

# Show Us The Subsidies

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An evaluation of state government online disclosure of economic development subsidies

# **SHOW US THE SUBSIDIES:**

## **An Evaluation of State Government Online Disclosure of Economic Development Subsidies**

by

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A table of all disclosure websites and appendices showing details of state transparency scores can be found online at [www.goodjobsfirst.org/showusthesubsidies](http://www.goodjobsfirst.org/showusthesubsidies)

## Executive Summary

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An increasing number of states are disclosing the names of companies that receive economic development subsidies, but there is wide variation in the quality of such reporting. A few states have created exemplary online disclosure systems, while many release recipient information only in obscure reports tucked away in remote corners of official websites. About a dozen states still keep taxpayers in the dark on the use of job subsidies, even though they cost taxpayers nationwide tens of billions of dollars each year in direct outlays and lost tax revenue. These are the broad findings of an updated review of state economic development transparency conducted by Good Jobs First.

Sunshine is, as the saying goes, the best antiseptic — the cornerstone to reform. Weighing the costs and benefits of job subsidies is possible only with company-specific recipient information. Disclosure enables all other analyses: of whether companies are delivering promised jobs; of fairness among companies and industries; of wages and benefits; of geographic distribution; and of other measures of accountability and equity.

In this study we examine the online reporting practices of key economic development programs in all 50 states and the District of Columbia – 245 programs in all. We rate each one based on the inclusion of data such as subsidy dollar amounts, job-creation numbers, wage levels in those jobs and the geographic location of the subsidized facility. We also evaluate each program in terms of how easy it is to find and use the online data.

Employing seven main criteria, we rate each program on a scale of 0 to 100; we also offer up to 25 “extra credit” points per program for including up to eight more advanced features. Our study thus includes a total of 3,675 separate scoring elements for the 245 programs.

Our key findings are as follows:

- Thirty-seven states provide online recipient disclosure for at least one key subsidy program. This is a significant improvement from our 2007 report, which found 23 states with disclosure, though changes in methodology prevent a direct comparison.
- Since 2005, half a dozen states have enacted legislation mandating subsidy recipient reporting in one or more program. Other states have moved toward transparency through administrative action alone. Massachusetts is the most recent state to enact disclosure legislation.

## EXECUTIVE SUMMARY

- Four states provide recipient reporting for all the key programs we examined: Missouri, North Carolina, Ohio, and Wisconsin. Seven have disclosure for all but one of those programs: Illinois, Indiana, Michigan, Pennsylvania, Rhode Island, Utah and Vermont.
- Thirteen states and the District of Columbia currently have no disclosure at all, although one of those states, Massachusetts, is slated to come online as enacted legislation takes effect. All our scoring is based on what was available online as of November 26, 2010.
- Of the 245 programs we examined, 104 of them (42 percent) have online recipient reporting.
- Based on our scoring system, the states with the best averages across their programs are: Illinois (82), Wisconsin (71), North Carolina (69) and Ohio (66). Nineteen states have an average of 30 or above; 18 have averages below 30 but above zero. See below for a complete list.
- For the country as a whole, the average program score is 25. Ignoring those with no disclosure, the average rises to 59. Nineteen programs are above 75, including three that score over 100, thanks to extra credit.
- We also provide the results in the form of letter grades, but in a way that diverges from the usual system used in schools. We limit the failing grade of F to those states with no disclosure at all, and we stretch out the ranges for the lower passing grades (see the table for details). Using this system, Illinois gets a B; Wisconsin gets a B-minus; North Carolina and Ohio get a C-plus; and Missouri gets a C. Seven states get a C-minus; seven get a D-plus; nine get a D; and nine get a D-minus.

These results tell two different stories. The first is one of the steady spread of transparency across the United States. A practice embraced a decade ago by only a handful of states is now present to some degree in more than two-thirds of the country – more, taking into account those states that have enacted recipient disclosure but not yet put it into effect.

The other story is that some states still inexplicably keep taxpayers in the dark about such basic information as which companies are benefiting from job-creation subsidies, not to mention any information about outcomes. Moreover, even in those states that do have some recipient disclosure, the reporting often does not cover all key programs or it omits vital information such as what happens to the deals over time. That is why our average score for states with disclosure is dismally low.

The conclusion is clear: the accountability movement has made advances but still has a long way to go before job subsidies are as transparent as other categories of state spending, such as procurement. To aid that movement, we list what we believe to be the most important elements of online subsidy reporting. These include:

- Complete information on subsidy amounts.
- Full identifying information about the recipient company.
- The exact street-address location of the subsidized facility.
- Data on outcomes such as jobs created and wages paid.
- Information on steps, such as clawbacks (monies recaptured), taken by state agencies when recipients fail to meet job targets.
- Disclosure sites that are easy to find, easy to use and have current and archival data.
- The inclusion of subsidy data on open government (or “Google government”) sites that many states have created to make general fiscal data more available to the public.
- Additional forms of transparency such as mapping subsidies against patterns of economic need; linking subsidy recipient data to information on procurement contracts and campaign contributions; and disclosing the regulatory compliance records of subsidy recipients.

