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Phantom Jobs: Governor Perry's Enterprise Fund Falls Further Behind On Its Promises

TPJ Report Finds Two-Thirds of Grantees Missed Job Targets

Two-thirds of the Texas Enterprise Fund (TEF) projects that faced job-creation targets by 2009 failed to deliver the jobs that they originally promised in exchange for \$368 million in public funding, a new Texans for Public Justice study finds. This marks a sharp increase from the 42 percent of TEF projects that were so compromised just one year earlier.

The new TPJ study analyzes compliance reports filed by 50 TEF projects that faced job-creation targets by 2009. Thirty-three of these projects:

- Failed to deliver on their 2009 job promises;
- Were crippled by amendments that lower job targets or postpone job deadlines; or
- Were officially terminated before delivering the promised jobs.

As Governor Perry publicly touts the Enterprise Fund as a centerpiece of his reelection campaign, his office quietly works out of the limelight, negotiating amendments that rollback previous job-creation promises. The Governor's Office has acknowledged amending at least 14 of the 50 TEF contracts (28 percent), with some troubled TEF recipients returning to negotiate multiple contract-weakening amendments.

Key findings of TPJ's analysis reveal:

* The Governor's Office awarded \$368 million to 50 TEF recipients to create or maintain 49,581 jobs. In 2009 compliance reports, these projects claimed that they had delivered 30,381 jobs.

* Governor Perry declared in January that TEF had created 54,600 jobs since 2003. More than one-third of these are phantom job promises that have yet to materialize. A review of TEF compliance reports suggests that some never will.

* The 14 amended projects originally promised to deliver 9,793 jobs by 2009. Amendments slashed these 2009 job promises to 6,017 jobs. Over the entire lifetimes of these 14 deals, amendments cut their total job promises from 17,614 jobs to 12,729 jobs.

* The Governor's Office fined 17 TEF recipients \$2.8 million as of June 2010. This amounted to 2 percent of the \$116 million in public funds that they had received from TEF to date.

* Many TEF projects have qualified for termination under a death-penalty clause that the Governor's Office has enforced just six times.

The TPJ report, *Phantom Jobs: The Texas Enterprise Fund's Broken Promises* is available at www.tpj.org. For more information contact TPJ at 512-472-9770.