

1 BEFORE THE NEW YORK STATE SENATE FINANCE  
2 AND ASSEMBLY WAYS AND MEANS COMMITTEES  
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3 JOINT LEGISLATIVE HEARING

4 In the Matter of the  
5 2021-2022 EXECUTIVE BUDGET ON  
6 ECONOMIC DEVELOPMENT  
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7 Virtual Hearing  
8 Conducted via Zoom

9 February 23, 2021  
10 9:37 a.m.

11 PRESIDING:

12 Senator Liz Krueger  
13 Chair, Senate Finance Committee

14 Assemblywoman Helene E. Weinstein  
15 Chair, Assembly Ways & Means Committee

16 PRESENT:

17 Senator Thomas F. O'Mara  
18 Senate Finance Committee (RM)

19 Assemblyman Edward P. Ra  
20 Assembly Ways & Means Committee (RM)

21 Senator Anna M. Kaplan  
22 Chair, Senate Committee on Commerce,  
23 Economic Development and Small Business

24 Assemblyman Harry B. Bronson  
Chair, Assembly Committee on Economic  
Development, Job Creation, Commerce  
and Industry

Senator Diane J. Savino  
Chair, Senate Committee on Internet  
and Technology

1 2021-2022 Executive Budget  
Economic Development  
2 2-23-21

3 PRESENT: (Continued)

4 Assemblyman Al Stirpe  
Chair, Assembly Committee on Small Business

5 Assemblyman Steven Otis  
6 Chair, Assembly Committee on Science and  
Technology

7 Assemblyman Daniel J. O'Donnell  
8 Chair, Assembly Committee on Tourism, Parks,  
Arts and Sports Development

9 Senator James Skoufis  
10 Chair, Senate Committee on Investigations  
and Government Operations

11 Assemblyman Kenneth Zebrowski  
12 Chair, Assembly Committee on Governmental  
Operations

13 Assemblyman J. Gary Pretlow  
14 Chair, Assembly Committee on Racing and Wagering

15 Senator John Liu

16 Assemblyman Robert Smullen

17 Assemblyman Billy Jones

18 Assemblywoman Marianne Buttenschon

19 Assemblyman Christopher S. Friend

20 Assemblyman Steve Stern

21 Senator James Tedisco

22 Assemblywoman Emily Gallagher

23 Assemblyman Jeffrion L. Aubry

24 Assemblyman Edward C. Braunstein

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3 PRESENT: (Continued)

4 Senator George M. Borrello

5 Assemblyman Robert J. Rodriguez

6 Assemblyman Charles Barron

7 Assemblywoman Alicia Hyndman

8 Senator James Sanders Jr.

9 Assemblyman William Conrad

10 Assemblywoman Vivian E. Cook

11 Assemblyman Michael Durso

12 Assemblywoman Sarah Clark

13 Assemblyman Angelo Santabarbara

14 Assemblywoman Taylor Darling

15 Assemblyman Erik M. Dilan

16 Assemblywoman Deborah J. Glick

17 Assemblyman Kevin A. Cahill

18 Senator Pamela Helming

19 Assemblyman Angelo J. Morinello

20 Assemblywoman Judy Griffin

21 Assemblyman Kevin M. Byrne

22 Assemblywoman Dr. Anna R. Kelles

23 Assemblywoman Jennifer Lunsford

24 Assemblyman Robert C. Carroll

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Senator Roxanne J. Persaud

Assemblyman Jeff Gallahan

Assemblywoman Marjorie Byrnes

Assemblyman John Lemondes

Assemblywoman Jodi Giglio

Senator Sean M. Ryan

Assemblywoman Jenifer Rajkumar

Assemblywoman Carrie Woerner

Assemblyman Jarett Gandolfo

Assemblywoman Rebecca A. Seawright

Assemblywoman Gina L. Sillitti

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 6 Small Business Programs  
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 16 CUNY Graduate Center  
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 17 Beth Starks  
 Executive Director  
 18 Chautauqua Lake  
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1 CHAIRWOMAN KRUEGER: Good morning.

2 I'm Senator Liz Krueger. This is the  
3 Economic Development budget hearing for the  
4 Executive Budget. It is February 23, 2021.

5 I'm joined by my partner in this  
6 process, Helene Weinstein, chair of the Ways  
7 and Means Committee of the Assembly.

8 Today is the 11th of 13 public  
9 hearings conducted by the joint fiscal  
10 committees of the Legislature regarding the  
11 Governor's proposed budget for state fiscal  
12 year '21-'22. These hearings are conducted  
13 pursuant to the New York State Constitution  
14 and Legislative Law.

15 Today the Finance Committee and  
16 Assembly Ways and Means Committee will hear  
17 testimony concerning the Governor's proposed  
18 budget for the New York State Department of  
19 Economic Development/Empire State Development  
20 Corporation, the New York State Office of  
21 General Services, and the New York State  
22 Council on the Arts.

23 Representing each of the agencies, I  
24 would like to welcome first Eric Gertler,



1 commissioner and president and CEO of Empire  
2 State Development; RoAnn Destito,  
3 commissioner of the New York State Office of  
4 General Services; and Mara Manus, executive  
5 director of the New York State Council on the  
6 Arts.

7 Following each of their testimony  
8 there will be time for questions from the  
9 chairs of the fiscal committees and other  
10 legislators on either the fiscal committees  
11 or the committee of substance for the topics  
12 of that hearing.

13 After the final question-and-answer  
14 period there will be an opportunity for  
15 members of the public to briefly testify  
16 about their views on the proposed budget  
17 under discussion.

18 I will now introduce members of the  
19 Senate, and then Helene Weinstein, chair of  
20 Ways and Means, will introduce members of the  
21 Assembly.

22 And I will also be introducing Tom  
23 O'Mara, the ranker of the Senate Finance  
24 Committee, to introduce his members. And

1 Helene will do the same with  
2 Assemblymember Ra afterwards.

3 So let's see if we can figure out who  
4 the Senators who are here yet are. We have  
5 Senator John Liu. We have -- I'll keep going  
6 through and -- Senator Diane Savino, Senator  
7 Anna Kaplan, Senator James Sanders,  
8 Senator -- excuse me. Lots of  
9 Assemblymembers. That might be --

10 THE MODERATOR: Senator Skoufis is  
11 here as well.

12 CHAIRWOMAN KRUEGER: Oh, thank you so  
13 much. Senator Jim Skoufis.

14 I'm now going to just hand it over to  
15 Senator O'Mara to introduce our Republican  
16 Senators today.

17 SENATOR O'MARA: Thank you, Senator  
18 Krueger {Zoom echo}. Hold on. I've got two  
19 devices going at the same time.

20 CHAIRWOMAN KRUEGER: You're getting  
21 that double-loop feedback.

22 SENATOR O'MARA: Yeah. Sorry, I had  
23 two devices going at the same time. I was  
24 getting feedback.

1                   We are joined on our side of the aisle  
2                   this morning by Senator Jim Tedisco,  
3                   Senator George Borrello, and our ranker on  
4                   the Commerce Committee, Senator Michael  
5                   Martucci, at this point.

6                   Thank you.

7                   CHAIRWOMAN KRUEGER: Thank you.

8                   And why don't we pass it over to  
9                   Helene Weinstein to introduce  
10                  Assemblymembers.

11                  CHAIRWOMAN WEINSTEIN: Thank you,  
12                  Senator.

13                  So we have Assemblyman Bronson, chair  
14                  of our Economic Development Committee,  
15                  Assemblyman Stirpe, chair of our Small  
16                  Business Committee. Assemblyman Otis, chair  
17                  of our Science and Technology Committee.  
18                  Assemblyman Pretlow, chair of our Racing  
19                  Committee. Assemblymembers Aubry,  
20                  Braunstein, Buttenschon, Conrad, Cook,  
21                  Darling, Dilan, Glick, Griffin, Hyndman,  
22                  Kelles, Lunsford, Rajkumar, Seawright,  
23                  Sillitti, Stern, Woerner. And probably a few  
24                  more will be joining us shortly.

1                   So why don't I turn it to Assemblyman  
2                   Ra, ranker of Ways and Means, to introduce  
3                   his members -- I see also Billy Jones,  
4                   Assemblyman Jones has joined us.

5                   Assemblyman Ra, why don't you  
6                   introduce your colleagues.

7                   ASSEMBLYMAN RA: Thank you,  
8                   Madam Chair. Good morning, everybody.

9                   We are currently joined by  
10                  Assemblyman Friend, who is our ranking member  
11                  on the Economic Development Committee;  
12                  Assemblyman Durso, who is our ranker on  
13                  Science and Technology; as well  
14                  Assemblymembers Morinello, Byrne, Byrnes, and  
15                  Lemondes. And I believe our ranker on  
16                  Tourism, Jodi Giglio, should be joining us  
17                  momentarily as well.

18                  CHAIRWOMAN WEINSTEIN: Before I go  
19                  back to the Senate, we have Assemblyman  
20                  Rodriguez. And Assemblyman Zebrowski is with  
21                  us, I neglected to mention it.

22                  So now back to the Senate.

23                  CHAIRWOMAN KRUEGER: Great. Well,  
24                  thank you very much.

1                   And so, again, our first testifier  
2                   today will be the New York State Department  
3                   of Economic Development and Empire State  
4                   Development Commissioner, President and  
5                   CEO -- I guess you just couldn't decide which  
6                   title to have, so you took them all --  
7                   Eric Gertler. Welcome.

8                   You have 10 minutes to testify, and  
9                   there's a clock. Everyone all day should be  
10                  aware of the clock. It's there for whoever  
11                  is testifying. And if you're asking  
12                  questions as a legislator and the clock says  
13                  you have three minutes, that means you have  
14                  three minutes to ask and get the answer. So  
15                  if, you know, you decide you want to use all  
16                  three minutes to give a speech, you're not  
17                  actually going to get any answers from the  
18                  person you are asking questions of.

19                  I'm sorry, Eric, now I'll hand the  
20                  microphone to you.

21                  ACTING COMMISSIONER GERTLER: Not a  
22                  problem. Thank you. Good morning, I hope  
23                  you can hear me well. Great, thank you.

24                  Good morning, Chairwoman Krueger,

1 Chairwoman Weinstein, and distinguished  
2 members of the Legislature. My name is  
3 Eric Gertler, and I serve as the acting  
4 commissioner of the New York State Department  
5 of Economic Development and as president and  
6 CEO-designate of Empire State Development.

7 Thank you for the invitation to  
8 participate in today's hearing. I'm honored  
9 to appear before you virtually to discuss  
10 Governor Cuomo's fiscal year 2022 Executive  
11 Budget.

12 One year ago I had the privilege of  
13 attending this hearing in person. At the  
14 time, the economy of New York State was  
15 thriving. The state, under Governor Cuomo's  
16 leadership, was experiencing a decade of  
17 historic economic growth, setting all-time  
18 highs for jobs and wages and achieving a  
19 record low unemployment rate.

20 Shortly after I testified, COVID-19  
21 hit New York. None of us could have  
22 predicted the pandemic which so fundamentally  
23 altered our lives in the way it did and still  
24 does today. No one could have predicted that

1 the global economy would come to a  
2 standstill, that borders would be shut, and  
3 that industries would be closed to prevent  
4 the spread of a deadly pandemic.

5 Each one of us has been personally  
6 affected. We may have lost a loved one. We  
7 may have family who are essential workers.  
8 Our children or grandchildren may have had  
9 school semesters canceled. Our constituents  
10 and friends may have lost jobs. And we may  
11 know stores and restaurants in our  
12 communities that were forced to chose.

13 The pandemic has also altered the  
14 day-to-day work at ESD. Throughout the  
15 agency's history it has been focused on  
16 growing the economy, but when COVID-19 first  
17 struck, we were called upon to issue guidance  
18 that would impact large portions of the  
19 state's economy. It broke our heart. But  
20 curtailing economic activity to reduce and  
21 minimize the virus's spread was a critical  
22 component in the state's public health  
23 effort.

24 To this end, before discussing the

1           proposed budget I'd like to share some of the  
2           ways that ESD assisted the state's public  
3           health efforts to combat the coronavirus.  
4           First, shutting down the state's economy was  
5           unprecedented, and ESD was tasked with  
6           developing essential business guidance and  
7           working directly with tens of thousands of  
8           New York State businesses to determine  
9           whether they could remain open and how to do  
10          so safely.

11                 Second, while the economy was shutting  
12          down, the state's need for critical medical  
13          supplies was skyrocketing. To address this  
14          need, Governor Cuomo issued a call to action  
15          for in-state manufacturers to retool or scale  
16          up their operations to produce COVID-related  
17          products like personal protective equipment.  
18          As a result, ESD has awarded more than  
19          \$20 million in grants to 36 New York-based  
20          companies.

21                 Third, beginning in May ESD was called  
22          upon to help implement the state's phased  
23          reopening plan. Beyond providing guidance on  
24          state policies to the business community, we



1           helped launch the New York Forward Business  
2           Reopening Wizard, allowing businesses to  
3           instantly determine their reopening status,  
4           identify industry-specific health and safety  
5           guidance, and complete a business safety  
6           plan, generating more than 550,000 business  
7           searches.

8                     In addition to these and other ESD  
9           efforts to support the state's public health  
10          response, our team was equally focused on  
11          protecting and preserving the state's  
12          economy.

13                    Understanding that small businesses  
14          are 98 percent of all businesses in New York  
15          State, and employ more than half of our  
16          private-sector workforce, ESD launched  
17          several efforts to help the survival and  
18          growth of small businesses across the state.  
19          We provided \$7.5 million in grants to  
20          nonprofit organizations, helping small  
21          businesses access federal assistance. We  
22          launched a \$100 million New York Forward Loan  
23          Fund. We provided \$21 million of loan  
24          capital to Community Development Financial

1           Institutions to provide Paycheck Protection  
2           Program -- PPP -- loans. We launched Empire  
3           State Digital, a first in the nation  
4           partnership to help small businesses and  
5           restaurants to grow their online presence.  
6           We partnered with Diageo North America for  
7           the "Raising the New York State Bar"  
8           Restaurant Recovery Fund, awarding more than  
9           \$3 million in grants. We announced the  
10          New York Forward Small Business Lease  
11          Assistance Partnership to help commercial  
12          landlords and tenants reach mutually  
13          beneficial lease workouts.

14                 Additionally, in the face of disparate  
15          race-and-gender-based COVID impacts on our  
16          workforce, the role of ESD's Division of  
17          Minority and Women's Business Development  
18          became even more important. In addition to  
19          providing MWBEs with as much COVID-specific  
20          support as possible, the division hosted the  
21          annual MWBE forum virtually this December,  
22          with more than 2,200 registrants.

23                 While many at ESD pivoted to support  
24          the state's public health and economic

1           responses, other members of our team  
2           continued to advance important existing  
3           projects. After decades of delays, Moynihan  
4           Train Hall was completed on-time and  
5           on-budget. We completed the topping-off of  
6           the new Belmont Arena on Long Island, and of  
7           Cree's semiconductor fab plant in the Mohawk  
8           Valley. We worked with Beam Suntory to  
9           relocate their global headquarters from  
10          Chicago to Madison Avenue in Manhattan, and  
11          supported the expansion of in-state  
12          businesses like Plug Power, which will build  
13          a new gigafactory in the Finger Lakes.

14                 Recent economic data reflects this  
15                 progress, with private-sector jobs growing in  
16                 New York State every month from April to  
17                 November and the statewide unemployment rate  
18                 improving faster than the U.S. in recent  
19                 months. With the support of our legislative  
20                 leaders, New York can and will rebuild.

21                 As outlined in the Executive Budget,  
22                 "Building Back Better" begins with funding  
23                 additional rounds of the Regional Economic  
24                 Development Council and Downtown

1 Revitalization initiatives, flagship programs  
2 that will focus on rebuilding communities and  
3 supporting impacted industries.

4 To help jump-start New York's economy,  
5 the Governor has also proposed the new  
6 Pandemic Recovery and Restart Program,  
7 offering \$130 million to help small  
8 businesses recover from the pandemic and  
9 bring back jobs to New York.

10 New York State has already invested  
11 nearly \$500 million to expand broadband  
12 internet access to 98 percent of the state,  
13 which proved crucial during the COVID-19  
14 pandemic. To ensure affordable broadband  
15 options for all, the Governor has proposed a  
16 first-in-the-nation initiative requiring  
17 internet service providers to offer an  
18 affordable \$15-per-month high-speed internet  
19 plan to all low-income households.

20 The COVID-19 pandemic has also  
21 highlighted how a lack of access to  
22 affordable childcare can disrupt families and  
23 force caregivers, primarily women, to choose  
24 between their career and providing daytime

1           care for their child. To help support  
2           working parents, the Executive Budget  
3           strengthens childcare programs, enacts  
4           employer childcare credits, and improves  
5           childcare affordability.

6                     At ESD, the Excelsior Jobs Program  
7           would be enhanced to encourage recipients to  
8           invest in childcare facilities and provide  
9           childcare services to workers.

10                    The Executive Budget also advances the  
11           Empire Station Complex by capitalizing on the  
12           momentum generated by the recently completed  
13           Moynihan Train Hall, furthering Penn  
14           Station's expansion and reconstruction and  
15           extending the High Line elevated park to  
16           provide seamless access from Moynihan.

17                    To accelerate the tourism industry's  
18           recovery, the Governor has proposed a  
19           Rediscover New York campaign, while the  
20           New York PopsUp initiative will safely revive  
21           the struggling live entertainment sector.

22                    As a state we have faced remarkable  
23           challenges this year, but together with our  
24           legislative partners we will continue to

1           build our economy back better, stronger and  
2           more resilient, using a strategy built on  
3           four pillars -- creating vibrant communities,  
4           developing our workforce and small  
5           businesses, incentivizing the growth of  
6           export-oriented industries, and fostering  
7           innovation to create the jobs of the future.

8                       I thank you for your time and the  
9           opportunity to speak this morning. I am  
10          joined today by Kevin Younis, our chief  
11          operating officer, and Pravina Raghavan,  
12          ESD's EVP of small business services, and we  
13          are happy to take your questions. Thank you.

14                     CHAIRWOMAN KRUEGER: Thank you very  
15          much.

16                     And our first questioner will be chair  
17          of the Economic Development Committee,  
18          Senator Anna Kaplan.

19                     SENATOR KAPLAN: Thank you, Chairwoman  
20          Liz Krueger.

21                     Good morning, Commissioner. Thank you  
22          so much for your testimony.

23                     ACTING COMMISSIONER GERTLER: Good  
24          morning.

1                   SENATOR KAPLAN: I can tell you that  
2                   I've been discussing this with a lot of my  
3                   colleagues, and CATs and COEs is something  
4                   that is on everyone's mind. And I can tell  
5                   you also that I personally have visited some  
6                   of these CATs and COEs and have seen  
7                   firsthand the great work that they do. And  
8                   of course it's a partnership between the  
9                   centers, private, and the public.

10                  The Executive Budget proposes to  
11                  consolidate CATs and COEs into a single  
12                  program. And COEs will be made into CATs for  
13                  two years, and then all programs will compete  
14                  for spots, and I think a much reduced number  
15                  of spots. Can you discuss that and what is  
16                  the rationale for eliminating some of these  
17                  centers, since they really do a great job and  
18                  they also -- not only do they do a lot of  
19                  good research and come up with different  
20                  products that are made in New York, but also  
21                  hire a lot of people throughout the state.

22                  ACTING COMMISSIONER GERTLER: Thank  
23                  you, Senator.

24                  As you know, no one has championed

1 innovation more than Governor Cuomo. And  
2 innovation is an important part of the state  
3 economic development strategy. And these  
4 centers are obviously very important for  
5 innovation. And as you know, this was  
6 something that I also discussed with this --  
7 at this hearing last year.

8 Here's how we are looking at it and  
9 why we want to, in a sense, move the COEs  
10 into CATs. You know, at a time when things  
11 are much more competitive, we want to make  
12 sure that we're aligning resources in the  
13 best possible way for these centers.

14 We also want to make sure that we have  
15 predictability and stability with a 10-year  
16 designation, as opposed to annual  
17 designations. I mean, we are living --  
18 working in a knowledge economy that makes  
19 things that much more difficult, that much  
20 more competitive. We want to make sure that  
21 these centers are aligned with the  
22 universities and with industry in a way that  
23 allows them to be the most effective  
24 possible.



1           As you said, as part of this proposal  
2           what we are intending to do is having the  
3           COEs be designated for two years before they  
4           then compete for these then 10-year  
5           designations. And that is the reasoning  
6           behind the proposal. We want to right-size  
7           these centers, we want to align them with  
8           those interests of security, stability,  
9           giving them the ability to provide the most  
10          effective way to be the most successful in a  
11          very competitive economic environment. Thank  
12          you.

13           SENATOR KAPLAN: Thank you. Thank  
14          you. So the CATs and COEs are by design  
15          meant to enhance each region, each region's  
16          cultural and technical competencies. So for  
17          example, Rochester has a CAT in data science;  
18          Alfred has a Center of Excellence in  
19          ceramics; UAlbany has a Center of Excellence  
20          in weather.

21           Given these different specialties,  
22          what metrics would be used to determine the  
23          winners?

24           ACTING COMMISSIONER GERTLER: Sure.

1           The -- you know, I'm also joined by Pravina  
2           Raghavan, from Small Business; I'm going to  
3           call on her in a second. But, you know,  
4           certainly the idea is to ensure that, you  
5           know, through the competitive process we are  
6           making sure that we are awarding those  
7           designations to those that we think will  
8           ultimately be the most effective in providing  
9           the types of technologies and providing the  
10          right effectiveness, you know, in their  
11          specific areas.

12                   Pravina, can you please also add to  
13          that?

14                   ESD EVP RAGHAVAN: Sure.

15                   Good morning, Senator Kaplan.

16                   The similar process we have now for  
17          CATs, which is a competitive RFP process  
18          which allows us to look at all the proposals,  
19          the proposals are vetted exactly the same,  
20          which look at both technology, job growth, as  
21          well as private partnership. It would be no  
22          different from what we do now for the  
23          existing CATs, for the COEs.

24                   And we really do also include experts

1 as well into that analysis. So it's not just  
2 by state officials, it's also an expert panel  
3 that works with us to do the RFP and scoring.  
4 And we wouldn't move that process because  
5 it's been working very well with our CATs.  
6 We would just be enveloping the COEs into the  
7 same -- similar process.

8 SENATOR KAPLAN: Thank you.

9 ACTING COMMISSIONER GERTLER: Thank  
10 you, Pravina.

11 And the centers are currently split  
12 between public and private schools. Would  
13 that split be maintained under the new  
14 program?

15 ACTING COMMISSIONER GERTLER: So, you  
16 know, again on this, you know, I'm going to  
17 have Pravina also, you know, add to --  
18 elaborate on that.

19 ESD EVP RAGHAVAN: Yeah, the -- we  
20 would keep the same type of split to ensure  
21 that we have also regional penetration as  
22 well as different universities.

23 And it's important to ensure that  
24 these universities also get that private

1 support, because that's what makes these  
2 programs different from programs across the  
3 country.

4 SENATOR KAPLAN: I agree. And I think  
5 we should really keep all of them, because I  
6 think they all do great work.

7 And I have more questions, but I would  
8 also like to go now -- address the MWBE. I  
9 know that we've seen a lot of MWBEs have been  
10 really affected by this pandemic and have  
11 really been suffering. And we have the  
12 program to help a lot of the minority and  
13 women-owned businesses.

14 I want to know why at this point we're  
15 trying to take -- give them a cut where they  
16 actually -- this is one program that really  
17 could use more funding, not giving them the  
18 cut that they are getting right now.

19 Could you address that a little bit  
20 for me?

21 ACTING COMMISSIONER GERTLER: Of  
22 course.

23 You know, again, as far as our overall  
24 economic development strategy, and as you

1 know, championed by the Governor, we want to  
2 make sure that everybody can participate in  
3 our New York State economy. And, you know,  
4 if anything, if we look at our results, we've  
5 had really successful results in terms of our  
6 MWBE program.

7 On a high level, just to give you some  
8 of the high-level data, you know, we've had a  
9 29.5 percent participation rate, we've had  
10 over \$3 billion in contracts. These are  
11 nation-leading numbers.

12 We also in a sense were a victim of  
13 our own success. We have, you know, many  
14 MWBE firms, 1400 per year that are looking to  
15 apply. And we have actually put in, you  
16 know, additional ways to speed up that  
17 process. We've streamlined the application,  
18 we've added staffing resources, you know, to  
19 that to make sure to make that easier and  
20 faster.

21 And, you know, we think that the  
22 funding that we have right now, you know, is  
23 sufficient to continue the successes that  
24 we've had.

1 I might also note that we've brought  
2 on a very critical hire for our MWBE  
3 division, a new executive director has  
4 joined. And we will continue to focus and  
5 improve and ensure that MWBEs who have  
6 really, you know, faced disproportionate  
7 impacts from this COVID will be the primary  
8 focus, and we'll continue to do all that we  
9 can for MWBE firms.

10 SENATOR KAPLAN: Thank you.

11 That is definitely on everyone's mind  
12 in our conference, and we want to make sure  
13 that we help those minority and women-owned  
14 businesses, small businesses that have been  
15 impacted, get the help that they need.

16 I have one other question with respect  
17 to MWBE. What is the status of rules and  
18 regulations for personal net worth amended as  
19 a result of Chapter 96 in 2019? If you  
20 remember, some industries needed a higher net  
21 worth, possibly, to be able to do what they  
22 were doing.

23 Can you address that?

24 ACTING COMMISSIONER GERTLER: Correct.

1           So on a high level, as you know, in that  
2           program we need to have a certain level of  
3           net worth in order for, in a sense, companies  
4           to graduate, you know, out of that program.

5           You know, my understanding is that we  
6           recently raised, you know, that to \$15  
7           million. We're now ongoing, engaging a  
8           vendor to conduct a study. And, you know,  
9           it's obviously an important area that we need  
10          to continue to focus on, because we want to  
11          make sure that we have as many MWBEs being  
12          able to participate in the program.

13          SENATOR KAPLAN: Thank you. I see my  
14          time is up; thank you again for answering my  
15          questions.

16          ACTING COMMISSIONER GERTLER: Thank  
17          you so much.

18          CHAIRWOMAN KRUEGER: Thank you.  
19          Assembly.

20          CHAIRWOMAN WEINSTEIN: So we are going  
21          to go to Assemblyman Bronson, the chair of  
22          the Assembly Economic Development Committee,  
23          for 10 minutes.

24          ASSEMBLYMAN BRONSON: Thank you,

1 Chair.

2 And thank you, Commissioner, for being  
3 here today. I look forward to working with  
4 you in my new capacity as chair of the  
5 Economic Development Committee.

6 You know, I'm going to echo the  
7 sentiments of the Senator in connection with  
8 the Centers for Advanced Technology and the  
9 Centers of Excellence. These programs have  
10 been proven to be job creators, they provide  
11 an educational service to our students, and  
12 they're located in colleges and university  
13 campuses across the state, as was noted, both  
14 private and public. You know, and they've  
15 done so -- continued to provide the  
16 service -- while enduring cuts here and there  
17 over the years.

18 So I think we should not be tinkering  
19 with those programs right now, especially in  
20 the midst of COVID-19. So not a question  
21 there, but a statement of where I think we  
22 should be as we go through budget  
23 negotiations.

24 I really want to hone in, though, on



1           the past year. And you know to contain the  
2           spread of COVID-19 and to protect the lives  
3           of New Yorkers, many measures have been  
4           implemented and continue in 2021, albeit with  
5           adjustments that have really devastated the  
6           state's economy and have had a real impact on  
7           our families throughout the state --  
8           unemployment records through the roof,  
9           actually.

10                 Businesses have endured state-mandated  
11           shutdowns, they have had their capacity and  
12           operational restrictions given on them, costs  
13           associated with COVID-19. All of this has  
14           really impacted the economy. And I get it,  
15           because we wanted to protect and keep our  
16           families healthy.

17                 What I really want to know is in the  
18           budget as proposed by the Governor, in our  
19           area, what can you identify as the key  
20           components that will help us retain and  
21           create jobs, will meet the needs of our  
22           families from an employment standpoint and  
23           mend our economy, particularly in an  
24           inclusive way, to ensure communities of color

1           and other marginalized individuals can fully  
2           participate in the economic recovery.

3           So, you know, overall, what's the  
4           strategy that is in the Executive's budget?

5           ACTING COMMISSIONER GERTLER: So, you  
6           know, first of all let me, you know, echo  
7           what you said. It has been a very  
8           challenging year. We know that many  
9           individuals, employees, businesses have been  
10          affected. I have talked to many, you know,  
11          businesses, employees, presidents, workers,  
12          and it's been tough, it's been tough  
13          everywhere.

14          And so, you know, we think that we  
15          have a budget that helps New York State  
16          continue in its recovery and help to rebuild  
17          this economy. If we go back to before COVID  
18          started, and in fact we go back to the month  
19          before COVID, we were seeing an economy that  
20          was showing record private employment and  
21          record unemployment. So, you know, this is  
22          an economy that has been built up under the  
23          Governor to the point of being incredibly  
24          successful prior to COVID.

1           You know, now there's a number of  
2           different focuses that we need to have.  
3           First of all, we need to focus on small  
4           businesses. Small businesses, you know,  
5           represent the backbone of our economy:  
6           98 percent of businesses are small  
7           businesses. And I can assure you that we  
8           have a number of programs to help with small  
9           businesses. I identified a number of those  
10          during my testimony.

11          You know, we have used -- you know,  
12          for example, we created the New York Loan  
13          Fund that has been helping not just small  
14          businesses but MWBE firms, which are also  
15          critically important, who have also received  
16          a disparate impact from COVID.

17          And many of those small business  
18          programs, they will -- you know, they will  
19          continue. We talked about the MWBE efforts  
20          that we're making, and we're going to  
21          continue to focus on MWBEs. We're going to  
22          continue to focus on businesses that have not  
23          been able to get the same access to capital,  
24          that have not been able to get the same

1 resources. Those are important components of  
2 our strategy.

3 I'd also like to cite the Governor's  
4 infrastructure program -- largest  
5 infrastructure program in the country, over  
6 \$300 billion. We've seen the success of that  
7 infrastructure program with the building of  
8 bridges, airports, Moynihan Train Hall, which  
9 was completed on January 1st of this year, it  
10 opened to the public. All of those projects  
11 add thousands of construction jobs, providing  
12 new opportunities to workers.

13 We're also going to continue to ensure  
14 that -- you know, that we see as much money  
15 from the federal government. You know, as  
16 the Governor has said at many of his press  
17 conferences, we were ground zero, we were the  
18 epicenter of COVID, and we expect fair  
19 funding for our budget, that as well, to help  
20 the state government put money into important  
21 institutions throughout the state.

22 And then lastly -- and I could  
23 obviously continue and go on and on, but I  
24 think, you know, the return in funding of our

1           Regional Economic Development Councils -- we  
2           have had a very successful economic program  
3           whereby we've seen a bottoms-up approach from  
4           the regions throughout the state.

5                     I mean, just one statistic, there's a  
6           case where over the last, you know, 10 years  
7           or so we've invested about \$7 billion, over  
8           8,000 projects, and seen a return of  
9           \$18 billion. That is money well spent.  
10          Those are investments well spent. And we  
11          think with all of those programs, and  
12          adhering to ESD's, you know, mission and our  
13          four-points mission of workforce development,  
14          livable communities, incentivizing export  
15          industries, and investing in innovation, that  
16          is the formula for making sure that we're  
17          going to see a return to the economy that we  
18          had before COVID.

19                    ASSEMBLYMAN BRONSON: So -- and thank  
20          you for that response. You know, I'd like to  
21          hone in a little bit, though. You mentioned  
22          98 percent of our businesses are small  
23          businesses. I'm not sure exactly what you'll  
24          define as small businesses. I'll use a

1           hundred or less employees.

2                       But the -- you know, the Regional  
3           Economic Development Councils, which I'm  
4           supportive of -- you know, but they leave out  
5           small businesses. I mean, they -- you know,  
6           small businesses aren't at the table for the  
7           most part. They're not included in the  
8           decision-making processes, generally  
9           speaking. And frankly, I'm not sure if  
10          relying on that program and some of the  
11          historical programs are really going to get  
12          to the need for a full recovery of small  
13          businesses.

14                      How do you see REDC and, you know,  
15          Downtown Revitalization and some of the other  
16          programs -- how do you see them actually  
17          having a direct impact on these small  
18          businesses?

19                      ACTING COMMISSIONER GERTLER: Right.  
20          So, you know, two parts to your question. I  
21          will come back to -- on the REDC very  
22          quickly, because if I understood correctly,  
23          you also asked about other programs.

24                      And, you know, we're also putting

1 forward a \$130 million pandemic recovery  
2 program that -- you know, \$50 million for  
3 restaurants, \$50 million for small businesses  
4 and \$30 million for musical and theatrical  
5 tax credits. You know, those also are a  
6 means by which we will continue to help the  
7 economy recover. There's money coming from  
8 the federal government as well.

9 You know, in terms of, you know, the  
10 REDCs, you know, as we -- and through those  
11 programs, investing in the, you know,  
12 regional projects, those are with those who  
13 are on the ground who are identifying, you  
14 know, the best, most effective projects. And  
15 businesses, small businesses help in any  
16 number of ways. Even if it's focused on a  
17 much larger project, there are construction  
18 jobs, there are, you know, contracts related  
19 to that. There's investments in small  
20 businesses as well. There's any number of  
21 ways that allow us to rely on these -- on  
22 these REDCs who are focusing on, you know,  
23 what they feel is best for their regions.

24 You know, and that's why the success

1 of it as a bottoms-up economic development  
2 strategy.

3 ASSEMBLYMAN BRONSON: Yeah, I respect  
4 that. I do think, though, we have to  
5 acknowledge that a lot of the small  
6 businesses in our communities throughout  
7 these regions aren't fully participating in  
8 that process, and we need to correct that.

9 So thank you, Commissioner.

10 ACTING COMMISSIONER GERTLER: Thank  
11 you, sir.

12 CHAIRWOMAN WEINSTEIN: Before we go to  
13 the Senate, I just wanted to acknowledge  
14 we've been joined by Assemblymembers  
15 Gallagher, Barron and Fahy.

16 So now to the Senate.

17 CHAIRWOMAN KRUEGER: Thank you very  
18 much.

19 I'm looking quickly. I think we've  
20 been joined by Senator Martucci and  
21 Senator Sanders -- I think I mentioned him  
22 earlier. If there are other Senators here,  
23 you know, let me know and I'll introduce you  
24 a little later.



1                   Our next questioner is the chair of  
2                   Internet and Technology, Diane Savino.

3                   SENATOR SAVINO: Thank you,  
4                   Senator Krueger.

5                   Good morning, Commissioner.

6                   ACTING COMMISSIONER GERTLER: Good  
7                   morning.

8                   SENATOR SAVINO: Nice to see you.

9                   I also want to echo the comments made  
10                  by Senator Kaplan and Chair Bronson with  
11                  respect to the CATs and the COEs. I love  
12                  that. It sounds great, CATs and COEs.

13                  I want to talk a bit about the  
14                  economy. As you know, we watched it shut  
15                  down, literally, during the pandemic. No one  
16                  ever thought we'd see New York City, let  
17                  alone New York State, come to a grinding  
18                  halt, but we did. It was necessary to  
19                  achieve what we had to do, which was reduce  
20                  the spread.

21                  Getting people to work from home,  
22                  getting children to remote learning -- and  
23                  none of it would have been possible had it  
24                  not been for the internet. We wouldn't have

1           been able to do anything. Businesses  
2           literally would have come to a grinding halt.  
3           But we were able to shift people to remote  
4           learning, remote work, because of the  
5           internet. And thank God for that.

6                     But one of the things we're still  
7           failing at across the state is broadband  
8           access. You know, the FCC a couple of years  
9           ago awarded \$20 billion to fully fund  
10          broadband across rural regions. As you know,  
11          originally New York did not -- was not  
12          eligible for that because we had a faulty  
13          data analysis that said that we had  
14          98 broadband coverage across the state when  
15          we really didn't.

