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USC Professor Finds California Enterprise Zone Program Increases Wages and Decreases Unemployment and Poverty Levels

Sacramento, June 11, 2009 – The California Association of Enterprise Zones says that the importance and successes of Enterprise Zones are substantiated by research from Professor Charles Swenson from the USC Marshall School of Business.

“When you look at the whole picture – the Enterprise Zone program is an essential tool for economic growth in California,” said Craig Johnson, president of the California Association of Enterprise Zones. “The program delivers measurable benefits to our state by creating jobs and business growth opportunities for economically disadvantaged individuals and communities.”

Recent research by Professor Swenson shows that the Enterprise Zone Program decreases unemployment rates, boosts wage, salary and household incomes and decreases poverty rates. These findings are in contrast to the claims made in a 2008 report by David Neumark and Jed Kolko. Swenson’s report examines several factors, while the Neumark and Kolko report analyzed a much more limited amount of data.

“What this paper demonstrates is that to evaluate an Enterprise Zone program’s economic impact, we need to look at a number of outcomes – job growth, unemployment rates, income levels, business retention, etc.” said Swenson. “In the empirical study which I co-authored, we in fact found that the California Enterprise Zone program reduced unemployment rates, and increased incomes. This latter effect is consistent with increasing wages of EZ residents.”

“California’s leaders must look ahead and chart a course to grow our economy for the long-term,” said Johnson. “Focusing on job creation and supporting successful economic development initiatives like the Enterprise Zone Program will ensure an expanding job base, revitalize distressed communities and keep businesses in California.”

For a copy of Professor Swenson’s study please visit
<http://www.marshall.usc.edu/leventhal/research/working-papers.htm>

For more information about the California Association of Enterprise Zones please visit
www.caez.org.

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