

Upstate Left Behind: Job Loss, Policy Challenges, and a New Path to Create Jobs Across New York State



**New York State Senate
Democratic Policy Group**

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I. INTRODUCTION

In October 2015, Democratic Conference Leader Andrea Stewart-Cousins launched the Democratic Policy Group to bring together a diverse group of Senators to develop initiatives to better serve all New Yorkers, especially those who have continued to suffer following the economic downturn.

The group, chaired by Senator Daniel Squadron, with Senators George Latimer, Velmanette Montgomery and José M. Serrano, is working with the entire Democratic Conference to focus on affordability across the state, job creation, meaningful tax and mandate reform, and closing the upstate/downstate economic divide.

This report focuses on the challenging job environment in upstate New York and policy initiatives for consideration to grow jobs upstate and close the upstate/downstate economic divide.

II. EXECUTIVE SUMMARY

This report documents the alarming job trends impacting the upstate economy – including declines in manufacturing and other sectors, slow and uneven job growth, and pockets of net job loss even during periods of statewide job growth – and discusses 47 policy initiatives to reverse these trends and bring new jobs to upstate.

The report considers policy initiatives in the categories of infrastructure; green jobs; small and micro business; job training and readiness; agriculture; and cities, towns, and villages. The policy initiatives include:

- Increase infrastructure investment in addition to basic maintenance, especially in places across New York State that have experienced industrial job loss, including:
 - Utilizing settlement funds for direct investment in infrastructure projects;
 - Creating a state infrastructure bank to facilitate infrastructure investment as a complement to other forms of funding;
 - Exploring the leasing of state property for installation of “small cell” and other technologies and assisting localities to do the same;
 - Considering approaches to increasing broadband access undertaken in other states, such as state-led federal-state partnerships, regulatory changes, and facilitation of private investment without state or local funding.

- Take advantage of the job-creating potential of green technology and energy efficiency, which can save money while creating good jobs for New Yorkers, including:
 - Helping interested localities acquire and deploy LED street lighting to achieve savings and increased safety;
 - Making low-interest loans for alternative energy and efficiency upgrades more available, especially for hospitals and multiple dwellings;
 - Expanding the market for digesters that turn trash into energy;
- More assistance to small and micro businesses that are a primary source of jobs in New York State, including:
 - Increasing the state revolving loan fund to provide capital for small businesses, especially micro businesses, which have the most potential for growth and the least access to current support;
 - Providing opportunities targeted to veterans as a part of increased loan and technical support to small and micro businesses;
 - A state version of federal programs that subsidize partial salary for hiring long-term unemployed, as in other states;
- Expand markets for New York agriculture and support our farmers to grow more agricultural jobs, including:
 - Allowing state agencies flexibility to prefer bids from in-state producers for food purchases and setting targets for such purchases by state government;
 - Increasing the “small purchase” threshold for food purchases to make it easier for small farmers to sell to government and government institutions;
 - Assisting more farmers to obtain federal and other grants and other assistance to defray costs of aggregating and transporting agricultural products;
- Provide greater aid to local governments across New York State and support our cities, towns, and villages, including:
 - Attracting new residents to upstate localities, through location-based mortgage incentives, direct geographic housing incentives, or other programs;
 - Creating a statewide “arts and cultural district” program, as in fourteen states;
 - Providing small “planning grants” to assist under-resourced localities to better participate in state and federal competitive grant programs;
- Enhance job training and readiness to curb the loss of young and working-age people from upstate communities, including:
 - Expanding youth training programs like New York Youthbuild and Summer Youth Employment;
 - Enhancing career/technical education (CTE), including to better facilitate college credit for CTE courses, increase CTE enrollment, and link CTE programs to workforce needs; and
 - Developing a state service corps, possibly including green/conservation, early childhood, health, arts, and other tracks.

III. UPSTATE JOB LOSS

A. Upstate's Alarming Job Trends

Upstate New York's jobs situation is alarming, and negative job trends have continued virtually unchecked for decades.

With some exceptions, such as the Ithaca area, upstate job growth has been far slower over the past twenty years than in the state as a whole. In some pockets, it has been virtually nonexistent. From 1995 through September 2015, the State added 1.326 million private sector jobs – an increase of 20% - while upstate¹ lagged far behind with only a 9.5% increase (266,300 jobs).² Thirty-four percent of total private employment in New York State in 1994 came from upstate, and that figure has declined almost every year since, to a 2012 level of about 31%, according to New York's Empire Center for State Policy.³

Of the 15 major metropolitan areas in New York tracked by the U.S. Census Bureau, Binghamton, Elmira and Utica-Rome have actually experienced negative job growth over the past two decades, and growth in many other upstate areas has lagged behind New York City and the state's rate.⁴ (Figure 1).

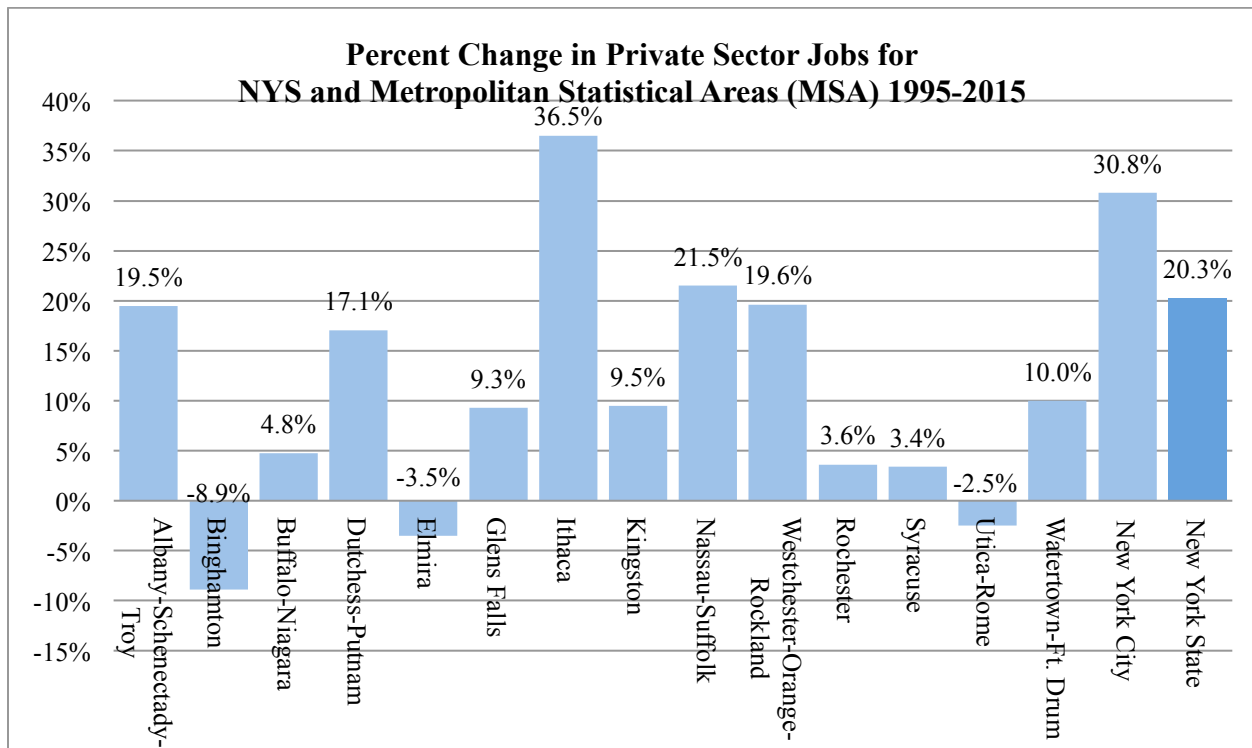
¹ The 55 counties outside New York City and Long Island.

² Data Source: New York State Department of Labor. Major Areas Current Employment Estimates. Available at <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

³ McMahon, E.J. *The Upstate Jobs Crisis: A Review of Employment Trends*. Empire Center for New York State Policy. June 2013. The Empire Center here defined upstate to include counties outside the Metropolitan Commuter Transportation District.

⁴ Data Source: NYS Department of Labor. Major Areas Current Employment Estimates. Available at <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

Figure 1⁵



Upstate population trends reflect the impact of job losses and slow job growth: the Brookings Institution has noted that population numbers have made upstate⁶ the “third-slowest growing state” in the country,⁷ and recent figures show that if the region were a state it would rank 49th in the country for percentage of people moving in.⁸

Further, although the state as a whole has been climbing out of the 2009 recession, that recovery has been uneven, too often leaving upstate behind.⁹ While the state as a whole experienced four years of comparatively steady job growth since 2010,¹⁰ significant regional disparity in job creation has continued as the Southern Tier, Mohawk Valley, Central New York

⁵ New York State Department of Labor. Current Employment Statistics - Regional Historical Estimates. Available at <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

⁶ Defined in this study as the 52 counties not within the New York City and Nassau-Suffolk Primary Metropolitan Statistical Areas.

⁷ Pendall, Rolf. *Upstate New York's Population Plateau: the Third-Slowest Growing State*. Brookings Institution Center on Urban and Metropolitan Policy. Aug. 2003.

⁸ Ellis, Katie. “Panel examines New York’s ‘rural brain drain.’” *Inside Binghamton University*. 19 Apr. 2011.

⁹ New York State Office of the State Comptroller. *New York State Employment Trends*. Aug. 2015.

¹⁰ New York State Office of the State Comptroller. *New York State Employment Trends*. Aug. 2015.

and North Country regions all experienced employment declines over that time.¹¹ Even now, in the fifth year of the recovery, continuing regional disparity means areas of upstate New York are continuing to be left behind.¹²

While total private sector jobs in New York State have grown by 11.9 percent since 2009, that increase has been driven by New York City, which experienced a 17.5 percent increase during the same period.¹³ Only Long Island (10.2%) and Ithaca (9.9%) came close to the state's rate, and no other area experienced even half of New York City's rate of growth (Figure 2).¹⁴

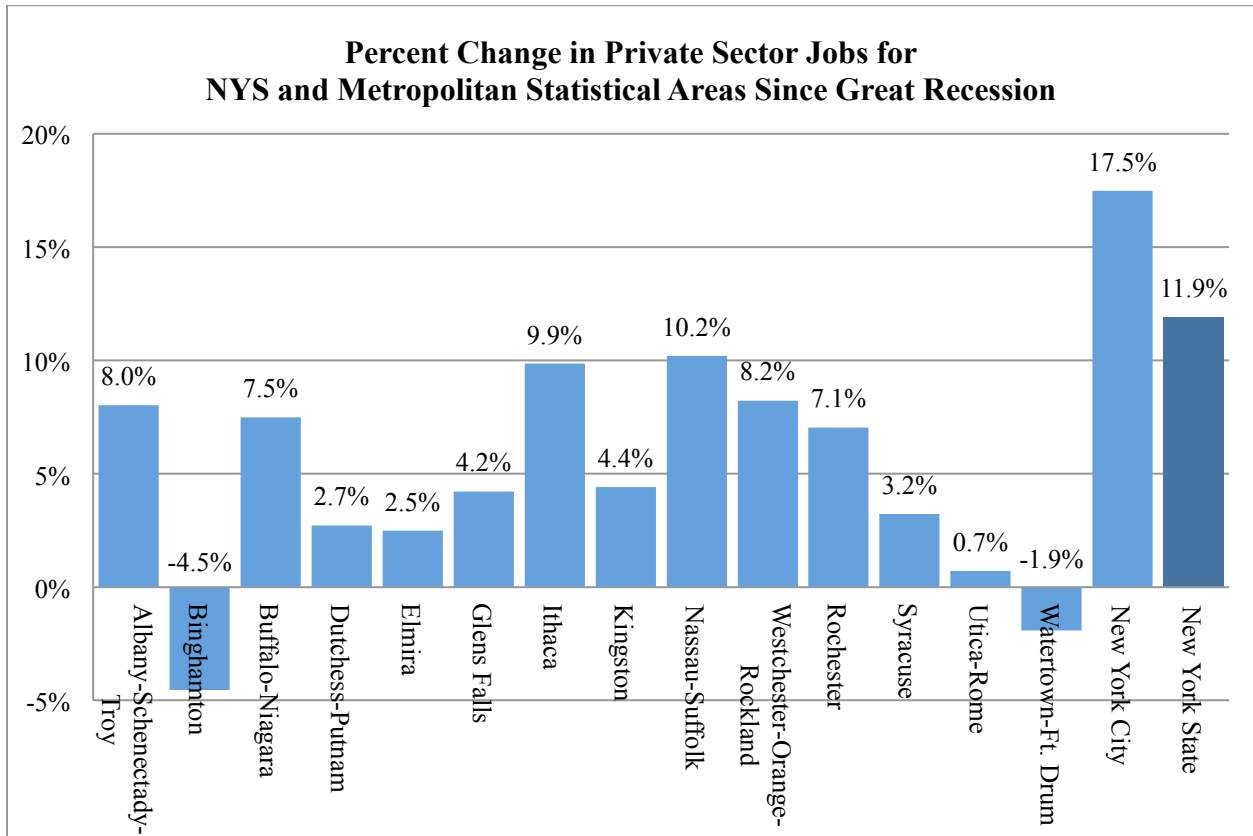
¹¹ *Id.*

¹² *Id.*

¹³ New York State Department of Labor. Major Areas, Current Employment Estimates: Historical Estimates. Retrieved from <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