16                    I know the Governor is proposing in  
17          his budget that there will be a \$15 a month  
18          broadband service -- by the way, that already  
19          exists, in case people don't know that. The  
20          large internet service providers already  
21          provide a discounted rate for people. People  
22          don't seem to know that.

23                    But what I'm trying to figure out is  
24          what can we do to actually achieve

1           100 percent broadband across the state,  
2           including in the rural regions, because we're  
3           failing at that. And until we achieve that,  
4           we're really not going to be able to, you  
5           know, close that gap for so many people.

6                    ACTING COMMISSIONER GERTLER: So, you  
7           know, thank you for that.

8                    You know, let me say at the onset that  
9           as you rightfully pointed out, when we had to  
10          close down this economy to deal with a public  
11          health crisis, that was truly heartbreaking.  
12          You know, we're an agency focused on job  
13          growth. We're an agency focused on business  
14          attraction. We're an agency focused on  
15          infrastructure, building, helping provide  
16          increased skills to individuals.

17                   So I can tell you both as an agency  
18          and personally, and as someone who, you know,  
19          has been an entrepreneur, that closing down  
20          the economy and not letting these businesses  
21          thrive has been -- was very difficult. And  
22          we know that many have struggled over the  
23          last year.

24                   You know, broadband, as you rightfully

1 point out, is critical. It's even more  
2 critical today. That has been the way by  
3 which people have had to, you know, engage at  
4 school, it's been a way that people have had  
5 to work. And as we're learning, it's the way  
6 that we're now doing some of our public  
7 hearings.

8 The positive part and the fortunate  
9 part for New Yorkers is that the Governor  
10 started to look and -- look at initiatives to  
11 expand our broadband access about four to  
12 five years ago with creating the  
13 Broadband Office, which is here at ESD. And  
14 with -- you know, with that it was really way  
15 ahead of the curve and, you know, enabled  
16 New Yorkers to have much better access than  
17 many other parts of this country, if not all  
18 parts of the country.

19 And, you know, at a time of crisis  
20 when you have so many people on the same  
21 network, obviously there can be some issues.  
22 But let me -- let me respond to your numbers.  
23 At present we have a commitment to  
24 99.9 percent availability of broadband

1           throughout the state. You know, that  
2           represents -- of that, 99 percent of that is  
3           critical fiber, you know, infrastructure. We  
4           have completed 98 percent of the work to date  
5           in terms of our broadband access.

6                     And, you know, even in places where --  
7           in rural areas where it's been hard to reach  
8           or, you know, third parties have not wanted  
9           to provide access, we have done two things.  
10          We have ensured that there is satellite  
11          access, so at least there's 25 megabits per  
12          second access to broadband. And we've also  
13          worked with the federal government to get  
14          \$100 million to deploy for rural access.

15                    And then lastly, you know, you're  
16          correct, we are putting forward a program for  
17          \$15 a month for low-income families.  
18          Everybody should have access. You know,  
19          based on our numbers we think now -- and  
20          based on the efforts of our team -- we really  
21          have, you know, gotten to the point where  
22          it's not so much about access and  
23          availability now, it's now about  
24          affordability. And we need to make sure that

1           there's not the continuing divide. And  
2           that's why we want to make sure that  
3           low-income families can also access  
4           broadband.

5                     SENATOR SAVINO: Well, I think we all  
6           agree with that. But if you would speak to  
7           Altice -- which is Optimum -- if you'd speak  
8           to Spectrum and Verizon, they will tell you  
9           they have a low-income option. For some  
10          reason or other, there is not enough  
11          widespread information about it. And many --  
12          what we found during the pandemic is many  
13          people were getting access to the internet  
14          especially through their phones, through  
15          their phone carriers, and so they didn't  
16          think that they needed to purchase additional  
17          coverage. But that's a discussion for a  
18          different day.

19                    I want to shift to a different topic  
20          in the few minutes I have left with respect  
21          to the hospitality industry.

22                    I'm, you know -- as we all know, the  
23          restaurant and hospitality industry has been  
24          crippled by this pandemic, and many of them

1           are never going to recover. There are many  
2           restaurants that will never come back. And I  
3           know that you've spoken about a loan program  
4           and a -- what is it, a \$50 million loan  
5           program. Many of the restaurants, they don't  
6           need more loans. What they need are grants.

7                        So what can we do to provide direct  
8           relief to restaurants? I have a piece of  
9           legislation that I've introduced that would  
10          create a grant program funded through a fee  
11          placed upon the commercial general liability  
12          coverage carriers, who quite frankly have not  
13          paid out a single claim of business  
14          interruption insurance on any of these  
15          restaurants.

16                       We also are very concerned about the  
17          excessive fines that have been placed on many  
18          of the restaurants by the State Liquor  
19          Authority. So with the one hand the  
20          government will give a grant, and with the  
21          other hand they'll issue a fine.

22                       So what can we do to help these  
23          restaurants get back up on their feet, and  
24          also our seasonal industries? You know, I

1           represent Coney Island. The Governor has  
2           only just last week announced that Coney  
3           Island will be able to reopen on April 9th.  
4           It has been closed for 19 months. And they  
5           could not really qualify for some of the  
6           federal assistance because of the seasonal  
7           nature of their workforce. They didn't  
8           qualify for the full PPP money.

9                        So what can we do to help these types  
10           of industries that have really been so  
11           devastatingly affected by the pandemic?

12                    ACTING COMMISSIONER GERTLER: Right.  
13           Well, you know, let me first echo your  
14           comments. We have seen, you know, many small  
15           businesses, certainly these restaurants, that  
16           have absolutely struggled over the past year.  
17           And, you know, our heart goes out to these  
18           businesses, to the workers. And, you know,  
19           as you know, the restaurants are not just  
20           places of work, they also add to the culture  
21           and the life and the diversity of what we  
22           offer in New York State and what makes  
23           New York State so special.

24                    So -- so you're right, we do need to



1           help restaurants get back to work. And we  
2           have a number of different programs. You  
3           know, first of all, I might add before  
4           discussing one of the programs that the  
5           Governor has announced over the last number  
6           of weeks, you know, the reopening of  
7           restaurants, you know, indoor dining, some of  
8           the amusement parks now are starting to  
9           open -- still at limited capacity, because we  
10          still need to balance what is a public health  
11          crisis with an economic, you know, recovery.

12                 So one program which we are proposing  
13          is what we call a Restaurant Return to Work  
14          Tax Credit. And this is focused on those  
15          restaurants that faced additional  
16          restrictions during the COVID crisis. These  
17          are the restaurants in New York City that  
18          were closed down or those in Orange or  
19          Red Zones. And in this case, these are tax  
20          credits so that we can help these restaurants  
21          bring their workers back. There's a formula  
22          that can be used that shows the difference  
23          between their low point and when they're  
24          hiring people.

1                   But essentially what it is is that  
2                   it's a \$5,000 credit per employee, up to 10,  
3                   so up to \$50,000 for each of these  
4                   restaurants. There's a way to fast-track  
5                   that, because we do want to get these  
6                   restaurants, you know, back online.

7                   You know, it's -- it really is -- you  
8                   know, it really is critical. And look, I  
9                   also hope that, you know, as the weather gets  
10                  better, you know, people will also go to  
11                  these restaurants. As the vaccines increase  
12                  and people maintain social distances, they  
13                  can do so in a safe way, because we still do  
14                  have a public health crisis ongoing.

15                 SENATOR SAVINO: Thank you. Perfect  
16                 timing.

17                 CHAIRWOMAN KRUEGER: Thank you.  
18                 Perfect timing indeed.

19                 Assembly.

20                 CHAIRWOMAN WEINSTEIN: Let's --  
21                 Assemblyman Stirpe, do you have questions?

22                 So we'll go to Assemblyman Stirpe for  
23                 10 minutes.

24                 ASSEMBLYMAN STIRPE: Thank you,

1 Helene. Good morning, Commissioner. How you  
2 doing?

3 ACTING COMMISSIONER GERTLER: Good  
4 morning, sir. How are you this morning?

5 ASSEMBLYMAN STIRPE: Okay.

6 As chair of the Small Business  
7 Committee, I really appreciate your previous  
8 statement that New York really needs to focus  
9 on small business.

10 And just a couple of comments. My  
11 previous chair of Economic Development,  
12 Harry, had asked some questions about the  
13 REDC. And I asked some of those questions  
14 last year, and I was told that 70 percent of  
15 loans and grants and things go to small  
16 businesses. I'm not real sure what that --  
17 how you categorize those small businesses,  
18 because I know most of the businesses in  
19 Central New York that got those kinds of  
20 grants, and they're companies usually called  
21 mid-size companies. You know, there's  
22 hundreds of employees, et cetera, that are  
23 there.

24 So, you know, my question about that

1           or my comment is I know the people who make  
2           up the REDC, you know, committees, and  
3           they're usually captains of industry.  
4           There's a few labor representatives, because  
5           there's construction involved and stuff like  
6           that. But if you could tell me how many  
7           members of REDC commissions are successful  
8           coffee shop owners or daycare providers or  
9           people like that, that may have more insight  
10          into real small businesses and how we can  
11          help them and what projects would make them  
12          more successful. Any idea?

13                    ACTING COMMISSIONER GERTLER: Sure.  
14           And I'm going to give you some context and  
15           then I'm going to have our chief operating  
16           officer, Kevin Younis, add to that.

17                    But, you know, as you point out and  
18           I've said before -- I don't want to spend,  
19           you know, a lot of time, small businesses are  
20           absolutely critical. We know that over  
21           50 percent of people -- workers in New York  
22           work in small businesses. So it is a -- it  
23           is a critical part of our economic  
24           development strategy.

1                   And, you know, with the REDCs, I've  
2                   met with a lot of the REDCs. You have  
3                   individuals there that work in all sorts of  
4                   different businesses with different focus.  
5                   You know, a care for -- you know,  
6                   manufacturing small businesses, you will see  
7                   all of those individuals around the state in  
8                   the different REDCs.

9                   But perhaps Kevin Younis, our chief  
10                  operating officer, can add more dimension to  
11                  that, please.

12                 ESD COO YOUNIS: Thanks, Eric.  
13                 Apologies, Assemblyman, I ran down the hall  
14                 real quick so I missed half your question.

15                 ASSEMBLYMAN STIRPE: The question was,  
16                 you know, as far as the makeups of the REDC,  
17                 you know, committees and commissions, how  
18                 many -- like I said, how many coffee shop  
19                 owners are members of those boards? How many  
20                 daycare center owners are members of those  
21                 boards? How many of those types of  
22                 businesspeople who have more insight into the  
23                 really small business community?

24                 ESD COO YOUNIS: Sure. You know, I

1 think the place where we see that  
2 participation is -- there's a ton of  
3 subcommittees, right? So we have a -- each  
4 region typically has a childcare  
5 subcommittee, they might have a Main Street  
6 subcommittee. So there's -- I think you will  
7 see those guys on the actual REDCs, but then  
8 you will see them a lot more heavily in the  
9 subcommittees, which really inform the work  
10 of the REDCs.

11 So, you know, if we're talking about  
12 childcare, we look to the Finger Lakes or the  
13 Central New York childcare subcommittee.  
14 They meet, they talk to folks and they get  
15 recommendations. So I think there's a good  
16 representation.

17 ASSEMBLYMAN STIRPE: Okay. Okay,  
18 thanks.

19 You know, Commissioner, we talked  
20 about broadband, and there's been this  
21 ongoing dispute. You know, the Governor is  
22 saying 98 percent has access to high-speed  
23 broadband, and everybody else says it  
24 doesn't.

1                   Last year former Assemblyman Sean Ryan  
2                   had a bill that set out to form a commission  
3                   and do a mapping of high-speed broadband so  
4                   we know where it is and how much it is and  
5                   things like that. I think it was A6679.

6                   This year we're going to put it in the  
7                   budget. And the message, of course, for the  
8                   veto was that it was a fiscal -- had fiscal  
9                   implications and should be in the budget.  
10                  This year it is going to be in our one-house  
11                  budget again. I'm sure it will be in the  
12                  Senate one-house budget also.

13                  Is there any reason that it won't end  
14                  up in the budget? And any reason why we  
15                  don't want to know exactly who has high-speed  
16                  broadband and who doesn't and where it is?

17                  ACTING COMMISSIONER GERTLER: You  
18                  know, absolutely no reason not to.

19                  We -- in terms of our -- absolutely no  
20                  reason not to know all of the data. All our  
21                  programs have always used the best available  
22                  data to ensure that we are following up and  
23                  implementing what we say we're going to do,  
24                  to make sure that we have the right -- you

1 know, the right access and availability for  
2 New Yorkers.

3 We work with -- we work with third  
4 parties to make sure that we're reaching, you  
5 know, every possible place that -- you know,  
6 that we can. And, you know, in large ways,  
7 which I said this earlier, it's now less  
8 about sort of availability, it's now about  
9 affordability.

10 But the reason why we feel that -- or  
11 let me put it another way. Congress passed  
12 what was the Broadband Data Act in 2020.  
13 That will provide the data that's needed and  
14 will provide and generate granular broadband  
15 data so that we can have it. So it seemed  
16 that that would be in a sense duplicating  
17 efforts when we'd be -- when the federal --  
18 when Congress has instructed the FCC to  
19 provide that.

20 I mean, there is no dispute that we  
21 want to make sure that we have the best  
22 possible data. We believe we do use the best  
23 possible data. And, you know, there's no  
24 dispute in terms of making sure that we have



1 the most complete broadband availability.

2 ASSEMBLYMAN STIRPE: Okay. Let's talk  
3 a little bit about workforce -- I'll call it  
4 redevelopment.

5 It's pretty well known that probably a  
6 third or more of the restaurants and  
7 hospitality businesses will never reopen.  
8 They've closed permanently. So there are  
9 thousands, tens of thousands of people who  
10 work in those businesses. A lot of them are  
11 relatively low-skilled people, but there are  
12 lots of jobs that are going to be around in  
13 New York State. You know, I know that there  
14 were estimates there were 90,000 unfilled  
15 jobs in New York State over the past year or  
16 so.

17 So I'm just wondering, what is the  
18 administration's plan to retrain these  
19 workers to fit into the jobs that will be  
20 available?

21 ACTING COMMISSIONER GERTLER: Let me  
22 say, first of all, I agree with you. You  
23 know, even beyond having the pandemic, we're  
24 living through an economy where we're seeing

1 a lot of changes. It's becoming a more and  
2 more knowledge economy. We want to make sure  
3 that, you know, we have the right workforce.  
4 That's only been exacerbated by COVID that  
5 has, you know, made sure that we've got to  
6 even focus even more on workforce  
7 development. A disparate effect of COVID on  
8 many of those who are unskilled and in  
9 low-income areas. So a critically important  
10 issue.

11 The Governor put forward in 2019 a  
12 large workforce development initiative.  
13 We've already seen hundreds of projects  
14 supporting training and development and  
15 employment, you know, coming out of that.  
16 Workforce is -- and the focus on workforce  
17 goes across many agencies. It's an effort  
18 that is multi-agency. To go back to your  
19 point on the REDCs, the REDCs also focus on  
20 workforce development.

21 And then lastly, you know, ESD, my  
22 agency, is on many of the workforce  
23 committees. We have also put forward and  
24 expanded the ETIP program to provide training

1           that's focused to more sectors. We're  
2           providing more marketing -- you know, more  
3           marketing dollars. But that is exactly what  
4           you're talking about. We are looking to, you  
5           know, upskill people, train people who don't  
6           have the skills, and also provide more  
7           internship programs, which is critical.

8                     And I'm sorry, I actually used -- I  
9           try not to use acronyms, but ETIP is the  
10          Employee Training Incentive Program.

11                    ASSEMBLYMAN STIRPE: Let me just state  
12          that I think community colleges will play a  
13          pretty big role in a lot of these  
14          retrainings, and I notice the Governor has --  
15          you know, there's a cut to community  
16          colleges. So I would just hope he would  
17          reconsider that, because it's going to be an  
18          important piece in getting people upskilled.

19                    So thank you very much.

20                    ACTING COMMISSIONER GERTLER: Thank  
21          you, sir.

22                    CHAIRWOMAN WEINSTEIN: Over to the  
23          Senate.

24                    CHAIRWOMAN KRUEGER: Thank you very

1           much.

2                   Our next questioner is Senator John  
3           Liu.

4                   SENATOR LIU: Thank you, Madam Chair.

5                   And welcome, Commissioner Gertler,  
6           once again. Last year we congratulated you.  
7           I'm not sure how you feel now, but --

8                   (Laughter.)

9                   SENATOR LIU: -- congratulations  
10          anyway.

11                  ACTING COMMISSIONER GERTLER: Nice to  
12          see you.

13                  SENATOR LIU: As you can tell, many of  
14          my colleagues in both houses are very  
15          concerned about our small businesses. And in  
16          fact we always -- everybody says, including  
17          the Governor, says that small businesses are  
18          the fabric, are the engine behind our entire  
19          state's economy.

20                  And yet your testimony highlighting  
21          the assistance for small businesses during  
22          the pandemic, our numbers are -- just seem  
23          paltry compared to some of the economic  
24          development deals that have been given in

1           recent years to major corporations.

2                       So my question for you is, what's  
3           going on with the job creation targets for  
4           all of those deals? Have they been put on  
5           pause this past year, or is your agency still  
6           holding those corporations accountable?

7                       ACTING COMMISSIONER GERTLER: So a  
8           number of different points there to address.

9                       I think, you know, first of all, we're  
10          proud of the work that we've done for small  
11          business. We've made sure during a very  
12          difficult year that we've increased capital  
13          to these small businesses in many different  
14          ways. We've had a number of different  
15          programs, I've talked about them already --

16                      (Overtalk.)

17                      SENATOR LIU: Yes, you have, so you  
18          don't have to talk about them again. You  
19          know, what's going on --

20                      ACTING COMMISSIONER GERTLER: So I'm  
21          not going to get into -- you know, and I know  
22          that you're referring to many of the deals we  
23          have particularly, you know, upstate. I can  
24          tell you that certainly, you know, prior to

1 COVID, all of those deals were on track to  
2 meet their -- meet their numbers.

3 You know, this year we did face, you  
4 know, a pandemic that created a lot of  
5 hardship for these businesses. What we did  
6 do is businesses that were facing milestones,  
7 they could apply for a one-year  
8 administrative relief on their milestones, on  
9 their job numbers, on their loans and --

10 SENATOR LIU: So they could get a  
11 one-year pause.

12 ACTING COMMISSIONER GERTLER: It's a  
13 one-year pause. And, you know, it really  
14 was -- and that was something that was  
15 available to all of our -- all of our  
16 grantees.

17 SENATOR LIU: So all of -- like, for  
18 example, if somebody had an April deadline,  
19 an April 2020 deadline, it would have been  
20 extended to April 2021, and --

21 ACTING COMMISSIONER GERTLER: Yes,  
22 sir, it would have been extended by one year.  
23 We did that across -- across the board.

24 SENATOR LIU: Terrific. All right.

1                   And what about that database that half  
2                   a million dollars was allocated towards for  
3                   development, the database with the economic  
4                   deals in New York State?

5                   ACTING COMMISSIONER GERTLER:   Sure.

6                   SENATOR LIU:   On pause also, or --

7                   ACTING COMMISSIONER GERTLER:   No.   No.  
8                   We are moving forward on that.   And look, as  
9                   you know, we're -- as an agency, we've also  
10                  been, you know, stretched.   We've had a team  
11                  that's worked very hard.   You know, at times  
12                  we've worked remote --

13                  SENATOR LIU:   Do you know the time  
14                  frame on which that database --

15                  ACTING COMMISSIONER GERTLER:   No,  
16                  I'm -- no, sir, I'm going to give you a time  
17                  frame.   Because that will be coming out --  
18                  coming out very soon.

19                  And I can tell you, as you know, I'm  
20                  not -- I'm not looking to make an excuse.  
21                  You know, often with a technology system  
22                  there's -- you know, it takes a little bit  
23                  longer --

24                  SENATOR LIU:   Does "very soon" include

1 a time in 2021?

2 ACTING COMMISSIONER GERTLER: Yes,  
3 sir. Yes, sir. I would say it's a matter of  
4 weeks, if not a matter of --

5 SENATOR LIU: A matter of weeks?  
6 Excellent.

7 ACTING COMMISSIONER GERTLER: We -- we  
8 are -- you know, there are --

9 SENATOR LIU: Last question for you,  
10 what are you going to do to help the Bills  
11 win?

12 (Laughter; overtalk.)

13 CHAIRWOMAN KRUEGER: No more  
14 questions, John, you're past the clock.  
15 Sorry.

16 SENATOR LIU: Thank you, Madam Chair.

17 ACTING COMMISSIONER GERTLER: Good to  
18 talk to you, sir.

19 CHAIRWOMAN KRUEGER: Thank you,  
20 Senator Liu.

21 Assembly.

22 CHAIRWOMAN WEINSTEIN: We go to  
23 Assemblyman Otis, the chair of our Science  
24 and Tech Committee, 10 minutes.



1                   ASSEMBLYMAN OTIS:  Commissioner,  
2                   welcome.

3                   And I think one of the things that --  
4                   difficult things in the last year that you  
5                   did not mention in your testimony is the work  
6                   that the folks at ESD had to do with the  
7                   Department of Health and other agencies in  
8                   understanding how the pandemic hit individual  
9                   businesses.  And there's a lot of micro-work  
10                  that your folks had to get into to try and  
11                  deal with a very challenging situation.

12                  So I just want to recognize that was a  
13                  new task for {Zoom freeze} -- ESD and a lot  
14                  of time put into that.

15                  ACTING COMMISSIONER GERTLER:  Thank  
16                  you.

17                  ASSEMBLYMAN OTIS:  I'd like to go  
18                  first to small business issues that you're  
19                  already hearing some about.  We have a lot of  
20                  small businesses in the state who had either  
21                  very temporary or longer-term closures  
22                  because of the pandemic and now are  
23                  struggling to reopen.  They have back rent,  
24                  they haven't been able to maybe pay insurance

1 costs, mortgages, situations like that.

2 And so I think the request that I  
3 would make, and would appreciate some comment  
4 on, is the need for us to -- especially with  
5 federal dollars coming in -- find some models  
6 that provide really relief to these  
7 businesses that right now are sitting on the  
8 ledge of being able to fully reopen and  
9 survive or going under.

10 And I use the word "relief" because  
11 they may need some money just to pay some of  
12 that back rent or help negotiate -- and I  
13 know ESD has been helpful on tools for  
14 negotiation -- but for them to be able to  
15 stay open. And so as one of the previous  
16 questioners indicated, loans aren't always  
17 the ticket. I think the tax credit is  
18 helpful. But what can we do in terms of  
19 looking at actual grants to very small  
20 businesses?

21 And I note in today's news the Biden  
22 administration for the PPP program has given  
23 a higher priority to businesses who have 20  
24 or fewer employees. And so we should

1           probably be pivoting and trying to create  
2           some metrics to identifying these really  
3           small -- whether they be restaurants,  
4           retailers, non-for-profits that are trying to  
5           survive and need help.

6                     Any additional comments on this sort  
7           of unique problem?

8                     ACTING COMMISSIONER GERTLER: Well,  
9           you know, as I've said before, we've seen so  
10          many businesses that have faced unprecedented  
11          challenges in the last year. And let's  
12          also -- and we want to do as much as we can  
13          and we intend to do as much as we can. We  
14          also need to face the reality of dealing  
15          with, you know, the fiscal constraints of,  
16          you know, the current times.

17                    But I would respond by a number of  
18          different ways. First of all, we are working  
19          to ensure that we're getting as much federal  
20          funding as we can. Just to give you one  
21          example, we used \$7.5 million to help  
22          nonprofits get federal assistance for our  
23          small businesses. That turned out to be  
24          roughly helping 64,000 small businesses

1 throughout the state, and getting access to  
2 about \$380 million. So those are significant  
3 numbers.

4 We also have the recovery program  
5 whereby we are looking to -- I already talked  
6 about the \$50 million to restaurants, but  
7 it's also \$50 million to small businesses  
8 that have been in those sectors that have  
9 been particularly hard-hit, like the arts,  
10 accommodations, entertainment.

11 And that's a means by which we are  
12 providing tax credits to help those  
13 businesses return. Those are \$5,000 for up  
14 to 10 employees, so it's a total of 50,000.  
15 That's a \$50 million program.

16 And then, you know, I will just say  
17 that our Small Business Division is focused  
18 relentlessly on all of the different ways  
19 that we look to support small businesses,  
20 particularly those that -- and you're  
21 right -- that need that capital. We created  
22 the New York Forward Loan Fund to provide  
23 low-interest loans. And, you know, we're  
24 proud that in that fund about 65 percent of

1           those that are taking those funds are  
2           MWBE firms.

3                     So we're really trying to make sure  
4           that those that have not able to access  
5           capital will be able to access capital.

6                     I hope that answers your question.  
7           There are just so many different things that  
8           we're looking to do to help these struggling  
9           small businesses.

10                    ASSEMBLYMAN OTIS: That is great. And  
11           I just think we need to redouble that focus,  
12           and finding some new tools would be great.

13                    To the internet deployment issue --  
14           and I would just share what I'm hearing from  
15           some of my upstate colleagues in more rural  
16           areas, but even folks in urban areas where  
17           there are dead zones, and situations in  
18           New York City where just specific apartment  
19           complexes, because they're maybe not --  
20           there -- maybe the view of the telecom  
21           companies is there are not a lot of people  
22           there that are going to spend money on  
23           higher-level services.

24                    The deployment gaps in this state are

1           primarily geared around where telecom  
2           companies don't want to invest in the  
3           infrastructure because they don't think  
4           they're going to get the money back from  
5           customers who are buying additional services.  
6           So some of this is a Public Service  
7           Commission issue, some of it a broader issue  
8           in terms of what we're going to require of  
9           them.

10                   But where we have gaps, you can map  
11           them or not map them, but everyone knows the  
12           gaps are where the companies don't want to  
13           spend the money. And to the extent that  
14           you're communicating with some of those  
15           companies as well, we need to provide  
16           incentives or direction, and then we can fill  
17           those gaps.

18                   And this is apart from the good  
19           efforts that the administration has been  
20           pursuing in the last few years to expand  
21           broadband. But that's really where the gaps  
22           continue to be, and even with those  
23           incentives the companies just don't want to  
24           go where they don't want to go.

1                   ACTING COMMISSIONER GERTLER: Right.

2                   Well, I want to give you, you know, one  
3                   example where I think, you know, colleagues  
4                   in my agency, with our Washington office,  
5                   worked relentlessly to get \$100 million in  
6                   awards from the FCC's Rural Digital  
7                   Opportunity Fund.

8                   Initially we were ruled categorically  
9                   ineligible. Through their efforts, they went  
10                  back to the FCC, got \$100 million. That  
11                  money will be used to help to ensure that we  
12                  are expanding internet access and service to  
13                  any other areas in rural parts of New York  
14                  that need, you know, that access.

15                 As I said, you know, our program,  
16                 we've received at this point 99.9 percent  
17                 commitment. We're at 98 percent right now.  
18                 You know, we certainly want to make sure that  
19                 there's accessibility, availability for all.  
20                 But, you know, we believe on those numbers  
21                 it's no longer a question of access and  
22                 availability, it's a question of  
23                 affordability. We need to make sure that  
24                 low-income families also have access.

1           Be that as it may, we are continuing  
2           to make sure that, you know, those have the  
3           highest possible speeds on their broadband,  
4           and, you know, and we'll continue to work on,  
5           you know, any of the gaps that we see. We  
6           have third-party validators and providers  
7           that help us make sure. But suffice it to  
8           say that, you know, broadband -- and this has  
9           been, you know, reinforced during COVID -- is  
10          absolutely a critical utility for workers,  
11          for students, for families in this age.

12           ASSEMBLYMAN OTIS: Thank you for that.

13           And I'd also like to circle back to  
14           the arts again and a special need to focus on  
15           the needs of these very small arts  
16           organizations around the state, whether they  
17           be for-profit or not-for-profit. These are  
18           the ones that are really going to be going  
19           under, and we do not want to lose them. They  
20           are also big job creators, they are a part of  
21           the economic life of our state.

22           And so as you -- I know we'll be  
23           hearing from the Council of the Arts later,  
24           but I think we have to find ways to view



1           those organizations, they are small  
2           businesses also, having some relief and  
3           keeping them going.

4                     And with that, I will yield back the  
5           last 45 seconds of my time, unless you have  
6           additional comments about the arts.

7                     But thank you for all that ESD does,  
8           and we are looking forward to a new round  
9           from the Regional Economic Development  
10          Councils that will be very helpful.

11                    ACTING COMMISSIONER GERTLER: Thank  
12          you. I will just add very quickly that we do  
13          need to support employment for artists  
14          throughout the state. And we also recognize  
15          the importance on a cultural level, and the  
16          diversity that it adds to New York State.  
17          That's one of the reasons -- the diversity,  
18          you know, in the arts, that makes New York  
19          State so special. So I agree, we need to  
20          help these people get back to work.

21                    CHAIRWOMAN WEINSTEIN: Thank you.

22                    Before we go to the Senate, I  
23          neglected to mention that we were joined by  
24          Assemblymembers Gallahan and Gandolfo a while

1           ago.

2                   Now we go to the Senate.

3                   CHAIRWOMAN KRUEGER: Thank you very  
4           much.

5                   And we've been joined by Senator Pam  
6           Helming.

7                   And our next questioner is Senator  
8           James Sanders, from Queens.

9                   SENATOR SANDERS: Good morning,  
10          Commissioner.

11                  ACTING COMMISSIONER GERTLER: Good  
12          morning, sir.

13                  SENATOR SANDERS: Since time is not my  
14          friend, I'm going to go straight to  
15          questions.

16                  The New York Federal Reserve spoke of  
17          a 40 percent loss in Black businesses as of  
18          August, and by now I would argue that there's  
19          at least a 60 percent loss, and growing.

20                  Has anyone done a study of the impact  
21          of waiving the MWBE requirements on -- during  
22          the COVID crisis, sir?

23                  ACTING COMMISSIONER GERTLER: So,  
24          look -- first of all, let me share with you

1           that, you know, we understand the difficulty  
2           for many small businesses, and particularly  
3           the MWBE firms have been severely impacted  
4           during COVID. So, you know, what we've done  
5           is a number of different things to improve  
6           the process so that we can ensure that more  
7           MWBEs can be part of our program.

8                     SENATOR SANDERS: That wasn't my  
9           question, sir. I was wondering have we  
10          looked at what the impact of waiving the  
11          requirement for MWBEs has been? I'm the  
12          father of MWBEs, sir, I know it well.

13                    ACTING COMMISSIONER GERTLER: Okay,  
14          sir. You know, I'm not sure what  
15          requirements would be waived. You know, we  
16          need to make sure that it withstands the  
17          constitutional challenges. But perhaps, you  
18          know, Kevin Younis can add, you know, to  
19          that.

20                    ESD COO YOUNIS: Sure. Thanks, sir.

21                    Thanks, Senator.

22                    It is -- you're referring to the  
23          requirements that the businesses be owned or  
24          controlled by Ms and Ws?

1                   SENATOR SANDERS: No, the  
2                   requirement -- in the time of emergency, the  
3                   requirement of 30 percent was waived.

4                   Let me go from there to something that  
5                   perhaps you guys do have. The CARES Act  
6                   allowed for grants to be given to small  
7                   businesses. Why didn't New York State use  
8                   this better? In fact, why didn't it use --  
9                   go for grants to small businesses?

10                  ACTING COMMISSIONER GERTLER: You  
11                  know, I'm going to have Pravina, who runs  
12                  our, you know, Small Business -- I would just  
13                  say that I think that that is a, you know,  
14                  question that I would say that our Department  
15                  of Budget would be, you know, more in a  
16                  position to, you know, to answer that.  
17                  But -- and you certainly --

18                  SENATOR SANDERS: I'll tell you what,  
19                  gentlemen, I'm not trying to -- my time is  
20                  not my friend. Can I meet with your new  
21                  executive director and perhaps -- I'm not  
22                  trying to embarrass either of you.

23                  ACTING COMMISSIONER GERTLER: Of  
24                  course. Of course. We're happy to do that.

1 SENATOR SANDERS: Can we set this up?  
2 I'm Senator James Sanders Jr. I'd like to  
3 meet with the new executive even if we do it  
4 under -- what is this, Zoom?

5                   ACTING COMMISSIONER GERTLER: We  
6           would -- we would be -- we'd be happy to  
7           arrange for that, sir.

8 SENATOR SANDERS: I thank you. And I  
9 thank you very much, Madam Chair.

10                                   ACTING COMMISSIONER GERTLER:  Thank  
11                                   you.

12 CHAIRWOMAN KRUEGER: We go to the  
13 Assembly.

14 CHAIRWOMAN WEINSTEIN: Yes, we go to  
15 Assemblyman Ra, ranker on Ways and Means.

16 ASSEMBLYMAN RA: Thank you, Chairs.  
17 Commissioner, good morning. Good to  
18 see you again.

19                               ACTING COMMISSIONER GERTLER:   Good  
20                               morning.   Good morning.

21 ASSEMBLYMAN RA: And I'll certainly  
22 join my colleagues who thanked you and your  
23 staff who are intimately involved in trying  
24 to get information out to our businesses

1           throughout this pandemic and reopening, and  
2           guidance and all of that. So thank you for  
3           that.

4                     ACTING COMMISSIONER GERTLER: Thank  
5           you.

6                     ASSEMBLYMAN RA: I just wanted to  
7           circle back to the CAT and COEs, in  
8           particular regarding stakeholders and  
9           companies that work with those entities. I  
10          know there was a proposal -- not exactly the  
11          same as this, but there was a proposal last  
12          year to kind of merge the two. I know a lot  
13          of those stakeholder organizations expressed  
14          opposition to that, and I believe are doing  
15          so again this year.

16                    I'm just wondering what kind of  
17          outreach there has been in the interim time  
18          between last year's budget when that proposal  
19          to consolidate this program was made, and  
20          this current proposal, and whether there --  
21          you know, those companies' views on working  
22          within these entities have been taken into  
23          account in this year's proposal.

24                    ACTING COMMISSIONER GERTLER: Sure.

1                   You know, I think it's fair that I  
2                   have Pravina Raghavan, who runs our Small  
3                   Business and does most of those  
4                   communications with our centers. Pravina,  
5                   can you please join?

6                   ESD EVP RAGHAVAN: Sure. Thank you  
7                   very much, Eric.

8                   Assemblyman, we've been actually  
9                   working with both the stakeholders and the  
10                  universities. We have been doing outreach  
11                  with them. Part of this proposal is actually  
12                  just to ensure that the CATs and COEs can go  
13                  through that competitive process and also, as  
14                  Eric has mentioned before, increase the  
15                  designation from one year for the COEs to 10.

16                 And we continue to keep the same  
17                 principles that are both in the CATs and  
18                 COEs, which is working with the private  
19                 sector. And we have been working with them  
20                 to, you know, ensure they understand the  
21                 principles. One of the things coming back  
22                 from last year's hearing was it wasn't a long  
23                 time to do the switchover, which is why we've  
24                 included two years, to make sure they're

1           automatically designated and then put into  
2           the system that we do with the CATs normally.

3                     So we've been working on that.

4           ASSEMBLYMAN RA:   Well, thank you.

5                     And I join my colleagues with regard  
6           to my concerns.   These programs have been  
7           great about leveraging private investment, so  
8           we want to make sure that we're working with  
9           those stakeholders, all of those companies  
10          that are working with the universities, and  
11          make sure that we continue to have that  
12          success from an economic development  
13          standpoint.

14                    I want to move over to a different  
15          issue, which -- there's a funding that's  
16          included for the Economic Development  
17          Initiatives.   I know in the past there's been  
18          funding allocated for things like advertising  
19          for, you know, different programs like  
20          START-UP NY.   And I'm just wondering if you  
21          can give me any idea in terms of how that  
22          funding was utilized last year and if there's  
23          perhaps an opportunity to maybe repurpose or  
24          open up some of that funding to, you know,



1 regional or local chambers of commerce or  
2 regional, you know, groups, pro-business  
3 groups, to just promote the importance of,  
4 you know, shopping locally and helping get  
5 our local small businesses up and running and  
6 thriving again.

