge University Press. Dr. Jensen earned his PhD at Yale University and is now a professor at University of Texas-Austin. Dr. Jensen based his analysis on state data as well as survey data he collected as part of a study, which makes his assessments credible.

Jensen, N.M. & Thrall, C. (2019). Who's afraid of sunlight? Explaining opposition to transparency in economic development (pp. 1-25). Washington Center for Equitable Growth. Retrieved March 11, 2019 from: <https://equitablegrowth.org/working-papers/whos-afraid-of-sunlight-explaining-opposition-to-transparency-in-economic-development/>

The Washington Center for Equitable Growth is a Washington D.C. research organization that offers grants for data-driven economic research. Professors Jensen and Thrall are professors at the University of Texas. They performed a study of the incentive programs in Texas and saw resistance first hand to their efforts to research changes to incentive programs. The study has been cited by news sources since its publication. It is a useful study because transparency is an understudied issue and they examine it directly.

Katz, B, et al. (July 2016) *Transformative Investments: Remaking American Cities for a New Century*. Brookings. Retrieved from www.brookings.edu/articles/transformative-investments-remaking-american-cities-for-a-new-century/.

Original piece from Brookings Institute that laid out the characteristics and principles of transformative development in a coherent way. This piece has inspired many local leaders to develop initiatives and strategies that adopt inclusive growth principles. For the purpose of this paper it helped connected the overall gateway city and TDI strategy to the core concepts of inclusive growth. While clarifying the intent of MassINC and Massachusetts leaders who have often cited the piece for their own inspiration.

Lee, N. (2018) Inclusive growth in cities: a sympathetic critique. *Regional Studies*, 53:3, 424-434, DOI: [10.1080/00343404.2018.1476753](https://doi.org/10.1080/00343404.2018.1476753)

The Regional Studies Journal is a peer-reviewed journal published in the United Kingdom. Dr. Lee is an Associate Professor at the London School of Economics and Political Science. A research focus of his is in the area of economic inclusivity and its ties to innovation. His paper assesses the current state of inclusive growth economic development implementation, and assesses recent critiques of inclusive growth. His paper is helpful because he identifies the common critiques against inclusive growth. In reviewing the literature he cites, his summaries are faithful to the original documents.

Liu, A. (2016). Remaking economic development: The markets and civics of continuous growth and prosperity (pp. 1-32). Metropolitan Policy Program at the Brookings Institute.

The Brookings Institute is non-partisan and is one of the most cited think tanks in the country. Amy Liu is the Director of the Metropolitan Policy Program at the Brookings Institute. She is a recognized expert of economic development policy, and has written extensively on inclusive growth. This report is useful because she defines the core principles of inclusive growth, and provides numerous examples of the principles in action, including Central New York.

Lohmann P. (November 2018) *Gov. Cuomo visits Syracuse to welcome \$62 million airport renovation*. Syracuse.com. Retrieved on March 21, 2019 from https://www.syracuse.com/news/2018/11/gov_cuomo_visits_syracuse_to_welcome_65_million_airport_renovation.html

Syracuse.com is the website of the Syracuse Post Standard, the newspaper of record in the Syracuse-area. This article covers Governor Andrew Cuomo's visit to the Syracuse Airport and describes some of the upgrades and repairs that were made using New York State funding.

Mallach, Alan, et al. (January 2013) “Transformative Investment: Strategic State Policy for Gateway City Growth and Renewal.” *MassINC Gateway Cities Innovations Institutions*.

The solutions in this report were introduced by the gateway caucus to the MA general Assembly during the 2013-2014 legislative session as H 311 *An act to support transformative redevelopment in gateway cities*. These provisions were included into a larger economic development omnibus package signed into law in 2014. It’s is the basis for the Transformative Development Initiative now being piloted throughout the state. Additional baseline information was provided in the report which helped inform trend lines since 2008.

Marchio, N. and Parilla, J. (April 2018) *Export Monitor 2018*. Brookings Institution Global Cities Initiative. Retrieved on May 1, 2019 from <https://www.brookings.edu/research/export-monitor-2018/>

The Brookings Export Monitor is a database of export data from the U.S. Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, Internal Revenue Service, and Moody’s Analytics. The Export Monitor ranks metropolitan areas in the United States on factors such as real export amounts, exports as a share of GDP, and export-supported jobs. The Export Monitor also tracks these items across time.

“Massachusetts GDP.” *Department of Numbers*, www.deptofnumbers.com/gdp/massachusetts/. Quick look up of some economic figures that were then confirmed with BLS and Census data.

Moretti, E. (May 2010) *Local Multipliers*. *American Economic Review: Papers and Proceedings*.

This paper is written by Enrico Moretti, an economic at the University of California, Berkeley. Moretti focuses his research on labor and urban economics and has been published widely on these topics. He is the Editor in Chief of the *Journal of Economic Perspectives*. This paper was published in the *American Economic Review*, a highly-regarded, peer-reviewed economics journal.