¹⁴ *Id.*

Figure 2



New York City provided roughly three in four new jobs statewide from 2009 through 2014,¹⁵ and the New York City, Long Island, and Westchester-Orange-Rockland areas provided more than four in five new private sector jobs statewide from September of 2009 through September of 2015 (Figure 3), exceeding those regions' combined contribution to total private sector jobs during that same period (Figure 4).¹⁶

¹⁵ New York State Office of the State Comptroller. *New York State Employment Trends*. Aug. 2015. The annual average of non-farm jobs in New York State increased by 538,300 from 2009 to 2014; New York City provided 408,900 (75.9%) of those non-farm jobs. Data Source: New York State Department of Labor. Major Areas, Current Employment Estimates: Historical Estimates. Retrieved from <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

¹⁶ New York State Department of Labor. Major Areas, Current Employment Estimates: Historical Estimates. Retrieved from <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

Figure 3

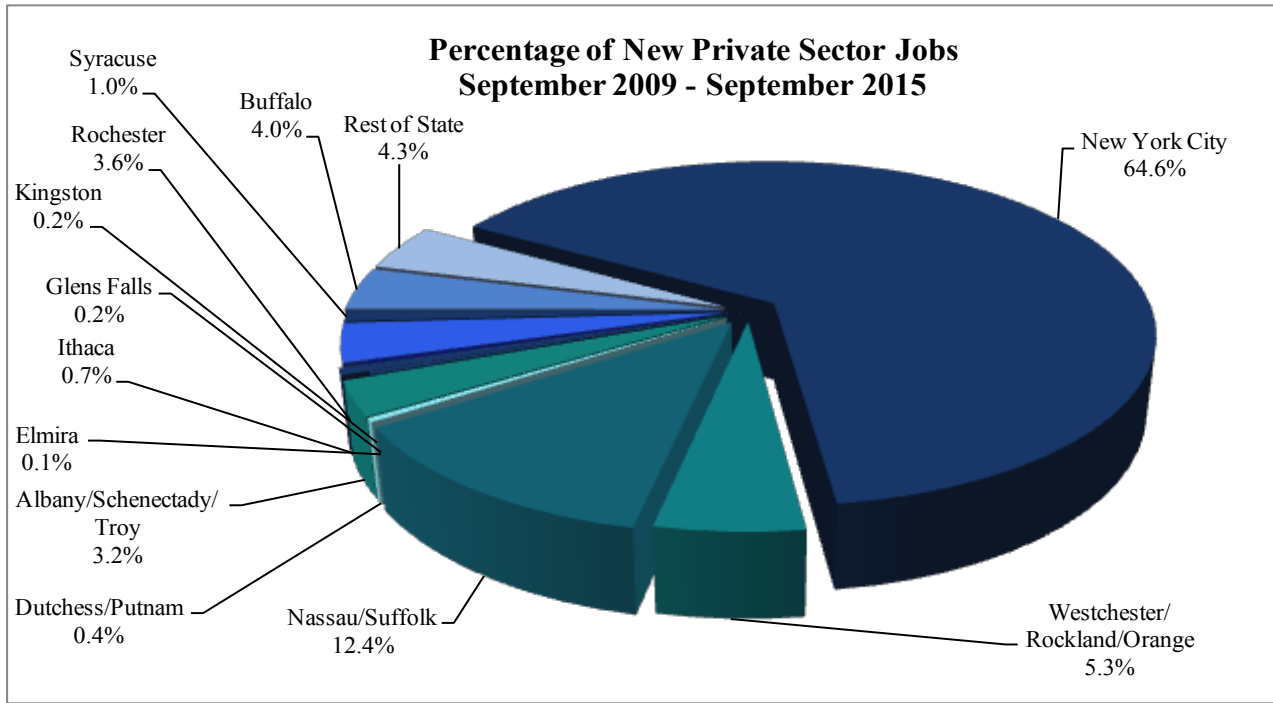
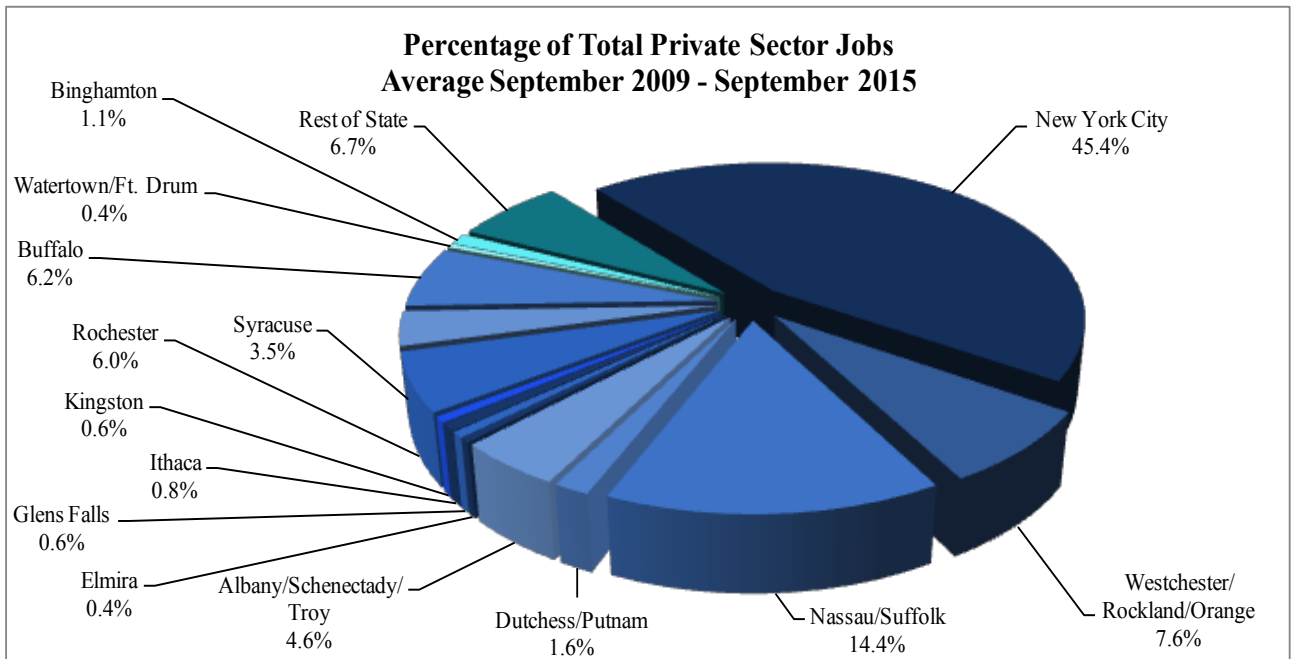


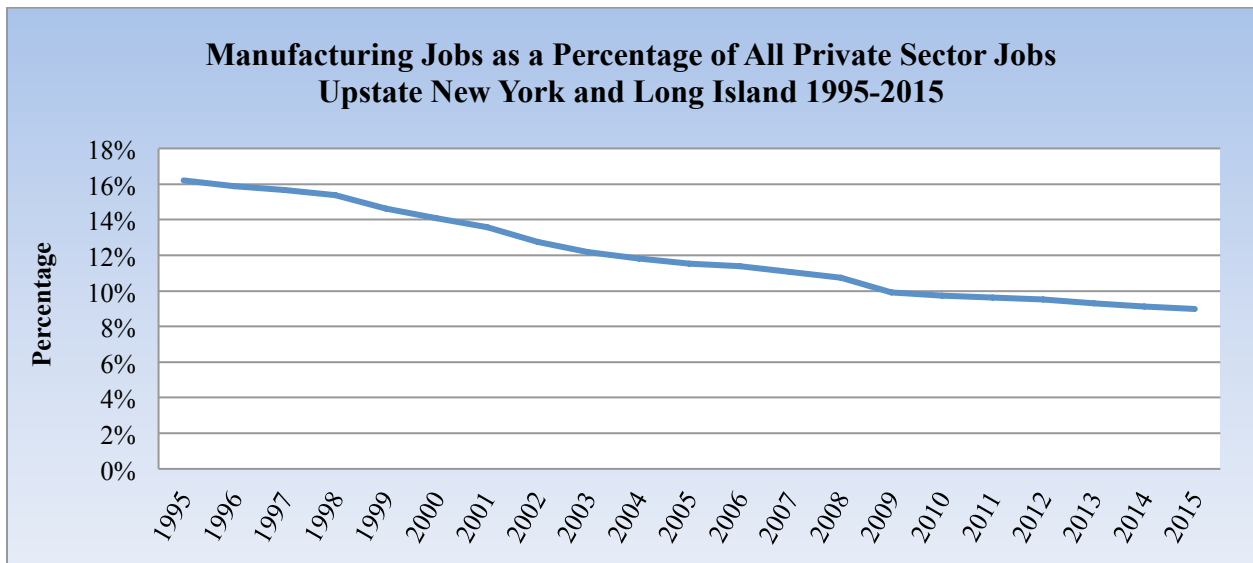
Figure 4



B. Factors: The Decline of Manufacturing and the Need for a New Path to Create Jobs Upstate

For decades, large manufacturing corporations were the anchor for many upstate communities—Kodak in Rochester, General Motors and the auto industry in Buffalo, and General Electric in Schenectady. Such jobs were once a source of economic prosperity for New York’s residents and provided a source of financial stability for the localities that played host to them. But since the 1940s, the large-employer manufacturing sector has declined by over 60 percent.¹⁷ In 2009, as the state entered the recent recession, three of every four of New York’s manufacturing jobs that existed in 1960 had disappeared.¹⁸ The state has lost another 11.8% of its manufacturing jobs since 2009, even as manufacturing employment has risen 4.9% nationally during the same period.¹⁹ The sector, which in 1995 comprised 16.2% of the economy outside New York City, has dropped to under 10% (Figure 5).²⁰

Figure 5



¹⁷ Office of the State Comptroller. “The Changing Manufacturing Sector in Upstate New York: Opportunities for Growth.” (June 2010).

¹⁸ Ward, R.D. and Dadayan, L. *Twenty-First-Century Manufacturing:*

A Foundation of New York’s Economy. Nelson A. Rockefeller Institute of Government. Sept. 2010.

¹⁹ “New York Manufacturing Employment Continues To Decline.” *BusinessWire*. 10 Nov. 2014 (citing Manufacturer’s News data).

²⁰ New York State Department of Labor. Current Employment Statistics - Regional Historical Estimates. Available at <http://www.labor.ny.gov/stats/lscsmaj.shtm>.

The hardest hit region has been the Binghamton area,²¹ which saw its manufacturing base decline from over 26,163 in 1997²² to 9,280 in 2012 – a drop of 65% over 15 years. The Rochester area saw manufacturing jobs fall from 121,857 in 1997 to 57,316 in 2012, a slightly less drastic, but still severe drop of 53%, and similar to that of the Syracuse area, which lost 24,540 (51%) of its manufacturing jobs over the same period. The Buffalo area saw manufacturing jobs fall from 87,512 in 1997 to 51,819 in 2012, a drop of 41%.

Other upstate regions also experienced significant drops in their manufacturing sectors during this period. The Elmira area lost 3,690 manufacturing jobs – a 40% decline; the Jamestown area experienced a 30% decline; and the Glens Falls area, a 22% decline in manufacturing jobs, all from 1997 to 2012.²³ The Kingston area lost 1,646 manufacturing jobs, a 31% decline, between 2003 (when data for the Kingston area was first collected) and 2012.

If manufacturing jobs were being replaced by relatively equivalent work, the situation would be less dire. But many of the regions suffering most from the loss of their manufacturing base have faced a general decline in all private sector jobs. From 1999 to 2014, the Binghamton area has seen a net loss of 17% of its private sector jobs, with the hardest hit major sectors aside from manufacturing being computer and mathematical occupations (35%); food preparation (30%); and education and training (24%). In the Buffalo area, in addition to manufacturing, the major job sectors with the greatest job losses included architecture and engineering (25%); construction (19%); and education and training (17%). Rochester's hardest hit sectors other than manufacturing were life and physical science occupations (43%); transportation and material moving occupations (32%); and building and grounds maintenance (30%). (Figure 6)²⁴

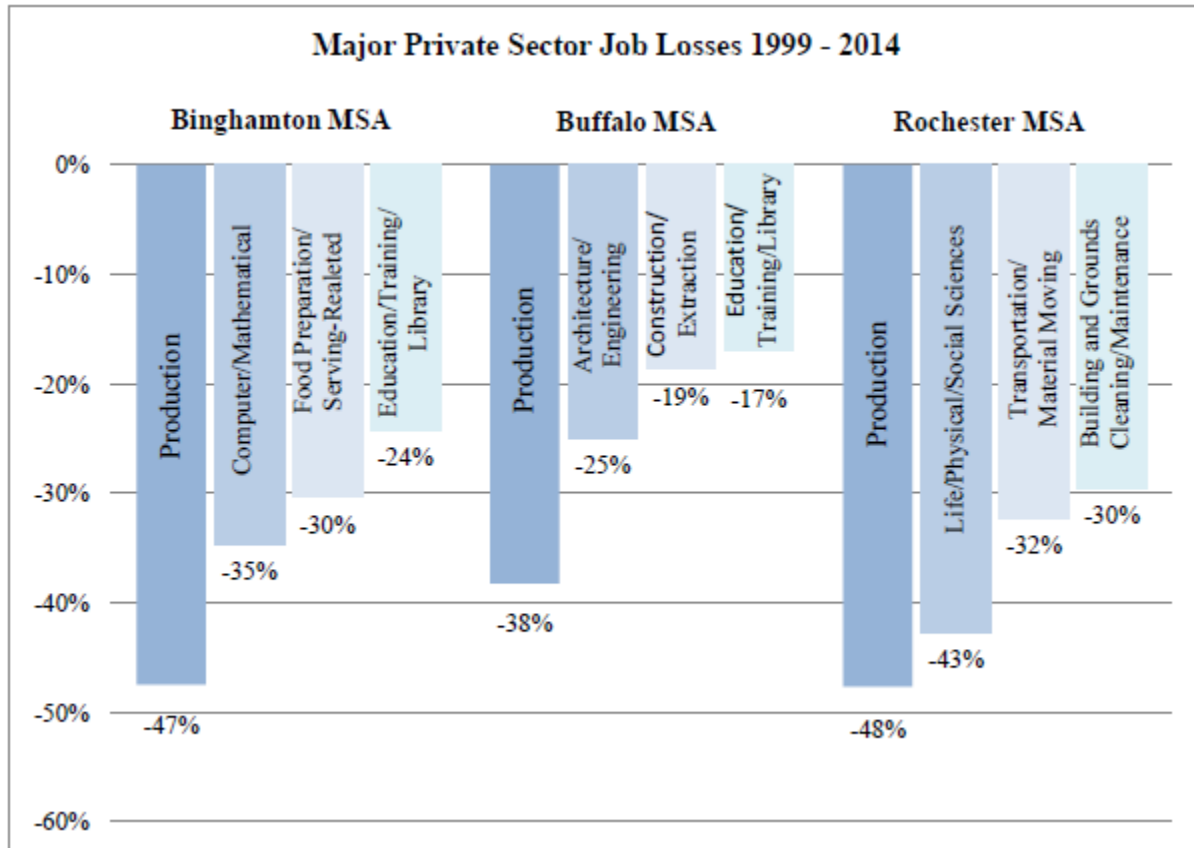
²¹ All figures in this section come from New York State Department of Labor. Current Employment Statistics - Regional Historical Estimates, available at <http://www.labor.ny.gov/stats/lscsmaj.shtm>, and are figures for Metropolitan Statistical Areas (MSAs).