7 ACTING COMMISSIONER GERTLER: So, you  
8 know, let me say -- and I'll also have Kevin  
9 Younis respond.

10 But, you know, in the past year we've  
11 seen obviously tourism be greatly affected by  
12 COVID. You know, we had extraordinary  
13 numbers of visitors visiting New York prior  
14 to COVID. I'm sure you know, you know, the  
15 numbers, north of 260 million people annually  
16 and incredible -- you know, over a  
17 \$100 billion in economic impact.

18 But -- and we know that for so many  
19 reasons those industries, many of the  
20 industries within tourism have been closed  
21 down, you know, and cut back. We did a  
22 number of things in the past year to help  
23 create some awareness; we did virtual -- you  
24 know, virtual tours at some of our high

1 destinations. And I think all of this, and  
2 knowing that tourism is so critical to  
3 New York, is why the Governor has announced  
4 that we would do a Rediscover New York  
5 tourism marketing initiative to help to get  
6 the tourism -- those tourism numbers back.

7 There are, you know -- it -- suffice  
8 it to say it's such a, you know, critical  
9 industry and adds so much to -- not just  
10 economically, but to the spirit of this  
11 state.

12 Kevin, perhaps you can add to some of  
13 the other initiatives. I think we were also  
14 asked about what we did last year.

15 ESD COO YOUNIS: Yeah, thanks  
16 Assemblyman.

17 Quickly to your question about what we  
18 did with the funding, the DI funding,  
19 frankly, we didn't use a lot of it, given the  
20 limitations around travel and what have you.

21 But this year we have included once  
22 again the Market New York funding, and you  
23 know, that's a \$15 million fund that is both  
24 available for capital investments and

1 marketing, local marketing. So that goes  
2 through the Regional Council process, and  
3 that's once again available.

4 ASSEMBLYMAN RA: Thank you.

5 ACTING COMMISSIONER GERTLER: Thank  
6 you.

7 CHAIRWOMAN WEINSTEIN: Senate?

8 THE MODERATOR: Senator Krueger,  
9 you're on mute.

10 CHAIRWOMAN KRUEGER: Thank you. I  
11 think it helps when I unmute, doesn't it?

12 Let's try Senator Martucci without my  
13 mute on. Thank you.

14 SENATOR MARTUCCI: Thank you,  
15 Chair Krueger. And thank you, Commissioner,  
16 for joining us today.

17 My question circles back to a question  
18 that was asked by Chair Kaplan just in the  
19 beginning of the hearing, and it's with  
20 respect to the CATs and the COEs.

21 New York continues to decline when you  
22 look at the really important metrics -- R&D  
23 activity, patents filed, companies in tech,  
24 STEM jobs and degrees. You know, in the 2020

1 Bloomberg Innovation Index, New York has  
2 dropped two spots to 14th. The Milken  
3 Institute State Technology and Science Index  
4 has us falling from 11th in 2014 to 21st in  
5 2020. And New York continues to decline with  
6 respect to these important issues, but places  
7 like New Jersey and Connecticut and  
8 Massachusetts outperform us again and again.

9 My concern is, why would we continue  
10 to cut funding to successful economic  
11 development programs like the CATs and the  
12 COEs? Shouldn't we be increasing the state's  
13 investment in these and competing against  
14 other states, rather than competing against  
15 ourselves?

16 ACTING COMMISSIONER GERTLER: You  
17 know, when we look at, you know, our state  
18 economy -- and I went through some of the  
19 statistics earlier -- you know, pre-COVID we  
20 had seen some of the best metrics in our  
21 state economy in the history of the state.  
22 We saw private-sector jobs at all-time high,  
23 unemployment at an all-time low.

24 I don't think there is any other state

1           that invests and champions innovation like  
2           New York does. You know, we do have the  
3           Innovation Centers throughout the state.

4                     But what we're doing here is at a time  
5           when we're in an increasingly competitive  
6           knowledge-based economy, what we're trying to  
7           do is make sure that we're aligning the  
8           resources in a better way, providing the  
9           predictability and the stability that these  
10          centers need to be able to be even more  
11          innovative and respond to exactly -- you  
12          know, some of the things that you talked  
13          about, but being more competitive, ensuring  
14          that there's better technology that  
15          industries can ultimately use.

16                    And when you have this 10-year window,  
17          you're adding more stability for these  
18          centers to be able to respond to critical  
19          needs.

20                    You know, we've seen, you know, other  
21          statistics that I -- you know, when we look  
22          at the number of workforce that have STEM  
23          degrees -- I talk to businesses all the time.  
24          Businesses want to be in New York State

1           because of our talented workforce. We  
2           continue to have strong venture capital that  
3           wants to invest in New York State. The NIH  
4           money that comes to the state is among the  
5           highest in the nation.

6                       So I think that there are so many  
7           different statistics -- you know, as one  
8           famous author said: There's lies, damn lies  
9           and statistics. The statistics that I look  
10          at show a very positive economy, certainly  
11          pre-COVID -- a \$1.7 trillion, thereabouts,  
12          GDP economy.

13                      Look, our economy, like all others,  
14          faced challenges over the last year. You  
15          know, given the talent of our workforce, the  
16          leadership that we have in this government  
17          stemming from the Governor, all of the  
18          different programs that we have, the  
19          innovative -- the innovations that we're  
20          seeing, the technology companies, the health  
21          companies -- I do strongly believe that this  
22          state will, as the Governor likes to say,  
23          build back better.

24                      SENATOR MARTUCCI: Thank you,

1 Commissioner. I certainly appreciate your  
2 time today.

3 And again, I would just reiterate that  
4 certainly from my perspective, I would prefer  
5 to see a model that, again, didn't have these  
6 CATs and COEs competing against each other  
7 but rather, you know, utilizing the resources  
8 that we have to be more competitive with our  
9 nearby neighbors in Connecticut and  
10 Massachusetts.

11 But again, thank you for your time.  
12 And thank you, Chair Krueger, for allowing me  
13 to ask questions today.

14 ACTING COMMISSIONER GERTLER: Thank  
15 you.

16 CHAIRWOMAN KRUEGER: Thank you very  
17 much.

18 Assembly.

19 CHAIRWOMAN WEINSTEIN: Yes, we go to  
20 Assemblyman Friend, the ranker on Economic  
21 Development.

22 ASSEMBLYMAN FRIEND: Thank you,  
23 Chairwoman.

24 And I'd just like to start with that,

1 the CATs and COEs, and say that I am  
2 concerned with the possibility of elimination  
3 of the COEs and the possibility that some of  
4 those COEs may not actually receive that  
5 10-year standing.

6 I understand that that would be --  
7 provide more certainty for them to operate,  
8 but they have differences in the way that the  
9 two operate. I mean, the CATs go ahead and  
10 they leverage that private interaction with  
11 businesses, and the COEs rely on the  
12 university support. So they are similar, but  
13 not exactly the same way. And during my time  
14 at the University of Buffalo, I saw  
15 advantages to both models.

16 So I think that going forward, we're  
17 eliminating one of the avenues that we have  
18 for our research development within our  
19 universities to be brought to market.

20 But I don't want to really hang on  
21 that issue. I appreciate everything that  
22 you've talked about with trying to support  
23 our workforce development. We see that  
24 happening a lot in our community colleges,



1           and I'd like to see that that would continue.  
2           They need an awful lot of help going forward.

3                       We definitely need a lot of support  
4           getting our education, K-12, back up and  
5           running to full five-day-a-week classes.  
6           We're going a year now where our students  
7           have not been in school and have not had that  
8           opportunity for the interaction and the  
9           learning, the stimulation that's going on  
10          there, and that's going to have a massive  
11          impact on our community colleges later on and  
12          our universities going forward, as well as  
13          economic development currently.

14                      With the impact of COVID and  
15          everything that ESD has had and the Governor  
16          has done with his executive orders to allow  
17          businesses to be able to operate under the  
18          current climate, what regulations might you  
19          think -- that the Governor suspended --  
20          should remain permanently eliminated?

21                      ACTING COMMISSIONER GERTLER: I'm  
22          sorry, what? I missed the --

23                      ASSEMBLYMAN FRIEND: I was just  
24          asking -- during COVID the Governor has

1           suspended, by executive order, several  
2           regulations within New York State. Are there  
3           any of those that you would recommend that  
4           New York -- that we would go ahead and pass a  
5           law to eliminate those regulations?

6                     ACTING COMMISSIONER GERTLER: So, you  
7           know, first of all, with -- you know, I agree  
8           with you, you know, these businesses have,  
9           you know, faced enormous challenges over the  
10          last year. I think first and foremost, you  
11          know, what we need to do is -- and again, to  
12          state the obvious, we're dealing with a  
13          public health crisis and we need to defeat,  
14          you know, COVID-19. We need to ensure  
15          that -- to continue with our program of  
16          vaccination. We need to continue to ensure  
17          that we're adhering to all of the health  
18          guidelines that have been put forward by  
19          Department of Health.

20                    And, you know, in doing so, that will  
21          enable us, as the Governor has done over the  
22          last few weeks, is to open up more and more  
23          businesses. We need to get to the point  
24          where people are able to go into, you know,

1           into congregate settings. We need to be able  
2           to support more dining, more of these  
3           settings. You know, in terms of -- so -- so  
4           that's first and foremost. You can't have,  
5           you know, over a long period of time, you  
6           know, our businesses subject to these reduced  
7           restrictions.

8                     The Governor is right in the sense of  
9           we have to maintain these guidelines to  
10          protect the health and safety of New Yorkers.  
11          But, you know, our hope -- and exactly what  
12          the Governor has been doing over the last few  
13          weeks is opening up more and more of the  
14          economy. Let's get to that point.

15                    And, you know, in the interim, in  
16          terms of any specific questions, I would  
17          defer to the Governor's council on regulatory  
18          issues. You know, we're focused on making  
19          sure that, you know, the businesses, as they  
20          open up more and more, have what they need in  
21          terms of capital access, support, the  
22          technical assistance, and so on.

23                    ASSEMBLYMAN FRIEND: Since my time is  
24          running short, I'll just make some comments

1           and recommendations.

2                     It was recently suggested, possibly,  
3           that the MWBE 30 percent was put on hold.  
4           I'm not quite sure that I've heard anything  
5           about that. But even so, given the  
6           possibility of still COVID transmission, we  
7           have a bill that would have the MWBE set by  
8           the region that it's currently -- that you're  
9           in.

10                    So in the Southern Tier, we don't have  
11           30 percent MWBEs available for many of our  
12           businesses, so we end up having to go and  
13           bring people out of Syracuse, New York City,  
14           or even out of the state to come in and  
15           fulfill those MWBE requirements.

16                    And it would make more sense to spur  
17           more MWBEs within the region and to have the  
18           MWBE requirement be similar to what you  
19           actually have within that region.

20                    My other comment goes to broadband.  
21           And a lot of people have talked about  
22           affordability or availability. Within the  
23           Southern Tier, availability is still a huge  
24           issue, and it has been. And I appreciate

1 everything that the Governor has done to try  
2 to bring up more availability, but I just  
3 have a recent report from the Ithaca Area  
4 Economic Development Board that says the  
5 PERM 75, a New York State DOT permitting  
6 requirement that became effective in November  
7 of 2020, authorizes DOT to enact a use and  
8 occupancy on fiber optic cable that runs  
9 along state right-of-ways.

10 This requirement, on average, is  
11 \$15,000 per mile to the cable company, and  
12 it's 26 to 80 cents per foot per year on an  
13 annual rental fee. This requirement --

14 CHAIRWOMAN WEINSTEIN: Assemblyman,  
15 your time is up. Do you want to just  
16 conclude?

17 ASSEMBLYMAN FRIEND: Yeah.

18 So basically the PERM 75 is yet  
19 another one of those things that's holding us  
20 back from having more broadband within the  
21 Southern Tier, within rural parts of the  
22 country -- rural parts of the state. And I'd  
23 appreciate if you would help to support the  
24 removal of that fee. Thank you.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 We go to the Senate.

3 CHAIRWOMAN KRUEGER: Thank you.

4 Senator Jim Skoufis.

5 SENATOR SKOUFIS: Thanks very much,  
6 Madam Chair.

7 And thank you, Commissioner, for your  
8 testimony. And I certainly appreciate the  
9 enormity of the work that you've been a part  
10 of over the past year and moving forward.

11 I want to circle back to an issue that  
12 I think one of my Assembly colleagues very  
13 briefly touched on, but I didn't quite get  
14 the full answer that he perhaps and I  
15 certainly were looking for. And that is I've  
16 had concerns for quite some time about the  
17 operations of these Regional Economic  
18 Development Councils, REDCs. But  
19 specifically, I want to ask about these  
20 so-called recovery plans that the councils  
21 have been working on.

22 It's my understanding that in an  
23 effort to come out of this pandemic and  
24 retool, if you will, the money that's

1           appropriated to these REDCs, in lieu of the  
2           traditional awards that they dispense,  
3           they're developing these recovery plans.

4                     Our Senate staff has been asking your  
5           team -- perhaps you personally, I don't know,  
6           but certainly your office -- for these  
7           recovery plans throughout the state for at  
8           least the past four months. And to date, on  
9           February 23rd, we still do not have what  
10          these recovery plans are, what they look  
11          like, the details, et cetera.

12                    So I'm asking you today if you can  
13          please make a commitment that, let's say this  
14          week, your office will share with the  
15          Legislature -- who appropriates these  
16          hundreds of millions of dollars for the  
17          REDCs -- that you will share these recovery  
18          plans with us this week.

19                    ACTING COMMISSIONER GERTLER: So, you  
20          know, thank you for your comments up front in  
21          terms of all the great work that this agency  
22          has done and I can only tell you that it's  
23          been a privilege to be able to lead this  
24          agency during these difficult times. So

1           thank you for that.

2                   To get to your question, I mean, we  
3           rely on the REDCs in so many different ways.  
4           And we've spent a lot of time discussing,  
5           planning, you know, thinking. And we rely on  
6           the work that they do and the reports that  
7           they provide in order to guide our thinking  
8           in terms of how we think about our broad  
9           economic development plans. And, you know,  
10          the work that they have done in working with  
11          us -- you know, that work had never been  
12          finalized. And --

13                   SENATOR SKOUFIS: But if I could just  
14          interject, so just to cut to the chase here  
15          with 30 seconds. When can the Legislature  
16          expect you will share these plans with us?

17                   ACTING COMMISSIONER GERTLER: So, you  
18          know, let's -- you know, let me do this and,  
19          to your point, cut to the chase.

20                   You know, let me follow up after, you  
21          know, this hearing and figure out a timing of  
22          what we can do about those reports and see  
23          how we can share those. So --

24                   SENATOR SKOUFIS: Okay.



1                   ACTING COMMISSIONER GERTLER:  -- that  
2                   should be -- that should be soon.  I -- I --  
3                   so we can follow up on that.

4                   SENATOR SKOUFIS:  Okay.  My time has  
5                   expired.  Thank you.

6                   CHAIRWOMAN KRUEGER:  Thank you.  
7                   Assembly?

8                   CHAIRWOMAN WEINSTEIN:  Yes, I think we  
9                   are now going on to members for three  
10                  minutes.  Assemblywoman Rajkumar.

11                  ACTING COMMISSIONER GERTLER:  I'm  
12                  sorry, I can't hear anything if anybody's  
13                  talking.  I apologize.

14                  CHAIRWOMAN KRUEGER:  Nobody's talking  
15                  yet.  We're looking.

16                  CHAIRWOMAN WEINSTEIN:  We're looking  
17                  for her.  If she's not here, why don't we go  
18                  to Assemblyman Stern.

19                  THE MODERATOR:  She's here.  She's  
20                  coming on, I do believe.

21                  CHAIRWOMAN WEINSTEIN:  Okay.

22                  ASSEMBLYWOMAN RAJKUMAR:  Hi, I'm here.

23                  ACTING COMMISSIONER GERTLER:  Here we  
24                  go.

1                   ASSEMBLYWOMAN RAJKUMAR: Thank you.  
2                   Pardon my video.

3                   Good morning, Commissioner Gertler,  
4                   and thank you for your efforts to help the  
5                   New York economy rebound from this pandemic.

6                   I have three questions, I'll ask them  
7                   all quickly. First is on ESD's issuing of  
8                   cash grants. Given our enormous budget  
9                   challenges right now, and so many health and  
10                  human services needs, I'm curious why ESD  
11                  still gives cash grants to some private  
12                  businesses. Wouldn't it be better, instead  
13                  of cash grants, to offer job tax credits?  
14                  Which I know you call Excelsior Job Credits.

15                  Cash is tight right now, and needs are  
16                  great, and Excelsior tax credits are pay for  
17                  performance, so don't drain cash in the  
18                  short-term. I'm curious to hear your expert  
19                  thinking on the matter.

20                  My second question is on the  
21                  representation of South Asian Americans in  
22                  the MWBE programs. South Asians comprise a  
23                  large chunk of my constituency. They include  
24                  people from the Indian subcontinent as well

1 as Indo-Caribbeans from Guyana and Trinidad.

2 Is ESD committed to ensuring that MWBE  
3 programs are available across the spectrum of  
4 minority communities, including for the South  
5 Asian communities that make up such a vital  
6 part of my district?

7 And finally, does ESD have any role in  
8 supporting any community college workforce  
9 development initiatives in Queens?

10 Thank you.

11 ACTING COMMISSIONER GERTLER: Great.  
12 Thank you. I'm just running down those  
13 questions.

14 I'm going to also turn to my  
15 colleague, you know, Kevin Younis to also  
16 focus on some of those questions.

17 So let me start first, you know, with  
18 your first question, which is an important  
19 part of what we do in terms of economic  
20 development. Clearly we use the Excelsior  
21 tax credits as -- in multiple ways. That is  
22 an important part of our program when we look  
23 to attract businesses, you know, to New York,  
24 for example.

1                   And those are performance-based. When  
2                   we do -- when we do grants, those grants,  
3                   don't forget, also have clawbacks. We make  
4                   sure -- and I think this is the key to which  
5                   we do -- in which we do business development,  
6                   that -- and by the way, those grants also go  
7                   to, you know, nonprofits. They're  
8                   performance-based. If the grants do not --  
9                   if those that are awarded the grants do not  
10                  do what they're supposed to do, they get  
11                  clawed back.

12                 The same thing with the Excelsior tax  
13                 credits. They only get awarded once they  
14                 achieve the -- you know, it's tied to the  
15                 performance. And that's -- you know, and  
16                 that is absolutely critical.

17                 I think in the interests of time, what  
18                 I can do is follow up on the other two  
19                 questions. I certainly don't want to not  
20                 answer those. But what I will do is I'll  
21                 have my office come back to respond to the  
22                 other two to you. I apologize.

23                 ASSEMBLYWOMAN RAJKUMAR: That would be  
24                 great, thank you.

1                   ACTING COMMISSIONER GERTLER: Thank  
2                   you.

3                   CHAIRWOMAN WEINSTEIN: To the Senate.

4                   CHAIRWOMAN KRUEGER: Thank you.

5                   We've been joined by Senator Roxanne  
6                   Persaud and Senator Sean Ryan. But the next  
7                   questioner is Senator Borrello.

8                   There you are, George.

9                   SENATOR BORRELLO: Okay, thank you  
10                  very much, Madam Chair.

11                  Commissioner, thanks for being here  
12                  today.

13                  Let me start off by saying thank you  
14                  for -- during the beginning of the pandemic,  
15                  when we had the lockdown, I can tell you that  
16                  I worked closely with Empire State  
17                  Development in the Western New York region,  
18                  and they did a fantastic job helping  
19                  businesses to figure out, you know, their  
20                  reopening and if they qualify.

21                  When I was previously county executive  
22                  of Chautauqua County, I was also a member of  
23                  the REDC, and I appreciate the work that's  
24                  done there. Which leads me to my question.

1           You know, I think that -- and I don't  
2           really know if anybody asked this before; I  
3           don't think so. We're looking at the CFAs  
4           and what the status is right now. I know it  
5           basically has been more or less on pause. I  
6           have many businesses and many organizations  
7           asking me about the CFAs. So if you could  
8           give us an update on what the status is.

9           ACTING COMMISSIONER GERTLER: Great.  
10          Thank you. I will say very quickly -- I'm  
11          going to turn this over to Kevin Younis --  
12          but, you know, I'm proud of the work that our  
13          team in Western New York continues to do and  
14          the work they continue to focus on there.

15          But in the interests of time, Kevin  
16          Younis, can you please respond to the CFA  
17          question?

18          ESD COO YOUNIS: I sure can. Thanks,  
19          Eric. Thanks, Assemblyman {sic}.

20          I think, pretty simply, we expect to  
21          have the round of REDCs open this year again,  
22          you know, with the full 750 that we typically  
23          do.

24          SENATOR BORRELLO: Okay. So in a

1 similar timing, a similar, you know, time  
2 frame so we can have an idea when?

3 ESD COO YOUNIS: Yeah, I -- you know,  
4 obviously, given COVID, anything can change.  
5 But I think our expectation is somewhere --  
6 is similar to the same process we've done in  
7 past years, timing and anything else.

8 SENATOR BORRELLO: Okay. All right.  
9 Well, that's a relief --

10 ESD COO YOUNIS: The focus will be a  
11 lot more on the COVID recovery, we would  
12 expect, in terms of available resources. But  
13 yes.

14 SENATOR BORRELLO: Yeah. Well,  
15 absolutely. And certainly I think we all  
16 know that the hospitality industry has been  
17 hard-hit, and that would certainly be an  
18 important focus.

19 You know, and I do -- I will, just in  
20 my remaining time here, Commissioner, I will  
21 take you to task on one thing. You mentioned  
22 that the reason that broadband is not  
23 expanding is because businesses don't want to  
24 do it. And I would strongly encourage you to

1 look at and speak with broadband providers.  
2 The tax on fiber has dramatically decreased  
3 and even killed some projects. We've got the  
4 DOT that's charging a fee to -- or requiring  
5 companies to re-survey the same areas just to  
6 run fiber on existing poles.

7 So I would ask you, and I've brought  
8 this up many times before -- ask you to look  
9 at what New York State is doing to  
10 unfortunately, you know, hamper the expansion  
11 of broadband, particularly in rural areas.  
12 You know, right now my opinion of the  
13 expansion of broadband in our rural areas are  
14 self-inflicted wounds. And I would strongly  
15 encourage you to help look at how we can  
16 solve that.

17 So thank you.

18 CHAIRWOMAN KRUEGER: Thank you.

19 Assembly.

20 CHAIRWOMAN WEINSTEIN: We go to  
21 Assemblyman Stern.

22 ASSEMBLYMAN STERN: Yes. I'm on?  
23 Thank you.

24 ACTING COMMISSIONER GERTLER: There we



1 go.

2 ASSEMBLYMAN STERN: Thank you. Thank  
3 you, Madam Chair. Thank you, Commissioner.

4 Like many of my colleagues from both  
5 the Assembly and the Senate, I'm very  
6 concerned about the CATs and COEs. So  
7 currently CATs are awarded a 10-year  
8 designation and in two years, under the  
9 Governor's proposal, there would be 14  
10 10-year contracts awarded to the new CATs.

11 So I understand the balance that we're  
12 trying to strike between competition and  
13 continuity under this proposal. But is there  
14 a concern that if these awards are going to  
15 be made at substantially the same time for a  
16 10-year period, that we might actually be  
17 reducing competition?

18 I'd like to get your thoughts on that,  
19 Commissioner, and then also lend my voice  
20 again to my colleagues' in support of the  
21 CATs and COEs. We've seen that this is a  
22 demonstrably, quantifiably successful  
23 program, exactly the kind of program that we  
24 should be supporting, not cutting, as we come

1 out of the pandemic to build back better.

2 Thank you.

3 ACTING COMMISSIONER GERTLER: Sure.

4 No, I appreciate that. And given I've, you  
5 know, talked quite a bit about the CATs, you  
6 know, COEs discussion, I'm going to have  
7 Pravina Raghavan, who heads our small  
8 business, I'm going to have her address that  
9 comment in terms of how we do the competitive  
10 nature after the two-year designation.

11 ESD EVP RAGHAVAN: Thank you,  
12 Commissioner Gertler.

13 Thank you, Assemblyman.

14 I understand the concern. We do not  
15 look to eliminate COEs or the number, so I  
16 just want to make sure. We also know that  
17 those are areas that we need to focus on from  
18 a technology perspective. And so the  
19 competition, as we do for the CATs, many get  
20 redesignated easily because it is areas that  
21 we are creating jobs and thriving in the  
22 economy. We do not expect that to be a  
23 problem in the two years.

24 But it also gives us time to sit there

1           and see if there's a different face and work  
2           with them to see the competition process. So  
3           it would be similar to what we do, which is  
4           an RFP. We don't have all the CATs compete  
5           at the exact same time as well. There is a  
6           rotation to make sure that they're evenly  
7           distributed, between two to four per year,  
8           usually, in non-COVID years.

9           ASSEMBLYMAN STERN: Very good. Thank  
10          you.

11          ACTING COMMISSIONER GERTLER: Thank  
12          you.

13          CHAIRWOMAN WEINSTEIN: Back to the  
14          Senate.

15          CHAIRWOMAN KRUEGER: Okay, thank you.  
16          Senator Sean Ryan, Buffalo.

17          SENATOR RYAN: Thank you very much.  
18          Good morning, everybody.

19          I would echo the comments of other  
20          people from Western New York that ESD did a  
21          great job early in the pandemic of really  
22          being clear and concise with local  
23          businesses, especially in the manufacturing  
24          field, to make sure those essential supply

1 chain businesses stayed open. So, you know,  
2 kudos on that.

3 ACTING COMMISSIONER GERTLER: Thank  
4 you.

5 SENATOR RYAN: I'm also going to, you  
6 know, echo the other comments, Commissioner,  
7 which is that, you know, I know we rely on  
8 the REDCs, which I think's a good idea to get  
9 these regionally flavored economic plans.

10 But it kind of -- you know, that  
11 theory flies in the face of getting rid of  
12 the CATs and the COEs, because those are  
13 specifically regionally based. And I bet  
14 that the REDCs really weren't consulted about  
15 whether they think we should get --  
16 consolidate, you know, lop a lot of them off,  
17 because I think they're a vital part of each  
18 different region's economic development plan.

19 So did you consult with all the REDCs  
20 before we made this proposal?

21 ACTING COMMISSIONER GERTLER: So, you  
22 know, again, as earlier in the hearing -- and  
23 I'm going to have Pravina talk. You know,  
24 Pravina discussed all the different ways that

1       we had outreached to members of the community  
2       regarding the CATs and COEs. And as I said,  
3       last year this was a proposal that we brought  
4       up, there was, you know, some -- you know,  
5       some feedback, which is why we changed it to  
6       a two-year designation.

7               But, Pravina, perhaps you can also  
8       discuss, you know, some of the discussions  
9       you've had with the REDCs and some of the  
10      other community members on the reasons for  
11      the change.

12             ESD EVP RAGHAVAN:   Yup.

13             And first I'd just like to say that we  
14      are not getting rid of any CATs or COEs, or  
15      eliminating any. It would be the exact same  
16      number. I understand that we're moving one  
17      program into another, so there is a  
18      confusion, but there will be none gotten rid  
19      of. And we're not reducing the number  
20      either.

21             So we have done outreach, both with  
22      the communities as well as the universities,  
23      as private stakeholders who use the network,  
24      to ensure that we had a seamless transition.

1           Once again, the reason we are doing this is  
2           to ensure that we have the upcoming --  
3           supporting the right technology to increase  
4           both jobs regionally but also across the  
5           state, as well as making sure that we have a  
6           long tail to make some of this technology  
7           prevail. And as I said, the CATs are 10  
8           years, and so that is what we've been doing.

9           But we have been working with the  
10          communities when we've been looking at these  
11          proposals, as requested last year.

12          SENATOR RYAN: Sure. Well, I hope you  
13          keep open ears to the feedback that you're  
14          getting today, which is pretty uniform.

15          And as I'm running out of time, I  
16          would like at some point to get an update on  
17          the Tesla gigafactory in Buffalo and how that  
18          is recovering from the pandemic, and how  
19          we're going to, you know, put the new job  
20          measurement rules in place now post-pandemic.

21          So, Commissioner, if we can do that  
22          offline, I would appreciate it.

23          ACTING COMMISSIONER GERTLER: Of  
24          course. I will make sure that we follow up

1 with you, sir, after this hearing.

2 SENATOR RYAN: Thank you very much.

3 ACTING COMMISSIONER GERTLER: Thank  
4 you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Assembly.

7 CHAIRWOMAN WEINSTEIN: Yes, so we go  
8 to Assemblyman Byrne, for three minutes.

9 ASSEMBLYMAN BYRNE: Thank you,  
10 Commissioner. I'm sorry I have to jump on  
11 and off, because we have separate committee  
12 meetings, so I don't want to be overly  
13 redundant with some of my colleagues'  
14 questions that I think were already asked.

15 But I do have another question or at  
16 least a follow-up regarding the Restaurant  
17 Return to Work Tax Credit. My understanding  
18 is it's restricted to places that had Orange  
19 and Red Zone declarations. My question would  
20 be, you know, these restaurants all  
21 throughout our state have been hit hard by  
22 the state shutdowns, and the state was sole  
23 real decider in determining who could  
24 operate, what phases they could operate for

1 outdoor and indoor dining, et cetera.

2 So why are we having this distinction  
3 for this tax credit for Orange and Red Zone  
4 areas only?

5 ACTING COMMISSIONER GERTLER: Yeah.  
6 You know, we -- you know, I certainly  
7 understand that restaurants throughout the  
8 state, businesses throughout the state were  
9 affected by COVID.

10 You know, it wasn't the -- you know,  
11 the state made the decisions in terms of, you  
12 know, the numbers and the percentages. But  
13 we didn't make the decision to have a global  
14 pandemic hit New York State. And so, you  
15 know, this has been a crisis that has been a  
16 global and public health crisis coincided  
17 with an economic crisis, and we've had to  
18 make sure that we are protecting the safety  
19 and health of New Yorkers.

20 Now, because it's also been an  
21 economic crisis, it's also been -- you know,  
22 there's also fiscal challenges. And so we've  
23 had to think about what are the most -- you  
24 know, perhaps the best focus in terms of



1           restarting the restaurant industry.

2                       We know -- I've talked to restaurant  
3 owners around the state; we know that, you  
4 know, restaurants have been hurt. What we've  
5 been trying to do is -- given the fiscal  
6 constraints, is focus on those that had the  
7 additional restrictions imposed on them --  
8 the restaurants that were closed down, like  
9 in New York City, or those that were in  
10 Orange and Red Zones.

11                      And so, you know, it's a \$50 million  
12 fund. And, you know, to ensure that that --  
13 you know, that money was -- you know, that we  
14 were able to provide to restaurants, we were  
15 looking at those that had the additional  
16 restrictions.

17                      Now, that --

18                      ASSEMBLYMAN BYRNE: Commissioner, I'm  
19 running out of time. I have less than  
20 30 seconds left. So I'm not, you know,  
21 attributing a global pandemic to your  
22 department, so I hope you don't interpret my  
23 question that way. And I understand the  
24 state had to make restrictions.

1                   But, you know, often in state  
2                   government we get in this mode of picking  
3                   winners and losers, and unfortunately this  
4                   has kind of highlighted that and, you know,  
5                   there's been negative effects on people  
6                   throughout the state, not just in those  
7                   areas. We want to help everybody.

8                   So I just wanted to highlight that  
9                   distinction. So I hope we get some more  
10                  assistance to those restaurants as well.

11                  Thank you, Mr. Commissioner.

12                  ACTING COMMISSIONER GERTLER: Thank  
13                  you.

14                  CHAIRWOMAN WEINSTEIN: Before we go to  
15                  the Senate, Assemblyman Santabarbara has  
16                  actually been with us for quite a while, and  
17                  I neglected to announce him.

18                  Now we go to the Senate.

19                  CHAIRWOMAN KRUEGER: Nice to see you,  
20                  Assemblymember Santabarbara. You know, the  
21                  squares are so small, your best friend can be  
22                  staring at you and you're not sure who's on  
23                  the screen with you today.

24                  I'm going to take this time for

1           myself, thank you.

2                       So we had had a little conversation  
3           before today, and I asked you about the  
4           program where the Governor took \$175 million  
5           from various parts of the state budget and  
6           merged them into one to cover worker  
7           retraining and employment programs. You were  
8           going to get me the master list, I think, of  
9           how that \$175 million is being spent  
10          annually.

11                      I don't know whether you've had a  
12          chance to put that together yet. I looked  
13          online and I could not find that anywhere.

14                      ACTING COMMISSIONER GERTLER: I have  
15          some of the information here in our office.  
16          We'll send you that information, Chairwoman.

17                      CHAIRWOMAN KRUEGER: Great. And we'll  
18          share it with everyone, because I think  
19          everyone is very interested. Sometimes we  
20          forget, we start new programs and then nobody  
21          ever goes and takes a look and sees how  
22          they're doing. And certainly this is a time  
23          when we need to be smartly investing our  
24          funds that are for specific mandated

1 purposes, such as getting people ready to  
2 enter the labor market -- or the new labor  
3 market that will be evolving out of this  
4 pandemic moosh we are in.

5 On that note, can you also explain to  
6 me -- it's Part AA in the TEDE bill, and it  
7 reopens the Brownfields Development Grants  
8 for companies who applied back either in 2010  
9 or earlier than 2010, so it's been over  
10 11 years. It's been companies who already  
11 got the first part of the grant, which was  
12 money for the remediation of the actual  
13 brownfields pollution, but have not gotten  
14 the economic development portion, I guess  
15 because they never built or completed  
16 building something.

17 But we realized many years ago this  
18 was too generous a program, and we changed  
19 the rules of the road. So why suddenly would  
20 we in 2021 be reopening this program to  
21 people who had applied before 2010, I believe  
22 was the year. So I'd love a list of who's  
23 going to be eligible and how much money you  
24 think that's going to cost the state.

1                   ACTING COMMISSIONER GERTLER:   Okay.  
2                   You know, for -- as I understand on the  
3                   proposed Brownfield Tax Credit extension,  
4                   it's to extend those where their period was  
5                   set to expire from March 30, 2020, through  
6                   the end of this year.   And it was a two-year  
7                   extension.

8                   That being the case, we will provide  
9                   to your office answers to the questions that  
10                  you want on the Brownfield Tax Credits.

11                  Kevin Younis, is there anything else  
12                  you want to add to that?

13                  ESD COO YOUNIS:   Yes, thanks, Eric.

14                  Senator, this was solely related --  
15                  the intent was solely related to COVID.   So  
16                  in many instances folks were in the middle of  
17                  projects where they would have qualified for  
18                  work expenditures and had to stop.   So this  
19                  was just in recognition of getting -- for  
20                  folks who otherwise would have been eligible  
21                  for expenditures in work had COVID not  
22                  stopped their project, and this allows them  
23                  really to be eligible for what that would  
24                  have been for.

1                   CHAIRWOMAN KRUEGER: So, Kevin, is it  
2                   normal that under this program it can be  
3                   10 years later and it's still not completed?

4                   ESD COO YOUNIS: I think so, yeah. If  
5                   that is the current time frame that --  
6                   that -- at least for those getting into the  
7                   program, you know, 10 years ago, they had  
8                   that amount of time to do the projects.

9                   CHAIRWOMAN KRUEGER: Okay. So yes,  
10                  I'd be very interested in seeing that.

11                  Then really growing out of much of the  
12                  conversation today with people asking about  
13                  different programs, some that got delayed for  
14                  last year and are being asked to be  
15                  restarted, some that seem like they're not  
16                  going to have enough money to keep going even  
17                  though people are raving about them -- do we  
18                  ever take a look at and say we've tried an  
19                  awful lot of different models of economic  
20                  development in New York State, here are the  
21                  ones that worked and here are the ones that  
22                  didn't work?

23                  Do we have a list of like our 10 best  
24                  and our 10 worst? I think we can learn a lot

1 from them.