Moriarty R. (September 2017). *First part of 50-mile Central New York drone air corridor launched*. *Syracuse.com*. Retrieved on March 17, 2019 from https://www.syracuse.com/business-news/2017/09/first_part_of_50-mile_central_new_york_drone_air_corridor_launched.html

Syracuse.com is the website of the Syracuse Post Standard, the newspaper of record in the Syracuse-area. This article describes the launching of the first section of a largely New York State-funded 50-mile UAS testing corridor in Central New York. This article is useful because it describes the NUAIR organization and outlines the benefits that Governor Cuomo and CenterState CEO President Rob Simpson hope the test corridor provides to the UAS industry in Central New York.

Moriarty R. (July 2018) *While U.S. job market hums, Syracuse unemployment rate is stuck; an economy in neutral*. *Syracuse.com*. Retrieved on March 21, 2019 from <https://www.syracuse.com/business->

[news/2018/07/while_us_job_market_hums_syracuse_unemployment_rate_is_stuck_an_economy_in_neutr.html](https://www.syracuse.com/news/2018/07/while_us_job_market_hums_syracuse_unemployment_rate_is_stuck_an_economy_in_neutr.html)

This article cites statistics from the U.S. Bureau of Labor Statistics and interviews from Karen Knapik-Scalzo, an economist with the New York State Department of Labor, E.J. McMahon, a researcher at the Albany-based Empire Center for Public Policy, and Gary Keith, regional economist for M&T Bank. The article also quotes local businessowners describing how they attempt to overcome challenges related to finding skilled employees.

Moriarty R. (January 2019) *Economist: Central NY needs more workers.*

Syracuse.com. Retrieved on March 21, 2019 from

<https://www.syracuse.com/business/2019/01/economist-central-ny-needs-more-workers.html>

Syracuse.com is the website of the Syracuse Post Standard, the newspaper of record in the Syracuse-area. This article cites Gary Keith, a regional economist for M&T Bank and CenterState CEO President Rob Simpson regarding their views on Central New York's labor market and the challenges facing local firms in finding skilled workers.

Muro, M. et al. (February 2007). "Reconnecting Gateway Cities: Lessons Learned and an Agenda for Renewal." *MassINC and the Metropolitan Policy Program Brookings Institution,*

The initial report from MassINC in collaboration with Brookings that put forward an argument to invest directly into Massachusetts gateway cities. This report provided a considerable amount of baseline economic information while juxtaposing the post industrialized cities of MA to Boston. This report helped create a historical foundation to start from for the paper to build off of when looking at the economic characteristics of the state.

Onondaga County Office of Economic Development. *Onondaga County Industrial Development Agency.* Retrieved on March 22, 2019 from <https://www.ongoved.com/ocida/>

This information is taken from the Onondaga County Office of Economic Development's website. This website describes the County's Industrial Development Agency financing options for firms interested in investing in the County. The website is part of the County's promotional materials used to attract investors and the information contained in it can plausibly be used to describe what the County is willing to offer to firms.

Pacetti, E. (December 2017) *The Five Characteristics of an Inclusive Economy: Getting Beyond the Equity-Growth Dichotomy.* The Rockefeller Foundation. Retrieved from

www.rockefellerfoundation.org/blog/five-characteristics-inclusive-economy-getting-beyond-equity-growth-dichotomy/.

Article was generally used to provide insight into the definition of inclusive growth. The Rockefeller Foundation defines inclusive growth as an "economy... in which there is expanded opportunity for more broadly shared prosperity especially for those facing the greatest barriers to advancing their well-being." This is elaborated with the Brookings five characteristics of inclusive economies: participation, equity, growth, stability, sustainability.

Parilla, J. (2017). Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies (pp. 2-45). Metropolitan Policy Program at the Brookings Institute.

The Brookings Institute is non-partisan and is one of the most cited think tanks in the country. Joseph Parilla is a fellow at the Metropolitan Policy Program where he performed various studies in the area of economics. His assessment is credible because it is based on research tested through a six-month partnership with three metropolitan areas.

Parilla, J., & Liu, S. (2018). *Examining the local value of economic development incentives: Evidence from four U.S. cities* (pp. 5-57). Metropolitan Policy Program at the Brookings Institute.

The Brookings Institute is non-partisan and is one of the most cited think tanks in the country. This report analyzes the role of incentives in economic development, and how four cities attempted to use incentives to further the goals of inclusive growth. The report was useful because it showed how inclusive economic growth incentives worked in practice within four different cities. It also included direct quotes from former politicians to substantiate its points about the political dimension of incentives. spoke dire report included direct quotes from

Peters, A., and Fisher, P. "The Effectiveness of State Enterprise Zones." *Employment Research*, vol. 9, no. 4, 2002, pp. 1-3., doi:10.17848/1075-8445.9(4)-1.