²² 1997 is the first year Metropolitan Statistical Area (MSA) data is available from the Bureau of Labor Statistics and the U.S. Census Bureau.

²³ Jobs data source: U.S. Census Bureau, Statistics of U.S. Businesses, Historical Data Tables by Enterprise. Available at <https://www.census.gov/econ/susb/data/susb1999.html>.

²⁴ Data Source: Bureau of Labor Statistics (BLS). Occupational Employment Statistics (OES). Available at <http://www.bls.gov/oes/tables.htm>.

Figure 6



IV. POLICY INITIATIVES FOR CONSIDERATION

As the data above shows, too many New Yorkers have continued to suffer since the economic downturn. New York State needs to be doing more to support areas of the state that have lost significant sources of employment and are too often excluded from the benefit of new jobs.

The Senate Democratic Conference lays out an agenda here for a new path for growing jobs for all New Yorkers, especially upstate regions that are too often left behind. Below are policy initiatives for consideration to catalyze infrastructure development and green jobs; support small and micro business and agriculture; revitalize upstate cities, towns, and villages; and strengthen job training and readiness.

A. Infrastructure

In addition to repairing, restoring, and improving critical transportation, water, and other systems necessary for business and daily life in our state, infrastructure investment can also be a powerful job creator, even in parts of the state that have experienced industrial job loss.

The Federal Highway Administration estimates that every \$1 billion spent on highway infrastructure creates 27,822 jobs, including 9,536 construction-oriented jobs; 4,324 jobs in supporting industries; and 13,962 induced jobs.²⁵ Water and sewer projects are also strong job creators, with each \$1 billion investment creating 8,954 direct and induced jobs in New York State.²⁶ Every \$1 billion invested in rail transportation creates 7,511 jobs,²⁷ with investment in MTA infrastructure generating jobs directly where infrastructure is installed, and indirectly where every \$1 million spent in train car production creates 7.7 jobs in places like Plattsburgh and Yonkers where Bombardier and Kawasaki make cars for the MTA.²⁸

The time is right for job-creating investment in critical infrastructure. Key failings in transportation infrastructure are impacting the daily lives of all New Yorkers, and show little

²⁵ Levine, Linda. *Job Loss and Infrastructure Job Creation During the Recession*. Congressional Research Service. 17 Mar. 2009. Many methods exist for job creation estimates. The Department of Environmental Conservation estimates that a similar \$1 billion investment would create 47,500 jobs. See New York State Department of Environmental Conservation. *A Gathering Storm - New York Wastewater Infrastructure in Crisis*. Available at <http://www.dec.ny.gov/chemical/48803.html>. General RIMS II I-O modeling puts the number at about 13,000 jobs.

²⁶ Regional Input-Output Modeling System (RIMS II) multiplier tables for Water, Sewage and Other Systems for New York State. RIMS II is a product of the U.S. Department of Commerce, Bureau of Economic Analysis.

²⁷ RIMS II multiplier tables.

²⁸ RIMS II multiplier tables.

sign of improvement. This fall’s Infrastructure Report Card from the American Society of Civil Engineers (ASCE) gave New York State a D- for roads, a D+ for bridges, a D for wastewater treatment and a C- overall.²⁹ One-third of the state’s major highways and 45% of its major roads are in poor or fair condition. Rough roads and congestion have a real cost for New Yorkers. ASCE estimates rough roads and congestion cost each Syracuse motorist \$477 per year, each Albany motorist \$504, and all motorists statewide \$6.3 billion annually.³⁰ Some of the worst roads are in rural areas where fatalities are three times more likely than on other roads in New York.³¹

New York’s critical water systems are similarly eroding. There are 10,147 regulated water systems in the state, supplying water to about 95% of all New Yorkers.³² Many of those systems have been in place for over a century.³³ One in four of the state’s wastewater facilities are operating beyond their thirty-year useful life expectancy.³⁴ Thirty percent of the 22,000 underground miles of sewers are over sixty years old, also operating far beyond their useful lives.³⁵ This situation has led local officials like Mayor Stephanie Miner of Syracuse – where failing infrastructure has led to near-daily water main breaks – to call intensely for greater state action on infrastructure.³⁶

In addition to these significant issues with road and water infrastructure, areas of the state lack broadband access, and broadband speeds vary considerably from downstate to upstate.³⁷ As New York is making commitments to broadband, for example through the Governor’s substantial New NY Broadband initiative that has offered \$500 million in state matching funds

²⁹ American Society of Civil Engineers’ New York State Council. *2015 Report Card for New York State’s Infrastructure*. Sept. 2015.

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ *Id.*; see also New York State Department of Environmental Conservation. *Wastewater Infrastructure Needs of New York State*. Mar. 2008.

³⁴ *Id.*

³⁵ *Id.*

³⁶ See, e.g., Resila, Alex. “Mayor Miner Pushes Albany: Calls for Infrastructure Funding in State Budget.” *CNYCentral.com*. Mar. 24, 2015.

³⁷ New York State Broadband Program Office, Broadband Availability Map (Jan. 2013), available at <https://www.nysbroadband.ny.gov/sites/default/files/pdfs/availability.pdf>; New York State Broadband Program Office, Broadband Availability by Maximum Advertised Speeds Map (Jan. 2013), available at <https://www.nysbroadband.ny.gov/sites/default/files/pdfs/speed.pdf>. Interactive data is available at <http://www.broadbandmap.ny.gov/>.

for projects initiated by private entities to improve broadband access,³⁸ approaches from other states may also merit consideration: Massachusetts pursued a state-led, federal-state partnership to increase broadband connectivity in underserved areas,³⁹ and Connecticut pursued regulatory changes to streamline costs and procedures for allowing new attachments to utility poles – including a first-in-the-nation “Single Pole Administrator” law – and has since allowed all interested localities to join a statewide request for private investment to improve broadband, without promising state or local investment.⁴⁰

Interest rates and some construction prices are at historic lows but will not stay there indefinitely,⁴¹ leading commentators to note that now is likely the best time in 75 years for state investment in heavy infrastructure.⁴²

Infrastructure banks, like that proposed at the national level by President Obama, can also help facilitate infrastructure investment as a complement to other forms of funding or to encourage investment by international investors or tax-exempt organizations (like pension funds) that are not incentivized to purchase traditional municipal bonds.⁴³ California’s “I-Bank” was capitalized with an initial state appropriation of \$425 million in the late 1990s, and thereafter grew to make available over \$30 billion in debt financing, without a further annual appropriation.⁴⁴

And infrastructure investment doesn’t necessarily require state money. As wireless providers pursue new technology to improve wireless service, they are looking for places to install “small cell” wireless transmitters, and are considering all available locations, including

³⁸ See New York State Broadband Program Office, *The New NY Broadband Program*, available at <https://www.nysbroadband.ny.gov/node/376>.

³⁹ See Massachusetts Broadband Institute, *MassBroadband123*, available at <http://broadband.masstech.org/building-networks/middle-mile/massbroadband-123>.

⁴⁰ Connecticut State Broadband Initiative. *Announcement: 46 Cities Join In Effort to Develop Gigabit Broadband Networks in Connecticut*. Dec. 18, 2014. Available at <http://www.ct.gov/broadband/cwp/view.asp?a=4524&q=500852>.

⁴¹ Schrager, Allison. “The Short-Term Thinking Behind America’s Infrastructure Crisis.” *Bloomberg Business*. 14 Oct. 2014.

⁴² See Marshall, Alex. “States, Localities Fail to Seize Their Infrastructure Moment.” *Governing*. Jun. 2013; Sabol, Patrick and Puentes, Robert. “Why Isn’t Cheap Debt Supporting More Infrastructure Investment?” *Brookings*. 30 Oct. 2014.

⁴³ See Puentes, Robert and Thompson, Jennifer. “Banking on Infrastructure: Enhancing State Revolving Loan Funds for Transportation.” *Brookings*. 12 Sept. 2012 (discussing when and why infrastructure banks may be appropriate to supplement other state and federal infrastructure investments); Christman, Anastasia and Riordan, Christine. *State Infrastructure Banks: Old Idea Yields New Opportunities for Job Creation*. National Employment Law Project. Dec. 2011.

⁴⁴ Christman, Anastasia and Riordan, Christine. *State Infrastructure Banks: Old Idea Yields New Opportunities for Job Creation*. National Employment Law Project. Dec. 2011.

municipal-owned payphones, streetlights and traffic lights.⁴⁵ Los Angeles just announced it is renting space on streetlights to allow wireless providers to install small cell technology there to improve service.⁴⁶ New York State can explore doing this directly on state property and can help facilitate it – through mapping, promotion, or shared contracts – for localities looking to do the same.

As the state explores new paths to fund job-creating infrastructure investment, state funds designed to be dedicated to such investment should be protected. New York has a number of dedicated funds, often called “lockboxes,” that were established to ensure funds were available for key infrastructure projects. These lockboxes include the Dedicated Highway and Bridge Trust Fund (DHBTF) designed to support critical road and bridge needs; the Mass Transportation Operating Assistance (MTOA) Fund and the Mass Transportation Trust Fund to support transit; and the Environmental Protection Fund (EPF) and Regional Greenhouse Gas Initiative (RGGI) fund to support investments to protect the environment, including through water infrastructure and energy efficiency projects.

The state could do a much better job of protecting or “locking” these funds. From 2000 to 2010, more than \$3.7 billion was diverted from dedicated State funds to the General Fund.⁴⁷ From its inception through fiscal year 2008-09, the DHBTF collected over \$33 billion meant for road and bridge repair and capital improvements, but only about \$11 billion was spent on capital construction rather than operating or debt service costs.⁴⁸ As recently as this April, the 2015-16 Enacted Budget included sweeps of \$41 million and \$25 million, from the RGGI and EPF, respectively, to the General Fund, with no specific language authorizing its replacement.⁴⁹

Other states have faced this same difficulty, and have “locked their lockboxes.” In the last year, Maryland and Wisconsin passed constitutional amendments to prevent sweeps of dedicated infrastructure funding,⁵⁰ and a similar measure is now under consideration in Connecticut.⁵¹

⁴⁵ See Meyers, Ed. “Small Cells: Recognizing the Opportunities and Meeting the Challenges.” *agl Small Cell Magazine*. Mar. 2014.

⁴⁶ Tilly, Aaron. “Los Angeles Becomes First City To Test The Future Of Wireless Connectivity With ‘Small Cells’ On Streetlights.” *Forbes*. 5 Nov. 2015.

⁴⁷ Office of the State Comptroller. *New York’s Deficit Shuffle*. Apr. 2010.

⁴⁸ *Id.*

⁴⁹ Office of the State Comptroller. *Report on the State Fiscal Year 2015-16 Enacted Budget*. Apr. 2015.

⁵⁰ Council of State Governments. *Transportation Trust Funds & Lockbox Protections*. Mar. 2015.

⁵¹ Phaneuf, Keith M. “Malloy Vows to Up the Pressure for Transportation ‘Lockbox’.” *CT Mirror*. 22 Sept. 2015.

Finally, with increased infrastructure investment, the state must take accountability for increased planning. The Regional Plan Association has pointed out that the state’s major transit authorities were initially designed to engage in long-term strategic and regional planning, but have recently lost that focus and been caught up in day-to-day politics and logistics.⁵² In contrast, London launched a regional strategic planning effort in 2000 that has allowed a more comprehensive, regional approach and resulted in strategic, long-term investments in transportation improvements.⁵³

Policy Initiatives for Consideration:

- *utilize settlement funds for direct investments in infrastructure projects;*
- *state infrastructure bank to facilitate infrastructure investment as a complement to other forms of funding;*
- *explore leasing of state property for installation of “small cell” and other technologies and assist localities to do the same;*
- *consider approaches to increasing broadband access undertaken in other states, such as state-led federal-state partnerships, regulatory changes, and facilitation of private investment without state or local funding;*
- *“lock the lockboxes” – including the DHBTF, MTOA, EPF and others – to protect infrastructure funding, as in other states; and*
- *accountability for increased infrastructure investment through regional strategic planning.*

B. Green Jobs

As we invest in infrastructure, we must also ensure New York takes advantage of the job-creating potential of green technology and energy efficiency, which can save money while creating jobs for New Yorkers.

