



Joint Legislative Budget Hearing

Testimony of Empire State Development President and CEO-Designate and Department of Economic Development Acting Commissioner Hope Knight

9:30 a.m., Wednesday, February 16, 2022

Good morning Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Legislature. My name is Hope Knight, and I serve as the President and CEO-designate of Empire State Development (ESD), and as Acting Commissioner of the New York State Department of Economic Development. Thank you for the invitation to participate in today's hearing. I am honored to appear before you virtually to discuss Governor Hochul's 2023 Executive Budget alongside ESD's Chief Operating Officer Kevin Younis.

While I am new to this role, I am not unfamiliar with ESD and its ability to bring positive economic change to communities – particularly for those left out of society's broader progress. I have been a Regional Economic Development Council member, served on a Downtown Revitalization Initiative local planning committee, and participated on a Community Advisory Council working group. In each of these roles, I found ESD to be community-oriented and focused on creating positive local impacts.

Economic development is how ESD supports Governor Hochul's broader goal of expanding opportunity across the state. The focus of much of my career, including my work with former Congressman Charles Rangel and Congressman Gregory Meeks, has been expanding economic opportunity.

Frankly, opportunity is the reason I am here before you today, nominated by New York's first female governor to be the first African American to lead ESD. I share Governor Hochul's commitment to expanding economic opportunity – her budget reflects it, and it should be the foundation of ESD's programs, projects, and priorities.

Economic Context

New York State was the epicenter of the COVID-19 pandemic, and the crisis had a devastating impact on our economy. From the end of 2019 to April of 2020, our unemployment rate quadrupled to more than 16%.

Since Governor Hochul assumed office, New York has continued to experience an economic recovery – even in the face of the Omicron variant. Despite this progress, statewide unemployment remains high at 6.2%, and is even higher in New York City. Meanwhile, the pandemic has further highlighted the systemic inequities in our society.

Governor Hochul's Agenda

In response, Governor Hochul has proposed a bold and ambitious agenda that will focus on the immediate COVID recovery, while also launching a "New Era for New York."

Last November, the governor announced \$250 million in support for the State's hard-hit tourism industry. This targeted approach includes grants to support tourism employers and workers, funding to bring large events back to the State, and new global tourism marketing efforts.

Looking ahead, Governor Hochul's Executive Budget will create economic growth, provide tax relief for the middle class, strengthen our infrastructure, confront the climate crisis, and reimagine a new American Dream – one that is more equitable and more inclusive. To that end, her budget outlines billions of dollars in new economic development assistance, and ESD stands ready to administer this funding with the support of our legislative partners.

Highlights of ESD Budget Initiatives

Under Governor Hochul's \$1.4 billion ConnectALL initiative, ESD will make the state's largest-ever investment in digital infrastructure to provide all New Yorkers with affordable and reliable broadband. This statewide initiative includes capital investments, regulatory reforms, and digital access programs to encourage new and more affordable broadband connections.

As part of the governor's Billion Dollar Rescue Plan for small businesses, ESD will provide unprecedented support to the lifeblood of our economy. Small businesses make up 98% of the state's businesses and support more than half of the State's private sector workforce. Utilizing tax credits, loans, grants and venture funding, ESD will invest in our small businesses like never before.

Additionally, the Governor's budget proposes a \$75 million investment in our venture competitions to attract the next-generation entrepreneurs and small businesses.

Governor Hochul has also proposed overhauling the State's approach to workforce development. The Governor's proposal includes a new Office of Workforce and Economic Development within ESD. This office will coordinate workforce efforts through the Regional Councils, in partnership with the Department of Labor, SUNY, CUNY, and other State agencies.

After years of underinvestment, Governor Hochul has proposed more than \$11 million to bolster the State's Minority- and Women-Owned Business Enterprise certification program. This funding will support new staff and a dedicated appeals unit to address the unacceptably long wait times. Furthermore, ESD will establish an interagency Excelsior

Contracting Opportunities Council to advance strategies that encourage greater MWBE and small business participation in upcoming federally-funded infrastructure projects.

To complement the federal government's focus on domestic production and supply-chain resilience, Governor Hochul's budget proposes to increase New York's portfolio of shovel-ready sites. ESD will target investments to attract high-tech manufacturing, especially semiconductor manufacturing firms.

Governor Hochul is also proposing \$250 million for a revitalized Restore New York Communities program. This program supports municipal efforts to address blighted properties and spur local economic growth. Under the governor's proposal, the program will emphasize disadvantaged communities and rural areas, which have often been overlooked in revitalization initiatives.

These are just some of the items in Governor Hochul's budget that will support the recovery and growth of our state's economy.

A New Era for ESD

The governor has called this a "New Era" for New York. To that end, I am looking at ESD with fresh eyes and full transparency.

I intend to work with the Legislature to review the REDC process. I will also seek more outside analysis for some of ESD's business incentive programs – like the Excelsior Jobs Program and START-UP NY – in the same way we evaluate our Film Tax Credit program. And we will continue to expand the information provided in our Database of Economic Incentives with each quarterly update.

This administration is also committed to ensuring that job and investment incentives are tied to accountability – whether through pay-for-performance or clawbacks.

Further, our agency's goals must extend beyond our job and investment numbers. We should develop more partnerships and training for workforce development to ensure local communities are better positioned to benefit from job creation.

Due to their varying objectives, there is no one-size-fits-all approach to evaluate our programs, but I will work with our legislative partners to explore common criteria that could establish a baseline for future assessment.

I am confident that the legislative members with whom I have worked closely in the past can attest to my personal approach – honest, sincere, collaborative and open-minded. I look forward to further conversations on ways that ESD can expand economic opportunity for all New Yorkers.

We continue to live in unprecedented times. By working together, I am confident we will overcome the challenges of today and build New York's economy back stronger and more resilient.

I thank you for your time and the opportunity to speak this morning, and I am happy to take your questions.

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