



**Empire State
Development**

**Joint Legislative Budget Hearing
Empire State Development President, CEO & Commissioner Howard Zemsky
9:30 a.m., Tuesday, February 12, 2019**

Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Senate and Assembly: Good morning. I am honored to appear before you today to discuss Governor Andrew Cuomo's FY 2020 Executive Budget and its proposals for Empire State Development (ESD).

With the Legislature's support, New York State has marked some historic milestones. Not only have we achieved the lowest middle-class and corporate tax rates in generations—and the lowest for manufacturers in a century—unemployment is at an all-time low of 3.9 percent today. Meanwhile, we have a record number of jobs—an all-time high of 8.2 million private sector jobs in New York State, with more than 1 million added since 2011.

ESD finances, manages and provides policy direction on key economic development projects around the state. We build growth through investments that build on four strategic pillars: creating vibrant, livable communities; training our workforce; incentivizing businesses to grow and export; and innovating to create the jobs of the future. This Executive Budget supports and expands on our efforts through continuation of funding for transformative infrastructure projects, initiatives and programs that have led to historic job growth and builds on the Governor's holistic, regionally-based approach to economic development.

In this budget, the Governor proposes \$750 million for a ninth round of the Regional Economic Development Council (REDC) initiative, a "bottom-up" approach that brings together regional stakeholders across industry, higher education and government to plan their region's future. That \$750 million represents \$225 million in grants and tax credits and another \$525 million in state agency resources made available through the Consolidated Funding Application process to encourage strategic regional economic development projects and plans. Since 2011, the REDCs have awarded more than \$6.1 billion to more than 7,300 projects, creating or retaining more than 230,000 jobs in New York State.

This budget also continues the transformation of downtowns throughout New York State through \$100 million in funding for a fourth round of the Downtown Revitalization Initiative. So far, 30 awards—\$10 million each to downtowns in each of the state's regions over the first three rounds—have been given to communities recommended by the REDCs for their visions of remaking their urban centers. Those projects have begun implementation from Glens Falls to Jamestown, from streetscape improvements and arts center renovations to plans for new housing and waterfront access.

Our investments continue to transform the Upstate economy. The Governor has announced new Upstate Revitalization Initiative commitments—supporting the “Syracuse Surge” plan in Central New York; plans in the Mohawk Valley for a new world-class Nexus Center sports complex in downtown Utica; and, in the Southern Tier, a new round of funding to complete Binghamton University’s Health Sciences Campus in Johnson City. The Executive Budget continues support for the Rochester-Monroe Anti-Poverty Initiative, with \$10 million in funding for a new, five-year Rochester Revitalization Fund to develop commercial corridors in low-income neighborhoods.

The state’s successful business competitions – including 43North, 76West, IDEA NY, Luminate NY and Genius NY – are fostering entrepreneurship in region-specific industries such as optics and photonics and unmanned aerial systems. This budget supports \$15 million in URI funding for a new business competition, the New York Food and Agriculture Challenge. The competition, run in conjunction with Cornell University, will support the development and growth of innovative food and agriculture companies.

Life science is a key driver for economic growth and New York State has made a commitment to growing the life science industry, building on our world-class research institutions and talent and supporting opportunities for commercialization of R&D, incubators and public-private partnerships. The Executive budget supports a \$750 million state commitment to rebuild the New York State Department of Health Wadsworth Center on Albany’s W. Averell Harriman Campus as a “lab for the 21st century” – offering unique capabilities and expertise that will attract commercial partnerships and private investment.

Diversity is a key strength of New York State business and this budget both reauthorizes and expands the state’s Minority and Women-Owned Business Enterprise program. New York State has the nation’s highest MWBE state contract participation of more than 28 percent and a nation-leading goal of 30 percent. To continue this progress, the Governor has proposed a five-year expansion and several changes to improve the program in accordance with the 2016 Disparity Study.

Tourism continues to boom in New York State, and is now responsible for one in 10 jobs. In recent years we’ve had record visitor numbers and economic impact of more than \$100 billion—that’s coincided with investments in airport upgrades and infrastructure. This budget includes \$59.5 million for continued tourism promotion through I LOVE NY’s programs, with \$15 million in competitive funding for a seventh round of Market NY’s initiative to support regional tourism marketing plans.

Workforce development is crucial to building jobs across industries and to growing the economy. New York State is working to support targeted training that aligns skills with available jobs and trains New Yorkers for the opportunities of tomorrow, including tech and STEM-related jobs. Workforce training is also important for industries that rely on a dependable talent pipeline. The Governor this year pledged to launch the new Consolidated Funding Application for workforce investments that support strategic regional efforts to meet workforce needs and build opportunity, especially in emerging industries. The Governor is also looking to improve ESD’s Employee Training Incentive Program to be more responsive to business needs and increase internship opportunities.

Doing business without access to high-speed internet is not an option; it's a necessity in today's economy. The New NY Broadband Program—which since 2015 and three rounds of funding has driven access to high-speed broadband around the state—is followed by the Governor's proposal in this budget to address gaps in cellular coverage in unserved areas including the Adirondacks and the Catskills. The proposal calls for the launch of a new Upstate Cellular Coverage Task Force to find solutions for closing those gaps.

As we begin 2019, we are proud of the economic growth that with your support, we have helped to realize around the state. And in keeping with the Governor's call for increased transparency across government, as well as in our economic development efforts, we will continue to be both accountable and accessible with details of that growth. We have just issued our second agency wide, comprehensive Annual Report and this budget supports funding of \$500,000 to create a sharable—and publicly searchable—project database.

Last year, our Excelsior Jobs Program was instrumental in attracting Amazon to Long Island City, Queens, as the site of a new corporate headquarters. That November announcement, the largest economic development project in New York State history, will create up to 40,000 jobs over the next 15 years, bringing job training programs and more than \$186 billion in economic impact to New York City and New York State. And that project – as with all Excelsior projects—is tied to specific company commitments for job creation and investment.

The Governor's FY 2020 Executive budget will enable us to continue creating even more opportunities for New Yorkers. We look forward to working with you, as our legislative partners, to build on the past eight years of sound, regionally-based economic development and growth.

I am happy to take your questions.