Energy efficiency and green practices at government agencies, localities and school districts can create significant net new jobs while also saving government money in the long-

⁵² Regional Plan Association. *Fragile Success: Taking Stock of the New York Metropolitan Region*. Part 6. Apr. 2014.

⁵³ *Id.*

term through reduced energy costs.⁵⁴ As an example, upgrading all state and local buildings in the United States to maximum energy efficiency would save taxpayers up to \$8.1 billion and create between 165,000 and 428,000 jobs.⁵⁵ Although New York has begun to facilitate green practices in state and local construction and procurement, there is much more we can do.

Here in New York, 1.4 million streetlights statewide have the potential to be replaced with smarter LED lights, enhancing safety and improving efficiency with estimates of \$97 million in annual savings from complete replacement.⁵⁶ Fourteen cities (including New York City), two states, and one county in the United States have enacted energy benchmarking and disclosure laws for large structures, like government, commercial, and multi-family buildings.⁵⁷ Governor Cuomo’s Executive Order 88 and related initiatives are applying energy benchmarking and disclosure practices to state buildings.⁵⁸ By requiring disclosure of energy use data for large, commercial buildings, the state can spark private investment in efficiency, estimated to create five to fifteen green jobs per \$1 million of investment – jobs in construction, engineering, energy auditing and other fields that generally can’t be outsourced.⁵⁹ “Green infrastructure” (essentially installation of intentional, designed grassy areas next to and around roadways) can contain and significantly reduce harmful runoff and be cost-effective.⁶⁰ In September, the state announced a first-of-its-kind digester for mixed organic waste on Long Island,⁶¹ but California, Connecticut and Massachusetts are ahead of New York in facilitating increased use of digesters.⁶²

⁵⁴ Anne E. Casey Foundation. *Big Ideas for Job Creation: A Policy Brief Highlighting Job Creating Initiatives*. 18 Nov. 2011.

⁵⁵ *Id.*

⁵⁶ New York State Energy Research and Development Authority, *Street Lighting in New York State: Opportunities and Challenges* (2015). Although the legislature passed and the Governor signed into law this past year a first step toward allowing municipalities to make the switch to LED lights, see Chapter 495 of 2015, legislation in Massachusetts and Rhode Island has gone further to ensure localities are able to make this important transition.

⁵⁷ Institute for Market Transformation, *Energy Benchmarking and Transparency Benefits*, available at <http://www.imt.org/policy/building-energy-performance-policy>.

⁵⁸ See New York State, Executive Order No. 88; New York Power Authority & New York State Energy Research & Development Authority, *BuildSmartNY: Baseline Energy Performance of New York State Government Buildings*. Aug. 2013.

⁵⁹ Institute for Market Transformation, *Energy Benchmarking and Transparency Benefits*, available at <http://www.imt.org/policy/building-energy-performance-policy>.

⁶⁰ Natural Resources Defense Council. *After the Storm: How Green Infrastructure Can Effectively Manage Stormwater Runoff from Roads and Highways*. Sept. 2011.

⁶¹ Giambusso, David. “State Announces Enormous Trash ‘Digester’ for Long Island.” *PoliticoNewYork*. 1 Sept. 2015.

⁶² Richard Dahl, “A Second Life For Scraps: Making Biogas From Food Waste,” *Environmental Health Perspectives* Vol 123, Issue 7, July 2015; Joanna M. Foster, “Digesting Food Waste Can Turn Trash Into Money,” Nov. 20, 2013.

Chicago created a one-stop shop and public-private loan fund for retrofitting older apartment buildings to decrease energy costs, creating 170 direct jobs and achieving a 30% reduction in utility bills in just the first two years of the program.⁶³ The New York State Energy Research and Development Authority (NYSERDA) is making substantial progress assisting with building retrofits around the state,⁶⁴ and the Green Bank is intended to provide additional assistance, but some programs are oversubscribed,⁶⁵ and while NYSERDA provides useful outreach about its programs through community-based organizations across the state⁶⁶ only some localities –generally downstate with more resources – now benefit from local accelerators that assist mid-size retrofitting projects to navigate the financing and regulatory framework.⁶⁷

The potential for job creation and reduced utility bills can also come from advancements in more efficient water infrastructure. Texas, Georgia, Philadelphia and other jurisdictions are leading the nation in facilitating water loss audits to identify leaks and inefficiencies that can cost taxpayers through water waste.⁶⁸ Philadelphia saved \$23 million through water loss control efforts from 2000 to 2011,⁶⁹ and audits in the Delaware River Basin in 2012 identified over half of audited systems were losing 15% of water, with an estimated value of \$110 million.⁷⁰ New York now performs only rudimentary water loss auditing, despite dozens of recent New York

⁶³ Anne E. Casey Foundation. *Big Ideas for Job Creation: A Policy Brief Highlighting Job Creating Initiatives*. 18 Nov. 2011.

⁶⁴ See, e.g., NYSERDA, Green Jobs – Green New York: 2015 Annual Report, Reporting Period Ending June 30, 2015 (Sept. 2015); NYSERDA, Programs & Services, available at <http://www.nyserda.ny.gov/All-Programs> (providing list of all programs).

⁶⁵ See, e.g., NYSERDA's Multifamily Existing Buildings Program, <http://www.nyserda.ny.gov/All-Programs/Programs/MPP-Existing-Buildings.aspx> (describing as of fall 2015 that all funds were allocated and applications closed due to large number of applications).

⁶⁶ See, e.g., NYSERDA, Community Energy Resource, Constituency-Based Organization, available at <http://www.nyserda.ny.gov/All-Programs/Programs/Community-Energy-Resource>.

⁶⁷ See, e.g., New York City Retrofit Accelerator, <https://retrofitaccelerator.cityofnewyork.us/> (one-stop shop providing assistance to New York City properties looking to retrofit to gain energy and water efficiency); New York Energy Improvement Corporation, <http://energizeny.org/eic> (non-profit local development corporation aiming to facilitate efficiency improvements for buildings in participating municipalities, primarily in Westchester with initial October 2015 expansions into Central New York and the Mid-Hudson region).

⁶⁸ Natural Resources Defense Council, *Cutting Our Losses, State Policies to Track and Reduce Leakage from Public Water Systems*, <http://www.nrdc.org/water/water-loss-reduction.asp>;

⁶⁹ Baird, G., *Who Stole My Water: The Case for Water Loss Control and Annual Water Audits*, J. AWWA Oct. 2011.

⁷⁰ Delaware River Basin Commission, *Delaware River Basin Commission's Water Audit Program: Summary Results from the First Annual Data Collection*. Rev. Feb. 2015.

Comptroller audits showing “massive water losses—and resulting financial losses”⁷¹ and the availability of free software that can provide utilities with cutting-edge auditing capacity.⁷²

Policy Initiatives for Consideration:

- ***increase state, local, and school district energy efficiency and green construction and procurement;***
- ***help interested localities acquire and deploy LED street lighting to achieve savings and increased safety;***
- ***facilitate large government, commercial, and multi-family building reporting of energy performance data, as in fourteen cities and two states***
- ***deploy green infrastructure in state road and highway work;***
- ***expand the market for digesters that turn trash into energy;***
- ***facilitate the use of free, available water management software and water loss audits by New York’s utilities; and***
- ***make low-interest loans for alternative energy and efficiency upgrades more available, especially for hospitals and multiple dwellings.***

C. Small and Micro Business

Despite a frequent policy focus on assisting larger businesses as a path to job creation, small businesses are a primary source of jobs in New York. In 2012, there were 438,396 businesses with 100 or fewer employees in New York State, comprising 97.4% of the State’s businesses.⁷³ They employed 2,737,051 workers, or 36.2% of the workforce,⁷⁴ and more than

⁷¹ Larry Levine, Natural Resources Defense Council, *No More Money Down the Drain: How State Comptrollers and Auditors Can Help Stop Leaks in Drinking Water Systems...and Save You Money*. Jan. 8, 2015 (citing New York State Comptroller audits and reports from 2009-2014).

⁷² Natural Resources Defense Council, *Water Audits & Water Loss Control for Drinking Water Utilities*. Apr. 2015.

⁷³ United States Bureau of the Census. “Statistics of U.S. Business.” Available at <http://www.census.gov/econ/susb/>. In New York State, a small business is defined as “... one which is resident in this state, independently owned and operated, not dominant in its field and employs one hundred or less persons.” Section 131 of the Economic Development Law.

⁷⁴ United States Bureau of the Census. “Statistics of U.S. Business.” Available at <http://www.census.gov/econ/susb/>.

half of New York's private sector workforce.⁷⁵ At \$125 billion, they accounted for 27.6% of the State's annual payroll, and at \$673 billion, 30.2% of the State's annual private sector receipts.⁷⁶

Of these, 295,452 were businesses with less than five employees.⁷⁷ These micro businesses employed 486,234, paid out \$21 billion in payroll, and took in \$146 billion in receipts.⁷⁸

Small and micro business are not only an important source of jobs, they are an especially important source of *new* jobs. Nationwide research has found small business responsible for between 65 and 90 percent of all job creation⁷⁹ with some recent research identifying new small businesses as primarily responsible for nationwide net increases in job creation.⁸⁰

Here in New York, although there was a net decline of jobs at the depth of the recession in 2010, firms with 1 to 4 employees actually created almost as many net new jobs (45,968) as large businesses lost (50,382),⁸¹ a statistic of particular relevance upstate where so many large employers have left or laid off substantial numbers of workers. Trends in new business openings also point to the potential of our smallest businesses: Of the 37,311 new establishments opened in New York in 2010, many of which are likely to be micro businesses or startups with few employees, 70.5% survived through 2012. In 2013, 40,765 establishments opened, and 80.7 percent survived through 2014.⁸²

But small and micro businesses have yet to fully recover from the recession and need additional support.⁸³ The smallest firms and startups face the toughest credit market, with a majority of small firms (under \$1 million in annual revenues) and startups (under 5 years in

⁷⁵ United States Bureau of the Census. "Statistics of U.S. Business." Available at <http://www.census.gov/econ/susb/>; see also <http://esd.ny.gov/smallbusiness.html>.

⁷⁶ United States Bureau of the Census. "Statistics of U.S. Business." Available at <http://www.census.gov/econ/susb/>.

⁷⁷ United States Bureau of the Census. "Statistics of U.S. Business." Available at <http://www.census.gov/econ/susb/>.

⁷⁸ United States Bureau of the Census. "Statistics of U.S. Business." Available at <http://www.census.gov/econ/susb/>.

⁷⁹ See Edgcomb, Elaine L. and Thetford, Tamara. *Microenterprise Development as Job Creation*. FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination). 2013, at 1-2 (citing U.S. Small Business Administration 2010).

⁸⁰ See, e.g., Kane, Tim. *The Importance of Startups in Job Creation and Job Destruction*. Kauffman Foundation. July 2010, 2.

⁸¹ Small Business Development Corporation of New York. Available at <http://www.nyssbdc.org/resources/smallbizstats.html>. Data from Small Business Administration (SBA) Office of Advocacy, available at <https://www.sba.gov/advocacy/additional-data-state-profiles>.

⁸² SBA Office of Advocacy. "Small Business Profile."

⁸³ Goldman Sachs Global Market Institute. *The Two-Speed Economy*. Apr. 2015.

business) unable to secure any credit according to a recent survey of such firms.⁸⁴ Of small firms recently seeking credit, only 33% were fully funded and of all businesses surveyed, 20% reported being too discouraged to apply.⁸⁵

Making increased capital available for loans to small and micro business and supporting the provision of technical assistance to these businesses is a key strategy to help them grow and employ more people. According to a recent survey of organizations making loans to micro businesses (with an average of 2.9 employees per business including the owner), those that received loans (with the average loan size around \$8,000) had a 302% greater chance of having employees other than the owner.⁸⁶ Many of those looking to start or expand a business are assisted through the provision of technical assistance (even without a loan) to help them understand financing options, incorporate, and comply with legal obligations.⁸⁷

Increasing the availability of loan capital and technical support for micro business is also a cost effective way to create jobs. On average it costs around \$2,200 to create or retain a job and between \$5,000 and \$5,500 to create a new job, lower than other government programs.⁸⁸ A study of the impact of a microlending program in California found that every dollar lent to a small business generated two dollars in local economic activity.⁸⁹

Although federal programs exist to support “small business” – under the federal definition, this includes businesses with up to 500 employees – leaving the smallest and newest employers without sufficient support. State revolving loan funds for micro business provide important access to capital for new and growing businesses that otherwise can’t get access to credit. Expanding the availability of capital through increased state loans targeting micro business would support the continued expansion of these businesses in New York State, and help alleviate their difficulties finding access to credit.

⁸⁴ Federal Reserve Banks of New York, Atlanta, Cleveland and Philadelphia. *Joint Small Business Credit Survey Report*. Feb. 2014.

⁸⁵ *Id.* For those who failed to receive credit, three quarters were denied due to either low credit score (45%) or lack of collateral (30%); 23% were denied because of “weak business performance”; 14% were denied due to weak or missing financial documents; and 14% were denied because they had no prior relationship with the lender.