2 ACTING COMMISSIONER GERTLER: You  
3 know, it's a great question, Chairwoman.

4 We certainly go through our programs  
5 on a regular basis. You know, we go through  
6 and continuously look at, you know, our  
7 programs, we're looking at the effectiveness  
8 of them. You know, we will -- as I said, in  
9 a matter of weeks we will release our  
10 database of incentives, you'll be able to  
11 track, you know, those programs. You know,  
12 that will be searchable, downloadable, we'll  
13 be updating that quarterly.

14 Certainly on the REDCs we provide, you  
15 know, the statistics of how those programs  
16 are doing.

17 So we're constantly, you know,  
18 measuring it. We're certainly accountable to  
19 all the public dollars. So, you know, that  
20 is an important part of what -- you know,  
21 what we do. I can tell you that certainly  
22 90 percent of our projects meet the  
23 performance levels that we've set. We do  
24 cost-benefit analysis on every single

1           program.

2                   You know, Kevin, do you want to, you  
3           know, add to anything that I've said?

4                   ESD COO YOUNIS:  No, Eric -- the only  
5           thing I would add, Senator, is I think you --  
6           the challenge -- right, we do -- we want to  
7           make sure we're focusing on the best  
8           programs.

9                   The nature of what we do, as you know  
10          very well, is what is economic development  
11          and what is success.  And so different  
12          programs do different things.  And there's  
13          just so many, from MWBEs to film to  
14          Excelsior, you know, it's just -- different  
15          programs have different measures, and it's  
16          hard sometimes to put them all in one bucket  
17          and say which -- just different metrics,  
18          right?  And so it's hard sometimes to say  
19          this one's better than that, because they  
20          just -- their goals are different.

21                  CHAIRWOMAN KRUEGER:  I would agree,  
22          although then I would probably modify my  
23          question:  Give me the top five goals, and  
24          then give me the top 10 best and worst within



1           each parameter. Because you're right, there  
2           are different goals for different programs.

3                   But surely it shouldn't be that hard  
4           for us to be able to come up with --  
5           particularly because you're talking about  
6           having metrics -- the list of the best and  
7           the worst. Because I can certainly think of  
8           a few of the worst.

9                   But I'm not sure we ever do look at  
10          them that way, and I think it's really  
11          valuable each year to be taking a look at  
12          what we did put our money into and say, you  
13          know, we tried, that was worth a try, not a  
14          good model, versus, Wow, look at what we got  
15          out of this one, we should be replicating  
16          that, we should be, you know, celebrating  
17          that one and encouraging that.

18                  So that's just a suggestion, but I  
19          think it would be really valuable.

20                  ACTING COMMISSIONER GERTLER: Well,  
21          you know -- and thank you for that  
22          suggestion. I can just assure you that with  
23          every program that we have, we are going  
24          back, we're measuring ourselves against

1 the -- you know, against the performance of  
2 each of those, against those goals.

3 And as Kevin rightly pointed out, you  
4 know, it's just different if it's part of an  
5 economic development program versus an MWBE  
6 program versus a job attraction versus a park  
7 related to something.

8 So -- but, you know, we're happy to  
9 and I'm certainly happy to have that  
10 conversation with you after the hearing and  
11 show you some of the different metrics that  
12 we use as part of all of those different  
13 types of programs.

14 CHAIRWOMAN KRUEGER: And I appreciate  
15 that, and I know, you know, we're all  
16 "New York Strong" and we think we do the best  
17 ever of anyone. But I know that in national  
18 studies we come out pretty low on how much  
19 money we spend on economic development  
20 without getting return for our money.

21 So I really do think it's not just a  
22 hypothetical, it's worth a serious look in  
23 New York State as to how much of our taxpayer  
24 dollars we're putting into programs that we

1 claim exist so that we can create new  
2 economic activity and new job opportunities  
3 for the State of New York. And I'm just not  
4 sure that if we take a hard look, we're going  
5 to be so happy with the results. But the  
6 fact is if we don't take a hard look, we're  
7 not going to learn from the mistakes we've  
8 made either.

9 And on that note, Opportunity Zones, a  
10 Trump administration model that has been  
11 written up almost on a national level as what  
12 will prove to be a very expensive and useless  
13 program. It's a federal program, I get it,  
14 and we were told, come up with I guess  
15 geocoded maps of what areas would fit the  
16 qualifications. And I'm not sure what's  
17 happened since. But I'm very worried about  
18 the State of New York using up its tax  
19 dollars on this program, which pretty much  
20 everyone I believe in economics thinks was a  
21 scandal waiting to have the story written.

22 So what do we know about Opportunity  
23 Zones right now?

24 ACTING COMMISSIONER GERTLER: Yeah,

1           just, you know, very quickly. ESD's role was  
2           to -- in partnership with our sister agency,  
3           HCR, we designated, you know, the zones. It  
4           is a federal program. Actually, Pravina led  
5           those efforts at ESD so, you know, she can  
6           provide even more detail.

7                   CHAIRWOMAN KRUEGER: And yet she will  
8           have to do so by reaching out to me after  
9           this hearing, because my clock is at zero, so  
10          I'm not allowed to let her answer now.

11                   But you'll follow up with me, right?

12                   ACTING COMMISSIONER GERTLER: We  
13          absolutely -- we absolutely will.

14                   CHAIRWOMAN KRUEGER: Thank you.

15                   ACTING COMMISSIONER GERTLER: Thank  
16          you.

17                   CHAIRWOMAN KRUEGER: Assembly.

18                   CHAIRWOMAN WEINSTEIN: Next we have  
19          Assemblywoman Buttenschon, three minutes.

20                   ASSEMBLYWOMAN BUTTENSCHON: Thank you,  
21          Chair. And thank you, Commissioner, for  
22          being here today.

23                   I want to support the comments of  
24          Chair Stirpe regarding small business needs

1           and including those owners on our REDC teams,  
2           as well as Chair Otis's comments about the  
3           importance of reviewing innovative thinking  
4           that may come from other states.

5                     I want to thank your regional staff  
6           for the support with Cree and currently with  
7           Remington Arms and the new Roundhill company,  
8           as we see in Ilion, New York. This is so  
9           important. And I'll talk further offline  
10          with you.

11                    As ESD provides assistance and  
12          guidance to build back and reopen our  
13          businesses, the Governor makes information  
14          public through press conferences and then it  
15          appears there's a lag of when your office has  
16          this information to bring to our businesses.  
17          Our businesses are eager to open and want  
18          clarity on this. I wanted to know if you're  
19          aware of this and if you see a way to remedy  
20          it.

21                    My second question: Many of my  
22          colleagues discussed broadband concerns, and  
23          I do concur with them. However, you did  
24          mention the \$15 a month program, and I'm

1           wondering if there's any compensation for our  
2           small internet businesses, as they will be  
3           offering a reduction to their customers and  
4           who will be able to pick up that difference?

5                     And finally, I am still hearing from  
6           our minority and women-owned businesses that  
7           put in timely applications, and they find  
8           that the process is still quite lengthy and  
9           the turnaround is still very slow. I wanted  
10          to know if you're aware of it and if you have  
11          any remedies for this.

12                    Thank you.

13                    ACTING COMMISSIONER GERTLER: Great.  
14          Thank you for those questions.

15                    Let me see, let me start with the last  
16          question first on the MWBEs. And we're  
17          certainly, you know, constantly in touch with  
18          all of our applicants. We have emphasized  
19          streamlining the application and making it  
20          much easier to complete. In fact, we've  
21          streamlined it by 30 percent.

22                    What we've also done is we've also  
23          done outreach with third parties to help to  
24          complete that application so that when it

1 comes in, there's much less back and forth of  
2 going through that. You know, clearly that  
3 program has had, you know, a great deal of  
4 success, I've cited the numbers --

5 ASSEMBLYWOMAN BUTTENSCHON: Yes, you  
6 have, and thank you for that information.  
7 But I want to say that I'm still hearing that  
8 there's problems. So thank you.

9 ACTING COMMISSIONER GERTLER: Okay.  
10 Okay. Well, you know, we continue to look  
11 for ways to improve the process. We've done  
12 a number of different things recently to  
13 improve it, as I said -- streamlining it,  
14 adding staff, using third parties. It's an  
15 important part of what we do.

16 We emphasize the work that we do at  
17 MWBE, and we'll continue to look for ways to  
18 respond. I apologize, I'm out of time. I'm  
19 happy to talk to you afterwards about the  
20 information flow and about the broadband.

21 Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.

23 Senate, do you have any more?

24 CHAIRWOMAN KRUEGER: I'm looking, and

1 I do not think we do. So I think, Assembly,  
2 you should just make a run for it here.

3 CHAIRWOMAN WEINSTEIN: We will, we  
4 have about a dozen members, so we'll just go  
5 through the list. And, Senator Krueger, you  
6 can stretch your legs for a few minutes.

7 So next we have Assemblyman Rodriguez.  
8 Robert?

9 ASSEMBLYMAN RODRIGUEZ: Great. Can  
10 you hear me? Great. Thank you, President.

11 So I want to focus on a couple of  
12 questions. Of the \$100 million New York  
13 Forward Loan Program, how much of that has  
14 been deployed and how much is left, at this  
15 point?

16 ACTING COMMISSIONER GERTLER: So the  
17 New York Forward Loan Fund was put together  
18 during the height of COVID. So let's just  
19 provide some context. That was at a time  
20 when many of the small businesses and many of  
21 the MWBE businesses were unable to -- you  
22 know, to access any source of -- any source  
23 of funds. And so what we put together was a  
24 \$100 million fund and -- you know, of which



1           the state had \$20 million in loan loss  
2           reserves.

3                     At this point I would say that it's  
4           about -- just slightly under \$40 million has  
5           gone out the door. There's about \$60 million  
6           still to be deployed.

7                     What I might also note -- and this has  
8           been -- you know, this was a goal of the fund  
9           and one of the reasons for developing this  
10          fund. Almost 66 -- two-thirds of the money  
11          have gone to MWBE firms. And that was  
12          critical because the whole point of that was  
13          to help companies, particularly MWBEs, that  
14          were having trouble accessing traditional  
15          capital sources.

16                    So, you know, we're very pleased with  
17          the percentage of money that's going to  
18          MWBE firms.

19                    ASSEMBLYMAN RODRIGUEZ: Okay. Well, I  
20          certainly echo my colleagues' concerns about  
21          the cut to the MWBE resources, but I don't  
22          want to spend any more time on that issue, I  
23          think you've gotten the message on that.

24                    ACTING COMMISSIONER GERTLER: Sure.

1                   ASSEMBLYMAN RODRIGUEZ: I want to  
2                   focus the rest of my time on the restaurant  
3                   initiatives, and speaking specifically about  
4                   a program that I've brought forward to the  
5                   Executive that I think is an important model,  
6                   going on the Senator's comments about models  
7                   that work.

8                   We have seen, in places like East  
9                   Harlem, the five boroughs, things like  
10                  the World Central Kitchen, where we're able  
11                  to support restaurants to deal with food  
12                  insecurity. That actually is a model that  
13                  will helps the restaurants be able to ramp up  
14                  capacity, provide meals for places that are  
15                  food-insecure.

16                 You know, that, coupled with on  
17                 February 2nd President Biden passed an  
18                 executive order to allow the FEMA cost share  
19                 for those programs that deal with food  
20                 insecurity and restaurants to allow them to  
21                 support -- to cover 100 percent of the costs  
22                 associated with this program.

23                 So I think there's an opportunity.  
24                 We've made the ask of -- you know, that

1           \$25 million be allocated to help our  
2           restaurants be able to get back on their  
3           feet, hire and deal with the food insecurity  
4           that's occurring here, separate from the tax  
5           credit program.

6           So I wanted to bring that to your  
7           attention, and hopefully it's something that  
8           you can pursue immediately, knowing that  
9           there's an opportunity for FEMA support  
10          through SNAP to help this program, you know,  
11          help restaurants today.

12          ACTING COMMISSIONER GERTLER: Thank  
13          you for bringing that to my attention. I  
14          appreciate that.

15          CHAIRWOMAN WEINSTEIN: Thank you.

16          Now we go to Assemblywoman Griffin.

17          Is Judy there?

18          THE MODERATOR: She might be having a  
19          little trouble. We can probably come back to  
20          her.

21          CHAIRWOMAN WEINSTEIN: Okay. So I  
22          know a number of people have committee  
23          meetings also.

24          So we go to Assemblywoman Gallagher.

1 ASSEMBLYWOMAN GALLAGHER: Okay. Can  
2 you see me and hear me?

3 CHAIRWOMAN WEINSTEIN: Yes, we can.

4 ACTING COMMISSIONER GERTLER: I can.

5 ASSEMBLYWOMAN GALLAGHER: Okay, great.

6 Thank you so much for taking my  
7 question. I know you've had quite a few  
8 questions on commercial rent debt and the  
9 crisis confronting small businesses, but I do  
10 want to drill down on it since it's a crucial  
11 part of restoring our local economies. Even  
12 before the pandemic, commercial rents in  
13 New York City were astronomical, artificially  
14 inflated by commercial mortgages that require  
15 minimum rents, which are then further  
16 distorted by those mortgages that are  
17 securitized and traded by financial  
18 institutions.

19 The result is high-rent blight, and  
20 you could see it in vacant storefronts all  
21 across the city even before the shutdown last  
22 year.

23 Here in the 50th Assembly District  
24 we've lost more than a hundred small

1 storefront businesses, and many more are  
2 hanging on by a thread. I continue to be  
3 concerned that there's nothing that's been  
4 laid out here today or in the Governor's  
5 Executive Budget to propose to meet the scale  
6 of this crisis. But there are some ideas out  
7 there that I think could help and that I'm  
8 hoping you can respond to.

9 Would Empire State Development support  
10 legislation or policies that would void  
11 minimum rent terms in existing future  
12 commercial mortgages? And would your  
13 department support the imposition of  
14 graduated vacancy taxes for landlords that  
15 sit on vacant storefronts for extended  
16 periods of time?

17 ACTING COMMISSIONER GERTLER: You  
18 know, thank you for those questions.

19 Let me tell you what we have been  
20 focused on at ESD. I think the question  
21 of -- that you bring up of, in a sense,  
22 mortgage regulation, I think that's, you  
23 know, a question that, you know, my  
24 colleagues at Department of Financial

1 Services are more expert at responding to.

2 I will tell you that, you know, we  
3 have put forth a number of different  
4 important, you know, proposals and programs  
5 to help in this case. As you know, the  
6 Governor extended the commercial eviction  
7 moratorium. That's been critical at a time  
8 when we know so many businesses are  
9 struggling.

10 We also had the New York Forward Small  
11 Business Lease Assistance Program to help  
12 small businesses and landlords work out a  
13 mutually beneficial agreement.

14 And we've also had the New York  
15 Forward Loan Fund, which works with both  
16 small businesses and it also works with small  
17 landlords and nonprofits to help in that  
18 situation.

19 I've also been heartened to see that,  
20 you know, a lot of landlords throughout the  
21 city and the state, you know, understand and  
22 recognize the issues here and, you know, the  
23 crisis that we're facing, the way many of  
24 their tenants have struggled. And they have

1 independently worked on resolutions with  
2 their tenants to keep them.

3 So I think there's a lot going on  
4 here, and I think that there's other  
5 questions that are probably better for other  
6 agencies that can give you the detail that  
7 you're looking for. But thank you for those  
8 questions.

9 Thank you.

10 CHAIRWOMAN WEINSTEIN: Is  
11 Assemblywoman Griffin back?

12 THE MODERATOR: Yes, she is here.

13 CHAIRWOMAN WEINSTEIN: Okay, great.

14 ASSEMBLYWOMAN GRIFFIN: (Muted.)

15 THE MODERATOR: We can't hear you.  
16 Try talking while you're muted. No, we still  
17 can't hear you.

18 ACTING COMMISSIONER GERTLER: It says  
19 you're muted. I'm sorry, I don't hear her  
20 question.

21 CHAIRWOMAN WEINSTEIN: Judy, we  
22 can't -- we can't hear you. So it must be --  
23 we can give you a second to figure it out.  
24 Otherwise, we'll move on and -- we have quite

1 a few members -- we'll come back to you.

2 ASSEMBLYWOMAN GRIFFIN: Can you hear  
3 me now?

4 CHAIRWOMAN WEINSTEIN: Yes.

5 ASSEMBLYWOMAN GRIFFIN: Okay, perfect.  
6 Okay, I don't know why that took so long.  
7 Thank you, Chairs. Thank you for your  
8 patience.

9 Good morning, Commissioner Gertler.

10 ACTING COMMISSIONER GERTLER: Good  
11 morning.

12 ASSEMBLYWOMAN GRIFFIN: I represent  
13 southwestern Nassau County, which is full of  
14 struggling businesses which are under 25 and  
15 50 people. Many are restaurants, bars,  
16 florists, small clothing stores, delis,  
17 bakeries, ice cream shops, salons, bowling  
18 alleys, gyms, fitness centers, dance studios  
19 and theaters.

20 These businesses are the heart of each  
21 community I represent, and they really seem  
22 to have been left out of support and  
23 assistance. And, you know, I always hear of  
24 the bigger businesses getting the assistance.



1           And so my question is -- like now I'll just  
2           give you all the questions and see if you  
3           have time to answer them.

4                     Can I expect to see any awards given  
5           out to them in 2021, you know, from either  
6           the -- you know, from any of the programs?  
7           Or is it more likely that -- like from the  
8           REDC awards? Or is it more likely the  
9           Pandemic Recovery and Restart Program would  
10          support them?

11                    I'm also wondering will any funding be  
12          allocated to the Small Business Development  
13          Center in Farmingdale and around these  
14          centers across the state so you could have a  
15          more regional look at this and more regional  
16          help for these businesses in every community  
17          on Long Island and across the state.

18                    Those are my questions. One more, if  
19          you have time, would be I'm really excited  
20          about the Baldwin DRI, it's almost complete.  
21          I'm just wondering what the update is when  
22          we're going to hear the final selection of  
23          projects.

24                    So if you can answer any of those

1           questions, I'd greatly appreciate it.

2           Thank you.

3           ACTING COMMISSIONER GERTLER: Thank  
4           you.

5           Where to begin. But let me start with  
6           our emphasis on small business. You know,  
7           that's critical. I've said it multiple times  
8           during this hearing, but it's worth  
9           repeating: You know, small businesses are  
10          the backbone of this economy. And that is  
11          why we have implemented and have, you know,  
12          many different programs to help small  
13          businesses.

14          So, you know, we know that small  
15          businesses across the state have struggled  
16          during COVID. One of the programs that we  
17          have put forward for small businesses is one  
18          that is a \$50 million recovery program.  
19          That's focused on those that are in the  
20          hardest-hit industries. You mentioned some  
21          of those -- arts and entertainment and  
22          recreation, you know, tourism. And, you  
23          know, those businesses are eligible up to --  
24          it's a \$50 million program and they're

1 eligible up to \$50,000, \$5,000 credits for 10  
2 employees.

3 In the time, what I will just say is  
4 that as part of our, you know, program where  
5 we've used \$7.5 million to help small  
6 businesses -- you know, we supported the  
7 SBDCs through -- I think that's a critical,  
8 you know, part of the ways that we're  
9 helping.

10 And what I'll do, in the interests of  
11 time, is I'll have our Small Business  
12 Division follow up with you with the many  
13 different programs that we have, and we'd be  
14 happy to do so. So thank you.

15 ASSEMBLYWOMAN GRIFFIN: Thank you.

16 CHAIRWOMAN WEINSTEIN: We go to  
17 Assemblyman Jones.

18 ASSEMBLYMAN JONES: Yes. Hello. Hi,  
19 Commissioner, how are you? It's great to be  
20 with you today.

21 ACTING COMMISSIONER GERTLER: Hello,  
22 how are you?

23 ASSEMBLYMAN JONES: Good.

24 I only have a short time, so I'm going

1 to get right in it, get my questions off and  
2 my comments, and hopefully you can answer  
3 them.

4 Broadband, I know it's been brought  
5 up. I apologize, I've been in and out of  
6 Zoom meetings and committee meetings myself.  
7 You know, we talk about all the obstacles and  
8 getting broadband to our rural areas and  
9 actually to everywhere in New York. I heard  
10 you say something about it's no longer a  
11 question of accessibility, it's now  
12 affordability. I tend to be on the -- you  
13 know, I will respectfully disagree with you,  
14 and I can bring you up to the North Country  
15 and take you to some places where we don't  
16 have that accessibility. There's many  
17 reasons for that. I would like to see this  
18 program expanded, extended.

19 You know, our small companies up here  
20 are trying to get our customers hooked up,  
21 but we have many obstacles that New York  
22 State keeps putting in their way. I heard  
23 the DOT tax mentioned in that.

24 My question is, I like the idea of

1           \$15 broadband and \$15 internet service. How  
2           are we going to pay for it? How is -- who is  
3           going to pay for that? I don't see anything,  
4           you know, in the budget that can pay for this  
5           expansive program on that.

6                     My second -- I know MWBEs were  
7           mentioned. I'm sorry, this program is not  
8           working. It's not getting our minority and  
9           women-owned businesses certified, it's just  
10          not. I can tell you horror stories about  
11          people that I know, that women own these  
12          businesses and they can't prove to your  
13          agency that they own these businesses, and  
14          it's heartbreaking. I've heard of couples  
15          actually going to get divorced to try to  
16          prove that the woman owns the company.

17                    Something has to be done. I have one  
18          case in particular -- and I know we can't  
19          talk individual cases here, but where they've  
20          called for three years to the agency. We --  
21          they get ahold of my office, we call them,  
22          they say, Oh, well, we're still investigating  
23          it. They don't get a call back for six  
24          months.

1           I don't know, this program has to  
2           be -- there has to be something done. I can  
3           talk to Kevin about it offline. I'm not a  
4           grandstander, I'm just -- we're very  
5           frustrated with some of these things. So if  
6           you can just, you know, comment -- answer my  
7           first question, comment on my second. I  
8           respectfully do this, we can talk about it  
9           offline, but we need some answers for some of  
10          these women-owned businesses.

11           ACTING COMMISSIONER GERTLER: Sure.  
12          And again, I would be happy, in the interests  
13          of time, to also talk to you offline.

14           You know, with respect to the MWBE  
15          program, you know, I have to say that -- you  
16          know, let's look at the statistics. We,  
17          really truly have a nation-leading program,  
18          29.5 percent participation rate, over  
19          \$3 billion annually. And let's go through  
20          all the ways that we've improved that  
21          program.

22           On broadband, we continue to look for  
23          ways to ensure that we have accessibility,  
24          but we have a 99.9 percent commitment on

1 broadband. We're at 98 percent right now.  
2 And even still, the team is relentless in  
3 finding others ways to continue to ensure  
4 that we have the very best broadband for the  
5 peoples of New York.

6 The example that I cite is that even  
7 though New York State was ruled to be  
8 categorically ineligible for the FCC's Rural  
9 Digital Opportunity Fund, the team at ESD,  
10 with our Washington office, was able to  
11 secure \$100 million to continue our efforts  
12 to ensure that we've got the critical fiber  
13 infrastructure in rural areas around New York  
14 State.

15 So, you know, I want to make sure that  
16 you realize that we are continuing,  
17 notwithstanding the levels of success that we  
18 believe that we've had and the foresight that  
19 the Governor had four or five years ago to  
20 invest \$500 million to ensure that we had  
21 nation-leading broadband -- we are still  
22 continuing to make sure that we deliver the  
23 very best broadband that we can to all the  
24 peoples of New York, and at an affordable

1 rate.

2 ASSEMBLYMAN JONES: Okay, thank you.  
3 I'd love to speak with you offline on a few  
4 of those issues.

5 ACTING COMMISSIONER GERTLER: Thank  
6 you. Of course, sir. Thank you.

7 ASSEMBLYMAN JONES: Thank you.

8 CHAIRWOMAN WEINSTEIN: We go to  
9 Assemblyman Conrad.

10 ASSEMBLYMAN CONRAD: Thank you, Chair.  
11 And thank you, Commissioner, for being  
12 here. I know it's a long day and we're all  
13 hopping around.

14 ACTING COMMISSIONER GERTLER: Thank  
15 you.

16 ASSEMBLYMAN CONRAD: I want to  
17 speak -- first of all, I appreciate your  
18 comments early on about your -- the approach  
19 of bottom-up economic development. I'm a  
20 firm believer in that and making New York  
21 State resilient. I'm a big fan of the  
22 43North start-up in Western New York, as well  
23 as I want to speak about the advocacy for  
24 small businesses my peers have here today.



1           But right now I believe that we're in  
2           a transformational economy. You know, the  
3           COVID crisis has, you know, rapidly pushed  
4           things that maybe were going to be five or  
5           10 years away, from internet sales and so on.

6           But I want to talk particularly about  
7           small business, particularly what we call  
8           gazelles, or Tier 2 companies. I don't know  
9           if you know what I'm referring to, these --  
10          they make up 3 to 5 percent of small  
11          businesses, and they are companies that are  
12          producing things that are scalable and unique  
13          that are going to be exported. And I know  
14          you spoke on that earlier.

15          My question is, what are we doing  
16          right now -- I know that the GRE in Rochester  
17          has a pretty impressive program of economic  
18          gardening: Targeting these companies,  
19          recruiting them, identifying the assets,  
20          creating resource partners for them and  
21          putting together a delivery system to a  
22          targeted audience.

23          My question is -- and I know that  
24          COVID has certainly put, you know, other

1 things on your priority plate. But where are  
2 we in maybe scaling out that type of program  
3 and focusing on these companies and getting  
4 away from what I call these Tier 3 companies,  
5 these big large companies where we kind of do  
6 that trickle-down approach and where they  
7 come in, but they tend to commoditize  
8 wages -- you know, they try to pay as little  
9 as they can.

10 Where are we in shifting from the  
11 Tier 3 to a Tier 2 emphasis?

12 ACTING COMMISSIONER GERTLER: Well,  
13 first let me say that I had not heard of the  
14 concept "gazelles." I have heard of the  
15 concept "unicorns." So I hope if you don't  
16 mind if I actually start to use that concept.

17 (Laughter.)

18 ASSEMBLYMAN CONRAD: Not a problem.

19 ACTING COMMISSIONER GERTLER: So -- so  
20 thank you.

21 ASSEMBLYMAN CONRAD: Mine's not  
22 mythical, though. Mine's not mythical, okay?

23 ACTING COMMISSIONER GERTLER:

24 (Laughing.) Well, we'd like to then -- I'd

1           like to ensure that we see more gazelles and  
2           more unicorns in New York State.

3                     But, you know, be that as it may, just  
4           a few things. We -- and you're absolutely  
5           right, COVID accelerated many of -- many  
6           aspects of our economy, whether it's been the  
7           inequities and the disparate effects that  
8           it's had on small businesses, or it's forced  
9           companies to deal with the digital realities  
10          of -- that they face as a business.

11                    So, you know, in no priority, there  
12          are so many things that we do in this area,  
13          so many different resources. During COVID we  
14          did initiate a program called Empire State  
15          Digital, which is a series of partners to  
16          help small businesses be able to start to be  
17          more digital-fluent, be able to do more, you  
18          know, online, have a digital presence.

19                    And then very quickly, in the  
20          interests of time, we use many of our centers  
21          around the state that help small and medium  
22          and even large businesses. We have our  
23          manufacturing extension partnerships, and  
24          certainly we use economic incentives. So

1           there's a whole range of tools that we use.

2                     But happy to talk to you offline about  
3           that as well. And thank you for sharing the  
4           expression "gazelles."

5                     ASSEMBLYMAN CONRAD: You're welcome.

6                     ACTING COMMISSIONER GERTLER:

7           (Laughing.)

8                     ASSEMBLYMAN CONRAD: Thank you.

9                     CHAIRWOMAN WEINSTEIN: So we go to  
10          Assemblywoman Giglio.

11                    ASSEMBLYMAN GIGLIO: Yes, hi. I just  
12          have a question about the -- there's a bill  
13          that's being proposed right now, it is  
14          Bill Number A3190, which has \$500 million, is  
15          what I'm being told, so that commercial  
16          property owners that have small businesses  
17          that rent from them can access some of that  
18          funding to offset the rental costs or the  
19          rental lease dollar amount.

20                    So I'm wondering if that's funded, the  
21          \$500 million, in support of this bill to keep  
22          our Main Streets alive.

23                    ACTING COMMISSIONER GERTLER: I  
24          apologize, I'm not familiar. That may not be

1           an ESD initiative, so I -- Kevin, are you  
2           familiar with this? I apologize, I'm just  
3           not sure about what you're referring to.

4                     ESD COO YOUNIS: No, I'm not either,  
5           I'm sorry.

6                     ACTING COMMISSIONER GERTLER: We're  
7           happy to look into it and come back to you.  
8           But I apologize, I don't have any background  
9           on that.

10                    ASSEMBLYMAN GIGLIO: Yeah, that would  
11           be great.

12                    And then my second question is about  
13           tip credits for -- the hospitality industry  
14           is eligible still for the tip credits, or was  
15           through 2020. And in 2021 it was taken away  
16           for the car washes and for the nail salons.  
17           And I'm just wondering, those are small  
18           businesses also that are struggling through  
19           this pandemic, and what we can do about  
20           getting those tip credits back to those small  
21           business owners, so that it's not just the  
22           hospitality industry.

23                    ACTING COMMISSIONER GERTLER: You  
24           know, Pravina, do you want to provide some

1 insight on that, please?

2 ESD EVP RAGHAVAN: We could look into  
3 it. We will work with your company. At the  
4 moment we haven't been looking through the  
5 legislation to figure out which industries  
6 yet, we're still doing the analysis to see  
7 which have been most impacted by COVID.

8 But we will get back to you on that.

9 ASSEMBLYWOMAN GIGLIO: Okay, and then  
10 having --

11 (Overtalk.)

12 ACTING COMMISSIONER GERTLER: I  
13 apologize. Sorry.

14 ASSEMBLYWOMAN GIGLIO: That's okay.  
15 Having a former Grumman facility in my  
16 district, in the Town of Riverhead, they have  
17 a buyer for a \$40 million contract for a  
18 10 million square foot buildout, and they  
19 seem to be held up in New York State DEC and  
20 other regulatory agencies where they can't  
21 get the subdivision map approved.

22 What is ESD doing to help them to try  
23 and get that subdivision map approved so that  
24 the sale can occur and we can start creating

1 the jobs that we lost when Grumman left?

2 ACTING COMMISSIONER GERTLER: You  
3 know, it sounds like this is an issue right  
4 now that DEC is -- you know, is addressing.  
5 We're happy to, after this hearing, to talk  
6 to our colleagues at DEC to see if there's --  
7 that there's anything we can do to help.

8 I'm also happy to discuss this with  
9 our regional office out there and see what  
10 else we can do. And look, obviously in these  
11 times, you know, we care about jobs, we're  
12 focused on jobs. So let's see what, you  
13 know, what help we can provide.

14 ASSEMBLYWOMAN GIGLIO: That would be  
15 great. They've had unmanned aerial vehicle  
16 companies, they've had offshore wind  
17 interested in coming, manufacturing. They  
18 have runways. And it's been since 2016 that  
19 they've been trying to get this subdivision  
20 map approved.

21 ACTING COMMISSIONER GERTLER:  
22 Understood. I'm happy to follow up with you,  
23 and we'll look into it.

24 ASSEMBLYWOMAN GIGLIO: Thank you.

1                   ACTING COMMISSIONER GERTLER: Thank  
2                   you.

3                   CHAIRWOMAN WEINSTEIN: Thank you.

4                   We go to Assemblywoman Seawright.

5                   ASSEMBLYWOMAN SEAWRIGHT: Thank you,  
6                   Chairwoman Weinstein. And thank you,  
7                   Commissioner Gertler. We're fortunate to  
8                   have your vast experience both in the private  
9                   and public sector in this important  
10                  leadership position.

11                  I just have two quick questions. I  
12                  represent Cornell Tech on Roosevelt Island  
13                  and Marymount Manhattan College on the  
14                  Upper East Side. So what is being done with  
15                  our private colleges as well as our public  
16                  CUNY and SUNY to encourage graduates to go  
17                  into some kind of a career pipeline with  
18                  business and with industry as they contribute  
19                  to the tax base once they graduate?

20                  I think it's important to our economy  
21                  and the vitality of our economics that we  
22                  include these graduates in some kind of  
23                  pipeline program.

24                  ACTING COMMISSIONER GERTLER: I agree.



1           You know, first of all, thank you for  
2           those kind remarks. All I can say is that  
3           it's been a privilege leading ESD, and I'm  
4           backed by an incredibly talented and  
5           hardworking team at the agency who have  
6           worked tirelessly over the past year.

7           You know, certainly as part of the  
8           Governor's Workforce Development Initiative,  
9           that's been a program that goes across  
10          agencies. SUNY and CUNY play a critical role  
11          in that. You know, there's many ways  
12          specifically they do it. But what is -- and  
13          obviously all that work needs to continue.

14          We have seen a number of successes  
15          coming that from that. I know when we're  
16          talking to companies, they want to be in  
17          New York because of our talented workforce  
18          because of the STEM degrees that they have.  
19          And we are seeing that among that younger  
20          group, we're seeing an increasing number of  
21          young in New York, sort of 25 to 34 age and  
22          those that now have college degrees and STEM  
23          degrees.

24          So I think that's an indication that,

1           you know, that the work that we're doing on  
2           workforce development and the work that  
3           our -- that SUNY and CUNY are doing to help,  
4           you know, enhance that pipeline is also  
5           working. It's as critical as ever in a  
6           post-COVID world.

7                        So thank you for that question.

8           ASSEMBLYWOMAN SEAWRIGHT: And I just  
9           have a quick second question on MWBEs.

10                      ACTING COMMISSIONER GERTLER: Sure.

11           ASSEMBLYWOMAN SEAWRIGHT: What is the  
12           planned outreach to encourage MWBE firms to  
13           have an opportunity to participate in the  
14           broadband projects?

15                      And I also want to just echo the  
16           remarks of Assemblywoman Buttenschon and  
17           Assemblyman Billy Jones on -- you know, I  
18           have constituents calling my office looking  
19           for help with their MWBE licenses, and it's  
20           very frustrating.

21                      But it's an important program, it's  
22           one that I believe in, and I would like to  
23           know what the plan is for greater outreach so  
24           that MWBE firms can participate in the

1 broadband projects.

2 ACTING COMMISSIONER GERTLER: Well,  
3 thank you. Let me just say very quickly, in  
4 the interests of time, that there's been  
5 significant outreach. And that outreach has  
6 not gone unabated during COVID. There's been  
7 a number of virtual -- you know, outreach,  
8 there's been training. And we had our annual  
9 MWBE Forum in December, all done virtually,  
10 2200 registrants. So the work that that  
11 group does did not stop during COVID. Lots  
12 of different outreach, both on the state  
13 level and on a regional basis.

14 So -- and we'll continue to look for  
15 other ways to reach out to this community.  
16 So thank you.

17 ASSEMBLYWOMAN SEAWRIGHT: Thank you,  
18 Commissioner.

19 CHAIRWOMAN WEINSTEIN: We go to  
20 Assemblywoman Fahy now. Thank you.

21 ASSEMBLYWOMAN FAHY: Thank you,  
22 Commissioner. Thank you for being here  
23 today.

24 ACTING COMMISSIONER GERTLER: Thank

1           you.

2                   ASSEMBLYWOMAN FAHY: We really  
3           appreciate you and so much of your work.

4                   So much has been covered, so forgive  
5           me if some of this is repetitive, as I was  
6           dealing with some other committees as well.

7                   But I just want to reiterate what you  
8           heard so much about -- small business, small  
9           business, small business. Right? And  
10          including those jobs. It is the lifeblood of  
11          the economy.

12                   But the work -- you know, I am pleased  
13          that we're getting through to Washington. We  
14          have to really target out our smallest  
15          businesses and tie it to bringing back  
16          workers. We're hearing a lot from the  
17          creative economy, from artists and others.  
18          So tying this to jobs, so much of it is truly  
19          important.

20                   Broadband access, it's -- the  
21          affordability is one of my key concerns. I  
22          know you've heard a lot about that.