Note: In the course of researching this report, Good Jobs First also created two new features for our website ([www.goodjobsfirst.org](http://www.goodjobsfirst.org)):

- **Accountable USA** is a set of webpages about each state plus the District of Columbia containing an overview of its subsidy practices, profiles of major subsidy deals and other related information.
- **Subsidy Tracker**, the first resource of its kind, brings together subsidy recipient data from numerous state programs into one searchable online database.

A summary of state scores and ranks is on the following page.

EXECUTIVE SUMMARY

State Subsidy Disclosure Scoring by Rank and Alphabetically

Rank	State	Average	Grade	State	Average	Grade	Rank
1	Illinois	82	B	Alabama	10	D-	36
2	Wisconsin	71	B-	Alaska	30	D+	18 (tie)
3	North Carolina	69	C+	Arizona	25	D	24
4	Ohio	66	C+	Arkansas	0	F	-
5	Missouri	56	C	California	18	D-	29 (tie)
6	Connecticut	48	C-	Colorado	38	D+	15
7	Michigan	47	C-	Connecticut	48	C-	6
8	Indiana	46	C-	Delaware	0	F	-
9	Kentucky	45	C-	District of Columbia	0	F	-
10 (tie)	Louisiana	43	C-	Florida	23	D	27
10 (tie)	Pennsylvania	43	C-	Georgia	0	F	-
10 (tie)	Texas	43	C-	Hawaii	4	D-	37
13 (tie)	Iowa	39	D+	Idaho	0	F	-
13 (tie)	Vermont	39	D+	Illinois	82	B	1
15	Colorado	38	D+	Indiana	46	C-	8
16	Rhode Island	36	D+	Iowa	39	D+	13 (tie)
17	Utah	31	D+	Kansas	0	F	-
18 (tie)	Alaska	30	D+	Kentucky	45	C-	9
18 (tie)	Maryland	30	D+	Louisiana	43	C-	10 (tie)
20 (tie)	Minnesota	29	D	Maine	18	D-	29 (tie)
20 (tie)	Washington	29	D	Maryland	30	D+	18 (tie)
22	Montana	28	D	Massachusetts*	0	F	-
23	New Jersey	27	D	Michigan	47	C-	7
24	Arizona	25	D	Minnesota	29	D	20 (tie)
25 (tie)	New York	24	D	Mississippi	0	F	-
25 (tie)	Virginia	24	D	Missouri	56	C	5
27	Florida	23	D	Montana	28	D	22
28	Oklahoma	22	D	Nebraska	11	D-	35
29 (tie)	California	18	D-	Nevada	0	F	-
29 (tie)	Maine	18	D-	New Hampshire	16	D-	31
31	New Hampshire	16	D-	New Jersey	27	D	23
32	South Dakota	13	D-	New Mexico	0	F	-
33 (tie)	North Dakota	12	D-	New York	24	D	25 (tie)
33 (tie)	West Virginia	12	D-	North Carolina	69	C+	3
35	Nebraska	11	D-	North Dakota	12	D-	33 (tie)
36	Alabama	10	D-	Ohio	66	C+	4
37	Hawaii	4	D-	Oklahoma	22	D	28
-	Arkansas	0	F	Oregon	0	F	-
-	Delaware	0	F	Pennsylvania	43	C-	10 (tie)
-	District of Columbia	0	F	Rhode Island	36	D+	16
-	Georgia	0	F	South Carolina	0	F	-
-	Idaho	0	F	South Dakota	13	D-	32
-	Kansas	0	F	Tennessee	0	F	-
-	Massachusetts*	0	F	Texas	43	C-	10 (tie)
-	Mississippi	0	F	Utah	31	D+	17
-	Nevada	0	F	Vermont	39	D+	13 (tie)
-	New Mexico	0	F	Virginia	24	D	25 (tie)
-	Oregon	0	F	Washington	29	D	20 (tie)
-	South Carolina	0	F	West Virginia	12	D-	33 (tie)
-	Tennessee	0	F	Wisconsin	71	B-	2
-	Wyoming	0	F	Wyoming	0	F	-

\*Enacted some disclosure but not yet implemented.

Letter grading system: A+ (97 and above); A (93-96); A- (89-92); B+ (83-86); B (80-83); B- (70-79); C+ (60-69); C (50-59); C- (40-49); D+ (30-39); D (20-29); D- (1-19); F (0)