⁸⁶ Edgcomb, Elaine L. and Thetford, Tamara. *Microenterprise Development as Job Creation*. FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination). 2013, at 12.

⁸⁷ *See, e.g.*, Solomon, G. and Perry, E.G. “Looking Out for the Little Guy: The Effects of Technical Assistance on Small Business Financial Performance.” *Journal of Marketing Development and Competitiveness* vol. 5(4) 2011 21.

⁸⁸ Edgcomb, Elaine L. and Thetford, Tamara. *Microenterprise Development as Job Creation*. FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination). 2013, at 14-15.

⁸⁹ *See* Traywick, Catherine. Opportunity Fund Offers Micro Lending to Help Small Bay Area Businesses Succeed. *Oakland North*. 8 Nov. 2011.

Although parts of the state are served by microfinance lenders that provide small loans and technical assistance to micro business and some larger microfinance entities offer services around the state,⁹⁰ more could be done to increase the availability of these programs in all parts of the state.⁹¹ There is a history of government seeding such programs to ensure adequate coverage: When Chicago identified insufficient access to small business lending as an obstacle to job growth by entrepreneurs, it invested \$1 million in loan capital and partnered with an established microlender to build the capacity of five additional local nonprofits to make and support small business loans.⁹² New York State can do a better job helping small and micro businesspeople in all sixty-two counties have access to this job-creating resource.

Veterans are 45% more likely than non-veterans to start a business,⁹³ and their military training and leadership experience provide many veterans with the skills to make their businesses successful. Technical assistance and loan programs to encourage new small businesses should therefore incorporate veteran-specific programs. Such programs can encourage veterans to locate in New York and use their leadership skills to grow jobs here, and encourage servicemembers stationed at Fort Drum and elsewhere to remain in the state building new businesses in their local communities after their service.

In addition to expanding state revolving loan funds and supporting the expansion of microfinance entities, New York can also increase the capital available for local small business loans by allowing municipal deposits to credit unions. Credit unions generally keep deposited funds in their local community, including through local lending to small business.⁹⁴ Despite these benefits, New York law currently prohibits such deposits by municipalities.⁹⁵ A recent

⁹⁰ See, e.g., Grameen America, 2014 Annual Report (describing operations); Accion East 2014 Annual Report (same).

⁹¹ Examples across the state show different approaches to increasing availability of such lending. See, e.g., Adams, Thomas. “Fund Offers Microloans to Small Businesses.” *Rochester Business Journal*. 30 May 30, 2014 (describing new program to offer \$250,000 in microloans in Rochester, Buffalo, Syracuse, and Genesee County); Pathstone, *PathStone Corporation Receives \$500,000 in USDA Microloan Funding* (Nov. 22, 2010) (announcing availability of federally-funded microloans for development of micro businesses in rural communities in New York); UAlbany News Center, *SEED Program Provides Business Training and \$385K in Microloans to Local Entrepreneurs, Generating 52 New Capital Region Jobs*, 25 Jan. 2012 (summarizing a new micro-lending program to serve the Albany area).

⁹² Edgcomb, Elaine L. and Thetford, Tamara. *Microenterprise Development as Job Creation*. FIELD (Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination). 2013, at 17-18.

⁹³ Iraq and Afghanistan Veterans of America (IAVA), *Employ the Greatest Generation*, available at <http://iava.org/employ-the-new-greatest-generation-iava-recommendations/>.

⁹⁴ See Dopico, Luis G. and Jackson, William E. “Credit Unions and the People’s Money: Estimating the Benefits of Allowing Credit Unions to Accept Public Deposits.” Filene Research Institute. Dec. 2013.

⁹⁵ See New York Gen. Munic. Law Section 10.

pilot program partnered SUNY-Albany with local credit union SEFCU to support microlending to small business in the Capital District.⁹⁶ Giving municipalities the flexibility to deposit funds in local credit unions would make additional capital locally available for small business.

In addition to making more capital and technical assistance available to more small and micro business, New York should also focus on specific industries that can grow through additional support for small business.

Expanding childcare options supports working families and creates jobs for those providing care – most of whom are small business people, many starting a business for the first time.⁹⁷ But starting a new childcare business can be costly: with estimates ranging from \$20,000 to \$100,000 to get off the ground, and with in-home, family daycares having lower, but still daunting start-up costs.⁹⁸

New York once recognized the potential benefit of state assistance for childcare businesses by establishing the Child Care Facilities Construction Program – but the program has not been utilized since 1996. Other states, including Connecticut,⁹⁹ Washington,¹⁰⁰ and California,¹⁰¹ have since demonstrated how targeted revolving loan funds combined with technical support can help expand access to quality childcare while creating jobs for providers.

As with childcare businesses, new and expanding farm businesses create jobs and strengthen the state, but often have trouble accessing sufficient capital. Government can play a larger role ensuring that farms and food-related entrepreneurs can access adequate capital, whether through affordable loans or creative financing options.¹⁰² As in the childcare sector, additional capital for loans to small farm businesses can be particularly effective when combined with technical assistance.

⁹⁶ See Ulbany News Center, *SEED Program Provides Business Training and \$385K in Microloans to Local Entrepreneurs*, Generating 52 New Capital Region Jobs, 25 Jan. 2012.

⁹⁷ Low Income Investment Fund, Technical Assistance, available at <http://www.liifund.org/products/technical-assistance/>.

⁹⁸ Farrell, M. “How To Run A Child Care Center: Expenses.” *Forbes*. 4 Apr. 2007.

⁹⁹ Connecticut supports childcare businesses through financing, guaranteed loans, and small direct loans, with terms based on the size and experience of the childcare provider. See Connecticut Health and Educational Facilities Authority. Childcare Loan Programs. Available at <https://www.chefa.com/products/childcare>.

¹⁰⁰ Washington Department of Commerce, Child Care Facilities Fund/ Available at <http://www.commerce.wa.gov/Programs/services/CapitalFacilities/Pages/Child-Care-Facility-Fund.aspx>.

¹⁰¹ The Child Care Facilities Fund, launched in 1998 as a public-private partnership allows a private foundation to provide low-cost loans and technical assistance to daycare providers in San Francisco and Alameda counties. See Low Income Investment Fund, available at <http://www.liifund.org/programs/child-care/>; and <http://www.liifund.org/products/community-capital/capital-for-child-care-facilities/>

¹⁰² See Glynwood, *State of Agriculture in the Hudson Valley* (2010).

In addition to expanding access to capital through loan programs, states can also play an important role in helping small businesses expand by helping them take on a new employee, especially a new employee who was previously unemployed. At 39.1%, New York’s long-term unemployment rate was among the highest in the country in 2014, ranking 8th among the 50 states and the District of Columbia,¹⁰³ despite the fact that those facing long-term unemployment are likely to have the strongest desire to enter the labor force.¹⁰⁴ Programs to assist businesses to hire formerly unemployed workers by providing a limited subsidy of a new employee’s wages have been shown to increase employment and earnings not only during the subsidy period but also after the program ends.¹⁰⁵ These programs are particularly helpful to small businesses,¹⁰⁶ which otherwise have the least capacity to take on the risk of a new hire.

Recognizing this, the federal government provided significant support to states from 2009 to 2010 to fund subsidized employment programs to reduce the risks of hiring in a difficult economy. This funding resulted in state-implemented programs that created 260,000 subsidized jobs.¹⁰⁷ That federal funding has ended however, and although New York has some programs to assist businesses to hire unemployed workers,¹⁰⁸ more could be done. States including Connecticut, New Jersey, and Utah are picking up where prior programs left off to continue programs to assist businesses, especially small businesses, to hire new employees who would otherwise be facing unemployment.¹⁰⁹

Unemployment policies can also help or hurt small business people. A high proportion of those who start a new small business use “patching,” or combining income from various

¹⁰³ Bureau of Labor Statistics. Available at <http://www.bls.gov/spotlight/2015/long-term-unemployment/>. Long-term unemployment is the percentage of unemployed who were jobless for 27 weeks or longer. Higher unemployment and lower job creation rates make unemployment a persistent problem upstate. See, e.g., http://www.labor.ny.gov/stats/pdfs/ur_map.pdf (showing upstate counties with many of the state’s highest unemployment rates).

¹⁰⁴ Federal Reserve Bank of NY. *Measuring Labor Market Slack: Are the Long-Term Unemployed Different?* 2014.

¹⁰⁵ Pavetti, L. *Subsidized Jobs: Providing Paid Employment Opportunities When the Labor Market Fails*. Center on Budget and Policy Priorities. April 2014.

¹⁰⁶ See, e.g., Roder, A. and Elliot, M. *Stimulating Opportunity: An Evaluation of ARRA-Funded Subsidized Employment Programs*. Economic Mobility Corporation. Sept. 2013.

¹⁰⁷ *Id.* at 10.

¹⁰⁸ These include some on-the-job training programs administered by the New York State Department of Labor and the Urban Youth Jobs Program, which offers tax credits for hiring unemployed youth in specific urban areas. See New York State Department of Labor at <https://labor.ny.gov/businessservices/ojt.shtm> and <http://labor.ny.gov/careerservices/youth-tax-credit.shtm>.

¹⁰⁹ See Povich, Elaine S. “States Focus on Long-Term Unemployed.” *Pew Trusts Stateline*. 18 Nov. 2014; McKenna, Claire. *The Job Ahead: Advancing Opportunity for Unemployed Workers*. National Employment Law Project. Feb. 2015, at 14.

sources, including part-time work, while they are in the initial stages of starting a businesses and often not drawing a salary from that business.¹¹⁰ But New York’s unemployment system currently penalizes workers who receive any part-time income or spend time starting a business.¹¹¹ Reforming New York’s unemployment insurance system to better support part-time work, “patching,” and entrepreneurship will help grow new small businesses that will come to support their owners and additional workers.

Finally, the time is right to take a comprehensive look at how economic development money is distributed in New York State. Who is receiving economic development funds – small businesses or large? New or established? Where around the state has economic development money been distributed? Has state investment created jobs?

There are different ways to pursue economic development – a focus on small business or large; start-ups or existing businesses; a statewide approach or a regional one; and strategic choices that must be made as new programs are started and old ones continued. Although recent annual data is available online for some economic development programs,¹¹² there has not been a systemic, large-scale review that has opened both historical and recent data and information to the public about New York’s economic development programs. Making this data public would allow government researchers, along with experts from the private sector, to work with and manipulate the data and propose conclusions and possible new approaches for strategic deployment of New York’s economic development funds. Without such an analysis, how can all New Yorkers evaluate our economic development choices and ensure that communities across the state and businesses of all sizes are getting their fair share of economic development support?

Policy Initiatives for Consideration:

- ***increase state revolving loan fund capital for small businesses, especially micro businesses, which have the most potential for growth and the least access to current support;***

¹¹⁰ See “Income Patching Among Microentrepreneurs.” *FIELD Trendlines Series* Issue 4. Jan. 2013.

¹¹¹ New York has a Self Employment Assistance Program as part of its unemployment system, but this program has not fully addressed the challenges faced by individuals who lose a primary source of income while trying to start a new business, and doesn’t address the problem of part-time work and unemployment benefits. See, e.g., King, David Howard. “When Part Time Work Doesn’t Pay: New York’s Unemployment Rules.” *Gotham Gazette*. 20 May 2014; McKenna, Claire. *The Job Ahead: Advancing Opportunity for Unemployed Workers*. National Employment Law Project. Feb. 2015.

¹¹² Allowing, for example, a recent Times Union study of funds distributed through the Albany Regional Economic Development Council. See Lauren Stanforth, “New York State Cash is Ready, but Some Projects Lag,” *Times Union*, 3 Nov. 2015.

- *create new opportunities for qualified third-parties to administer small loans, with technical support, for micro businesses, and ensure these opportunities are available all across the state;*
- *provide opportunities targeted to veterans as a part of increased loan and technical support to small and micro businesses;*
- *give New York localities the flexibility to deposit municipal funds into credit unions;*
- *fund a revolving loan program for childcare businesses to provide loans and technical assistance to start and expand these typically small businesses;*
- *expand revolving loan fund options and programs for farmers;*
- *state version of federal programs that subsidize partial salary for hiring long-term unemployed, as in other states;*
- *reform New York’s unemployment insurance system to better support part-time work and entrepreneurship; and*
- *expand available data on the state’s economic development programs, including on the state’s “open data” website, to support examination of the distribution of that funding.*

D. Agriculture

Agriculture is an important source of jobs and economic activity in New York State. Expanding markets for New York agriculture and supporting our farmers will grow more jobs in this sector. New York’s agricultural industries support nearly 164,000 jobs in New York, including more than 103,000 in direct jobs on farms and in food processing plants.¹¹³ And each new job in New York’s agricultural industries is creating even more jobs in other sectors: from .7 jobs in other sectors generated by each new job in agricultural production to 2.2 jobs in other sectors generated by each new job in in-state food manufacturing.¹¹⁴

The state has recently started and expanded significant programs to support and expand New York’s agricultural industries,¹¹⁵ and many state agencies are taking steps to increase their

¹¹³ “Cornell Ag Dean Touts Agriculture's Cohesiveness and Impact.” *American Agriculturalist*. 1 Oct. 2014.

¹¹⁴ Schmit, T.M. and Bills, N.L. “Agriculture Based Economic Development in NYS: Trends and Prospects.” Cornell University. Sept. 2012.