23                   So now I want to switch to bigger  
24          issues, not small business. Two issues.

1           Wadsworth, I know your agency was a little  
2           bit involved in the redo and the proposal to  
3           redo and consolidate all the Wadsworth  
4           science labs here in Albany. Last year that  
5           was -- well, the last few years it's been a  
6           \$750 million proposal. While it's not in the  
7           Governor's budget, my understanding is  
8           there's still sort of a commitment.

9                     And so I just need to reiterate to you  
10           and to others that that would be the biggest  
11           public investment here in the Capital Region  
12           since SUNY Poly or since the investment in  
13           Global Foundries. So it's that big, it's  
14           that important. So I just want to get that  
15           on your radar screen. I know you would be  
16           involved even though the funding was coming  
17           through DOH. But it is -- it would be the  
18           biggest economic driver here.

19                    So we are still looking for that. I  
20           know it didn't make it in the 30-day  
21           amendments either.

22                    A question, now, switching gears again  
23           to another big event. There's a lot of talk  
24           federally about the Highways to Boulevards.

1           And I know you have helped lead some of the  
2           efforts out in Buffalo on the Skyway proposal  
3           there or the reimagining or tearing down some  
4           of the Skyway. I know you've been involved  
5           somewhat in Syracuse.

6                     As you know, I've been talking a lot  
7           about reimagining 787 here in Albany. You've  
8           helped lead the efforts in Buffalo. Just  
9           wondering if that is on your screen. As you  
10          know, we need to reimagine it and get a  
11          serious study first before we can even get in  
12          line for the 10 billion -- 10 billion -- that  
13          Chuck Schumer is talking about in Washington.

14                    So just wondering if you have heard  
15          much about this. And again, it would be -- I  
16          know we overuse the term, but it would be  
17          absolutely transformative here in the Capital  
18          Region, and the goal of course is to reclaim  
19          the waterfront and reunite some communities  
20          that were cut off from that waterfront as  
21          well as the communities themselves.

22                    So just wondering if you've been  
23          involved or have this and --

24                    ACTING COMMISSIONER GERTLER: So, you

1 know, very quickly, I'll just -- in  
2 20 seconds, Buffalo Skyway involved that --  
3 you know, that challenge started to bring  
4 about a lot of inspiration. And, you know,  
5 our Department of Transportation is working  
6 through those issues.

7 And, you know, we'll -- you know,  
8 obviously there's a lot of work still to be  
9 done related to Buffalo, Buffalo Skyway. But  
10 that challenge really kicked things off and  
11 really led to a lot of different ideas.

12 On Wadsworth, you know, a huge --  
13 hugely important institution in New York,  
14 vital during COVID. You know, doing so much  
15 great work. That is led by -- you know, by  
16 DASNY, but obviously critical.

17 And then on your last point, you know,  
18 suffice it to say that there's been, you  
19 know, no governor that has emphasized  
20 infrastructure like Governor Cuomo,  
21 \$306 billion program on infrastructure. So  
22 that, obviously, all things infrastructure  
23 are a focus of this administration. So -- so  
24 thank you.

1 ASSEMBLYWOMAN FAHY: Look forward to  
2 working with you. Thank you so much.

3 ACTING COMMISSIONER GERTLER:  
4 Likewise, thank you so much.

5 ASSEMBLYWOMAN FAHY: Thank you, Chair.

6 ACTING COMMISSIONER GERTLER: Great,  
7 thank you.

8 CHAIRWOMAN WEINSTEIN: Sure.  
9 Commissioner, we still have about eight  
10 Assemblymembers. You okay going through, or  
11 do you need a quick break?

12 ACTING COMMISSIONER GERTLER: I'm  
13 okay. I would -- let's continue, that's  
14 fine.

15 CHAIRWOMAN WEINSTEIN: Okay. Just  
16 wave if --

17 ACTING COMMISSIONER GERTLER: Okay.

18 CHAIRWOMAN WEINSTEIN: So we go to  
19 Assemblyman Woerner now.

20 ACTING COMMISSIONER GERTLER: Thank  
21 you, though.

22 ASSEMBLYWOMAN WOERNER: Thank you so  
23 much, Chairwoman.

24 And thank you, Commissioner, for being



1 here and for your comprehensive testimony.

2 I want to quickly just give a shout  
3 out to your team at ESD for the great work  
4 that they did in the pandemic, managing the  
5 essential business process and so forth.  
6 Really solid performance. Thank you so much.

7 I want to lend my voice to the voices  
8 you've already heard about the  
9 availability of broadband -- or, rather, the  
10 lack of availability of broadband throughout  
11 the rural communities particularly that I  
12 represent, although it's true in some of our  
13 suburban communities as well.

14 You know, my question, however, is --  
15 has to do with whether we are, in your  
16 opinion, getting as much for the dollar as we  
17 should be. The Governor put in \$500 million  
18 into the Broadband Program, not a small  
19 amount of money. But based on some research  
20 I've been doing, since the -- since before  
21 2015, the cost per mile was \$3400. After the  
22 Broadband Program started, that cost per mile  
23 rose to \$16,000. And prior to 2015, the  
24 make-ready costs associated with any

1 particular project were about 33 percent of  
2 the total project. After 2015, those  
3 make-ready costs grew to greater than  
4 50 percent of the cost of the project.

5 This is important because the  
6 broadband companies are taxed based on the  
7 cost of construction. So their property tax  
8 is based on the cost of construction. And  
9 the net result of all of this additional cost  
10 is that where prior to 2015 the break-even  
11 case for a broadband company was four houses  
12 per mile, it's now seven houses per mile.

13 So my question for you is, as you go  
14 forward with broadband in this state -- and  
15 we do need to do more for broadband -- what  
16 will your agency do to help control the costs  
17 of these projects so that the state  
18 investment goes as far as it might go?

19 ACTING COMMISSIONER GERTLER: Sure.

20 First of all, I just want to thank you  
21 again for those kind comments about the staff  
22 at ESD. I can tell you firsthand that we  
23 have some of the most committed public  
24 servants at ESD who worked around the clock

1 to help New Yorkers around the state. You  
2 know, I know so many people have worked  
3 hard -- everybody in the Legislature and  
4 other agencies -- and it's just nice to  
5 recognize that, and I wanted to provide that  
6 shout-out for my team here at ESD who have  
7 really done extraordinary work. So thank  
8 you.

9 I'm going to have Kevin Younis talk  
10 about the costs. But, you know, if you go  
11 back to when the Governor announced the  
12 Broadband Program and \$500 million, at that  
13 time 30 percent of New Yorkers lacked access.  
14 And almost -- somewhere in the neighborhood  
15 of I think two-thirds, but a huge number of  
16 people upstate didn't have access.

17 So now we have commitments to  
18 99.9 percent. I mean, that is, you know, a  
19 remarkable accomplishment. That is  
20 significant improvement. And quite frankly,  
21 as I've said this before, had that not  
22 started and the Governor, had he not had the  
23 foresight to be investing in broadband many  
24 years ago, we would have had, you know, real,

1           real problems, you know, during COVID.

2                       So, Kevin, can you please address some  
3           of the costs and some of the issues that we  
4           saw?

5                       ESD COO YOUNIS:   Sure.   Thanks, Eric.

6                       Thanks, Assemblywoman.

7                       I'll be real quick.   There's a lot  
8           smarter people than me in our broadband  
9           office, but I have had a chance to work  
10          closely with a number of them.   It's  
11          interesting, I think your observation -- you  
12          know, my hunch is because these are the  
13          hardest-to-reach places.

14                      You know, before our program providers  
15          were going to areas where it was relatively  
16          affordable to do so.   Our program was  
17          designed to go to harder-to-reach places, and  
18          I think that's one of the reasons you might  
19          see a higher cost.

20                      The other thing you referred to is  
21          the --

22                      ASSEMBLYWOMAN WOERNER:   The cost  
23          comparison -- excuse me.   The cost comparison  
24          is actually rural program to rural program.

1           So this was cost in the North Country and  
2           then cost in northern Washington County. So  
3           it is a -- they are comparable projects.

4           ESD COO YOUNIS: Yes. So again, I  
5           will -- we will certainly have some folks  
6           talk to you. And I know as we've looked,  
7           particularly as you get further and further  
8           into the rural areas, the make-ready work  
9           becomes more and more expensive. In some  
10          cases, you know, we see poles that haven't  
11          been replaced in 50 years. And so I know  
12          there's a lot of make-ready costs on -- up in  
13          those programs.

14          But, you know, I would be happy to get  
15          our folks to have a more detailed  
16          conversation with you.

17          ASSEMBLYWOMAN WOERNER: Thank you.

18          CHAIRWOMAN WEINSTEIN: We go to  
19          Assemblyman Smullen.

20          ASSEMBLYMAN SMULLEN: Thank you,  
21          Chair.

22          Thank you, Commissioner. I really  
23          appreciate the opportunity to speak with you  
24          today.

1 I've got four questions. I'll ask  
2 them rather quickly and then circle back  
3 around to the first question. Because I know  
4 I've got three minutes and we've got lots to  
5 discuss.

6 The first question relates to  
7 broadband. And specifically, what tool does  
8 the Broadband Program Office use to measure  
9 speed and connectivity to rural areas in  
10 New York?

11 The second question has to do with the  
12 CFA rounds. Will there be another Downtown  
13 Revitalization Initiative in this round? If  
14 not, should our municipalities look towards  
15 next year to resubmit those applications --  
16 {inaudible}.

17 The third question is, was  
18 Remington Arms considered to be labeled an  
19 essential business in this pandemic? And if  
20 it was not, why wasn't it labeled an  
21 essential business?

22 And then the fourth question is, what  
23 is the percentage of women business  
24 applications, certifications in upstate

1 New York under the MWBE certification program  
2 that have been actually approved? What was  
3 approved?

4 So circling back to broadband, I won't  
5 echo what my colleagues have said, but I hear  
6 from schools to say that their kids cannot be  
7 online, they're on the wrong side of the  
8 digital divide. I hear from seniors that  
9 want to do telehealth that they can't do it.  
10 I hear from people in the Adirondacks that I  
11 represent that they would love to live here  
12 but they can't telecommute to their jobs in a  
13 dense urban area or a large suburban area.  
14 And I also hear from businesses that really  
15 want to have high-speed connectivity so they  
16 can compete in the marketplace.

17 So going back to the question, how is  
18 the Broadband Program Office actually  
19 measuring what my citizens in the  
20 118th Assembly District in upstate  
21 New York -- are they using a tool like  
22 speedtest.net, which does house-level data,  
23 or are they still using census-level data to  
24 get to that question?

1           Because I know -- you said there was  
2           some FCC money out there. I'd really love to  
3           see that FCC money go to get to the bottom of  
4           it for these folks. Whether they get the  
5           broadband through terrestrial or whether they  
6           get most of it through terrestrial and the  
7           rest of it through wireless, it doesn't  
8           matter, we just need to get it to them.

9           So how are we measuring it for our  
10          citizens?

11          ACTING COMMISSIONER GERTLER: You  
12          know, I very much appreciate the specificity  
13          of your questions and I want to make sure to,  
14          you know, give you, you know, the same  
15          specificity on our answers. So, you know, we  
16          certainly use a number of third-party, you  
17          know, resources and maps to figure that out.  
18          Let me get to you the specific ways that we  
19          do that.

20          You know, we've got pretty granular  
21          information on many of these things, but I  
22          don't want to, you know, say something  
23          inaccurate, so I will come back to you on  
24          that. We'll have our broadband office come



1 to you.

2 ASSEMBLYMAN SMULLEN: I really  
3 appreciate that, Commissioner, because I know  
4 there are tools out there like speedtest.net  
5 that get down -- you know, they've got  
6 servers everywhere, and they can ping your  
7 mobile phone and tell you right now what  
8 you're getting right here in the LOB.

9 So let's double down on getting to the  
10 bottom of it for these folks. People in the  
11 Town of Stratford would appreciate it. Thank  
12 you.

13 ACTING COMMISSIONER GERTLER: Yeah,  
14 we'll do that. And in the interests of time,  
15 I'll come back to you on the other questions.

16 But very quickly, yes, there will be  
17 another DRI round this year. Thank you.

18 ASSEMBLYMAN SMULLEN: Thank you, sir.

19 ACTING COMMISSIONER GERTLER: Thank  
20 you.

21 CHAIRWOMAN WEINSTEIN: We go to  
22 Assemblywoman Kelles now.

23 ASSEMBLYWOMAN KELLES: Thank you so  
24 much for your time. I'm just going to jump

1 right into comments and questions, given the  
2 time frame.

3 I do want to add my voice in concern  
4 with respect to broadband. At this point I  
5 do respectfully disagree that we have  
6 98 percent coverage. Would love to get that  
7 data on how it's collected.

8 And I know there was a bill that was  
9 put forward last year that would have had a  
10 full assessment, but it was vetoed, which was  
11 a bit concerning. And I recommend reviewing  
12 Congressman Brindisi's analysis that he did  
13 last year that actually shows the lack of  
14 coverage in at least the Southern Tier.

15 And I did, with this, also want to add  
16 my concern about the DOT's PERM 75 tax that  
17 is significantly hurting broadband expansion.

18 So jumping to my questions, one on  
19 childcare -- I'm just going to run through  
20 the three of them really quickly -- one on  
21 childcare being so critical for economic  
22 recovery. I'd love to see the release right  
23 away of the emergency CARES aid that was  
24 given that still has not been released. And

1 I'm curious what plan the Governor has for  
2 supporting sufficient subsidies for  
3 income-qualifying families. That was my  
4 first question.

5 My second question, I wanted to ask  
6 about the NYSTAR program that uses state  
7 monies to leverage big federal science grants  
8 and helps to create and keep high-tech jobs  
9 in New York. I know I saw that the budget  
10 process cut that funding from 6 million to 5  
11 million, so I just wanted to hear your  
12 comments on that.

13 And lastly, the 76West Business  
14 Competition, it's very important to my  
15 district. And up until now it's been running  
16 through NYSERDA. But I understand that the  
17 idea was that ESD was going to fund its  
18 continuation through 2023 and get funded  
19 through the Upstate Revitalization Fund. Is  
20 this still the plan?

21 So those are my questions.

22 ACTING COMMISSIONER GERTLER: Okay. I  
23 think -- well, let me start with your first  
24 question. Thank you, those are all, you

1 know, very important questions and -- let's  
2 get to childcare, because childcare is  
3 critical. And, you know, if anything, COVID  
4 exposed the need for even -- you know, even  
5 better support of childcare across the state.

6 You know, ESD will be using its  
7 incentive tax credits to be able to support  
8 childcare both in terms of a facility and in  
9 terms of an ongoing program. And that  
10 obviously complements the Governor's larger  
11 program, you know, to invest to reduce the  
12 burdens of parent subsidy copays and also  
13 provide start-ups in areas where you can't do  
14 childcare.

15 In the interests of time, in terms of  
16 New York STAR, you know, Pravina is on -- we  
17 have lots of information. Let us come back  
18 to you on both, you know, 76West  
19 Competition -- I was there, a great  
20 competition. We want that to -- you know,  
21 we've loved seeing, you know, all the  
22 successes come out of that. So let's come  
23 back to you on those other two questions.

24 ASSEMBLYWOMAN KELLES: Thank you.

1                   ACTING COMMISSIONER GERTLER: Thank  
2                   you.

3                   CHAIRWOMAN WEINSTEIN: So now we go to  
4                   Assemblywoman Lunsford.

5                   Is Jennifer here?

6                   ASSEMBLYWOMAN LUNSFORD: Hello. Thank  
7                   you so much. I want to pick up on childcare  
8                   as well. You know, I think that this  
9                   pandemic has really highlighted something for  
10                  us that we have long known, which is that  
11                  childcare is an economic issue.

12                 So I'd like to ask if ESD has any  
13                 programs, either existing or in the works, to  
14                 help promote access to childcare and to  
15                 support businesses that are providing  
16                 childcare access as a benefit. To that end,  
17                 I also want to ask about whether access to  
18                 childcare is a criterion in the REDC project  
19                 assessment process in each region.

20                 And then I have a second CFA question,  
21                 which is whether you are evaluating  
22                 sustainability and environmental justice as  
23                 part of that evaluation process.

24                 ACTING COMMISSIONER GERTLER: Sure.

1           You know, I just responded to some of the  
2           ways that childcare is being handled by ESD.  
3           I'm going to have Kevin Younis come and  
4           provide more color on that, but suffice to  
5           say I agree with you.

6                     We've seen some of the issues with  
7           respect to childcare. Just to, you know,  
8           repeat the -- we're going to use some of our  
9           Excelsior Tax Credits to ensure that we can  
10          support businesses as they build, you know,  
11          childcare facilities or support programs.  
12          This is also an area where there's other  
13          agencies and other programs that are working  
14          on this.

15                    And then last year this was -- last  
16          year or two years ago -- Kevin will remind  
17          me, we'll share it -- childcare was an  
18          important focus of the REDCs. So, Kevin,  
19          perhaps you can add some more flavor to that.  
20          Thank you.

21                    ESD COO YOUNIS: Yeah, thanks, Eric.

22                    Thanks, Assemblywoman.

23                    To Eric's point, the proposal this  
24          year is to include Excelsior credits, make

1 credits available for childcare provisions.  
2 So, you know, currently the Excelsior program  
3 does jobs, investment. It would also  
4 include -- I may have the numbers backwards,  
5 a 5 percent refundable tax credit on capital  
6 investments related to childcare and then  
7 6 percent related to operating costs for  
8 childcare. And maybe I got the 6 and the 5  
9 backwards, but -- so yeah, we're doing that.

10 And I think clearly the regional  
11 councils always talk about childcare. It's  
12 something that they've been focused on for  
13 years, a number of projects have been  
14 advanced through that process. And I would  
15 expect, you know, given all the things we've  
16 heard over the last year, to see that to be a  
17 pretty strong priority in the regional  
18 councils this year.

19 ASSEMBLYWOMAN LUNSFORD: Thank you.  
20 And can you also speak to the sustainability  
21 and environmental justice component of CFAs,  
22 whether that's being considered?

23 ESD COO YOUNIS: Eric, I can jump in a  
24 little bit on that one if you want.

1                   ACTING COMMISSIONER GERTLER:   Sure.

2                   ESD COO YOUNIS:   Our focus -- so  
3                   there's two things that I think we've been  
4                   very involved in.  You know, the ongoing  
5                   CLCPA, bringing that up online.  But ESD,  
6                   last year we advanced what we call the Green  
7                   Tax Credit, so essentially a much more  
8                   generous tax credit.  It's kind of like  
9                   Excelsior, again, but much more generous,  
10                  associated with green investments.

11                  And then, as you know, there's a lot  
12                  of these facilities, electricity generation  
13                  facilities that have closed down, and the  
14                  impact on the communities.  We had a fund  
15                  we've been administering for a number of  
16                  years, and that has I think significant new  
17                  funding added this year to continue helping  
18                  communities transition to, you know, green  
19                  energy production, and maybe they lost a  
20                  facility that was a strong economic  
21                  development provider in their region.

22                  ACTING COMMISSIONER GERTLER:   Great.

23                  Thank you, Kevin.

24                  CHAIRWOMAN WEINSTEIN:   Is Assemblyman



1           Durso still here? I know he had to go to a  
2           committee meeting. I think I skipped him by  
3           error.

4                     ASSEMBLYMAN DURSO: I'm still here.

5                     CHAIRWOMAN WEINSTEIN: Actually, as  
6           ranker you get five minutes. But you don't  
7           have to use it all.

8                     (Laughter.)

9                     ASSEMBLYMAN DURSO: Thank you,  
10          Chairperson.

11                    And I'm sorry, Commissioner, they gave  
12          me five full minutes, but I'll try and make  
13          it as quick as possible.

14                    ACTING COMMISSIONER GERTLER: Thank  
15          you.

16                    ASSEMBLYMAN DURSO: So really just  
17          more a couple of comments. I'll just roll  
18          through in regards to a couple of issues  
19          everybody else spoke about, one being  
20          broadband. Obviously I think it's a very  
21          important initiative. Even here on Long  
22          Island we still have areas that don't receive  
23          it properly. They may actually count as  
24          saying that they receive broadband access,

1 but it -- whether it's through satellite or  
2 means that -- they don't have a proper  
3 connection. So obviously when you're doing  
4 work like that where you need broadband  
5 access for it, and then not having the proper  
6 connections, it makes it a little harder on  
7 them.

8 And also in certain areas that don't  
9 have access to more than one company. We  
10 have two major carriers here on the island  
11 for broadband, and some areas, even  
12 specifically talking about Babylon or even  
13 Brookhaven areas, only have access to one  
14 company. So therefore the competition level  
15 as far as -- pricing goes through the roof  
16 for them. So I think obviously pushing to  
17 get access to both companies in those areas  
18 would be helpful, not only for businesses but  
19 for students that would be home or people  
20 that are working from home going forward.

21 Also speaking about other things that  
22 everybody else had touched on, obviously  
23 Ms. Lunsford was just talking about  
24 childcare, facilitated childcare. Here on

1 Long Island we want to be included in that,  
2 obviously, any monies that go forward. I  
3 believe Assemblywoman Kimberly Jean-Pierre  
4 had sent a letter to the Governor asking for  
5 funding for those childcare initiatives here  
6 on Long Island.

7 Obviously small businesses here need  
8 help. You know, here in Massapequa Park,  
9 where I'm from, we were actually stuck in the  
10 Yellow Zone for a number of months, and a lot  
11 of our small businesses suffered. So  
12 obviously anything we could do going forward  
13 to help them I think would be huge.

14 Going through a couple of issues,  
15 tourism here on Long Island -- I know that  
16 there was a small cut. Well, any cut's not  
17 good, but I hate to say small, but looking  
18 around 1.36 million for the local tourism  
19 matching grants. You know, obviously, again,  
20 talking about small businesses here on  
21 Long Island, whether it's hotels, motels,  
22 some of our businesses out east and local  
23 businesses, we count on, believe it or not, a  
24 lot on tourism here on Long Island, whether

1           it's in the Oyster Bay area where we're going  
2           to visit Teddy Roosevelt's home, or on to  
3           Fire Island or -- I mean, on Long Island we  
4           have a lot to offer.

5                        So being able to have those tourism  
6           matching funds going forward I think will be  
7           helpful to the small businesses and the  
8           tourism businesses in general here on the  
9           island.

10                      I know I'm just throwing a lot at you,  
11           Commissioner. I'm sorry, I just want to make  
12           sure I get it all in.

13                      ACTING COMMISSIONER GERTLER:

14           Understood.

15                      ASSEMBLYMAN DURSO: Obviously -- and  
16           then just speaking about it, and I know it's  
17           kind of an all-encompassing thing, but you  
18           spoke about the Governor's workforce  
19           initiative. Obviously going forward here on  
20           Long Island, New York State, New York City,  
21           obviously infrastructure, having skilled  
22           labor is helpful. And that goes along with  
23           everything, whether it's we need broadband  
24           access for students and businesses, whether

1 we need -- you know, and that obviously  
2 includes internet and computers and these  
3 small businesses and having these skilled  
4 laborers going forward.

5 Some of the cuts to some of our BOCES  
6 programs here in New York State, the  
7 consolidation of the funds, I think is only  
8 going to hurt students and people going  
9 forward, learning those skilled labors --  
10 skilled trades, excuse me. And trades  
11 doesn't mean, anymore, so much as someone  
12 like myself who went to carpentry school and  
13 learned to bang a hammer and nails -- now it  
14 goes into computer technology. You know, as  
15 we were speaking about before, whether it's  
16 robotics, whether -- all the way down to some  
17 of our small businesses with -- like my  
18 daughter wants to be a baker.

19 So having those minority and  
20 women-owned businesses opening up in the  
21 future, we need to train them going forward,  
22 and what better way to do it early in their  
23 careers than in high school, and showing them  
24 that there is other programs available to

1           them going forward. It's not just about --  
2           you know, I wasn't going to school to be a  
3           doctor. It wasn't happening for me. But I  
4           would like some of our students going forward  
5           to have those options and realize that those  
6           options are available to them, but putting  
7           the onus on the school districts and making  
8           them make up that difference in funding going  
9           forward is only going to hurt our students  
10          and give them less access to these programs.

11                 So I think to build that government --  
12          the workforce initiative, we could start in  
13          those programs in the schools and go from  
14          there. Thank you.

15                 ACTING COMMISSIONER GERTLER: Thank  
16          you.

17                 CHAIRWOMAN WEINSTEIN: Thank you.

18                 So we're going to go to Assemblyman  
19          Santabarbara.

20                 ASSEMBLYMAN SANTABARBARA: Okay, I  
21          think I'm on. Can you guys hear me?

22                 CHAIRWOMAN WEINSTEIN: Yes, we can.  
23          You're okay, Angelo.

24                 ASSEMBLYMAN SANTABARBARA: Great.

1           Thank you to both chairs. And thank you,  
2           Commissioner, for your testimony and  
3           responding to all these questions today.

4                   I know there's been -- I've been --  
5           I've had my hand up for quite some time, but  
6           people ahead of me have also talked about the  
7           broadband issue, and I wanted to bring that  
8           up again. I know my colleagues Carrie  
9           Woerner and Billy Jones and a number of other  
10          members have brought up the issue of  
11          broadband.

12                  You know, I have to also respectfully  
13          disagree with the 98 percent number. We  
14          spoke to the Broadband Office about the way  
15          this is calculated. And I don't know if it's  
16          a mapping issue or if it's just other  
17          calculation, but I can tell you in my  
18          district -- I represent Montgomery County,  
19          Albany County, Berne and Knox, those -- I  
20          just got a letter from the supervisor talking  
21          about the lack of broadband there and why so  
22          much money was invested in New NY Broadband  
23          and they're still waiting for service.

24                  But in addition to that, there are

1           pockets in these rural communities that are  
2           still, you know, not able to do online  
3           learning, businesses that weren't able to  
4           make the transition during this time to  
5           online, sell their products online and  
6           they've had to close their doors because of  
7           that.

8                     So it's a real issue. I'd like to --  
9           going forward, I'd like you to explore  
10          options of funding another round of broadband  
11          that could address these rural communities.

12                    So my first question is the broadband  
13          mapping I think is key -- and I understand  
14          that's going to be in the budget. Do we have  
15          your support to keep that in the budget?  
16          Because if it doesn't end up in there, we're  
17          going to be back to square one.

18                    And I know I only have three minutes,  
19          so I'm going to move on to a couple of other  
20          topics.

21                    In 2019, the Upstate Cellular Gap  
22          Coverage Task Force was formed by the  
23          Governor. There was a lot of gaps in  
24          cellphone coverage in these rural



1 communities, a lot of them in upstate  
2 New York. There was an effort to identify  
3 how we're going to address those gaps. Very  
4 key to economic development as well, being  
5 able to have -- almost everybody uses  
6 cellphones at this point, and these gaps in  
7 service really cause a lot of problems. Do  
8 you have any plans to continue that or push  
9 for that in this year's budget as well?

10 And then overall rural resources in  
11 general. You know, our rural communities  
12 have provided us quite a bit, an adequate  
13 food supply, energy. They also are going to  
14 be key to rebuilding our economy. I'd like  
15 to know what your efforts are to support  
16 these rural communities when it comes to  
17 farming, food, energy, water, recreation.  
18 These are all key components that have made  
19 our state thrive in the past. They will be  
20 very important to our success in rebuilding  
21 our economy. I'd like to know what your  
22 efforts are to support them as far as  
23 economic development.

24 CHAIRWOMAN WEINSTEIN: In eight

1 seconds.

2 ACTING COMMISSIONER GERTLER: You  
3 know, thank you for those important  
4 questions. I think in the interests of time,  
5 it's probably best that we follow up with  
6 you.

7 But in terms of your reference to the  
8 broadband numbers, I mean, you know, we have  
9 everything validated by third-party  
10 providers. We're happy to go through it with  
11 you. They validate our 98 percent success to  
12 date. And our 99.9 percent commitment on  
13 that program is a product of the work that  
14 the group has done over the last five years.

15 But again, given the interests of  
16 time, happy to come back and talk to you  
17 about it, sir.

18 ASSEMBLYMAN SANTABARBARA: Thank you.

19 CHAIRWOMAN WEINSTEIN: We go to  
20 Assemblyman Braunstein.

21 Is Ed here?

22 THE MODERATOR: I'm trying to connect.  
23 It looks like he is.

24 ASSEMBLYMAN BRAUNSTEIN: Can you hear

1 me now?

2 THE MODERATOR: Yes.

3 CHAIRWOMAN WEINSTEIN: Yes, we can.

4 ASSEMBLYMAN BRAUNSTEIN: Okay. My  
5 question is we're currently operating under  
6 an eviction moratorium in this state. Do we  
7 have plans for how we're going to address the  
8 fallout when that eviction moratorium expires  
9 and businesses are asked to pay back rent?  
10 Is there a plan in place for that?

11 ACTING COMMISSIONER GERTLER: So, you  
12 know, yes, there's the commercial eviction  
13 moratorium that's in place right now.  
14 Let's -- you know, and that has been done,  
15 you know, given all the challenges that  
16 businesses have been under and to enable  
17 businesses to at least as they're trying to  
18 build back their businesses, to at least know  
19 that they can do so from the locations that  
20 they're in.

21 You know, we at ESD have done a number  
22 of different things to support the -- you  
23 know, to support that. You know, we know,  
24 with our lease assistance program, it's

1           enabled small businesses to work with their  
2           landlords to figure out a mutual resolution,  
3           you know, to that.

4                     We understand that when -- you know,  
5           there's a balance and there's larger  
6           implications to the economy when, you know,  
7           somewhere along that chain someone's not  
8           getting paid, there's an effect on that. And  
9           so we've used our resources to help figure  
10          out how to reach amicable resolutions in  
11          those situations.

12                    We've also used our New York Forward  
13          Loan Fund to be able to help small businesses  
14          and help small landlords getting through  
15          this.

16                    But, you know, you raise, you know, a  
17          very good question. I think ultimately  
18          federal assistance will be -- you know, will  
19          be critical. And, you know, some of the  
20          complexities of dealing with those issues are  
21          certainly outside the scope of what ESD does,  
22          so I think those other agencies will help to  
23          look at that issue.

24                    But, you know, no doubt COVID has

1           created many new challenges that we will need  
2           to face as an economy, and that will be --  
3           that certainly will be one of the challenges  
4           that we'll have to address in a post-COVID  
5           world.

6                     ASSEMBLYMAN BRAUNSTEIN:   Okay.   Yeah,  
7           I just wanted to bring it up because I think  
8           it's going to be a problem sooner rather than  
9           later.

10                    And we need to engage the federal  
11           government about stimulus funding, and we  
12           need to be ready to have a plan in place for  
13           when that moratorium expires that we can  
14           provide support for those businesses so  
15           they're not just immediately evicted for  
16           months of back rent.   So my time is up; thank  
17           you very much.

18                    ACTING COMMISSIONER GERTLER:   Thank  
19           you.

20                    CHAIRWOMAN WEINSTEIN:   Thank you.

21                    Commissioner, I have a question on  
22           behalf of our Higher Education chair.  
23           Deborah Glick had to leave for a committee  
24           meeting.

1           So in terms of the Regional Economic  
2           Development Councils, if we're correct that  
3           there were nine rounds totaling just under  
4           \$7 billion, 6.9 billion, how much of that, if  
5           you know, has gone to institutions of  
6           learning, higher education institutions in  
7           our state?

8           ACTING COMMISSIONER GERTLER:   So I'm  
9           not sure.   But I can give you the -- you  
10          know, we can come back and provide the  
11          information, you know, for that.   I mean, \$7  
12          billion have gone through the REDCs.   We're  
13          taking about 8,000 programs, a net return of  
14          \$18 billion.   So clearly highly successful.

15          But I'd have to go back with -- you  
16          know, given the specifics of 8,000 programs  
17          -- I know many supported academic  
18          initiatives.   But, you know, instead of  
19          spending the time now, let us go back and  
20          provide some of that.

21          CHAIRWOMAN WEINSTEIN:   Sure.

22          ACTING COMMISSIONER GERTLER:   You  
23          know, 8,000 programs is a lot.

24          CHAIRWOMAN WEINSTEIN:   Sure.   Sure.

1           No, I -- that's fine. I would have been  
2           surprised if you actually knew the number.

3           And when you share that, we'll share  
4           with the committee members in the Senate.

5           So now I'm going to -- that was it for  
6           me. You've had a lot of questions.

7           We're going to go to Assemblyman  
8           Bronson for his second round, and we'll see  
9           if any of the other chairs need a second  
10          round after Assemblyman Bronson.

11          ASSEMBLYMAN BRONSON: Thank you,  
12          Madam Chair. And Commissioner --

13          CHAIRWOMAN WEINSTEIN: Excuse me,  
14          Harry, just one second. For five minutes on  
15          the clock for the Assemblyman.

16          ASSEMBLYMAN BRONSON: Great. Thank  
17          you, Madam Chair.

18          And, Commissioner, thank you for  
19          sticking with us for all morning and into the  
20          afternoon. We do appreciate it.

21          You know, a number of colleagues have  
22          talked about the small businesses, and in  
23          particular our -- as we often refer to as our  
24          Main Street {inaudible} and stores. And

1           these -- one of my colleagues just brought up  
2           rents.

3                     And first of all, have you seen any  
4           analysis or has your department looked at,  
5           you know, what commercial rents are in  
6           arrears at this point?

7                     And then second of all, I'm very  
8           concerned that the proposal doesn't really  
9           seem to address that. We have a moratorium.  
10          You know, you've mentioned a couple of times  
11          about the 50 million recovery program. But  
12          those are tax credits. Those will kick in  
13          next year when they're filing their taxes.  
14          It's not going to help them survive over the  
15          next two, three, six months to a year.

16                    And then I'm also concerned that the  
17          New York Forward Loans Fund, a \$100 million  
18          program and only 40 million of it is out the  
19          door.

20                    So my question is this. What plans  
21          can we come up with -- I know it's somewhat  
22          dependent on federal stimulus dollars, but we  
23          have got to get rent relief to commercial  
24          businesses. And the programs that are out



1           there, the various recovery loans, the  
2           recurring loans that were in the programs in  
3           the past, the tax credits that are being  
4           suggested, that's not going to help these  
5           small businesses survive. What can we look  
6           for in the future from your department on how  
7           we're going to address these arrears?

8                     ACTING COMMISSIONER GERTLER: You  
9           know, I'm also going to turn to Pravina  
10          Raghavan, who runs our Small Business. And,  
11          you know, thank you for that question. It is  
12          undoubtedly a very, you know, important  
13          question and important area that we need to  
14          stay attuned to.

15                    You know, on a high level, you know,  
16          we've discussed the Lease Assistance  
17          Partnership Program, the New York Forward  
18          Loan Fund. We've also talked about -- we  
19          also did a Raise the Bar Recovery Fund for  
20          restaurants. We have the recovery funds for  
21          restaurants and small businesses. You know,  
22          we have a whole host of programs.

23                    Pravina, maybe you want to also talk  
24          about the way our programs complement, you

1 know, some of the questions that are being  
2 asked.

3 ASSEMBLYMAN BRONSON: Well, if I may  
4 just interrupt, though. I mean, those funds  
5 relate to tax credits. They are not going to  
6 be the relief that our small businesses need  
7 now.

8 And then I'm also concerned that the  
9 New York Forward Loan Fund, less than  
10 50 percent of it has been released. So where  
11 do we stand on getting the other \$60 million  
12 out? Not that I think loans are going to be  
13 the way to address this, because I think we  
14 really have to have grants out there for the  
15 relief.

16 So the tax credits thing, with all due  
17 respect, I just don't think that's going to  
18 help our businesses survive over the next  
19 months.

20 ACTING COMMISSIONER GERTLER: No, I  
21 hear you. Look, in the case of restaurants  
22 those tax credits are fast-tracked, so it --  
23 you know, it helps get money out the door.  
24 The Raising the New York State Bar, that was

1           \$3 million that -- that, you know, went  
2           pretty quickly. So those are examples of the  
3           way we're getting money out the door.