Their model shows that state tax incentives in zones reduce the effective tax rate on a new plant by about a third. Average effective tax rate ranged from 1.4 to 11.7% after incentives from 5.2 to 22.8% before. In the average zone the total incentive package was about 5,000 per job. It's important to know how much zone tax incentives make up as a percentage of total state and local incentives. Some states don't offer ny general incentives but in this model the percentage range that zone tax incentives made up was from 40% to 81%. Their research states that zoning incentives are too small materially affect the investment and location decisions of firms. Their synopsis of economic research at the time shows that zones have little to no impact on job growth. This is because the zone incentives are quite small compared to wage equivalents. In addition, zones are typically located in areas with poor infrastructure, poor transportation access, high rates of crime, and other challenges associated with impoverished areas. Their research also states that the jobs created in zones are more often than not taken by non disadvantaged workers outside of the zones. Targeted job credits can be effective but only if employers use them. "The cost of complying with jobs credit targeting requirements appears to be much higher than the cost of claiming, say, an investment tax credit on an income tax return." A \$2000 per job credit over two years for a job with a wage of \$12.00 would only reduce the wage cost by .48 cents. The difference between hiring someone for 11.50 and 12 is nothing. On average states gain \$18,000 per job in revenue over a 20 year period because zone incentive packages. The costs in that same period for unnecessarily providing incentives to jobs that would have been made regardless of packages would be \$6,600. They state that the net effect in their sample

model shows total state-local revenue loss at about \$59,000 for every new job induced by incentives.

Powers, J. (2018, February 1). Emails Show WEDC Tried to Skirt Transparency Laws in Bids for Amazon HQ2. *WUWM*. Retrieved March 16, 2019, from <https://www.wuwm.com/post/emails-show-wedc-tried-skirt-transparency-laws-bids-amazon-hq2#stream/0>

WUWM is a Wisconsin public radio station and NPR affiliate. The article provides a summary of Ms. Powers's interview with a journalist who saw the emails from the local economic development corporation directly and broke the news story.

Reitz M. (December 2018) *Scriber takes the wheel at Port of Oswego, plans expansion and development*. Oswego County News. Retrieved on March 19, 2019 from http://www.oswegocountynewsnow.com/news/in-the-next-three-years-you-won-t-recognize-the/article_11f8c776-0932-11e9-8f95-77dca7accf67.html

Oswego County News is the website for the Palladium-Times, the local paper in Oswego County, New York. This article describes the New York State-funded investments that have been made in the Port in recent years. While the Palladium-Times newspaper is a small, local newspaper that cannot be relied upon as a singular source for verified information, the investments described in this article are corroborated by press releases from state and local politicians and other local news reports and articles.

Rosenthal S. and Strange W. (2004) *Evidence on the Nature and Sources of Agglomeration Economies*. Handbook of Regional and Urban Economics, 2119-2171.

Rosenthal and Strange are economists who specialize in urban economics and are co-editors of the Journal of Urban Economics. They have written extensively, together and individually, on issues related to agglomeration economies, urban economics, and entrepreneurship. This paper is useful because it describes the potential sources of increasing returns related to agglomeration effects, including input sharing, knowledge spillovers, and labor market pooling, among others.

Transformative Development Initiative [TDI]. MassDevelopment, Retrieved from: www.massdevelopment.com/what-we-offer/key-initiatives/gateway-cities/.

Description of the Transformative Development Initiative pilot project fundamental characteristics. This information is provided by MassDevelopment, which is the economic development authority for the state. MassDevelopment administers the pilot project and coordinates almost all of the state's economic development activities. These activities include current and past direct investment into gate way cities. This pilot project is the example of what a comprehensive state administered inclusive growth strategy could look like aside from just theory.

TDI Districts in Development. MassDevelopment, www.massdevelopment.com/what-we-offer/key-initiatives/gateway-cities/tdi-districts-development/.

List of the initial TDI pilot districts and their associated projects

Schoenberg, S. (August 2016) *Gov. Charlie Baker Signs \$1B Economic Development Bill*. Masslive.com, 11 Retrieved from www.masslive.com/politics/2016/08/gov_charlie_baker_signs_1_bill.html.

Press release from the Governor of Massachusetts' office announcing their economic development legislation for 2018. This article provided updates on gateway city efforts and demonstrated the state's intent to continue investing in the transformative development initiative. This bill will invest \$45 million over three years to transformative development initiatives, which funds significant projects in Gateway Cities. It will also invest \$45 million over three years for a workforce training grant program to pay for equipment for career and technical schools.

Story, L. (2012, December 1). *As Companies Seek Tax Deals, Governments Pay High Price*. *New York Times*. Retrieved March 16, 2019, from https://www.nytimes.com/2012/12/02/us/how-local-taxpayers-bankroll-corporations.html?emc=na&_r=0

The New York Times is one of the leading national papers in the United States. Louise Story is a journalist that spent 10 months compiling data in order to make an assessment about financial losses with incentives. They made the database accessible, and the data has been cited by various news organizations.

Weiner, M. (April 2018) *Congress extends national drone test site in Central New York for 6 years*. Syracuse.com Retrieved on March 17, 2019 from https://www.syracuse.com/politics/2018/04/congress_extends_national_drone_test_site_in_central_new_york_for_6_years.html

Syracuse.com is the website of the Syracuse Post Standard, the newspaper of record in the Syracuse-area. This article, written by the Post Standard's political reporter based in Washington, D.C. describes the federal legislation that was passed in April 2018 that reauthorized the national UAS test site in Central New York.