¹¹⁵ The Governor’s TasteNY and BuyNY programs; and the Beer, Wine, and Spirits and Yogurt Summits are examples.

purchases of in-state agriculture.¹¹⁶ But there is much more we can do to support our farmers and increase markets for New York agriculture and agricultural products.

Other states are increasing government purchases of in-state agriculture through a variety of procurement tools. An estimated 37 states have enacted laws to prioritize purchase of in-state agriculture when the government purchases food or food products.¹¹⁷ Such initiatives can either require (as in Alaska and Massachusetts) or allow (as in Montana and Oregon) agencies to purchase in-state food and food products when the cost of such food is within a certain percentage of the price of similar food from out-of-state sources.¹¹⁸ Illinois' "Local Food, Farms, Jobs Act of 2009" set a goal that all state institutions purchase at least 20% of food from in-state sources by 2020, and to support that goal, gave agencies flexibility to accept bids for in-state food products as long as the price was within 10% of other bids.¹¹⁹ These initiatives leverage the significant purchasing power of government entities to expand markets and generate increased jobs from in-state agriculture.

These tools can be deployed in New York State: in 2012 New York City adopted more flexible procurement rules to increase purchasing of New York State food products by city agencies,¹²⁰ with a goal of expanding to other city agencies the progress on local and in-state purchasing already seen by the City's Education Department.¹²¹

Increasing the "small purchase" procurement threshold could further facilitate in-state agricultural purchases by government entities.¹²² For example, federal law allows food

¹¹⁶ See, e.g., Testimony of Richard A. Ball, Commissioner, New York State Department of Agriculture and Markets, New York State Assembly, Standing Committee on Agriculture, Public Hearing Re: Oversight of the SFY 2015-2016 State Budget for the New York State Department of Agriculture and Markets. 24 Nov. 2015.

¹¹⁷ *Equitable Development Tool Kit: Local Food Procurement*. Policy Link. Mar. 2015, at 2.

¹¹⁸ See Harvard Law School Food Law and Policy Clinic. *Good Laws, Good Food: Putting State Food Policy to Work for Our Communities*. Nov. 2012, at 66; H.B. 2763, 75th Legis. Assem. Reg. Sess. (Or. 2009), available at <http://www.leg.state.or.us/09greg/measures/hb276300.dir/hb2763.en.html>.

¹¹⁹ Illinois Public Act 096-0579. Available at <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0579>.

¹²⁰ See Saynisch, Megan. "NYC Announces Local Food Procurement Guidelines." *Civil Eats*. 19 Jun. 2012; New York City, Mayor's Office of Contract Services, New York State Food Purchasing Guidelines, available at <http://www.nyc.gov/html/mocs/downloads/pdf/New%20York%20State%20Food%20Purchasing%20Guidelines.pdf> (permitting 10% price preference and other procurement options to facilitate purchase of New York State agriculture products by city agencies).

¹²¹ See New York City Mayor's Office. "Mayor Bloomberg, Speaker Quinn And Deputy Mayor Gibbs Announce Local Food Procurement Guidelines." 12 June 2012 (noting that the City schools at that time were annually purchasing around \$25 million worth of regional products with most of it coming from New York State, equaling at least 14 percent of the City's total food budget).

¹²² See Harvard Law School Food Law and Policy Clinic. *Good Laws, Good Food: Putting State Food Policy to Work for Our Communities*. Nov. 2012, at 70-71.

purchases by school districts up to \$150,000 to be considered “small purchases” subject to simplified procurement rules,¹²³ but New York’s formal bidding threshold for purchases of goods by local agencies is set at \$20,000.¹²⁴ Michigan, in 2008, significantly increased its small purchase threshold for school food purchases allowing increased food purchases to be made through simplified bidding procedures,¹²⁵ and most local food for school meals there is now procured through informal bid methods like RFQs or price quotations.¹²⁶

Strengthening tracking and reporting systems at government agencies can help ensure that more flexible procurement tools result in increased purchases of in-state agriculture.¹²⁷ Making data on food origins from vendors and wholesalers more available to government purchasers can also help to fully leverage government purchasing power to support in-state agriculture.¹²⁸ Following enactment of the New York State Food Metrics Law in 2013,¹²⁹ work is underway to ensure all state agencies have the tools necessary to collect information from vendors on where food comes from and to track and report information about purchases of in-state agriculture. Allowing interested localities and school districts to access these state tools and developing expertise could provide assistance to them to increase purchasing of in-state agriculture.

In addition, New York State’s Office of General Services (OGS) runs a system of warehouses across the state to store food products for local use in the federal school lunch program.¹³⁰ On Long Island, this OGS division partnered with a consortium of local school districts to assist in the sale of thousands of pounds of New York state potatoes for use in school

¹²³ *Id.*; 41 U.S.C. §134 (2015); 7 C.F.R. §§ 3016.4(b).

¹²⁴ See General Municipal Law Section 103. A local school board may separately purchase certain food and milk products directly from New York State growers, but this rule is subject to certain limitations. General Municipal Law Section 103, subdivisions 8a, 9 and 10. The discretionary purchase threshold for purchases of in-state agricultural products by New York State agencies is \$200,000. See State Finance Law §163(6); <http://www.ogs.ny.gov/procurecounc/pdfdoc/DiscretionaryPurchasingGuidelines.pdf>.

¹²⁵ See Mich. Comp. Stat. Ann Section 380.1274, as amended by 2008 Michigan Public Act 343.

¹²⁶ Institutional Food Purchasing: Michigan Good Food Work Group Report Series. No. 3 of 5. Nov. 2010, at 9.

¹²⁷ See, e.g., *Farm to Institution Profiles: Institutions*. Johns Hopkins Center for a Livable Future, 2014 (noting a lack of tools for tracking local food purchases as an obstacle for government institutions to meet goals for in-state food purchases).

¹²⁸ As an example, New York City’s food purchase initiative has established a process and framework for agencies to request information on food origins from vendors and report results into a centralized city database. See New York City, Mayor’s Office of Contract Services, New York State Food Purchasing Guidelines, available at <http://www.nyc.gov/html/mocs/downloads/pdf/New%20York%20State%20Food%20Purchasing%20Guidelines.pdf>.

¹²⁹ See Chapter 533 of 2013.

¹³⁰ See OGS Division of Food Distribution & Warehousing <http://ogs.ny.gov/BU/SS/GDF/Program.asp> (overview); <http://ogs.ny.gov/BU/SS/GDF/Docs/WarehousesList.pdf> (warehouse list).

meals.¹³¹ Leveraging further space in these warehouses to aggregate and store in-state agricultural products could further facilitate increased government purchases of New York food.

There are other steps New York State could take to facilitate the aggregation and transport of in-state agricultural goods. The Hunts Point Terminal Market is one of the largest food distribution centers in the world with annual revenues over \$2 billion, but only 4% of its sales come from New York agriculture.¹³² As the Market begins necessary upgrades with recently announced government financing,¹³³ the state can explore expanding support for the sale of New York agriculture at this and similar venues.

Last year, a Colorado farmers' cooperative received \$70,000 from the USDA to fund three refrigerated cargo trailers to receive and aggregate produce destined for sale.¹³⁴ Farmers in northern Vermont and New Hampshire are seeking \$20,000 through donations to do the same thing.¹³⁵ State government can provide key assistance to farmers to obtain funding, technical assistance, and other support for projects like these to facilitate the distribution of New York agriculture and food products – including through assistance in obtaining USDA and other grants and help from small business loans as discussed above in Section IV.C.

Policy Initiatives for Consideration:

- ***allow state agencies flexibility to prefer bids from in-state producers for food purchases and set targets for such purchases by government, as in other states;***
- ***increase the “small purchase” threshold for food purchases to make it easier for small farmers to sell to government and government institutions;***
- ***share state tracking tools and technical expertise with interested localities and school districts to assist their efforts to increase purchases of in-state agriculture;***
- ***use state warehouse space to store and aggregate New York farm products for sale to schools and institutions;***
- ***explore expanding the sale of in-state agricultural products at Hunts Point Market and similar venues;***

¹³¹ MacGinley, Courtney. “No Small Potatoes.” *Edible East End*. 16 Apr. 2012.

¹³² Navarro, Mireya. Push to Give Midsize Farms a Hub at a Bronx Market. *New York Times*. 24 Apr. 2012.

¹³³ Hawkings, Andrew. Hunts Point Food Market to Get \$150M Upgrade. *Crain's New York Business*. 5 Mar. 2015.

¹³⁴ Rocky Mountain Farmers Union. Southwest Farm Fresh Co-op Receives \$70,000 USDA Grant. 2 Dec. 2014.

¹³⁵ See North Country Farmers' Coop, <http://ncfcoop.com/projects/>.

- *assist more farmers to obtain federal and other grants and other assistance to defray costs of aggregating and transporting agricultural products; and*
- *increase loan funding and support for small farm businesses (as discussed above in Section IV.C)*

E. Cities, Towns, and Villages

The Brookings Institution has pointed out that, despite their challenges, upstate’s formerly industrial areas and the smaller towns and villages around them are ripe for growth.¹³⁶

Many former industrial areas have special features – such as historic properties, waterfront areas, museums, or even former manufacturing buildings – with great potential to spark redevelopment and grow jobs.¹³⁷ While a \$1 million investment in manufacturing creates 23.9 jobs, that same \$1 million spent on rehabilitation of a historic building creates 35.4 jobs.¹³⁸ Just twelve of New York’s former industrial areas¹³⁹ together have over 450 buildings on the National Registry of Historic Places, 40 museums, 57 two- and four-year colleges and universities, and 45 hospitals and medical facilities, according to a Brookings study,¹⁴⁰ and these numbers don’t include the surrounding businesses that would be positively impacted by redevelopment and revitalization anchored by these resources.

Recent and in-progress revitalization efforts show the promise of redevelopment and revitalization in upstate New York. Syracuse has pursued a comprehensive redevelopment program that includes a focus on its downtown, including a focus on leveraging existing cultural institutions in a planned downtown cultural district.¹⁴¹ Beacon has seen increased economic activity following development of museum resources and an effort to strengthen surrounding

¹³⁶ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 4; The Brookings Institution Metropolitan Policy Program. *Restoring Prosperity, State Profile: New York*. Available at http://www.brookings.edu/~media/Research/Files/Reports/2007/5/metropolitanpolicy-vey/20070520_oicNY.PDF.

¹³⁷ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 34-38.

¹³⁸ Rypkema, D. *Economic Benefits of Preservation*. Preservation Action Council of San Jose. 10 Mar. 2007. Available at <http://www.preservation.org/rypkema.htm>.

¹³⁹ Albany, Binghamton, Buffalo, Rochester, Schenectady, Syracuse, Utica, Elmira, Jamestown, Niagara Falls, Rome, and Troy.

¹⁴⁰ The Brookings Institution Metropolitan Policy Program. *Restoring Prosperity, State Profile: New York*. Available at http://www.brookings.edu/~media/Research/Files/Reports/2007/5/metropolitanpolicy-vey/20070520_oicNY.PDF.

¹⁴¹ See City of Syracuse Comprehensive Plan 2040. Available at <http://www.syrgov.net/uploadedFiles/Comp%20Plan%20amended%202013-08-14.pdf>.

areas.¹⁴² Redevelopment projects in Buffalo have focused on repurposing formerly abandoned grain silos as hubs for cultural, marketing and recreational activity.¹⁴³

The Regional Economic Development Councils and other programs have provided resources for this kind of redevelopment, but there is more New York State could do to help cities, towns, and villages access the benefits of revitalization. Targeted state programs can help these localities leverage existing resources – including former industrial structures or special features like cultural institutions – and use them as anchors for growing jobs and attracting new population.

Many localities, especially smaller, less-resourced communities, have trouble accessing federal and state funding that could help them, and programs to assist them are too limited. Without small planning grants for under-resourced localities, our smallest and most-distressed counties and localities lack the localized strategic plans and resources to successfully participate in state and nationwide competitions for funding. Programs like New York’s Main Street grants are available only to projects meeting certain relatively strict criteria,¹⁴⁴ and rules requiring applicants to provide a percentage of project costs puts it out of reach for some communities. Further, although more comprehensive redevelopment could be achieved by combining disparate state funding streams – a strategy, sometimes called “braiding,” that is recognized at the federal level¹⁴⁵ – and by combining federal, state, local, and private funds, many localities find it difficult to achieve these combinations without technical assistance.

Formerly industrial cities nationwide face higher residential vacancy rates and declining populations, even as other cities are seeing population increases.¹⁴⁶ With its history of industrial strength, the situation in upstate New York reflects this trend. Upstate localities are losing

¹⁴² Foderaro, Lisa W. “Beacon: A City Reborn as a Haven for Art.” *New York Times*. 26 Mar. 2009.

¹⁴³ See, e.g., Associated Press. “Labatt Blue turns Buffalo grain silos into tall, frosty beer ad.” 30 Sept. 2014 (describing the transformation of six silos at the former GLF grain mill into a giant six-pack of Labatt’s Blue beer cans as the area is being transformed into a brewery, entertainment and recreation complex); Swannie, Jessica. “Seven Ways to Enjoy Silo City.” *VisitBuffaloNiagara.com*. 10 Jun. 2015 (describing a series of cultural and recreational events over summer 2015 at and around the site of former industrial grain silos); Neville, Anne. “Silo City about to become Drive-In City.” *Buffalo News*. 20 Aug. 2015.

¹⁴⁴ See Section 1221 of the Private Housing Finance Law.

¹⁴⁵ See, e.g., Obama’s Neighborhood Revitalization Initiative which integrated existing Promise Neighborhoods, Choice Neighborhoods and other centerpiece place-based programs, to provide comprehensive Neighborhood Revitalization Grants.