4                     On the New York Loan Fund, you know,  
5           again, this was created at a time when  
6           business couldn't access a lot of the PPP  
7           monies. What we've done is we've continued  
8           to expand eligibility, you know, for that.  
9           It used to be if you had PPP funds, you  
10          couldn't access it; now you can. It used to  
11          be, you know, a smaller limitation on  
12          employees; we've expanded that as well.

13                    So, you know, I hear you. We are  
14          looking at different ways that we can get  
15          capital into these -- you know, into these  
16          small businesses. The lease assistance  
17          program, you know, it helps. So it's not  
18          just one program, it's a multifaceted  
19          approach with both loans, with technical  
20          assistance, with partnerships, with tax  
21          credits.

22                    So, you know, this is an economic  
23          crisis that's been unprecedented. So we're,  
24          you know, using as many of the different

1           tools that we have to try and address this  
2           situation.

3           ASSEMBLYMAN BRONSON: All right. I  
4           appreciate that, Commissioner. I think we  
5           need to throw in the mix grant funds  
6           available for our small mom-and-pop stores.

7           Thank you.

8           ACTING COMMISSIONER GERTLER: Thank  
9           you.

10          CHAIRWOMAN WEINSTEIN: Thank you. So  
11          that is -- there are no more questions from  
12          the Assembly, so I'm going to throw it back  
13          to Senator Krueger. I'm not sure if there's  
14          any Senate questions left.

15          CHAIRWOMAN KRUEGER: Thank you. I see  
16          no hands. I'm not even giving people a  
17          chance to raise their hand.

18          (Laughter.)

19          CHAIRWOMAN KRUEGER: I want to thank  
20          our guest from ESDC -- ESD -- you have too  
21          many names. You have ESD, you have ESDC, you  
22          have Urban -- whatever. Thank you for being  
23          with us today.

24          I think you have a number of homework

1 assignments from a number of us. So if you  
2 can just get those back to both Helene and I,  
3 we will make sure to put them up for everyone  
4 to take a look at and to learn more even  
5 after this hearing is over for you.

6 With that, I am going to call up our  
7 next testifier, RoAnn Destito, commissioner,  
8 New York State Office of General Services.  
9 And I see her with us already.

10 Good afternoon -- no longer good  
11 morning, RoAnn. Good afternoon --

12 ACTING COMMISSIONER GERTLER: Thank  
13 you, Chairwoman Krueger, thank you,  
14 Chairwoman Weinstein. Thank you so much.

15 CHAIRWOMAN KRUEGER: Thank you.

16 So you have 10 minutes on the clock.

17 COMMISSIONER DESTITO: Thank you.

18 Good afternoon, Chairs Krueger and  
19 Weinstein, Ranking Members O'Mara and Ra, and  
20 distinguished members of the committees. I  
21 am pleased to be here today to provide  
22 testimony about the Office of General  
23 Services.

24 As all of us know, the past year has

1           been challenging for all residents of  
2           New York State as well as the world.  
3           COVID-19 has changed the way we live, work,  
4           and interact with one another. At OGS, the  
5           pandemic has presented unprecedented demands  
6           on our services and our time.

7                     I would like to offer you some details  
8           on the efforts that OGS employed to support  
9           the state's ongoing response to the pandemic.  
10          Competing in a global market where essential  
11          supplies suddenly became scarce, OGS was able  
12          to focus the full weight of our expertise to  
13          get New York State to the front of the line.

14                    OGS facilitated the sourcing,  
15          ordering, tracking, delivery coordination,  
16          and reconciliation of more than 200 million  
17          items of durable medical equipment and PPE.  
18          We partnered in multi-agency efforts to  
19          contract for products and services for test  
20          sites, alternative care facilities, agency  
21          PPE, and vaccines, while supporting local  
22          government sourcing through statewide  
23          contracts.

24                    OGS was also responsible for the

1 financial processing required to secure the  
2 state's PPE and hospital build-out inventory.  
3 We worked with DOCCS to support the New York  
4 State Clean hand sanitizer program. OGS  
5 managed warehouse operations for storage,  
6 distribution, inventory, and delivery of New  
7 York State Clean hand sanitizer, PPE, and  
8 other supplies.

9 We accepted the responsibility for  
10 three alternative care facilities from the  
11 Army Corps of Engineers and FEMA, and they  
12 continue to be operationally maintained by  
13 OGS.

14 We also provided real estate services  
15 to establish laboratory, warehouse, call  
16 center, and COVID-19 testing and vaccination  
17 sites. OGS also delivered mailing and  
18 printing support for the Department of Labor  
19 and the Office of Temporary Disability  
20 Assistance, provided contracting support for  
21 Javits Center operations, as well as  
22 broadcast support for daily COVID briefings.

23 We were also responsible for the  
24 development and maintenance of New York

1 Forward and COVID-19 websites, in conjunction  
2 with ITS. We created return-to-work plans  
3 for state office buildings to ensure  
4 employees were aware of and following the  
5 COVID protocols, and we established enhanced  
6 cleaning procedures and air filtration. My  
7 agency's staff also participated in many  
8 COVID-related volunteer efforts and continue  
9 to do so.

10 As New York implemented its phased  
11 reopening and employees began returning to  
12 work at OGS owned and managed buildings,  
13 including the Legislative Office Building,  
14 our facilities team increased the frequency  
15 of cleaning and disinfection of high-density  
16 and high-touch areas. We installed signage  
17 reminding people of COVID protocols.

18 In addition to our COVID-related  
19 activities, OGS continues delivering the  
20 services and support our customers depend on  
21 us to provide. OGS provides enterprise-wide  
22 operational services and programs that allow  
23 other state agencies, local governments,  
24 not-for-profits, businesses and citizens to



1 focus on and fulfill their own diverse  
2 missions.

3 We maintain and manage 20 million  
4 square feet of state-owned space and leases  
5 of 11.8 million square feet of office,  
6 warehouse, and other required space  
7 throughout the state. OGS provides  
8 architectural, engineering, contracting, and  
9 construction management services to over  
10 50 state agency clients. Additionally, OGS  
11 provides vital emergency response and  
12 recovery support following floods, fires,  
13 weather disasters, and more, and we do this  
14 24/7, 365 days a year.

15 We manage a portfolio of approximately  
16 1,500 centralized contracts for commodities,  
17 services, and technology, and that represents  
18 over 1.6 billion in spend for state agencies  
19 alone.

20 We also provide transactional  
21 back-office administration services for  
22 nearly all the executive agencies for finance  
23 and human resources and administer the  
24 Service-Disabled Veteran-Owned Business

1           program.

2                   In addition, OGS delivers support  
3           services for agencies, including fleet  
4           management, printing and mail services, food  
5           distribution, warehousing, and surplus  
6           property disposition. We aggregate and  
7           manage the purchase of energy resources and  
8           insurance. We also administer the visitor  
9           experience at the Capitol and Empire State  
10          Plaza, and we issue easements and grant  
11          licenses and permits for the use of uplands  
12          and lands under water.

13                  Our Procurement Services group  
14          continues to lead the way in new and  
15          innovative procurements. We maintain the  
16          largest information technology catalog of  
17          contracts in the country.

18                  OGS trains government employees on  
19          contracts and businesses on how to do  
20          business with the state. We maintain an  
21          electronic catalog of over 10 million items  
22          available for purchase, and facilitate the  
23          employment of individuals with disabilities.

24                  OGS is responsible for the

1 administration and daily operations of  
2 176 state-owned buildings and structures.  
3 Since the beginning of this administration,  
4 the agency has performed more than  
5 1200 capital projects and over  
6 3200 preventive-maintenance and  
7 rehabilitation/improvement projects.

8 Continuing our pledge from previous  
9 years to meet the Governor's clean energy  
10 goals, NYPA and OGS have begun projects to  
11 replace old and obsolete equipment at the  
12 Sheridan Hollow steam plant and the  
13 Empire State Plaza chill plant. We are also  
14 in the process of establishing a 38-megawatt  
15 solar photovoltaic project at the former  
16 Oriskany Airport, which the state now owns.  
17 This project would generate over 50 percent  
18 of the electricity used at the Empire State  
19 Plaza.

20 In conjunction with other agency  
21 partners, OGS continues the Employee Zero  
22 Emissions Vehicle Charging Pilot Program in  
23 targeted OGS parking facilities throughout  
24 downtown Albany and the Harriman campus.

1           In addition to managing space, we also  
2           build it and conduct project permitting with  
3           the OGS Design and Construction team, which  
4           serves state agencies including DOCCS, OMH,  
5           State Police, DMNA, and Ag and Markets.  
6           Design and Construction typically responds to  
7           300 vital agency construction emergency  
8           declarations each year.

9           OGS is also participating in the  
10          Governor's REDI program on Lake Ontario. In  
11          addition to serving on the REDI committee and  
12          advancing multiple projects for the  
13          initiative, OGS is directly managing the  
14          \$15 million navigation dredging initiative at  
15          up to 20 channels and harbors.

16          Also we do an excellent job growing  
17          businesses. We are very proud to say that we  
18          have exceeded the Governor's MWBE utilization  
19          goal of 30 percent. Since 2011, MWBEs have  
20          received in excess of \$842 million from  
21          contracts associated with our Design and  
22          Construction group alone.

23          Our success in implementing the  
24          Service-Disabled Veteran-Owned Business Act

1 continues. We now have approximately  
2 855 certified businesses in a wide range of  
3 categories, from construction and financial  
4 services to commodities.

5 Providing an exceptional visitor  
6 experience is a source of pride for the OGS  
7 team. Since 2011, OGS has managed nearly  
8 10,000 events, and more than half a million  
9 people have taken tours of the Capitol, the  
10 Executive Mansion, and visited the Corning  
11 Tower Observation Deck.

12 Efforts to prevent the spread of COVID  
13 required us to pivot to a successful Virtual  
14 Visit online series, and we provided tours of  
15 the majestic halls of our Capitol and both  
16 the Empire State Plaza and Harlem Art  
17 Collections. Instead of our usual Martin  
18 Luther King, Jr. Day observance at the Empire  
19 State Plaza, we honored Dr. King with a  
20 one-hour pre-produced broadcast that for the  
21 first time aired on PBS stations statewide.

22 We also reopened the plaza's Visitor  
23 Center, and we began selling New York Tough  
24 face masks to help stop the spread.

1           As commissioner, I am honored to lead  
2           the hardworking and dedicated team at the  
3           Office of General Services. Their service to  
4           the people of New York State never wavers and  
5           can be counted on at all times.

6           Thank you for listening to my  
7           testimony, and I am happy to take all of your  
8           questions.

9           CHAIRWOMAN KRUEGER: Thank you very  
10          much.

11          And Assembly, I do not think the  
12          Senate has any questions, so I'm going to  
13          pass it over to you.

14          CHAIRWOMAN WEINSTEIN: Okay. So let's  
15          go first to Assemblyman Zebrowski.

16          ASSEMBLYMAN ZEBROWSKI: Thanks, Chair  
17          Weinstein.

18          And good afternoon, Commissioner.  
19          Great to see you.

20          I only have three minutes, so I'm just  
21          going to jump into one area that falls under  
22          my purview of the Governmental Operations  
23          Committee.

24          The Public Protection and General

1 Government Budget, Part BB, the New York  
2 Medical Supply Act, three questions with  
3 that. Is this intended to supercede any of  
4 our current programs -- Preferred Source,  
5 MWBE, Service Disabled Veterans, or anything  
6 with corrections industries?

7 COMMISSIONER DESTITO: We will  
8 continue, Assemblyman -- and it's good to see  
9 you too. We will continue to work at  
10 providing the Preferred Source as well as all  
11 of our MWBE and SDVOB. We are in process of  
12 putting many of the new state-supported  
13 vendors on contract. We would like to do  
14 business in the State of New York and make  
15 sure that this does not supercede the  
16 Preferred Source Program or any other program  
17 that we have in place.

18 ASSEMBLYMAN ZEBROWSKI: Thanks.

19 So purchases under this program, if it  
20 becomes law, will they be noted or  
21 highlighted within the current sort of  
22 procurement disclosures that are done?

23 COMMISSIONER DESTITO: The Medical  
24 Supply Act is a partnership with ESD, and we

1 will be working with them. They incentivize  
2 a number of businesses in New York State, and  
3 we will be working with them to put them on  
4 our state contracts so that whenever our  
5 centralized contracts are used by state  
6 agencies or any of our authorized users,  
7 those products will be there for people to  
8 purchase from New York State-incentivized  
9 companies.

10 ASSEMBLYMAN ZEBROWSKI: Okay. And --

11 COMMISSIONER DESTITO: And it will --  
12 again, Assemblyman, it will be in concert  
13 with the preferred sources and all of our  
14 MWBE and SDVOB.

15 ASSEMBLYMAN ZEBROWSKI: Right. Okay.

16 And so lastly, what is the process?  
17 There's a process within the language that  
18 allows an agency if it's not in the -- I  
19 think it's the best interest of the public  
20 or, you know, some standard like that, that  
21 they don't have to follow that Medical Supply  
22 Act.

23 COMMISSIONER DESTITO: Its form,  
24 function and utility determines whether a



1 Preferred Source partner can meet their  
2 requirements.

3 ASSEMBLYMAN ZEBROWSKI: And with the  
4 New York -- with the New York Medical Supply,  
5 with that sort of purchasing, there's like a  
6 section in that that says an agency head --  
7 you know, if it's not in the best interests  
8 -- there's some broad language there, and I  
9 was trying to get a sense of like what would  
10 be the process for that? Do you envision --

11 COMMISSIONER DESTITO: It would be an  
12 internal process, and it would be documented  
13 as to how they made that decision.

14 ASSEMBLYMAN ZEBROWSKI: Okay, so you  
15 do envision some sort of documented -- like  
16 something filed with it.

17 COMMISSIONER DESTITO: Yes. Yes.

18 ASSEMBLYMAN ZEBROWSKI: Okay.

19 COMMISSIONER DESTITO: Yes,  
20 absolutely.

21 ASSEMBLYMAN ZEBROWSKI: My time's  
22 expired. Thanks, Commissioner.

23 COMMISSIONER DESTITO: Thank you,  
24 Assemblyman.

1                   CHAIRWOMAN WEINSTEIN: So we go to --  
2                   Assemblyman Byrne has a question.

3                   ASSEMBLYMAN BYRNE: Yes.

4                   Thank you, Commissioner. And my  
5                   question is a bit similar to my colleague, so  
6                   this may be a short question, about the  
7                   Medical Supplies Act. And it seems pretty  
8                   clear in the language in the budget that  
9                   there is some flexibility if a state agency  
10                  is unable to get the supply needed from  
11                  within the United States, that there is --  
12                  for the department head or agency head to  
13                  pass a waiver.

14                  And I think the intent behind this is  
15                  very good, but I just want to get that on the  
16                  record and confirm. Because obviously I  
17                  think some of the reason we're doing this is  
18                  because of the supply chain issue, we want to  
19                  incentivize more products that are made here  
20                  in the United States and in New York State.  
21                  But should there be a massive need that goes  
22                  beyond the available supply, we should be  
23                  able to have everything available to us.

24                  And there is a -- you know, I know

1           some concerns have been expressed to me about  
2           the "in whole or in part" portions.  If  
3           certain medical supplies are in part made by,  
4           you know, entities outside of the country or  
5           outside of the state, will they be able to  
6           have that waiver as well?

7                   COMMISSIONER DESTITO:  We --  
8           flexibility without limiting the ability to  
9           respond.  We will -- the whole idea in  
10          working with ESD on this issue is that we  
11          will be incentivizing more people in New York  
12          State, more vendors in New York State, to be  
13          able to provide these products and  
14          manufacture these products in New York State.

15                  But that will not limit our ability to  
16          go out and get what we need, as we did during  
17          the COVID pandemic.

18                  ASSEMBLYMAN BYRNE:  Perfect.  That's  
19          my -- that was my understanding.  I just  
20          wanted to make sure that was clear.

21                  COMMISSIONER DESTITO:  Yes.

22                  ASSEMBLYMAN BYRNE:  Thank you.

23                  COMMISSIONER DESTITO:  Yes,  
24          absolutely.

1                   CHAIRWOMAN KRUEGER: All right. Do we  
2 see any other hands up, Helene?

3                   CHAIRWOMAN WEINSTEIN: No, we do not  
4 have anyone else.

5                   CHAIRWOMAN KRUEGER: Okay, thank you.

6                   Well, then, Commissioner, thank you so  
7 much for being with us. Don't take it  
8 personally; you're not nearly as  
9 controversial as the prior commissioner. You  
10 just run an agency that seems to do its job,  
11 so we appreciate that very much. And we'll  
12 check in with you sometime soon.

13                  COMMISSIONER DESTITO: You sure can.  
14 Thank you very much for having me. I  
15 appreciate it.

16                  CHAIRWOMAN KRUEGER: Thank you, we  
17 appreciate it.

18                  CHAIRWOMAN WEINSTEIN: Nice and clear.

19                  COMMISSIONER DESTITO: Yup. Bye-bye.

20                  CHAIRWOMAN KRUEGER: Our next speaker  
21 is the New York State Council on the Arts,  
22 Mara Manus, executive director.

23                  And I think I see her in a box.

24                  EXECUTIVE DIRECTOR MANUS: I'm here.

1                   CHAIRWOMAN KRUEGER: And you are  
2 welcome to start, you have 10 minutes.

3                   EXECUTIVE DIRECTOR MANUS: Thank you  
4 so much.

5                   Chairs Krueger and Weinstein and  
6 members of the committee, thank you for the  
7 invitation to address you today. I am Mara  
8 Manus, the executive director of NYSCA.

9                   On behalf of our chair, Katherine  
10 Nicholls, our board members, our staff, and  
11 our field, we are deeply grateful for the  
12 Governor and Legislature's continued support  
13 and recognition of NYSCA's critical role in  
14 our state's vital arts sector.

15                  In a year of unprecedented devastation  
16 to our sector, our grantees' unyielding  
17 dedication to their work ensures the survival  
18 of the arts as we confront the dual pandemics  
19 of COVID-19 and systemic racism together.

20                  Pre-COVID, the state's arts sector  
21 constituted 7.5 percent of our economy and  
22 generated \$120 billion, employing over  
23 460,000 workers. The arts are a significant  
24 driver of tourism, as we all know, and

1 pre-COVID our grantees reported 150 million  
2 visitors. Every dollar that supports the  
3 arts is a critical investment in the health  
4 of our economy and a significant driver of  
5 our state's recovery.

6 NYSCA is immensely grateful to the  
7 Governor for his decision to preserve our  
8 FY '21 grant-making budget at level funding.

9 As an agency, we have pivoted over the  
10 last year to meet the increasingly dire needs  
11 of our grantees, and I will provide further  
12 details shortly.

13 NYSCA's core focus is grant making to  
14 nonprofit organizations and artists. For  
15 FY 2021, we prioritized flexible general  
16 operating expenses as well as support for  
17 small and medium-sized organizations and  
18 underrepresented communities. We moved  
19 quickly to bring all of our FY '21 grant  
20 recommendations to a NYSCA council meeting in  
21 February. The applicants received  
22 notification letters on February 12th.

23 In this round, NYSCA awarded  
24 1900 grants totaling \$40 million to

1           1200 organizations and 150 artists. Of that  
2           amount, \$28 million went to organizations  
3           with budgets less than \$3 million.

4           Our FY '21 application deadline was  
5           4 p.m. on March 12th, which was the same week  
6           that everything shut down. We immediately  
7           gathered responses from our grantees through  
8           a survey and were able to develop and execute  
9           FY '20 contract flexibilities, including  
10          extensions and modifications. To date, we  
11          have approved over 200 of those requests and  
12          are allowing those same modifications for our  
13          FY '21 contracts.

14          So those FY 2020 contracts started on  
15          January 1st, FYI.

16          In April, NYSCA received NEA CARES  
17          funding, and we executed two funding  
18          opportunities in under three months,  
19          providing \$10,000 grants to 49 organizations  
20          and \$1,000 grants to 40 non-New York City-  
21          based artists through our partnership with  
22          NYFA.

23          NYSCA held all of our review panels  
24          virtually in August and September, and the

1 panelists were charged with evaluating the  
2 applicant's ability to deliver on their  
3 mission.

4 NYSCA also led three reorgs of our  
5 website, the first to identify timely  
6 emergency resources, the second to create a  
7 space for Arts Online, and the third to  
8 showcase grantee reopenings and resources.  
9 We also created the NYSCA PRESENTS webinar  
10 series in May, and we've held six webinars,  
11 reaching over 3500 people, and covering such  
12 topics as "Fundraising in the Time of COVID"  
13 and "Moving Your Mission Online."

14 As of February 2021, the total  
15 financial impact of COVID on the New York  
16 State arts sector is estimated as a loss of  
17 more than \$338 million. Additionally, the  
18 estimated loss in attendance totals  
19 13 million people, and employee reductions  
20 total 47,000 full-time arts workers. This  
21 does not include contract workers, which we  
22 all know are the bedrock of the arts  
23 workforce.

24 The state's reopening guidelines for



1 low-risk arts were released on June 23rd, and  
2 some museums began reopening over the summer.  
3 However, many are operating at a much lower  
4 capacity than the 25 percent requirements set  
5 by the state. We recognize that a majority  
6 of the arts sector is still shut down and  
7 that the performing arts are contending with  
8 a minimum of 18 months of revenue loss.

9 While a hybrid model of  
10 virtual/in-person programming may be viable  
11 in the future, there is no current data to  
12 suggest that digital programming is creating  
13 significant revenue to contend with  
14 COVID-related losses.

15 Here are a few examples of grantees  
16 that have pivoted to embrace the challenges  
17 of the last year.

18 MOCA -- also called the Museum of  
19 Chinese in the Americas -- in Manhattan was  
20 severely damaged in a devastating fire in  
21 January. When faced with both COVID and the  
22 fire recovery, MOCA launched a new virtual  
23 exhibition, Trial by Fire, and also a  
24 crowd-sourced social-media storytelling

1 project. To date, MOCA's digital programming  
2 has been viewed by over 65,000 people.

3 Ballet Hispanico is the nation's  
4 renowned Latinx dance organization, and in  
5 2020 they launched the wildly successful  
6 BUnidos virtual program, featuring virtual  
7 dance classes and watch parties with company  
8 members. These have been viewed by over  
9 160,000 people to date.

10 Moving to the western part of our  
11 state, ArtPark Niagara is a 150-acre park and  
12 cultural institution, and that was one of the  
13 first to reopen. They held 80 socially  
14 distanced events, including an artist-led  
15 tour and a parking-lot mural project. It's  
16 worth noting that they are reporting an  
17 80 percent loss in revenue due to the  
18 cancellation of their regular large-scale  
19 events.

20 Many grantees reimagined their mission  
21 through non-arts support as well, such as  
22 Jack Arts in Brooklyn, which provided  
23 120 individuals and families with food  
24 assistance weekly, and DreamYard in the

1 Bronx, which served over 100,000 free meals,  
2 bagged groceries, and produce.

3 I'm pleased to share updates on our  
4 vital cross-sector partnerships, which I have  
5 mentioned in previous testimonies. We  
6 relaunched our Creative Aging Initiative in  
7 partnership with NYSOFA on February 22nd,  
8 after being delayed due to COVID. The  
9 programming will now be offered virtually,  
10 enabling a much broader reach across the  
11 state.

12 Our partnership with DOCCS, called  
13 CreativityWorksNYS, continues to support  
14 creative programming for justice-involved  
15 youth through hands-on art making. So this  
16 was initially launched in the Hudson and  
17 Adirondack facilities. Those have been  
18 converted back to adult facilities, and we  
19 are relaunching the program at Brookwood and  
20 Columbia, which are sites that are now under  
21 the purview of OCFS.

22 Arts programming will also continue at  
23 the Ulster adult facility, and we are in  
24 talks with DOCCS about expanding arts

1 programming to other facilities.

2 Our joint arts calendar in partnership  
3 with I Love NY, which has reached  
4 300,000 visitors with a single submission,  
5 was modified this year to include digital  
6 events as well.

7 Thank you again for the opportunity to  
8 share the impact and the reach of the arts in  
9 New York State, and NYSCA's role in  
10 supporting the transformative work of our  
11 grantees. We are so privileged to represent  
12 the tens of thousands of New York artists and  
13 cultural workers from the nonprofit sector.  
14 The investment we make in the arts delivers  
15 an incredible return as a driver of the  
16 health of our workforce, our economy, and our  
17 people -- all while maintaining our state's  
18 position as a global leader in arts and  
19 culture, attracting millions each year from  
20 around the world.

21 Arts funding is so vital to our  
22 recovery, and the arts remain determined to  
23 reimagine, rebuild, and renew New York.

24 I now welcome your questions.

1                   CHAIRWOMAN WEINSTEIN: I think we're  
2 going to go to Assemblyman Carroll for three  
3 minutes.

4                   CHAIRWOMAN KRUEGER: Yes, thank you.

5                   ASSEMBLYMAN CARROLL: Thank you, Chair  
6 Weinstein.

7                   And thank you, Executive Director  
8 Manus, for speaking to us in that  
9 presentation.

10                  I wonder if you have any information  
11 on those art organizations, especially small  
12 and medium-sized, that applied for grants  
13 last year prior to COVID and whether those  
14 organizations still are functioning and  
15 operational today.

16                  EXECUTIVE DIRECTOR MANUS: So the  
17 small and medium-sized organizations that we  
18 have provided grants to are -- two points to  
19 mention here. One is that if they have  
20 closed down, they're required to let us know.  
21 We've had very, very few notifications of  
22 permanent closures so far. I think obviously  
23 the story is still unraveling.

24                  The -- however, we have granted to

1 every organization the ability to extend and  
2 modify their grants, and we have -- and those  
3 modification requests are continuing to come  
4 in. And so -- and those encompass anything  
5 from moving your programming online to  
6 extending the deadline, obviously, of work  
7 that was going to be presented in person.  
8 But so far we don't have any data on  
9 complete, permanent closures.

10 ASSEMBLYMAN CARROLL: Two quick  
11 follow-ups. Does NYSCA -- has it or does it  
12 have any opinions on converting former office  
13 space in Manhattan or other areas that may be  
14 now unused or underutilized, to convert that  
15 to studio space, performance space?

16 And in addition to that, has NYSCA  
17 been able to help arts organizations work  
18 through insurance claims? Many arts  
19 organizations have called my office talking  
20 about being rejected for business  
21 interruption insurance or other insurance  
22 that they have had, they have paid premiums  
23 for years and years and years. And of course  
24 if they were able to get those claims paid

1 out, it would make it much easier for them to  
2 begin operations again when it is safe.

3 EXECUTIVE DIRECTOR MANUS: So one of  
4 the wonderful benefits of being a NYSCA  
5 grantee is that we offer technical assistance  
6 actually through NYCON, the New York Council  
7 of Nonprofits, and so that technical  
8 assistance is available to any one of our  
9 grantees, whether you get general operating  
10 support or project support.

11 And they are helping -- they're able  
12 to provide assistance and guidance to anyone  
13 facing this kind of situation, any entity.  
14 And they're also providing a lot of guidance  
15 around, for instance, the PPP application.

16 And in terms of your question about  
17 storefront spaces, so there are a couple of  
18 our grantees that are actually -- one of them  
19 is called ChaShaMa, and they actually do  
20 activate storefront spaces for artists work,  
21 both exhibition and work. We of course are  
22 in support of any kind of construct that's  
23 going to support the return of the arts in a  
24 healthy way to the state after this

1           devastating year. And I think we have to  
2           acknowledge that the devastation of this year  
3           is still not over.

4                   ASSEMBLYMAN CARROLL: Thank you.

5                   CHAIRWOMAN WEINSTEIN: Thank you,  
6           Assemblyman.

7                   We're going to send it back to the  
8           Senate now.

9                   CHAIRWOMAN KRUEGER: Okay, thank you  
10          very much.

11                   Thank you, Executive Director.

12                   So when I reviewed the Governor's  
13          proposal and there were a number of new I  
14          guess grant programs for the arts, or at  
15          least one particularly, but it was for fairly  
16          large companies, of spending at least a  
17          million dollars for production.

18                   Now, I'm from New York City so when I  
19          see those kinds of numbers, I say, oh,  
20          they're going to underwrite Broadway shows at  
21          the major Broadway theaters and at the major  
22          musical, you know, sites we have -- Lincoln  
23          Center, Carnegie Hall.

24                   And yet the groups that we don't know



1           whether they will survive and be able to come  
2           back are the smaller groups. And certainly  
3           the history of the arts in New York City has  
4           been smaller community-based groups,  
5           off-off-Broadway, The Public Theater -- you  
6           know, all these different venues. But it  
7           didn't appear that we were offering them  
8           anything.

9                       When I raised it with the ESDC  
10           commissioner -- not at the hearing this  
11           morning but at a previous conversation the  
12           other day -- he said, Well, that program is  
13           set up so that if money is repaid or they hit  
14           a certain mark, then that money will go to  
15           you for further distribution to smaller  
16           groups.

17                      So can you help me understand that?  
18           Because I was a little confused.

19                      EXECUTIVE DIRECTOR MANUS: So I think  
20           that Eric and I are in discussion about how  
21           we can further collaborate. And there hasn't  
22           been a long history of that I think  
23           historically, but we are looking forward to  
24           working together this year most specifically.

1           I don't have the detail on the program  
2           you're talking about, but I'm happy to revert  
3           after -- when I get more information.

4           I will say that to your point, there  
5           are 300, we know that there are 300 small  
6           nonprofit theaters in New York City, for  
7           instance, and that they -- and the small  
8           organizations are really the bedrock of our  
9           sector.

10          And NYSCA does everything we can to  
11          support those, including the kind of pivots  
12          we made this year with our funding --  
13          specifically, how 28 million of our  
14          40-plus-million went to organizations with  
15          budgets of less than \$3 million. And many of  
16          those are much, much, much smaller; you know,  
17          budgets of half a million dollars.

18          CHAIRWOMAN KRUEGER: But is it a  
19          surprise to you when I say he said that some  
20          of this money actually is supposed to head to  
21          you and your universe of groups when the  
22          companies, I guess, that are larger are more  
23          successful with their productions because of  
24          the money they got from the state?

1                   It almost sounds like it's a -- you  
2                   know, where we become shareholding producers  
3                   of those shows and the ones that do well, we  
4                   get money back, except it goes to you. Which  
5                   I'm not opposed to at all, but I didn't see  
6                   that language anywhere in the budget. So I  
7                   want to just double-check that I was not  
8                   mishearing him.

9                   EXECUTIVE DIRECTOR MANUS: Yes, I  
10                  haven't been a part of that conversation, but  
11                  I'm looking forward to that.

12                 CHAIRWOMAN KRUEGER: Please. And  
13                 please let me know what you learn, because I  
14                 would hate to think that -- I'm not saying he  
15                 would intentionally mislead me, but I would  
16                 hate to imagine that I heard it wrong,  
17                 because that's what I heard.

18                 EXECUTIVE DIRECTOR MANUS: Sure, we'll  
19                 get back to you in revert. Thank you.

20                 CHAIRWOMAN KRUEGER: Okay, thank you.  
21                 Any other questions, Helene, from the  
22                 Assembly?

23                 CHAIRWOMAN WEINSTEIN: Yes, we do, we  
24                 have our chair of Science and Technology.

1                   So Assemblyman Otis for five minutes.  
2                   Or actually he could have 10 minutes if he  
3                   needs it, because he's the chair.

4                   CHAIRWOMAN KRUEGER: Don't give him  
5                   five minutes --

6                   CHAIRWOMAN WEINSTEIN: He'll only use  
7                   five. He's very concise.

8                   ASSEMBLYMAN OTIS: I'll be less than  
9                   five.

10                  But thank you for all the good work at  
11                  the Council of the Arts.

12                  And, you know, you've heard from some  
13                  of the other questions, we're very concerned  
14                  about the small arts organizations that may  
15                  or may not survive.

16                  Just curious, what did we do last year  
17                  with the decentralization grants? Did they  
18                  not go out the door or -- what money flowed  
19                  and didn't flow last year?

20                  EXECUTIVE DIRECTOR MANUS: So last  
21                  year you mean beginning January 1st of the  
22                  last year?

23                  ASSEMBLYMAN OTIS: Or ending April 1st  
24                  to the current year.

1 EXECUTIVE DIRECTOR MANUS: Yeah. So  
2 all of our DEC sites have been receiving  
3 funding. As you know, the budgets were on  
4 pause this year, and so we were able to  
5 distribute all of those grants and  
6 notifications by February, and those  
7 contracts are dated January 1st.

8 So there has been -- there's no break  
9 in commitment from NYSCA to our DEC sites.

10 ASSEMBLYMAN OTIS: So the money's  
11 still going to be spent, is what you're  
12 saying, even though we had a pause period.

13 EXECUTIVE DIRECTOR MANUS: Absolutely.

14 ASSEMBLYMAN OTIS: Okay. So I would  
15 just say in terms of how you're figuring out  
16 your priorities in the upcoming year, I would  
17 just ask attention be given to these small  
18 arts organizations that are again on the  
19 ledge whether they're going to survive or  
20 not, and it may be some state help will allow  
21 them to do it.

22 They may need emergency help, not for  
23 performance, but to pay some rent or some  
24 survival costs. And so if you could look at

1           your criteria and maybe look at possible  
2           adjustments to deal with the unusual  
3           situations we're in so we don't lose those  
4           entities, what they offer and the jobs that  
5           they offer.

6                     And I'm going to yield back my three  
7           minutes left, and -- but thank you. You're a  
8           very important agency, not just for the  
9           culture of the state but for the economy of  
10          the state.

11                    EXECUTIVE DIRECTOR MANUS: Thank you  
12          so much.

13                    I just want to add that we will be --  
14          we are rethinking in probably the most major  
15          way our opportunities for FY '22. They will  
16          be posted in late spring. And we are taking  
17          all of these points, including yours, into  
18          consideration in developing those new  
19          guidelines.

20                    ASSEMBLYMAN OTIS: Great. Thank you  
21          very much.

22                    CHAIRWOMAN KRUEGER: Thank you very  
23          much.

24                    Helene, you have more?

1                   CHAIRWOMAN WEINSTEIN: Yes, I believe  
2                   Assemblyman O'Donnell was going to be logging  
3                   in, but I had a question before we check on  
4                   that.

5                   I was just wondering, in terms of the  
6                   Arts and Cultural Facilities Improvement  
7                   Program, the status of the program. And has  
8                   prior funding improved the renovation,  
9                   construction, energy efficiency or  
10                  technology? And do you believe that a  
11                  competitive process is the most effective way  
12                  to ensure funding is optimally regionally  
13                  distributed?

14                 EXECUTIVE DIRECTOR MANUS: So just to  
15                 clarify, are you speaking about the capital  
16                 support that we got in 2018-2019?

17                 CHAIRWOMAN WEINSTEIN: Yes.

18                 EXECUTIVE DIRECTOR MANUS: Great.

19                 Okay, so we did receive a total of  
20                 \$30 million, as you well know, and that was  
21                 allocated and distributed to 88 projects.  
22                 about half of those projects have been  
23                 completed or are near completion at this  
24                 point, and we expect the rest to be completed

1           in the next two years.

2                     In terms of -- you know, we do -- we  
3           have been hearing from the field that  
4           probably, you know, one of the priority  
5           capital needs will be the air filtration  
6           systems and an upgrade of their HVAC due to  
7           the new requirements and the need for more  
8           safe reopenings.

9                     CHAIRWOMAN WEINSTEIN:   Okay, thank you  
10          very much.

11                    If we could just pause for a moment, I  
12          was told that Assemblyman O'Donnell was here,  
13          so he may just be having some problem logging  
14          on.   Let me just --

15                    THE MODERATOR:   He is currently  
16          entering the room.

17                    CHAIRWOMAN WEINSTEIN:   Okay, so  
18          let's --

19                    CHAIRWOMAN KRUEGER:   Aha, he's  
20          spotted.

21                    CHAIRWOMAN WEINSTEIN:   Okay, is he  
22          here?

23                    CHAIRWOMAN KRUEGER:   Yes.

24                    CHAIRWOMAN WEINSTEIN:   Oh, there, I



1           see him. Okay. Perfect timing, Danny.

2                     Why don't you put five minutes on the  
3 clock for Assemblyman O'Donnell, since he's  
4 the chair of the committee.

5                     Danny, go ahead, we're up to you.

6                     ASSEMBLYMAN O'DONNELL: Thank you very  
7 much, Ms. Manus, for being here. I apologize  
8 for being late. I wasn't invited to this  
9 hearing, and therefore I was never sent a  
10 link.

11                    But now that I'm here, I'd like to  
12 talk to you a little bit about the importance  
13 of the economic impact of the arts. In all  
14 my 20 years I've been here, I've been told  
15 it's a multiplier and that if you spend a  
16 dollar in state spending, the tax revenue the  
17 state receives is seven times that amount of  
18 money.

19                    Can you elaborate a little bit on  
20 that?

21                    EXECUTIVE DIRECTOR MANUS: Yes. In  
22 fact I have what I hope is somewhat of an  
23 illicit -- enlightening example.

24                    So first of all, we don't have

1 complete statewide data on the economic  
2 impact, other than the high-level data. But  
3 we know that the regions are producing their  
4 own reports. And I just wanted to read from  
5 a report that was developed a few years ago  
6 in Mid-Hudson.

7 Just a quick -- it's home to  
8 500 organizations, generates 468 million in  
9 total economic impact. This was around 2015.  
10 It created 5,000 jobs. The region reports  
11 3.6 million cultural visitors, adding almost  
12 500 million to the area's economy, spending  
13 40 million on lodging, 160 million on food  
14 and beverage, 134 million on retail, and  
15 119 million on transportation.

16 Some of NYSCA's grantees in the region  
17 include the Hudson Valley Shakespeare  
18 Festival, Storm King, and the Boys and Girls  
19 Club of Newburgh.

20 That's an example.

21 EXECUTIVE DIRECTOR MANUS: Thank you.

22 Which brings me to the problem that  
23 we're in, which is that there are a great  
24 many needs in this pandemic, and the reality

1           is if we don't fix the arts funding problem,  
2           we won't be able to have the resources going  
3           forward to fix the other problems.

4                     On a given night, I think there are  
5           over 10,000 seats in Lincoln Center, and if  
6           the productions are successful, that's 10,000  
7           human beings coming into the West side of  
8           Manhattan. They're buying coffee, they're  
9           eating dinner, they're having drinks, they're  
10          doing all those things. And some of them, in  
11          fact, because of the international importance  
12          of the Metropolitan Opera, are staying in  
13          hotels. And those are the big organizations.

14                    But the small organizations do the  
15          same thing. In Glens Falls, New York, my  
16          sister and brother-in-law saved Glens Falls  
17          by putting a theater in an old Woolworth's in  
18          downtown Glens Falls. It was a sleepy, dead  
19          town that is now thriving with restaurants  
20          and bars and everything, all because the  
21          Woolworth's was converted into a theater.

22                    And so in the past your budget has  
23          been minuscule, and the attention to the arts  
24          has been neglected because people don't think

1 of it as being important. And so we have a  
2 maintenance-style budget.

3 We don't need to maintain the arts, we  
4 have to rebuild them. And if we don't  
5 rebuild them, the economy of the State of  
6 New York will not rebuild either. Can you  
7 comment on that?

8 EXECUTIVE DIRECTOR MANUS: The arts  
9 are critical to recovery. I mean, we -- I  
10 shared numbers at the top of my presentation  
11 about just the -- how much they actually  
12 exceed, the economy of the arts exceeds the  
13 retail, construction and transportation  
14 sectors. And the employment of workers, you  
15 know, cannot be understated. You know,  
16 almost 500,000, and that doesn't include the  
17 contract workers, which we all know are just  
18 in the tens of thousands or perhaps hundreds,  
19 who knows. We don't really know.

20 But I agree. I mean, what we have  
21 from all of our grantees is a profound sense  
22 of the extent to which they hold up their  
23 local economies. And while it's very clear  
24 in a place like New York City, and the, you

1 know, great numbers of global tourists it  
2 attracts, what you said about Glens Falls  
3 holds true in almost every small town and  
4 village that we -- where there's an  
5 organization that we support.

6 I mean, if you look at, for instance,  
7 Saranac Lake, Pendragon Theater, it's been  
8 there for 40 years. It's about a 150-seat  
9 theater. They're now going to be the  
10 cornerstone of the DRI project in Saranac  
11 Lake. And they are taking over a former  
12 grocery store, an abandoned grocery store  
13 space.

14 And if you go up to the North Country  
15 and visit any -- visit the Lake Placid-  
16 Saranac Lake area, what you see is a high  
17 concentration of artists as well as arts  
18 organizations, and you also see a thriving  
19 economy. And in a place that perhaps one  
20 wouldn't expect it.

21 And what is clear across all the  
22 cities that were born by the birth of the  
23 Erie Canal, whether it's in Syracuse or  
24 Rochester or Buffalo, is while there are no

1           longer perhaps the corporations that there  
2           once was, the arts are still a tent pole of  
3           the economy in those places and I believe are  
4           really contributing to securing the  
5           populations that are there and are  
6           attracting -- and serve also as places to  
7           attract, you know, new residents.

8                     And it's heartening to see that, but  
9           it's also, as you said, attention must be  
10          paid -- not to quote Arthur Miller -- to what  
11          is such a critical part of our sector. And  
12          it's going to be such a giant part of its  
13          recovery. But we -- without attention, we  
14          are all concerned.

15                    ASSEMBLYMAN O'DONNELL: My last  
16          question. Ms. Fahy's not present, so in her  
17          absence --

18                    CHAIRWOMAN WEINSTEIN: Actually, she  
19          is.

20                    ASSEMBLYMAN O'DONNELL: -- I'm going  
21          to ask the question on her behalf.

22                    CHAIRWOMAN WEINSTEIN: Excuse me --

23                    ASSEMBLYMAN O'DONNELL: She has  
24          proposed a WPA-like project for the arts.

1           You and I have talked about workforce  
2           development. What do you have to say about  
3           how do we get the people who have been  
4           unemployed for the last year back to work?

5           CHAIRWOMAN WEINSTEIN: Assemblyman,  
6           Pat Fahy is here. She has her hand up, so  
7           she'll be asking her question. But --

8           ASSEMBLYMAN O'DONNELL: Okay, could  
9           you please answer the question about  
10          workforce development, please, Ms. Manus?

11          CHAIRWOMAN WEINSTEIN: The director  
12          could answer the question, that's fine.

13          ASSEMBLYMAN O'DONNELL: Thank you.

14          EXECUTIVE DIRECTOR MANUS: Okay. So  
15          the question about workforce development and  
16          its critical --

17          ASSEMBLYMAN O'DONNELL: Yes.

18          EXECUTIVE DIRECTOR MANUS: Okay,  
19          great. So workforce development. So I think  
20          the headlines for the arts sector this year  
21          are income loss by individuals and revenue  
22          loss by organizations. And in terms of  
23          workforce, that is where if we don't get our  
24          people back into the jobs, whether they're

1 full-time or contract jobs, we're not going  
2 to get the organizations open.

3 And let's face it, we all recognize  
4 that there's a longer runway than just  
5 getting a vaccine at this point, in terms of  
6 building the arts and getting the  
7 organizations to be at the state that they  
8 were pre-COVID.

9 So in terms of the workforce, we have  
10 prioritized workforce development in our REDC  
11 programs and as I said -- I don't know if you  
12 heard, but we are going to be completely  
13 overhauling our 2022 opportunities, and the  
14 goals of those are to be streamlined, create  
15 greater access, and be responsive to a field  
16 that we know has been devastated.

17 Workforce is going to be, I believe,  
18 the priority. And it's hard to say that  
19 we're going to be responsive without  
20 attending to workforce investment.

21 CHAIRWOMAN WEINSTEIN: Thank you.

22 Senate, do you have anybody? Because  
23 we still have --

24 CHAIRWOMAN KRUEGER: Nope. Nope. We



1           are giving it to you, the Assembly.

2                   CHAIRWOMAN WEINSTEIN:   Okay.   I know  
3           we have Pat Fahy, but Assemblywoman Giglio I  
4           know had -- was trying to raise her hand.   I  
5           don't know if she's available.

6                   ASSEMBLYWOMAN GIGLIO:   Yes, I am  
7           available.   And trying to -- yeah, there you  
8           are.   Having some technical glitches here.

9                   But I just have a few questions, and  
10          one of them is about the funding for New York  
11          State Council of the Arts.

12                   You know, the art councils in downtown  
13          Riverhead and in the historic districts in my  
14          district are struggling.   And they are agents  
15          of the community, and they bring many people  
16          to Main Streets with the various events that  
17          they have.   And the cuts for the funding for  
18          the New York State Council of Arts has really  
19          put a damper on the Main Street functions  
20          that they normally do -- not during COVID,  
21          but for this year.

22                   So I have a question about that, about  
23          the New York State Council of Arts and why  
24          that funding was not restored and what we are

1           doing to get it.

2                   EXECUTIVE DIRECTOR MANUS:   Could --  
3           could you -- I'm not aware of the funding  
4           that you're speaking of.   Do you have any  
5           detail on that?

6                   ASSEMBLYWOMAN GIGLIO:   Yes.   I heard  
7           it from the East End Arts Association in  
8           downtown Riverhead.   It's New York State  
9           Council of the Arts funding.

10                  EXECUTIVE DIRECTOR MANUS:   Yup.   So --  
11           so our funding is a competitive process, and  
12           my understanding is that they -- their score  
13           didn't warrant funding this year.

14                  ASSEMBLYWOMAN GIGLIO:   Okay, so that's  
15           just out and they're not going to get it.

16                  And then there was also the question  
17           about hotel tax and if that could be  
18           appropriated to any of the arts and tourism.

19                  EXECUTIVE DIRECTOR MANUS:   We would  
20           welcome that.   I know that that's in place in  
21           New Jersey, and perhaps other states.   And  
22           obviously any further dollars to support the  
23           arts in this incredibly critical time is --  
24           would be -- I think we would rejoice.

1                   ASSEMBLYWOMAN GIGLIO: Yeah. So has  
2                   there been any requests for some of that  
3                   hotel tax? Seeing as the chair of my  
4                   Committee on Tourism just brought that up,  
5                   saying that the hotels fill up when there are  
6                   art events that are happening on the  
7                   Main Streets. So I'm just wondering how we  
8                   could go about that, pursuing getting some of  
9                   that hotel tax.

10                  EXECUTIVE DIRECTOR MANUS: I'm happy  
11                  to engage in any conversation that anyone  
12                  wants to have. I haven't been privy to any  
13                  to date.

14                  ASSEMBLYWOMAN GIGLIO: Okay. So I  
15                  will call you after this, then.

16                  EXECUTIVE DIRECTOR MANUS: Thank you.

17                  ASSEMBLYWOMAN GIGLIO: And I'm also  
18                  curious as to whether or not there's any  
19                  money for maintenance of trails within the  
20                  parks. We have a state-funded recreation  
21                  trail that's a 10-mile contiguous trail in  
22                  the former Grumman facility, and I'm just  
23                  wondering if there is any funding for the  
24                  maintenance of those trails.

1 EXECUTIVE DIRECTOR MANUS: There  
2 wouldn't be funding from us, but I believe  
3 that's a great question for Parks.

4 ASSEMBLYWOMAN GIGLIO: Okay. So it  
5 had to do with tourism, because we get people  
6 from all over New York State and from all  
7 over the United States, actually, that come  
8 and stay in the hotels and ride this trail.

9 So you're saying that the funding  
10 should come from Parks and that tourism  
11 wouldn't entertain it.

12 EXECUTIVE DIRECTOR MANUS: Right, we  
13 don't have any -- the only time we've had  
14 real capital funding is those two years that  
15 I mentioned, '18 and '19.

16 We do have an ongoing small facilities  
17 capital program, it's \$50,000 or lower -- or  
18 less, grants that we do offer every year.  
19 But that really is -- it's really focused on  
20 buildings.

21 ASSEMBLYWOMAN GIGLIO: Yeah, the  
22 capital projects, not for maintenance.

23 EXECUTIVE DIRECTOR MANUS: Right.  
24 Right.

1 ASSEMBLYWOMAN GIGLIO: Okay. And then  
2 the historic barns --

3 CHAIRWOMAN KRUEGER: -- I'm sorry.

4 ASSEMBLYWOMAN GIGLIO: I'm out of  
5 time?

6 (Overtalk.)

7 EXECUTIVE DIRECTOR MANUS: You can  
8 always call us. Please.

9 ASSEMBLYWOMAN GIGLIO: Thank you for  
10 your time. I will. Thank you.

11 EXECUTIVE DIRECTOR MANUS: Thanks.

12 CHAIRWOMAN KRUEGER: Sorry, thank you.

13 CHAIRWOMAN WEINSTEIN: And we're going  
14 to go to -- thank you, Senate.

15 We're going to go to Assemblywoman  
16 Fahy now, three minutes.

17 ASSEMBLYWOMAN FAHY: Thank you.

18 And thank you to our colleague,  
19 Chairman O'Donnell. I was listening, and I  
20 really appreciated him bringing up my  
21 temporary jobs bill for short-term jobs, like  
22 the -- modeled after the WPA.

23 I just want to go a little bit  
24 further. I also -- I also want to echo the

1           concerns of needing -- from the previous  
2           speaker, the need for capital dollars. So  
3           thank you, Director Manus. We definitely  
4           need to restore those capital dollars that I  
5           know were so hard-fought-for by Chairman  
6           O'Donnell and others a couple of years ago.  
7           We need to restore that.

8                     But can I ask you -- the Governor did  
9           put out a pop-ups initiative. And I  
10          understand that that's met with some dismay  
11          or disenchantment, if you will, of concerns  
12          that that's really not drilling down and  
13          where some of the highest numbers of  
14          unemployment -- and I've seen numbers as high  
15          as 50 percent of artists and dancers are out  
16          of work. But then the gig workers in the  
17          artists community, I've again seen numbers as  
18          high as 60 percent.

19                    How do we get at the gig workers, and  
20          what more than the pop-ups? Yes, I have the  
21          WPA bill. Yes, I want to see short-term  
22          jobs. But what -- what can we do? And then  
23          also if you could -- so in addition to how we  
24          do this, what can we do about the summer? I

1 mean, there is a real growing sense of  
2 desperation out there to --

3 EXECUTIVE DIRECTOR MANUS: What can we  
4 do by the summer, is that what your question  
5 is?

6 ASSEMBLYWOMAN FAHY: No, by the  
7 summer. Yeah, by -- you know, to get at this  
8 desperation. So if not the pop-ups, how do  
9 we get it down to -- you know, it's not --  
10 Proctor's, in our area, it's not reemploying  
11 the full-time staff, it's these gig workers  
12 that are, you know, 60 percent unemployed.

13 EXECUTIVE DIRECTOR MANUS: Yes, I  
14 think the gig workers are incredibly  
15 important.

16 And I just want to mention that while  
17 we don't have a lot of detail on it, that the  
18 Mellon Foundation is going to be launching a  
19 project, an initiative, called Creatives  
20 Rebuild New York. It's going to bring --  
21 it's going to bring employment to artists and  
22 support for organizations who employ those  
23 artists. And it's also, I believe, going to  
24 provide other kinds of income support for

1 artists.

2 So those details are forthcoming, and  
3 so stay tuned. And as soon as we have those,  
4 we will obviously be sharing those widely.  
5 That is one thing.

6 You know, we operate on a -- we  
7 provide grants on an annual cycle, NYSCA, so  
8 our grants portal usually opens in January.  
9 It's going to be opening in the spring. We  
10 make our grants through the year, but the  
11 contracts start the following year.

12 And what we are going to do -- which  
13 we haven't finalized, but we're going to be  
14 offering a small recovery fund. And we  
15 should be announcing that in the next month,  
16 about a million-point-four, and we're going  
17 to probably prioritize small organizations.  
18 But we haven't finalized those guidelines  
19 yet.

20 And we're going to model it very much  
21 on our NEA CARES opportunity, which we would  
22 have gotten actually out in a couple of  
23 months, and that was just a four-part  
24 questionnaire -- super short, super



1           accessible, prioritized small organizations.

2                   In terms of the artists, you know,  
3           NYSCA is not -- I'm going to answer your  
4           question --

5                   ASSEMBLYWOMAN FAHY: I see we're out  
6           of time. I will follow up with you to  
7           really --

8                   EXECUTIVE DIRECTOR MANUS: Okay,  
9           follow up --

10                   ASSEMBLYWOMAN FAHY: -- gig workers  
11           and short-term jobs for the summer that  
12           address the desperation.

13                   Thank you so much to the chair.

14                   EXECUTIVE DIRECTOR MANUS: Thank you.

15                   And also I did want to just finish my  
16           response to you, which is that NYSCA is not  
17           in a position to be able to provide grants to  
18           individuals, and so we do that through  
19           New York Foundation for the Arts, for  
20           instance, and support 80 to 100 artists a  
21           year through that partnership, for instance.

22                   But let's follow up afterwards.

23                   ASSEMBLYWOMAN FAHY: Thank you.

24                   EXECUTIVE DIRECTOR MANUS: Thank you.

1 CHAIRWOMAN KRUEGER: Okay.

2 CHAIRWOMAN WEINSTEIN: Senate, do you  
3 have --

4 CHAIRWOMAN KRUEGER: No, the Senate  
5 would actually like to thank this guest for  
6 being with us and to say thank you very much  
7 from all of us, and to move the hearing  
8 forward. Is that all right?

9 CHAIRWOMAN WEINSTEIN: Yes, please.

10 CHAIRWOMAN KRUEGER: Okay. So just  
11 for people to understand, it's 1:47. This  
12 hearing was scheduled to be done 45 minutes  
13 ago, to move on to a second hearing.

14 Helene, we may be past the point in  
15 history where we can pull off two hearings in  
16 one day. We'll have to have a discussion for  
17 next year. There's so much greater interest  
18 in so many issues. Which is a very good  
19 thing, it's just a little overwhelming from a  
20 time perspective.

21 So our first panel -- and now we move  
22 to the rules where each person gets three  
23 minutes to testify and the questioner also  
24 gets three minutes for the question and the

1           answers from whoever on the panel. So  
2           it's -- I like to describe it as it's the  
3           speed dating part of our public hearings --

4                   CHAIRWOMAN WEINSTEIN: Senator  
5           Krueger?

6                   CHAIRWOMAN KRUEGER: Yes.

7                   CHAIRWOMAN WEINSTEIN: I just wanted  
8           to clarify just for some members who may not  
9           have participated in prior hearings. It's  
10          three minutes to ask a question of the panel,  
11          not each member of the panel.

12                   CHAIRWOMAN KRUEGER: That's correct,  
13          Thank you. Yes, three minutes for the panel  
14          with their answers. So it's the speed dating  
15          part.

16                   So our first panel: The League of  
17          Independent Theater, Christina Perry; the  
18          National Association of Theatre Owners of  
19          New York State, NATO -- that's funny, I know  
20          this other group who thinks their name is  
21          NATO. And that's Joseph Masher, who's the  
22          president. He's incorrectly identified as  
23          the treasurer on the printed list, but he is  
24          the president. Theatrical Teamsters Local

1           817, Thomas O'Donnell, president. And the  
2           New York State Hospitality and Tourism  
3           Association, Mark Dorr, president.

4           Welcome to you all.

5           I guess we'll go straight down the  
6           list. Christina Perry, are you with us?

7           MS. PERRY: I am. Hello. Thank you  
8           so much for having me and allowing me this  
9           time.

10          I'm Christina Perry, and I am with the  
11          League of Independent Theater. We represent  
12          over 300 theater venues with 99 seats or  
13          less. And we are also part of the United for  
14          Small Business and the Save Our Store Fronts  
15          Coalition.

16          In addition, I am also a theater venue  
17          operator, and I help to operate the Chain  
18          Theatre. We have two spaces in Midtown  
19          Manhattan here. So I'm representing the  
20          League and also giving a personal account of  
21          the effects of this pandemic as a venue  
22          operator.

23          Our biggest need right now is rent  
24          relief for commercial tenants. I'm sure

1           that's a surprise to no one. It's been  
2           almost a year since the mandated closure, and  
3           while we appreciate all the moratoriums that  
4           have been in place, we feel this is not  
5           really a solution. To give an example, the  
6           not-for-profit I work for is currently  
7           looking at over \$100,000 in back rent, and  
8           that is just continuing to mount. And that's  
9           something that even in the best economy we  
10          just would not be able to make up.

11                 So I can also tell you from personal  
12          experience that rent accounts for 60 percent  
13          of our yearly operating budget, and this  
14          statistic is true for hundreds in my industry  
15          with similar spaces. Rent is and always has  
16          been our greatest expense.

17                 Prior to the pandemic, we at the  
18          Chain Theatre were always paying in full and  
19          on time. We were even able to reopen after  
20          the devastating effects of Hurricane Sandy  
21          when there was sewage literally pouring into  
22          our basements. And we even survived the real  
23          estate boom in Long Island City that led us  
24          to our current space in Midtown.

1                   And I share that just kind of as an  
2                   example of our tenacity and, when we're open,  
3                   how we can make it work. But this is just  
4                   something beyond what any of us have ever  
5                   been able to encounter. And that's why the  
6                   survival of small businesses like mine is so  
7                   dependent on rent relief.

8                   We're positive fixtures in your  
9                   community, as so many of you know. We serve  
10                  the local residents on each block where we  
11                  live. We provide positive foot traffic. We  
12                  bring people to the mom-and-pop restaurants,  
13                  local hotels, stores, public transportation.  
14                  And of course thousands of students apply  
15                  each year to the State of New York because  
16                  they know what kind of opportunities there  
17                  are upon graduation at theaters like mine.  
18                  And it's so exciting, and one of our  
19                  highlights every year is to work with them.

20                  So also I'm sure -- you may know that  
21                  there was a study done in 2019 that tells you  
22                  that our industry alone collectively accounts  
23                  for \$1.3 billion in taxes from these  
24                  activities that then go on to support the

1 state.

2 There's been some wonderful proposals  
3 put in place, such as S3349, a bill led by  
4 Senator Hoylman and Assemblymember Epstein,  
5 and we want to thank them, Senator Serrano,  
6 and Senator Salazar. We believe this bill is  
7 a really strong example on how commercial  
8 rent relief might be implemented, as the  
9 proposal shares the burden between the  
10 renters and landlords.

11 I see I'm running out of time, so I  
12 just want to close by saying thank you once  
13 again. And we really hope that we can find a  
14 way to find rent relief for commercial  
15 tenants such as myself, because our survival  
16 depends on it. Thank you.

17 CHAIRWOMAN KRUEGER: Thank you very  
18 much.

19 Next, Joseph Masher.

20 MR. MASHER: Good afternoon,  
21 everybody, Chairs Krueger and Weinstein. I  
22 also wanted to thank specifically Senator  
23 Savino and Assemblywoman Fahy for their  
24 unwavering support in this effort.

1           I'm Joe Masher, president of the  
2           National Association of Theatre Owners of  
3           New York State. NATO is the largest  
4           exhibition trade organization in the world,  
5           representing over 32,000 movie screens in  
6           all 50 states and additional cinemas in  
7           82 countries worldwide. I'm also the chief  
8           operating officer of Bow Tie Cinemas. We  
9           have two locations in the Capital District,  
10          one in Westchester and one in Manhattan.

11          I'm here today to urge your support in  
12          the Governor's budget to allow movie theaters  
13          to apply for a liquor license, using the same  
14          process as a similar business. Alcohol is  
15          already offered in places such as Chuck E.  
16          Cheese, sporting events and family  
17          restaurants across the state. Even  
18          Disney World in Florida has a liquor license.

19          Presently New York does permit limited  
20          alcohol sales in movie theaters, but only in  
21          conjunction with a full restaurant license,  
22          which includes a kitchen and a significant  
23          menu. Several theaters offer alcohol sales  
24          under this exception. The other way you can



1 do alcohol in movie theaters right now is to  
2 license your lobby as a tavern, but then  
3 people have to slam their drinks in the lobby  
4 before going into their movie.

5 The legal change in this proposal is  
6 most urgent, given the current state of the  
7 movie theater industry. As a result of the  
8 pandemic, movie theaters were completely shut  
9 down across the state until this past  
10 October, and in New York City will finally be  
11 allowed to reopen starting on March 5th.  
12 Movie theaters that have reopened are doing  
13 so at a capacity that is safe for consumers  
14 and the industry, I'm proud to say, has had  
15 zero cases of COVID transmission traced to a  
16 movie theater.

17 Our pass-through limits are  
18 dangerously low for a volume business and  
19 profitability, and in order to pay our rent  
20 we need other sources of revenue. Many major  
21 theater circuits are facing bankruptcy, and  
22 many independents and small chains have  
23 already been forced to close permanently.  
24 The economic impact is really upsetting to

1           hear, let alone to experience.

2                       In New York State our box office  
3           revenues alone are down 98 percent. We've  
4           lost over \$105 million in revenue, including  
5           concessions and screen advertising. Further,  
6           10,000 jobs in the state have either been  
7           lost or still on furlough, including 6,000 in  
8           New York City alone. Contrary to popular  
9           impression, theaters carry many full-time  
10          adult employees on their payroll.

11                      Widespread closures have devastated an  
12          industry that was already imperiled by  
13          streaming technology prior to the pandemic.  
14          In 2020, some studios began sending their new  
15          movies directly to streaming, skipping the  
16          theatrical window entirely. That means  
17          zeroing out any revenue these films would  
18          have made for theaters.

19                      But we're determined to bring  
20          audiences back to the big screen. Theaters  
21          are taking the initiative to create a more  
22          enjoyable movie-going experience that can  
23          compete with streaming in the new normal.  
24          The proposal will create a much-needed income

1           for an industry that just lost an entire year  
2           of revenue. And beyond that, we're committed  
3           to working with Taste NY to bring New York  
4           State craft beverages into our systems.

5                     Small theaters will benefit most from  
6           this proposal because while they're often the  
7           backbone of downtowns, they're also the least  
8           able to afford the renovations necessary to  
9           apply for a restaurant license.

10                    This provision also builds in adequate  
11           protections and restrictions for movie  
12           theaters to apply for a license, including ID  
13           requirements, one alcoholic beverage per  
14           purchase, purchases limited to one hour  
15           before the first movie showing and cease at  
16           the end of the last movie showing. Food  
17           typically found in a theater must be kept  
18           readily available. And any municipality may  
19           object to a license, and the Liquor Authority  
20           may use that as a good cause to deny the  
21           license.

22                    So we're urging your support for this.  
23           Thank you very much.

24                    CHAIRWOMAN KRUEGER: Thank you.

1                   Our next speaker is Thomas O'Donnell.

2                   THE MODERATOR: You need to unmute.

3                   MR. O'DONNELL: Thank you, Chairwoman  
4                   Krueger.

5                   My name is Tom O'Donnell. I'm  
6                   president of Theatrical Teamsters Local 817.  
7                   I present this testimony on behalf of the  
8                   entire film production labor community.

9                   Thank you for the opportunity to  
10                  provide testimony to describe the  
11                  unparalleled success of the Empire State Film  
12                  Production Tax Credit, and for your long-term  
13                  support of the film and television production  
14                  community.

15                  In the 2021 legislative session, the  
16                  union's top priority is ensuring the  
17                  continuity and stability of the tax credit.  
18                  We thus testify today in support of the  
19                  Governor's proposed extension of the program  
20                  in the State Budget.

21                  On Friday, the 13th of March, 2020, we  
22                  were at record employment and still growing.  
23                  I got a phone call that day from the  
24                  commissioner of the New York City Office of

1           Media and Entertainment that the city just  
2           had their first COVID-related death and they  
3           were shutting everything down. That day we  
4           went from 100 percent employment to less than  
5           1 percent employment for the next five  
6           months.

7                       Over those five months, the  
8           entertainment unions negotiated with the  
9           studios and producers some of the most  
10          thoughtful and rigorous safety protocols of  
11          any industry in the country -- testing up to  
12          three times a week, the best PPE available,  
13          social distancing. Today we are returning to  
14          near-pre-pandemic employment levels, keeping  
15          not only our casts and crews safe, but also  
16          the communities and neighborhoods that we  
17          live and work in.

18                      I just want to emphasize that this is,  
19          first and foremost, a union program. We  
20          fight to ensure higher wages, the excellent  
21          health and pension benefits, even a  
22          scholarship fund for our dependent children.  
23          Since the inception of the tax credit,  
24          Local 817 has more than tripled its

1 membership and our gross wages and benefit  
2 contributions have gone from 70 million to  
3 almost 400 million. And we're just a very  
4 small slice of the employment pie.

5 Lastly, in last year's State Budget  
6 the tax credit was reduced from a 30 percent  
7 to 25 percent rebate. These reforms no doubt  
8 will further increase the state's return on  
9 the tax dollars invested in the program.  
10 However, we are always monitoring the  
11 calibration of the tax credit to maximize its  
12 job-creating impact.

13 In summation, this extension does not  
14 impact this year's fiscal plan. It will,  
15 however, give confidence to producers and  
16 employers that New York remains committed to  
17 the film and television production incentive  
18 for the long haul.

19 I thank you for your time and  
20 consideration, and I look forward to  
21 answering any questions the panel may have.

22 CHAIRWOMAN KRUEGER: Thank you very  
23 much.

24 And our last speaker on the panel,

1 Mark Dorr.

2 MR. DORR: Good afternoon. Thank you  
3 for having me. My name is Mark Dorr,  
4 president with the New York State Hospitality  
5 and Tourism Association. We represent 1,000  
6 members throughout New York State, including  
7 hotels, amusement parks, destination  
8 marketing organizations, those charged with  
9 marketing and promoting our great state.

10 So we're currently the third-largest  
11 industry in the state, tourism overall. We  
12 represent a million jobs, \$19 billion in tax  
13 revenue. And we welcomed in 2019 -- I'll  
14 take 2020 out of the mix -- but we welcomed  
15 250 million visitors, and we hope to get back  
16 somewhere -- and I was just reading this  
17 morning, I think we're going to get back to a  
18 very robust summer travel vacation schedule  
19 here in New York State.

20 My main topic this morning is really  
21 to thank the economic development folks for  
22 recognizing the need to provide a mechanism  
23 for collecting of sales tax from the  
24 unregulated short-term rental industry. In

1           the Executive Budget this year there's a  
2           portion in there to level the playing field  
3           that allows for state and local collection of  
4           sales tax on those short-term rentals. And  
5           obviously that's going to immediately boost  
6           the economy by doing that.

7                     And, for example, \$18 million probably  
8           in sales tax over the last decade has been  
9           left on the table. I'd like to thank  
10          Assemblymember Fahy especially, she's been a  
11          champion of this for us for the last five to  
12          six years. And this is one part of a  
13          three-part puzzle that we have collecting  
14          that sales tax. The occupancy tax is another  
15          part of that for later on. But there's  
16          probably -- we've done a study with our folks  
17          at Smith Travel Research -- probably in  
18          New York State another \$90 million in  
19          occupancy taxes are not being collected from  
20          those short-term rental units.

21                    So as we heard earlier from  
22          Assemblyman O'Donnell, there is, you know, a  
23          segment of the industry out there that is not  
24          collecting occupancy tax. However, they're



1           benefiting from the arts, they're benefiting  
2           from overnight stays and the marketing and  
3           promotion of our convention and visitors  
4           bureaus.

5                     So -- but mostly I'd just like to  
6           thank everybody for the mechanism to collect  
7           that sales tax. We hope that makes it all  
8           the way into the final budget.

9                     Last couple of things, I Love NY is a  
10          very important part of the tourism industry  
11          and marketing statewide, bringing people in.  
12          Again this year, this summer's probably going  
13          to be more critical than ever to bring people  
14          back to traveling into New York. They're set  
15          at \$2.5 million; we hope to keep that level  
16          there.

17                    And matching grants, which is our  
18          convention and visitors bureaus, our tourism  
19          promotion agencies. One thing to keep in  
20          mind is in the Governor's budget it was  
21          \$2.4 million. Last year it was 3.8 in a very  
22          tough year. We hope to get back to 3.8  
23          million. We'll be asking for that, because  
24          it's a match, dollar for dollar, if the local

1 community spends a dollar, the state matches  
2 it based on a marketing program. And we hope  
3 to accomplish great things this summer.

4 Thank you very much.

5 CHAIRWOMAN KRUEGER: Thank you.

6 All right, who might have a question  
7 for any of our guests?

8 CHAIRWOMAN WEINSTEIN: We have  
9 Assemblywoman Pat Fahy, three minutes.

10 CHAIRWOMAN KRUEGER: Okay.

11 ASSEMBLYWOMAN FAHY: Thank you. And I  
12 really think this is my last question.

13 But great panel, thank you for all you  
14 have said and done. The numbers, going back  
15 to what Joe Masher said with theaters, we  
16 talk so much about the industries that have  
17 been so devastated because of COVID, but  
18 there are a few I can -- that can point to  
19 the absolute devastation of what happened  
20 with the movie theaters.

21 So regarding the employment -- a  
22 question there, and then I want to get to  
23 Mark Dorr as well within my three minutes. A  
24 question there on what will help -- I'm

1           actually surprised there are any independent  
2           theaters, movie theaters left. So on one  
3           hand, kudos to the movie theaters that have  
4           stayed and are trying to survive this, huge  
5           kudos.

6                     But if you can tell us about those  
7           that expect to leave and what it's going to  
8           take to make them reemploy people.

9                     And then, before I stop, I want to --  
10          then, secondly, I want to get to Mark Dorr to  
11          see if the sales tax on -- again, if you  
12          could take a few more seconds to explain the  
13          difference that this could make to some of  
14          our upstate counties. The reason I have  
15          supported the upstate -- in some ways it's an  
16          upstate Airbnb bill, because they're already  
17          doing that more in the city. It's to level  
18          the playing field. Because when you are not  
19          paying your taxes, you are indirectly hurting  
20          hotels and motels.

21                    So if you would start with Joe Masher  
22          on what it's going to take to get the  
23          theaters back -- I've got a minute and a half  
24          here, or less -- and then Mark Dorr, please.

1                   MR. MASHER: Thank you again for your  
2 support, Assemblywoman Fahy.

3                   A big step happened yesterday when the  
4 Governor announced that New York City  
5 theaters can reopen. Without New York City  
6 and LA, studios have not released big movies  
7 exclusively into theaters, so it's limited  
8 our chances, where we are open, to gain an  
9 audience.

10                  We have done so, as I said, very, very  
11 safely with zero cases. So, you know, the  
12 theaters that have managed to hang on -- and  
13 there are many that just won't reopen --  
14 really need extra amenities such as alcohol  
15 to lure patrons back. It's not a place where  
16 people come and get drunk, it's not a place  
17 where people are coming to buy multiple  
18 drinks, it's an amenity. And we need  
19 amenities to keep people coming back to  
20 theaters.

21                  We're excited to get reopened in  
22 New York City next Friday, and we hope that  
23 you'll support this to get us the amenities  
24 that we need to continue to --

1                   ASSEMBLYWOMAN FAHY: I've carried the  
2 bill for a few years. I assure you I will  
3 support it.

4                   MR. MASHER: You and everybody else.

5                   ASSEMBLYWOMAN FAHY: I'm trying to  
6 make sure that bill extends beyond the  
7 executive orders.

8                   And then Mark Dorr, if you could  
9 please respond to the --

10                  MR. DORR: Well, the sales tax  
11 portion, for many years -- the sales tax  
12 collecting that's in the Executive Budget  
13 provides for state and local county sales tax  
14 to go on those short-term rentals, your  
15 Airbnbs, your VRBOs. Eighteen million  
16 dollars throughout the whole state just on  
17 the sales tax.

18                  The one thing, if I may, the second  
19 component that Assemblymember Fahy carries a  
20 bill for us is the occupancy tax. And I was  
21 so glad to be included on sort of the theater  
22 panel here, because one of the biggest  
23 disparities as the hotels -- and hotels are  
24 not against short-term rentals, they just a

1 level playing field so that they're all doing  
2 the same thing.