¹⁴⁶ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 25.

population, especially younger and working-age residents.¹⁴⁷ Although federal programs exist to encourage home buying in certain federally-targeted areas classified as distressed,¹⁴⁸ expanded state programs could attract new residents to upstate cities, towns, and villages through location-based mortgage assistance, direct state incentives for housing and home-ownership in vacant areas, or other programs.

Brookings also recommends a specific focus on downtowns as a locus for development, given their ability to attract clusters of business, residents and other activity, and generate “spillover” effects into surrounding communities.¹⁴⁹ Michigan and Pennsylvania set a policy of giving downtowns first priority for state office buildings, and focused expansion of state higher education and other institutions on downtown areas.¹⁵⁰ States can also specifically target economic development funding toward downtown improvement projects.

New York can also help upstate downtowns grow by helping them access key strategic and planning information. Every five years, the city of Sydney, Australia conducts a comprehensive “floorspace and employment survey” that collects data on building uses, types of businesses operating in each building, the availability of parking, and outdoor space, and other information.¹⁵¹ Data and lessons from the survey, including 3-D maps developed by a central entity, are used by the city and others to make strategic development and policy decisions.¹⁵² New York State’s GIS Clearinghouse or other agencies could coordinate to assist upstate cities to collect and deploy this kind of strategic information.¹⁵³ Where localities need assistance identifying special features appropriate for a strategic development focus (such as historic

¹⁴⁷ McMahon, E.J. “The Graying of the Empire State.” *Empire Center*. 16 Aug. 2012; Ellis, Katie. “Panel examines New York’s ‘rural brain drain.’” *Inside Binghamton University*. 19 Apr. 2011; Federal Reserve Bank of New York. “Upstate at a Glance.” December 2007.

¹⁴⁸ See, e.g., U.S. Department of Housing and Urban Development. FHA Revitalization Area Sales Programs. Available at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/reo/abtrevt (describing the FHA Revitalization Area Sales Programs). Many New York State mortgage incentives incorporate definitions from these federal programs. See, e.g., <http://www.nyshcr.org/topics/home/purchasingahomeinatargetarea.htm>.

¹⁴⁹ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 29, 47.

¹⁵⁰ *Id.*

¹⁵¹ City of Sydney. Floorspace and Employment Survey. 28 Feb. 2014. Available at

<http://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/surveying-our-community/floor-space-and-employment-survey>.

¹⁵² *Id.*

¹⁵³ See Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 47 (suggesting that states support downtown development through seed funding and support for localities to undertake “downtown diagnostics” to aid in strategic planning).

structures, cultural resources, or former industrial structures appropriate for re-use), these mapping and database projects could be of use.

Green practices and development provide another opportunity for upstate renewal. Former industrial areas across the country are repurposing former industrial sites as alternative energy generators.¹⁵⁴ The “Steel Winds” and more recent “Steel Sun” projects¹⁵⁵ at the former Bethlehem Steel Mill in Lackawanna are prominent local examples of this trend. Relatedly, Cornell’s “Rust to Green” initiative brought together numerous stakeholders and academic disciplines to identify and implement green strategies for enhancing former industrial areas.¹⁵⁶ As discussed above in Section IV.B, a focus on green jobs and practices provides a substantial opportunity for upstate communities.

Vacant and abandoned properties are a major obstacle to new growth in upstate areas experiencing systemic population and job losses.¹⁵⁷ By following examples from around the country, New York State can make it easier to locate and turn around these properties and attract residents and business. According to Brookings and as pioneered in Michigan, states can help combat the problem of vacant property by developing centralized systems to inventory and track such property and helping localities and potential developers use this information, an approach included in proposals made by Attorney General Schneiderman.¹⁵⁸ States are also in a unique position to lessen the complexity of the tax clearance process and therefore make it easier for new owners to acquire and repurpose vacant property.¹⁵⁹

¹⁵⁴ Levitan, Dave. “Brown to Green: A New Use For Blighted Industrial Sites.” *Yale Environment* 360. 23 June 2011.

¹⁵⁵ Staba, David. “An Old Steel Mill Retools to Produce Clean Energy.” *New York Times*. 22 May 2007; Radlich, Jane Kwiatkowski. “‘Steel Sun’ project would add solar panels near wind turbines at former Bethlehem Steel site in Lackawanna.” *Buffalo News*. 14 July 2014.

¹⁵⁶ Rust2Green, “Who We Are” available at <http://www.rust2green.org/>.

¹⁵⁷ See, e.g., Silverman, Robert Mark, Li Yin, and Kelly L. Patterson. “Dawn of the Dead City: An Exploratory Analysis of Vacant Addresses in Buffalo, NY 2008-2010.” *Journal of Urban Affairs* 35: 131–152; U.S. Conference of Mayors. *Combating Problems of Vacant And Abandoned Properties*. June 2006.

¹⁵⁸ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 52 (recommending this approach for states); <http://www.michigan.gov/landbank/> (linking to a statewide property search that allows the public a streamlined approach to searching, mapping, and even applying to obtain vacant property online). Some localities have created searchable databases of vacant property, see, e.g., Syracuse <http://www.syracuse.com/data/vacant-properties/>, but additional state support could expand these efforts and bring them to more localities. The Department of Financial Services is also collecting this information and provide it to localities through voluntary arrangements with mortgage servicers. See New York State Department of Financial Services. *Industry Best Practices: Inspecting, Securing, and Maintaining Vacant and Abandoned Properties in New York*. May 2015.

¹⁵⁹ Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America’s Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, at 29; CenterState CEO, New York Land Bank

Examples from other states highlight the potential for strong statewide landbanking initiatives to support development in former industrial areas. Michigan¹⁶⁰ and Pennsylvania,¹⁶¹ which each suffered the impacts of declining manufacturing sectors, have pursued statewide landbanking programs, in which community landbanks purchase vacant property as of right, rehabilitate it, and then return it to the community for new use. Michigan now has thirty-eight landbanks actively working to identify, acquire and turnaround vacant property.¹⁶² Despite recent legislation¹⁶³ and funding,¹⁶⁴ New York has only ten community landbanks and some face challenges finding ongoing funding,¹⁶⁵ pointing to the potential for stronger state support for these initiatives.

As an additional tool to combat vacant property, Buffalo Mayor Byron Brown has requested that that city be granted the same “super bid” power that land banks have to allow the city to execute certain redevelopment projects directly.¹⁶⁶

Examples from other states and national research also highlight the potential of arts-and-culture-related development as an economic driver¹⁶⁷ in both former manufacturing areas that are prime for redevelopment, and small and mid-sized localities that are too often overlooked in large-scale economic development initiatives.¹⁶⁸

Association & Center for Community Progress. *New York State Land Banks: Combating Blight and Vacancy in New York Communities*. Sept. 2014 (recommending that further landbanking be linked strategically to the tax foreclosure process and describing efforts by Syracuse and Suffolk County landbanks that have resulted in increased tax clearances for vacant properties).

¹⁶⁰ See Vey, Jennifer S. *Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities*. The Brookings Institution Metropolitan Policy Program. 2007, 57.

¹⁶¹ HB 1682, the PA Land Bank Act became law in 2012 authorizes counties and municipalities with populations of 10,000 or more to establish land banks. See Housing Alliance of Pennsylvania. Landbanking 101: Pennsylvania Land Bank Act. Available at <http://www.housingalliancepa.org/node/1054>.

¹⁶² See Michigan Land Bank Fast Track Authority. Michigan County Land Banks. Available at <http://www.michigan.gov/landbank/0,3190,7-298-44777---,00.html>.

¹⁶³ New York authorized up to twenty community landbanks in Chapter 257 of the Laws of 2011.

¹⁶⁴ “A.G. Schneiderman Awards \$20M To Land Banks Across New York State.” Press Release. 10/15/2014.

¹⁶⁵ Tobin, Erin M. “Land Banks and Historic Preservation.” *Preservation Leadership Forum Blog*. 10 Nov. 2015; *New York State Land Banks: Combating Blight and Vacancy in New York Communities*. CenterState CEO and New York Land Bank Association & Center for Community Progress. Sept. 2014 at 9 (noting that “[t]he most pressing concern shared by land bank representatives is how to secure recurring and reliable funding”).

¹⁶⁶ See Testimony of Buffalo Mayor Byron Brown, New York State Joint Legislative Budget Hearing, 25 Feb. 2015.

¹⁶⁷ See, e.g., *New Engines of Growth: Five Roles for Arts, Culture and Design*. National Governors Association, 2012; *Leveraging Regional Assets for A Vibrant Future*. Regional Alliance for a Creative Economy, Nov. 2014 (exploring the current status and economic potential of arts and creative industries in the Capital region), available at https://creativeeconomyny.files.wordpress.com/2013/11/captivate_november2014.pdf.

¹⁶⁸ *New Engines of Growth: Five Roles for Arts, Culture and Design*. National Governors Association, 2012; see also *Arts & the Economy: Using Arts and Culture to Stimulate State Economic Development*. National Governor's Association, NGA Center for Best Practices, Jan. 2009.

Fourteen states have enacted statewide “arts and entertainment” or “cultural district” legislation in recognition of arts and culture’s potential for job creation and value.¹⁶⁹ Under these programs, localities apply for state designation as an arts and cultural district based on existing cultural resources and a local commitment to arts and culture; once designated, the state provides technical assistance, and priority in existing incentives to help grow the cultural district and its accompanying businesses and jobs.¹⁷⁰ States like Colorado have emphasized the importance of allowing flexibility in the type of community (urban, rural, suburban) and composition of districts to make it possible for a wide range of communities to reap the economic, civic and cultural benefits of such districts.¹⁷¹

A recent study of creative industry potential in the Capital District noted that arts-driven development in New York could also be assisted by the creation of regional creative-sector collaborations, both in-person and online, where resources on arts and creative development could be pooled to be better leveraged by local communities.¹⁷²

Policy Initiatives for Consideration:

- ***assist localities to identify and develop a special feature, such as former industrial structures appropriate for re-use, historic structures or cultural resources;***
- ***provide small “planning grants” to assist under-resourced localities to better participate in state and federal competitive grant programs;***
- ***supplement the New York Main Street program to allow support for a broader array of projects;***
- ***assist localities to combine funding streams, following federal examples that “braid” different funding streams to support larger projects;***
- ***attract new residents to upstate localities, through location-based mortgage incentives, direct geographic housing incentives, or other programs;***

¹⁶⁹ See *State Cultural Districts*, National Assembly of State Arts Agencies, State Policy Briefs, 2008, updated 2015; *National Cultural Districts Exchange: Cultural District Legislation Fact Sheet*. Americans for the Arts, 2014.

¹⁷⁰ *Id.*

¹⁷¹ *National Cultural Districts Exchange: Cultural District Legislation Fact Sheet*. Americans for the Arts, 2014.

¹⁷² *Leveraging Regional Assets for A Vibrant Future*. Regional Alliance for a Creative Economy, Nov. 2014 (exploring the current status and economic potential of arts and creative industries in the Capital region).

- *support upstate downtowns through development assistance and location of state buildings and universities;*
- *leverage state mapping and data tools to facilitate floorspace and employment surveys in upstate cities;*
- *support greening initiatives to enhance former industrial areas through green practices and industries;*
- *expedite turnaround of vacant properties through a statewide data collection system and a facilitated tax clearance process;*
- *strengthen and expand support for community landbanking, including to allow localities like Buffalo to directly exercise landbank authority;*
- *create a statewide “arts and cultural district” program, as in fourteen states; and*
- *support convening of regional art and creative industry collaborations to deploy information to support creative industry development.*

F. Job Training and Readiness

Declining job opportunities upstate have led to the loss of young and working-age people from upstate communities.¹⁷³ These losses have a cyclical effect – potential workers leave the area because they can’t find work, companies are then less likely to locate in an area due to concerns about finding qualified workers, and those left behind face additional difficulty finding work.¹⁷⁴ A final aspect of a new path to create jobs across New York is to increase focus on job readiness.

Improving career and technical education, expanding opportunities for work experience and training, and strengthening workforce data to connect people with the right training all have the potential to expand job opportunities through increased job readiness.

¹⁷³ In 1990, the median age of Upstate residents was just above 33, close to the national median and slightly below the medians for downstate and New York City. By 2010, the upstate median age had risen to 40, and the region’s population included significantly fewer children, teens and young adults than the national average. McMahon, E.J. “The Graying of the Empire State.” *Empire Center*. 16 Aug. 2012.

¹⁷⁴ See Schantz-Feld, Mali R. *Top Site Selection Factors: Availability of Skilled Labor - Closing the Gap*. Area Development, Nov. 2011.

Strengthening and expanding career and technical education (CTE) can help more young people across the state become prepared for lifetime employment. Students participating in robust CTE programs combining academics and career education show improved college readiness, better academic performance, higher earning potential, and lower dropout rates.¹⁷⁵ Data for 2012-13 showed over 150,000 students enrolled in CTE courses across New York State, with 86% of those students graduating.¹⁷⁶ Nationally, the U.S. Department of Education and the National Association for Career and Technical Education are emphasizing the need for CTE to increase targeting, attract additional students, and increase connections between CTE and college and CTE and workforce data and planning.¹⁷⁷

Here in New York, groups including the New York State Association for Career and Technical Education have suggested that the state could be doing more to ensure CTE in New York is serving as many students as possible with programs that will best train students for good jobs in New York State. For example, under the current system, each BOCES must separately negotiate agreements with local SUNY campuses to provide opportunities for college credit for local students completing high-level CTE courses. Further, although CTE programs should be data-driven and responsive to workforce needs,¹⁷⁸ there is limited centralized data pulling in, synthesizing and making public data from local CTE programs on programs offered or results and linking it to workforce needs.

Like strengthening CTE, service corps programs can be another way to support job training and readiness. The federal Works Progress Administration (WPA) showed what could be achieved through government support for work experience and training during a time of economic hardship. WPA programs, including the Civilian Conservation Corps (CCC), National Youth Administration, and others provided training and experience to millions of Americans

¹⁷⁵ Association for Career & Technical Education, CTE Works! Factsheet. 11 Mar. 2015. Available at <https://www.acteonline.org/factsheets/#.Vmzy2GSDGkp>; New York State Association for Career and Technical Education, Recommendations for Developing College and Career Ready Students, Appendix: The Efficacy of CTE: Research and Professional Opinion, at 7-8. Available at <http://www.nysacte.org/uploads/3/0/1/4/3014473/cte01-26versionss11final3.pdf>.

¹⁷⁶ See Association for Career and Technical Education. New York State Fact Sheet. Available at <https://www.acteonline.org/general.aspx?id=814#.VmprWSDGko>.

¹⁷⁷ See, e.g., *Investing in America's Future A Blueprint for Transforming Career and Technical Education*. U.S. Department of Education. Apr. 2012; Association for Career and Technical Education, 2013 Best Practices and Innovations Conference materials, available at https://acteonline.org/bestpractices_program/#.VkdQYLerTcs

¹⁷⁸ See generally Association for Career and Technical Education, Data Quality Initiatives, available at <https://www.acteonline.org/general.aspx?id=2803#.VkofsnarTcs> (supporting increased ties between CTE programs and state workforce data collection systems).

otherwise facing unemployment, and the work performed by members of such programs improved infrastructure, restored landmarks, maintained parks and supported public art projects in almost every major community in the country.¹⁷⁹ At its peak, the CCC alone provided jobs and training to over 500,000 people at 2,600 sites across the country.¹⁸⁰

Programs around the country have built on this tradition by providing youth and others with experience and job training in support of public goals:

Nationwide, the Americorps program engages youth, seniors, and others in local service projects through funding provided to local nonprofits to take on service members and through team-based, residential service programs for youth.¹⁸¹

YouthBuild is a national initiative in which youth facing challenges finding work gain construction experience building affordable housing, while receiving job training and pursuing a GED.¹⁸²

The National Health Service Corps provides loan repayment, scholarships, and job placement assistance to health care practitioners to facilitate increased access to health care in underserved areas.¹⁸³

In the 1970s and 80s, programs like the Youth Conservation Corps gave youth opportunities for summer jobs on federally managed lands; some states (but historically not New York) continued these programs even after federal programs ended, allowing youth to gain work experience and training while improving and restoring trails and nature preserves.¹⁸⁴

Recognizing the promise of these initiatives, New York has just launched the Excelsior Conservation Corps.¹⁸⁵

¹⁷⁹ See, e.g., *Encyclopedia of American History*, 7th Ed., Jeffrey B. Morris and Richard B. Morris, eds., 1996.

¹⁸⁰ Jastrzab, J., Blomquist, J., Masker, J., and Orr, L. *Youth Corps: Promising Strategies for Young People and Their Communities*. Prepared for the Corporation for National Service. Cambridge, MA: Abt Associates Inc. 1996.

¹⁸¹ See Corporation for National & Community Service. "Americorps." Available at <http://www.nationalservice.gov/programs/amicorps>.

¹⁸² See YouthBuild. "About Us." Available at <https://www.youthbuild.org/about-youthbuild>.

¹⁸³ See U.S. Dep't of Health and Human Services. National Health Service Corps, Loan Repayment and Scholarships. Available at <http://nhsc.hrsa.gov/loanrepayment/index.html> and <http://nhsc.hrsa.gov/scholarships/index.html>.

¹⁸⁴ See, e.g., California Conservation Corps, Maryland Conservation Corps, Washington Conservation Corps. A summary of state and local service corps programs can be found at <http://www.corpsnetwork.org/impact/corps-by-state>.

¹⁸⁵ New York's new Excelsior Conservation Corps is now accepting applications for 50 spots in its 2016 class. See <https://www.ny.gov/programs/new-york-state-excelsior-conservation-corps>.

Private organizations like ReServe¹⁸⁶ show how a “service corps” model can also work to re-engage seniors and more experienced workers looking to re-enter the workforce.

These programs have allowed thousands of participants to jumpstart job and career training while contributing to public goals. Research shows that work-based learning and training programs that combine job skills and training help participants progress toward future jobs and careers.¹⁸⁷ A recent nationwide, federally-funded study of unemployed people showed volunteer service associated with 27% increased odds of finding employment.¹⁸⁸ Studies of youth corps programs have shown programs increasing earnings and employment, especially directly after the program, and high satisfaction and increased work experience among participants.¹⁸⁹ Recent research has highlighted strategies, such as focusing on certificate attainment, partnering with unions for training opportunities, and tying training content to employer needs, that programs can employ to enhance their impact on increasing job readiness and future education and employment attainment.¹⁹⁰

In New York, the Hudson Valley Corps,¹⁹¹ Adirondack Corps,¹⁹² and the Governor’s new Excelsior Conservation Corps¹⁹³ together provide opportunities to 118 young people each year to receive job training and work experience performing service projects in New York State’s parks and natural environment. In New York City, Green City Force provides youth aged 18 to 24 who are unemployed or in dead end jobs the opportunity for a full-time work and training experience focused on green jobs.¹⁹⁴ Since its founding in 2009, the program has enrolled 300

¹⁸⁶ See ReServe. “About Us.” Available at <http://reserveinc.org/about>.

¹⁸⁷ U.S. Department of Labor. “What Works In Job Training: A Synthesis of the Evidence.” 22 Jul. 2014.

¹⁸⁸ Spera, C.; Ghertner, R., Nerino, A., DiTommaso, A. (2013). *Volunteering as a Pathway to Employment: Does Volunteering Increase Odds of Finding a Job for the Out of Work?* Corporation for National and Community Service, Office of Research and Evaluation: Washington, DC, 2013.

¹⁸⁹ Jastrzab, J., Blomquist, J., Masker, J., and Orr, L. *Youth Corps: Promising Strategies for Young People and Their Communities*. Prepared for the Corporation for National Service. Cambridge, MA: Abt Associates Inc. 1996.

¹⁹⁰ Gan, K.N., Jastrzab, J., Jefferson, A., Schneider, G., and Shlager, C. *Youth Corps Emerging Practices for Education and Employment*. Prepared for the Corporation for National and Community Service. Cambridge, MA: Abt Associates Inc. 2011.

¹⁹¹ The Student Conservation Association. “Hudson Valley Corps.” Available at <https://www.thesca.org/serve/program/hudson-valley-corps>.

¹⁹² The Student Conservation Association. “Adirondack Corps.” Available at <https://www.thesca.org/serve/program/adirondack-corps>.

¹⁹³ “Programs: The New York State Excelsior Conservation Corps.” Available at <https://www.ny.gov/programs/new-york-state-excelsior-conservation-corps>.

¹⁹⁴ During a six- or eleventh-month program, participants perform green service projects such as energy audits, energy efficiency outreach, or installation of cool roofs, and concurrently receive employer-driven training in clean energy or sustainability fields, leading to certification for work in those fields. Green City Force. “Welcome to

participants and achieved an 80% graduation rate and 80% placement in employment or college.¹⁹⁵

New York maintains Americorps and Youthbuild programs, along with other programs like Summer Youth Employment¹⁹⁶ and the Urban Youth Jobs Program¹⁹⁷ that help provide training and job opportunities to young people. But the space and scope of these programs is limited, and some, like Youthbuild have been struggling to expand without additional state support. More can be done to build on and expand these initiatives.

A statewide service corps -- including a conservation or green corps, health or early childhood corps, arts corps,¹⁹⁸ and other tracks – could provide increased job training, work experience and other benefits to interested participants statewide while facilitating important public service goals.¹⁹⁹

Programs for veterans can also provide key work experience and training opportunities, and could be expanded in connection with a state service corps. Increased partnerships between the state and localities and programs like “Helmets to Hardhats,” which provides apprentice training to veterans with building trades unions,²⁰⁰ can help ensure veterans are included in the increased infrastructure jobs created by new state investment in infrastructure.

New York may also be missing an opportunity to use recent, historic federal legislation to strengthen workforce training programs across the state. The federal Workforce Innovation and Opportunity Act (“WIOA”), which became law last year, requires implementation plans from each state by March 2016 and directs that fifteen percent of certain federal funding under the law be dedicated to a Governor’s discretionary fund. Other states have undertaken extensive public dialogues, roundtables, and reporting to ensure that WIOA’s implementation reflects the interests

Green City Force” and “Join Us.” Available at <http://www.greencityforce.org/> and <http://www.greencityforce.org/clean-energy-corps/join-us/>.

¹⁹⁵ Green City Force. “Impact.” Available at <http://www.greencityforce.org/about-us/impact/>.

¹⁹⁶ SYEP provides youth around the state with paid, entry-level summer employment for up to six weeks in July and August. *See, e.g.,* Welsh, Kathy. “Summer Jobs for Ulster Youth.” *Hudson Valley News Network*. 11 May 2015.

¹⁹⁷ This program provides tax credits for businesses to hire at-risk youth age 16 to 24 who reside in Albany, Buffalo, New York, Rochester, Schenectady, Syracuse, Mount Vernon, New Rochelle, Utica, White Plains, Yonkers, Brookhaven and Hempstead. *See* New York State Department of Labor, Urban Youth Jobs Program. Available at <https://labor.ny.gov/careerservices/youth-tax-credit.shtm>.

¹⁹⁸ *See* Americans for the Arts. “National Service and the Arts.” Available at <http://www.americansforthearts.org/by-program/reports-and-data/legislation-policy/legislative-issue-center/national-service-and-the-arts>.

¹⁹⁹ A broader statewide commitment to service would build on initiatives like the federal Edward M. Kennedy Serve America Act, passed by Congress and signed by President Obama in 2009 to increase the benefits for those participating in Americorps and related programs and encourage broader national volunteering.

²⁰⁰ *See* Helmets to Hardhats. “About Us.” Available at <https://www.helmetstohardhats.org/>.

of their state’s residents.²⁰¹ Increased public dialogue about New York’s WIOA implementation, including planned uses of the Governor’s allocation, could help ensure that its implementation in New York helps close the economic divide and increase job opportunities upstate.

Strengthening collection and deployment of workforce data can help ensure New Yorkers access job training and education programs that are most likely to prepare them for areas of job growth. But New York is one of only seven states that had not achieved any workforce data best practices out of forty states surveyed in a 2014 report by the national Workforce Data Quality Campaign.²⁰² Other states are ahead of New York in efforts to collect, analyze, and apply workforce data: Virginia’s publicly accessible workforce scorecard pulls together information from multiple agencies on workforce training, credential attainment, and apprenticeship participation.²⁰³ And Florida is launching a nation-leading “Supply and demand” database to show regional and statewide data on enrollees and completers in education and training programs (supply) and real-time data on job openings and labor market predictors (demand).²⁰⁴ Mississippi’s longitudinal data system (LifeTracks) helped to attract a Yokohama Tire Corporation manufacturing plant to Mississippi, when aligned workforce data demonstrated that the state’s workforce could meet the potential 2,000-position demand.²⁰⁵

Policy Initiatives for Consideration

- ***enhance career/technical education (CTE), including to better facilitate college credit for CTE courses; increase CTE enrollment; and link CTE programs to workforce needs;***

²⁰¹ See Colorado Workforce Development Council. “WIOA.” Available at <https://www.colorado.gov/pacific/cwdc/wioa> (describing Colorado’s extensive focus groups, surveys, and conferences to gather stakeholder input on WIOA planning); DeRenzis, Brooke, Amanda Bergson-Shilcock, and Ashley Shaw. *Engagement Matters: A Case Study of New Jersey’s WIOA Planning Process*. Washington, D.C.: National Skills Coalition, May 2015 (describing New Jersey’s “robust” “skills-focused, inclusive WIOA planning process”).

²⁰² 2014 Mastering the Blueprint: State Progress on Workforce Data. Workforce Data Quality Campaign. Oct. 2014. New York was one of five states that did not respond and therefore was not included in the November 2015 update to this report.

²⁰³ See Virginia Performs. “Virginia Workforce System Report Card.” Available at <http://vaperforms.virginia.gov/PriorityAssessment/WorkforceReportCard.php>.

²⁰⁴ See Florida Department of Economic Opportunity. “Florida’s Occupational Supply/Demand System.” Available at <http://www.floridajobs.org/docs/default-source/2014-best-practices/supply-demand-brochure.pdf?sfvrsn=2>.

²⁰⁵ Workforce Data Quality Campaign. “Industry Skills Gaps: State Blueprint in Action.” Available at <http://www.workforcedqc.org/state-solutions/industry-skills-gaps>. LifeTracks is available at <https://lifetracks.ms.gov/SitePages/Home.aspx>.

- *a state service corps, possibly including green/conservation, early childhood, health, arts, and other tracks;*
- *expand youth training programs like New York Youthbuild and Summer Youth Employment;*
- *expand “Helmets to Hardhats” and related programs that connect veterans with job training opportunities;*
- *ensure implementation of the federal Workforce Innovation and Opportunity Act provides areas across the state with new opportunities for workforce training and investment; and*
- *strengthen collection and deployment of workforce data, as in other states.*