3 Real quickly, on the occupancy tax, it  
4 goes into marketing and promoting regions.  
5 {Zoom interruption} And if you've got  
6 theaters that are full, that spills over into  
7 the hotels -- that segment of our industry is  
8 not collecting the occupancy tax, which goes  
9 into drawing more people in. So if we can  
10 get theirs, the second part, that would help  
11 promote and bring people to the theaters as  
12 well.

13 So thank you.

14 ASSEMBLYWOMAN FAHY: Thank you. Thank  
15 you to the chairs.

16 Really look forward to working with  
17 both of you, and more. Thank you.

18 CHAIRWOMAN KRUEGER: Helene, I have a  
19 question, if you don't mind. Thank you.

20 So Mr. Dorr, following up on the hotel  
21 tax question. Actually, Pat Fahy is  
22 incorrect, New York City does not use the  
23 property taxes for this kind of model at all.

24 ASSEMBLYWOMAN FAHY: My mistake.

1           Thank you. Yes, my mistake. Let's pass it  
2           for the whole state. Thank you, Chair.

3           CHAIRWOMAN KRUEGER: But the concern  
4           that's been brought out in many places all  
5           around the country is that if you're going to  
6           collect the sales tax, it needs to be done  
7           correctly so that the government knows who  
8           exactly is paying the sales tax at which  
9           location. And this bill is not written --  
10          the way the Governor has it written, that it  
11          would be in violation of actually our tax  
12          laws and the country's tax laws.

13          So would you agree that a tax that is  
14          provided through a third-party vendor without  
15          the government knowing who's paying the tax  
16          or on what business, would be a problem?

17          MR. DORR: They're going to need to  
18          report who their hosts are in order to make  
19          sure the tax is being collected. There's a  
20          lot of county sort of tax agreements where  
21          they just send in a check and say, this is  
22          what we -- you know, there's no way to check  
23          and make sure.

24          But as I understand it, we would want

1           them to put in there -- when they're putting  
2           the tax in, they have to register the host  
3           and the money comes through the third party.

4                   CHAIRWOMAN KRUEGER: Well, my  
5           understanding is that they don't want to  
6           actually have to register who the host is or  
7           what the address is where this is taking  
8           place.

9                   Because once you get into occupancy  
10          taxes or other collections of fees, you also  
11          have to look into are they in violation of  
12          other laws. So we have stricter laws for  
13          hotels than for private residences for good  
14          reasons. So if somebody's going to suddenly  
15          go into the business -- and it would be  
16          business because it's paying hotel and  
17          occupancy taxes -- then make sure that they  
18          are following the correct building codes and  
19          fire codes and electric codes, which will be  
20          a serious problem for many of these people  
21          who might think it's simply a question of,  
22          you know, renting out for a few days.

23                   So it's a lot more complicated than  
24          sometimes it comes across. But I don't want



1           to take any more time up in today's hearing,  
2           but I'm happy to discuss it further with  
3           anyone. And I am going to move us along  
4           unless somebody tells me, we need to let you  
5           ask more questions of this panel.

6                     And no one's saying that --

7                     CHAIRWOMAN WEINSTEIN: We have --

8                     CHAIRWOMAN KRUEGER: Yes?

9                     CHAIRWOMAN WEINSTEIN: We have no  
10           further hands raised, Senator, so we can move  
11           on.

12                    CHAIRWOMAN KRUEGER: Thank you very  
13           much.

14                    So moving on on our schedule, Panel B,  
15           I'll just read off the names first. Post  
16           New York Alliance, Yana Collins Lehman;  
17           New York City Artist Collective,  
18           Olympia Kazi; Long Island Progressive  
19           Coalition, Lisa Tyson; and Chhaya CDC,  
20           Jose Miranda. Although there might be a note  
21           that we might not have found him. So let's  
22           see if he was showing up.

23                    THE MODERATOR: Yes, they didn't show  
24           up.

1                   CHAIRWOMAN KRUEGER: The first three  
2                   are here, though, right?

3                   THE MODERATOR: Correct.

4                   CHAIRWOMAN KRUEGER: Fine, let's start  
5                   with Yana. Hello, Yana, can you unmute?

6                   MS. LEHMAN: Hello, yes.

7                   CHAIRWOMAN KRUEGER: There you are.  
8                   Hi.

9                   MS. LEHMAN: Good morning. Good  
10                  morning, Chairwoman Krueger --

11                  CHAIRWOMAN KRUEGER: No, it's  
12                  afternoon.

13                  MS. LEHMAN: Good afternoon. Good  
14                  afternoon, Chairwoman Krueger, Chairwoman  
15                  Weinstein, and distinguished members of the  
16                  New York State Finance Committee and the  
17                  Assembly Ways and Means Committee.

18                  I am Yana Collins Lehman, and I thank  
19                  you for the opportunity to provide testimony  
20                  on behalf of the Post New York Alliance,  
21                  PNYA, the association of film and television  
22                  post-production facilities and labor unions  
23                  operating in New York.

24                  The PNYA is made up of over

1           65 companies from all over the State of  
2           New York, with over 600 individual  
3           post-production professionals working in film  
4           and television. It is the mission of the  
5           PNYA to incentivize film and television  
6           projects to finish in New York, to market the  
7           services provided by New York's  
8           post-production industry, and to create  
9           avenues for talent to enter into this  
10          fast-growing sector of the economy.

11                 To that end, we testify today in  
12          support of the Governor's proposed extension  
13          of the Post-Production Tax Credit in the  
14          state budget. The post-production credit is  
15          a \$25 million suballocation of the  
16          \$420 million Empire State Film Production  
17          Credit.

18                 This framework divides the overall  
19          post-production program into two components:  
20          a Production Tax Credit that provides an  
21          incentive for productions that shoot in  
22          New York, including subsequent in-state  
23          expenses on post-production; and a  
24          Post-Production Tax Credit that incentivizes

1 additional productions which shoot outside  
2 New York to bring the projects to New York  
3 for their post-production work.

4 The success of the program is  
5 unparalleled, with the post-production sector  
6 seeing explosive growth since enactment of  
7 the separate post-production incentive,  
8 allowing domestic productions to bring scores  
9 of editorial work to New York. By enhancing  
10 the credit, it allowed New York to compete  
11 with Canada, which has a 48 percent Visual  
12 Effects Labor credit, and the UK, which  
13 credits 30 percent on 100 percent of a spend  
14 of 80 percent of the spend that happens in  
15 the UK.

16 We've succeeded in repatriating  
17 high-paying vis effects jobs that were based  
18 in China and India because producers prefer  
19 having talent in the same time zone and they  
20 offset the New York labor cost increase with  
21 the credit.

22 The PNYA commissioned a 2019 report  
23 from HR&A Advisors illustrating the  
24 post-production program's role as both a jobs

1 creator and an economic stimulus for  
2 New York's economy. The report indicated  
3 that over 10,800 people, including  
4 3,560 freelancers, worked in the  
5 post-production ecosystem -- all jobs in the  
6 traditionally defined post-production  
7 industry, as well as all post-production jobs  
8 in adjacent industries -- with an average  
9 income of \$83,000.

10 In contrast, prior to the  
11 post-production incentive, it was a rare  
12 occurrence for productions that didn't shoot  
13 in New York to opt to engage their editorial  
14 work in New York. And in fact, after the  
15 credits spurred the growth of our sector,  
16 35 percent more people worked in New York's  
17 post-production ecosystem in 2019 than in  
18 2004.

19 Over 40 percent of traditionally  
20 defined post-production jobs in New York do  
21 not require a bachelor's degree, and a  
22 diverse talent development pipeline breaks  
23 down barriers to opportunity.

24 In addition, approximately 13,250 jobs

1           are supported by this growing post-production  
2           ecosystem, with average wages of \$86,000.  
3           All together, these 24,000 middle-class jobs  
4           across the state can be attributed to the  
5           post-production credit, with our sector's  
6           continued growth and stability likewise tied  
7           to its long-term extension.

8                     All this job growth and investment  
9           buoyed by the post-production credit ripples  
10          across the New York State economy. Direct  
11          investment tied to the credit in 2017 led to  
12          \$6.9 billion in spending, \$2 billion in wages  
13          paid, and \$142 million in state tax revenues  
14          back to the state and localities. The  
15          credits have helped New York become a  
16          national leader in post-production, and  
17          20 percent of U.S.-based post-production  
18          firms call New York home.

19                    However, like all industries,  
20          post-production has been highly impacted by  
21          the COVID-19 pandemic. The post-production  
22          credit insists that 75 percent of eligible  
23          spend occur within the state. However, our  
24          physical offices worked with skeleton crews

1           to adhere to state COVID-19 protocols. As a  
2           result, much of our editorial work has  
3           occurred directly in individual workers'  
4           homes, in many cases out-of-state.

5           This has led to significant confusion  
6           regarding how to accurately determine  
7           eligibility for the incentive where the  
8           primary office is in New York, but the  
9           individual is telecommuting from their home  
10          state. This is not an academic question.  
11          Already a few large film productions and at  
12          least two repeat TV series, not sure whether  
13          they would still qualify for the credit with  
14          much of their labor having to move  
15          out-of-state, left New York for good and gave  
16          up the credit.

17          To clarify this matter, we are  
18          proposing language be added to the Governor's  
19          proposed extension that will explicitly  
20          qualify the costs of out-of-state  
21          telecommuting workers of New York's  
22          post-production businesses for the tax  
23          credit's rebate.

24          Such language is thematically

1           consistent with the Department of Taxation  
2           and Finance's guidelines, which subject state  
3           taxes to wages paid to non-state residents  
4           who telecommute to a primary office within  
5           New York. Given these workers pay New York  
6           state taxes, we believe their work should  
7           also be eligible for New York's tax  
8           incentive.

9                     In summation, the Empire State Film  
10           Post-Production Tax Credit has supported the  
11           creation of thousands of jobs and billions of  
12           dollars in wages and economic activity. The  
13           PNYA respectfully urges your support for the  
14           Governor's proposed one-year extension of the  
15           Post-Production Tax Credit, and asks for your  
16           support in clarifying that the spend on  
17           out-of-state telecommuters will be eligible  
18           for the post-production incentive. This  
19           proposed extension and technical  
20           clarification will ensure a continuation of  
21           the growth, vibrancy, and vitality of the  
22           post-production industry throughout the  
23           state.

24                     I thank you for this opportunity to



1           testify on behalf of our industry, and I look  
2           forward to answering any questions the panel  
3           may have.

4                   CHAIRWOMAN KRUEGER: Thank you.

5                   Next, we have Olymbi -- I'm so sorry.  
6           Yes, Olympia Kazi.

7                   MS. KAZI: Don't worry. My name is  
8           Olympia Kazi. Can you hear me?

9                   CHAIRWOMAN KRUEGER: Yes, we can,  
10          thank you.

11                  MS. KAZI: Okay. So thank you for  
12          holding this hearing and for asking great  
13          questions all day today.

14                  My name is Olympia Kazi, and I'm a  
15          founding member of the Music Workers  
16          Alliance, a group of independent musicians  
17          and DJs who fight against unfair treatment,  
18          and the New York City Artist Coalition, not  
19          collective. Our claim to fame was that we  
20          were the leading group in repealing the  
21          Cabaret Law. And as a result of that work, I  
22          also serve as the vice chair of the New York  
23          City Night Life Advisory Board.

24                  The New York City Artist Coalition

1 advocates for the safety and preservation of  
2 grassroots cultural spaces and is also a  
3 member of the United for Small Business NYC.

4 First of all, I'd like to counter a  
5 remark made earlier today by Commissioner  
6 Eric Gertler, who said that New York State  
7 was thriving before the pandemic. The truth  
8 is the markets were thriving, but the  
9 majority of working people of our state were  
10 left behind, struggling with housing costs  
11 and unfair employment situations. So this  
12 year we need to pass a budget that puts us on  
13 a more equitable path forward.

14 Today I'll ask you to fund two very  
15 important items for the recovery of the  
16 people of our state: Commercial rent relief  
17 with at least 500 million, as it is asked by  
18 the Save Our Store Fronts; and a WPA-style  
19 program as outlined by Assemblymember Fahy's  
20 bill for all workers in need, with  
21 \$2 billion.

22 To fully fund these initiatives we'll  
23 need to enact the taxes proposed by the  
24 Invest in Our New York Act. These long-term

1 revenue raisers will be critical, not just  
2 for the short-term recovery but also for  
3 ongoing future investments in our  
4 communities.

5 So rent is really the elephant in the  
6 room for small businesses. Arts and cultural  
7 venues are commercial tenants, so we face the  
8 same issues as the small businesses, and we  
9 have very little if any protections. It  
10 takes years to establish a cultural space  
11 with our community of artists, employees,  
12 suppliers, and of course audience, and very  
13 often they are shuttered overnight with  
14 exorbitant rents.

15 The few that are surviving right now,  
16 they face the back rent, when they will have  
17 to pay it, and they accrued in the meanwhile  
18 crazy debt.

19 So we really need to invest,  
20 especially in the small grassroots cultural  
21 spaces -- that's low-income, minority and  
22 marginalized communities.

23 Also, you know, the important thing is  
24 what is happening with our workers. We know

1           the unemployment rate is huge, and especially  
2           for the performing arts, they've been  
3           shuttered since last March, so a year now.  
4           And the broken and piecemeal unemployment  
5           system has left many workers out -- basically  
6           struggling to survive. So we need to pass a  
7           WPA bill for the next three years when we're  
8           hoping to be able, within three years, to get  
9           back to the 2019 level of productions.

10                 But long-term, there can be no  
11           recovery for New York if we don't invest in  
12           our arts and culture and in our people. So  
13           please pass a good budget and stop the  
14           scarcity mentality that our Governor has  
15           imposed during a pandemic in a cruel way,  
16           frankly.

17                 Thank you so much.

18                 CHAIRWOMAN KRUEGER: Thank you.

19                 And our next, Lisa Tyson. Hello.

20                 MS. TYSON: Hello, how are you?

21                 Thank you. My name is Lisa Tyson,  
22           director of the Long Island Progressive  
23           Coalition. I really appreciate speaking and  
24           having this opportunity to speak to you at

1           this hearing.

2                   I'm a resident of Bellmore,  
3           Long Island. Long Island Progressive  
4           Coalition fights for structural change at the  
5           local, state and national levels to attain  
6           racial justice, build community wealth and  
7           realize a just transition to a 100 percent  
8           renewable energy future.

9                   Actually, earlier today I was outside  
10          Senator Thomas's office to drop off  
11          1700 postcards from Long Islanders across the  
12          island who believe in legalizing marijuana.  
13          All across Long Island, people believe in it.  
14          It is not a fringe issue. There's huge  
15          public support for legalization -- from moms  
16          like me, veterans, seniors. We were out  
17          today, and we really need your support in  
18          moving this forward.

19                   So we're here really to talk about  
20          legalization, but any proposal worth passing  
21          must center on equity, community  
22          reinvestment, remove critical penalties and  
23          repair the past harms caused by the failed  
24          war on drugs.

1 Cannab1s prohibition has been a racist  
2 endeavor since the beginning. Decades of  
3 criminalization have disproportionately  
4 affected Black and brown communities, despite  
5 the fact that white people consume and sell  
6 marijuana at the same rate.

7 Outside of New York City, Long Island  
8 has some of the biggest disparities. Nassau  
9 and Suffolk counties had the highest arrest  
10 rates for low-level marijuana offenses in the  
11 state from 2010 to 2017, with people of color  
12 being arrested and prosecuted at a  
13 significantly higher rate than white people.

14 Many of the arrests on Long Island are  
15 the result of the stop-and-frisk traffic  
16 stops, where officers stop drivers if they  
17 have a reasonable suspicion of criminal  
18 activity. Officers routinely use, without  
19 evidence, the odor of marijuana as a pretext  
20 for these instances.

21 These racially biased stop-and-frisk  
22 traffic stops are pervasive throughout  
23 Long Island. A recent Newsday analysis found  
24 that Suffolk County police officers pulled

1 over Black drivers almost four times more  
2 than white drivers, and Hispanic drivers  
3 twice as often. More tellingly, after  
4 stopping drivers police search Blacks over  
5 three times more frequently than whites, and  
6 Hispanics 1.7 more times.

7 Virginia has banned police searches  
8 based on the smell of marijuana, and in  
9 July 2020 Maryland's highest court affirmed  
10 that police cannot use the smell of marijuana  
11 to search and arrest a person. A  
12 Pennsylvania appeals court ruled in  
13 October 2020 that marijuana smell alone  
14 cannot form the basis for a vehicle search.

15 New York should follow suit, in tandem  
16 with the passage of a legalization proposal  
17 rooted in racial and economic justice, so  
18 those most harmed by disproportionate  
19 enforcement of misguided prohibition policies  
20 are in a position to benefit most from our  
21 state's new, well-regulated cannabis  
22 industry, which will generate 50,806 jobs,  
23 \$2.2 billion in employee compensation,  
24 \$4.7 billion in value added, and \$6.1 billion

1 in total economic output, according to the  
2 new study by economist James Parrott and  
3 labor-market consultant Michele Mattingly.

4 Beyond restorative justice and  
5 economic conditions, legalizing cannabis has  
6 multiple other benefits. Marijuana use among  
7 teens has decreased in states where it's  
8 legal, and that's because legalizing and  
9 regulating recreational cannabis makes it  
10 difficult for kids to obtain. Multiple  
11 studies show that access to legal cannabis  
12 leads to reductions in opioid deaths by  
13 40 percent.

14 There is broad support on Long Island  
15 for legalization, and we are ready to build  
16 the new industry on Long Island with our  
17 farms, we're ready to have a multitude of  
18 supportive businesses, and ready to open  
19 dispensaries owned by the communities most  
20 harmed by the drug wars. This is the year  
21 New York should legalize cannabis, but we  
22 must do it the right way.

23 Thank you.

24 CHAIRWOMAN KRUEGER: Thank you very



1 much.

2 Anyone with any questions for this  
3 very diverse panel?

4 Well, then, we appreciate your being  
5 with us today. Thank you very much. And it  
6 was quite a diverse group of proposals, thank  
7 you.

8 Our next panel will be New York State  
9 Center of Excellence in Bioinformatics and  
10 Life Sciences, Norma Nowak; Associated  
11 Medical Schools of New York, Jonathan Teyan;  
12 the Business Incubator Association of  
13 New York State, Marc Alessi; and United for  
14 Small Business NYC, Karen Narefsky.

15 You see how diverse economic  
16 development topics are even just by the names  
17 of the organizations.

18 So let's start with Norma. Are you  
19 here, Norma?

20 DR. NOWAK: I am.

21 CHAIRWOMAN KRUEGER: Hi.

22 DR. NOWAK: Hello. Thank you to the  
23 chairs and committee members for the  
24 opportunity to testify today. I am Dr. Norma

1           Nowak, and I lead the University at Buffalo  
2           Center of Excellence in Bioinformatics and  
3           Life Sciences, as well as the Center for  
4           Advanced Technology in Big Data and Health  
5           Sciences.

6                     The COEs and CATs are among the  
7           highest-performing economic development  
8           programs in the state. Under the Executive  
9           Budget proposal, the COEs would be eliminated  
10          and consolidated into the CAT program through  
11          competition. Funding for the 14 COEs and 15  
12          CATs would also be reduced by 19 percent,  
13          from \$23.5 million to \$19 million.

14                    On behalf of all 29 CATs and COEs, we  
15          are asking the State Legislature to once  
16          again reject the proposal to consolidate the  
17          centers as well as to restore the centers'  
18          funding levels.

19                    The COEs were established to take  
20          advantage of regional strengths and talent,  
21          while the CATs are designated for their  
22          ability to address specific emerging  
23          technologies identified as state priorities.  
24          The COEs provide an environment to foster

1 collaboration between academia and industry.  
2 These facilities provide the academic  
3 experts, staff, student talent and  
4 state-of-the-art technology that are critical  
5 to the success of our industry partners.

6 The CAT program cuts across many  
7 technology sectors and provides project-based  
8 funding for collaborative applied research  
9 with industry partners and capitalizes on  
10 matching funds from industry -- unlike the  
11 COEs, which require a match from the  
12 university. The industry matching funds  
13 required are more challenging for startup and  
14 early-stage companies, as well as our small  
15 businesses, during the pandemic.

16 According to the 2017-2019 Empire  
17 State Development annual reports, the centers  
18 combined have approximately \$2.5 billion in  
19 economic impact and help to create or retain  
20 10,000 jobs. Centers typically received a  
21 million dollars annually, which has  
22 translated into an astonishing 25:1 to 45:1  
23 return on investment.

24 The impact of the COEs extends beyond

1           their home regions. For example, Buffalo's  
2           COE anchor tenant and former UB startup,  
3           Athenex, is now a global oncology-focused  
4           biopharmaceutical firm with 606 employees  
5           worldwide, with 205 in Western New York.  
6           Their new \$210 million pharmaceutical  
7           manufacturing facility in Dunkirk, New York,  
8           is opening later this spring and is  
9           recruiting 450 new employees, bringing a  
10          much-needed boost to the Southern Tier  
11          region.

12                 In addition to their proven record of  
13          job creation, the COEs and CATs played a  
14          critical role in the state's response to the  
15          COVID-19 pandemic. The centers have  
16          collaborated on over 80 COVID-related  
17          projects with industry. The collaborations  
18          included diagnostic testing, PPE, HVAC,  
19          vaccine development, and more.

20                 The Buffalo Centers and the COE at RIT  
21          in Advanced and Sustainable Manufacturing  
22          worked together to advance You First  
23          Services' SteriSpace air sterilization  
24          technology, which eliminates airborne

1 pathogens such as COVID-19 from the  
2 environment when attached to an HVAC system.

3 The rapid response to the sudden and  
4 unexpected demands of the pandemic  
5 demonstrates how valuable COEs and CATs have  
6 been for addressing the public health crisis  
7 of our time, as well as rebuilding our  
8 economy. Let us not divest in them and turn  
9 back the progress we have achieved.

10 As I have shown, it is critical for  
11 the State Legislature to again reject the  
12 Executive Budget proposal to eliminate the  
13 Centers of Excellence as well as restore  
14 funding, continuing the centers' progress to  
15 drive an innovation economy throughout  
16 New York.

17 Thank you.

18 CHAIRWOMAN KRUEGER: Wow, perfect  
19 timing. Well done.

20 (Laughter.)

21 CHAIRWOMAN KRUEGER: Next -- sorry.  
22 Let's see. Who's our next speaker? Is that  
23 Marc Alessi? Or Jonathan Teyan?

24 MR. TEYAN: Yes. I believe it's me.

1                   CHAIRWOMAN KRUEGER: Thank you,  
2 Jonathan, it is.

3                   MR. TEYAN: So thank you, Chairs  
4 Krueger and Weinstein, for the opportunity to  
5 testify. And good afternoon to all the  
6 distinguished members.

7                   My name is Jonathan Teyan. I'm the  
8 COO of the Associated Medical Schools of  
9 New York. We are the consortium of the  
10 17 medical schools in the state.

11                  We have more medical schools in  
12 New York than any other state in the nation.  
13 We also have an embarrassment of riches in  
14 some of the, you know, best academic research  
15 institutions in the world and a really high  
16 concentration of biopharma companies.

17                  I really want to take this opportunity  
18 to underscore the importance of biomedical  
19 research and the life sciences. They're  
20 vital components of what the medical schools  
21 do, but they're also vital to the state's  
22 economy. Really, New York is a leader in so  
23 many areas within the life sciences.

24                  And just to give a very broad

1 overview, in 2020 we brought in \$3.2 billion  
2 in NIH funding to New York, much of which --  
3 most of which went to the medical schools and  
4 supported more than 6,000 research projects.

5 One thing I really just would take a  
6 moment to highlight and echo some of  
7 Dr. Nowak's comments. You know, when COVID  
8 arrived, really much of our research  
9 community pivoted to understanding and  
10 treating COVID. And I think it really  
11 underscores the need to maintain a life  
12 sciences infrastructure and a robust  
13 scientific workforce. And that dovetails --  
14 actually leads into my -- the two programs  
15 that I would really like to highlight this  
16 afternoon, which are the NYFIRST program and  
17 NYSTEM, the stem cell program.

18 So firstly the NYFIRST program -- as a  
19 reminder, this was a \$20 million investment  
20 included in the 2018 Life Sciences  
21 Initiative. It supports the recruitment and  
22 retention of star scientists to the medical  
23 schools. It has worked extraordinarily well.

24 There have been three cycles of RFAs

1           since it was first launched in 2018. The  
2           first one was made official, the first set of  
3           awards was made official in 2019. Three  
4           recruits from outside New York came here and  
5           basically set up their labs, which function  
6           as small businesses within the medical  
7           schools. They have, we project, created a  
8           hundred jobs in the first three years, and  
9           their institutions have matched with another  
10          \$17.5 million in their own investments.

11                 So we'd really like to see this  
12          program continue, and that the  
13          unappropriated -- the unspent funds get  
14          reappropriated in the upcoming budget.

15                 And just quickly, since I am running  
16          out of time, the NYSTEM program has really  
17          been a -- has been the flagship life sciences  
18          investment in New York for the past decade.  
19          It was envisioned as a \$600 million  
20          investment to make New York a leader in stem  
21          cell science. It has done that, and more.  
22          It actually has generated quite a lot of  
23          economic activity. We've spun out some very  
24          large companies that have attracted hundreds



1           of millions of dollars in DC investment.

2           And unfortunately, the Executive  
3       Budget proposal would terminate the program  
4       with no new funding for that research after  
5       April 1st of this year.

6           Again, we think it's an  
7       extraordinarily successful program that has  
8       both major health implications, major  
9       economic implications, and the science really  
10      has reached maturity. We're launching  
11      clinical trials -- actually trials have been  
12      launched in Parkinson's disease, sickle cell  
13      disease, and many other areas.

14          And, you know, just in closing I would  
15      say that at a time when COVID has really  
16      emphasized how important research is, it  
17      seems perplexing to terminate what has,  
18      again, been our flagship investment in life  
19      sciences in New York for the past decade.

20          So I'll leave it there, since I am  
21      over time, and thank you again for the  
22      opportunity.

23               CHAIRWOMAN KRUEGER: Thank you,  
24      Jonathan.

1                   Next is Marc Alessi, Business  
2                   Incubator Association of New York State.

3                   MR. ALESSI: Thank you for the  
4                   opportunity, Chairwoman, for me to give  
5                   testimony on behalf of the incubators of  
6                   New York State. I'm the executive director  
7                   for the Incubator Association. We are a  
8                   member-led trade association of over  
9                   100 incubators and accelerators across  
10                  New York State that house over 3,000 startup  
11                  companies.

12                 In addition to this role, I'm also a  
13                 startup entrepreneur myself, with a company  
14                 that is housed in Stony Brook's incubators on  
15                 Long Island. And I'm a former State  
16                 Assemblyman, so I think I have a unique  
17                 perspective on the macro end of what you're  
18                 looking for out of economic development  
19                 programs for the people of New York State  
20                 and, at the micro end, as an entrepreneur  
21                 that's on the receiving end of some of the  
22                 services provided on this maturing innovation  
23                 ecosystem.

24                 The importance of incubation cannot be

1           overstated. Many of you may have heard how  
2           90 percent of startups fail. And when you  
3           look at startups, that could be anything from  
4           a tech startup at an incubator to a local  
5           restaurant in our downtown.

6                     But incubated startups, 50 percent of  
7           them succeed. As a result of the programming  
8           that they receive, and the mentorship, we're  
9           able to de-risk these companies. Incubated  
10          startups that succeed have the potential to  
11          grow very fast and add hundreds of jobs, and  
12          we've seen this across New York State.

13                    When I was in the Assembly, I was the  
14          chair of the Subcommittee on the  
15          Emerging Workforce, a subcommittee of the  
16          Labor Committee, and we held hearings to try  
17          to figure out how back then -- this is 2008,  
18          2009 -- the State of Tennessee was  
19          commercializing more of their higher ed IP  
20          than New York State, and a lot of that had to  
21          do with a lack of investment in the  
22          innovation and entrepreneurial ecosystem.

23                    That has changed over the past 10 to  
24          15 years, and you've made that investment.

1           And we went from falling behind Tennessee to  
2           the second-largest innovation ecosystem in  
3           the world, pumping out thousands of jobs a  
4           year, hundreds of millions in venture capital  
5           investment, and billions in economic  
6           activity.

7                        So I would say during this COVID  
8           crisis it's definitely not time to hit the  
9           brakes, it's time to hit the accelerator on  
10          these types of programs. You know, you know,  
11          in terms of programs that our association  
12          offers incubators, we offer education to the  
13          incubator managers, we bring them together to  
14          share best practices. We are launching this  
15          year, thanks to some legislative grant  
16          funding we were able to obtain from former  
17          Senator Marty Golden, a soft landings program  
18          to bring international companies to the  
19          United States, through New York State,  
20          through our incubation programs.

21                       And, you know, our pre-incubation  
22          program to help Main Street entrepreneurs  
23          succeed is a new program launched this year  
24          as well. But we need to maintain the funding

1 of the Certified Incubator programs that the  
2 Governor has included in his budget at  
3 \$2.5 million, and the Hotspot Regional  
4 Incubator Program, which funds regions at  
5 \$2.5 million for all the incubators in those  
6 regions to be able to partake in the program.

7 And the last thing -- I know I'm out  
8 of time --

9 CHAIRWOMAN KRUEGER: You are out of  
10 time.

11 MR. ALESSI: There's a fix that's  
12 needed in the START-UP NY program. Because  
13 of COVID-19, there are companies that have  
14 promised job creation, they've created those  
15 jobs, but those jobs are supposed to report  
16 to the START-UP NY location, and because of  
17 COVID-19 social distancing, those employees  
18 are being asked to stay home and remote work.

19 And these companies are now being  
20 informed by State Tax and Finance that  
21 they're not going to qualify for the program  
22 because of this hiccup. And we need to fix  
23 this in the state budget.

24 CHAIRWOMAN KRUEGER: Thank you.

1                   Thank you. I see the ranker from  
2                   Ways and Means -- I was going to make you a  
3                   Senator, but let's leave you in the Assembly,  
4                   Assemblymember Ra for five minutes.

5                   ASSEMBLYMAN RA: Thank you, Chair.  
6                   I'm happy to stay in the Assembly, so --

7                   (Laughter.)

8                   ASSEMBLYMAN RA: I just had kind of  
9                   some follow-ups regarding the Centers of  
10                  Excellence and the CATs and that proposal.

11                  But I just wanted to -- directly to  
12                  Ms. Nowak, was your Center of Excellence  
13                  funded or had funding withheld last year,  
14                  from last year's budget?

15                  DR. NOWAK: We had some money taken  
16                  back, so the budget was reduced. And there  
17                  is going to be a hold-back of funds, so we'll  
18                  submit 100 percent of our costs, but there  
19                  will be a 20 percent hold-back.

20                  CHAIRWOMAN KRUEGER: Assemblymember, I  
21                  left one of the panelists off. So do you  
22                  mind if I --

23                  ASSEMBLYMAN RA: Oh, go ahead, I'm  
24                  sorry.

1 CHAIRWOMAN KRUEGER: No, it was  
2 totally my fault.

3 I apologize, Karen. So we're going to  
4 reset the clock, we're going to go back and  
5 have you testify, and then we'll  
6 Assemblymember Ra his five minutes again.

7 Okay, Karen Narefsky. Are you on  
8 mute? Can you come off mute, Karen?

9 MS. NAREFSKY: Great, thank you. Can  
10 you all hear me?

11 CHAIRWOMAN KRUEGER: Yes.

12 MS. NAREFSKY: Can you all hear me?

13 CHAIRWOMAN KRUEGER: Yes.

14 MS. NAREFSKY: Great. Thank you so  
15 much --

16 CHAIRWOMAN KRUEGER: Lost you.

17 MS. NAREFSKY: Can you all hear me?

18 CHAIRWOMAN KRUEGER: Now, yes.

19 MS. NAREFSKY: Fabulous.

20 Thank you so much to the committee  
21 chairs for the opportunity to testify. My  
22 name is Karen Narefsky, and I'm the senior  
23 organizer for equitable economic development  
24 at the Association for Neighborhood and

1           Housing Development, one of New York City's  
2           leading policy and advocacy organizations,  
3           with a membership of over 80 nonprofits.

4                   I'm testifying today on behalf of  
5           United for Small Business New York City, a  
6           coalition convened by ANHD. United for Small  
7           Business is a coalition of 15 groups across  
8           the city working to protect small businesses  
9           and commercial tenants from displacement,  
10          especially owner-operated businesses that  
11          serve low-income communities and communities  
12          of color. So these are really the smallest  
13          businesses that so many of the committee  
14          members today have mentioned.

15                   In 2019 we conducted research on the  
16          challenges facing small businesses in  
17          immigrant commercial corridors, and we found  
18          that high rents were a top concern for  
19          82 percent of those businesses. Because of  
20          the pandemic, what was formerly a concern is  
21          now an existential threat. And because of  
22          this, I want to urge the Legislature to  
23          prioritize commercial rent relief as part of  
24          the strategy for equitable economic recovery.



1           As several of the committee members  
2           have already mentioned today, existing state  
3           programs don't address the need for rent  
4           relief, and the individual deals that have  
5           been worked out are not going to be  
6           sustainable forever, for tenants or for  
7           property owners.

8           With regards to the various eviction  
9           restrictions that are in place, they're not  
10          truly moratoriums. But even if they were,  
11          commercial tenants are not going to wait for  
12          an eviction notice if they don't have the  
13          money to maintain operations. They're either  
14          going to close, or they're going to go  
15          bankrupt. And as a matter of fact,  
16          bankruptcy filings have increased by 40  
17          percent in New York City last year, and  
18          thousands of businesses have already closed.

19          We shouldn't really be asking  
20          businesses to reopen at the expense of public  
21          health. We know that 25 percent capacity  
22          indoor dining is not profitable for  
23          restaurants, but we also know that  
24          100 percent capacity indoor dining isn't

1 safe. Not to mention we love restaurants,  
2 but we also have many types of businesses  
3 across the state and they all have different  
4 needs.

5 What they have in common is the need  
6 for a bridge that will help them get from the  
7 current crisis to a recovery where they can  
8 operate as they did before the pandemic. If  
9 we don't provide that bridge, the state will  
10 lose millions of jobs, billions of dollars in  
11 tax revenue, and the goods and services  
12 provided by those businesses, which in many  
13 cases are culturally specific to the  
14 neighborhood and hard to replace.

15 As I mentioned earlier, our coalition  
16 supports a broadly accessible commercial rent  
17 relief program, and we'd like the state to  
18 devote \$500 million to this program in the  
19 budget. We support the approach of  
20 Senate Bill 3349 and Assembly Bill 3190,  
21 sponsored by Senator Hoylman and  
22 Assemblymember Epstein, under which all  
23 commercial tenants who have lost revenue due  
24 to COVID and can't pay rent would qualify for

1 a partial abatement and would be required to  
2 pay a prorated portion of their rent or  
3 actual income.

4 Property owners whose tenants get this  
5 abatement would be eligible for reimbursement  
6 from the state, and we believe that there's a  
7 rule for ESD to play here in administering  
8 that program. This will complement the  
9 initiative mentioned by the commissioner, and  
10 we think it's really important for all  
11 impacted small businesses to be eligible, to  
12 ensure that the smallest businesses get what  
13 they need.

14 And finally, I want to share that ANHD  
15 also supports the intention of the proposal  
16 in the Governor's budget to allow residential  
17 conversions of hotels and office buildings to  
18 affordable housing. However, we believe that  
19 this should exempt land zoned for  
20 manufacturing, given the limited industrial  
21 land available and the key economic role of  
22 industrial businesses. So in New York City  
23 there are approximately 45 hotels eligible  
24 for conversion that would fall within

1 manufacturing zones.

2 We ask that the Legislature also allow  
3 the affordable units created through  
4 commercial conversions to be funded by city  
5 subsidy programs as well as state programs,  
6 and to add additional restrictions to  
7 disincentivize the option of payments in  
8 lieu.

9 So thank you again to the committee  
10 chairs and to all the members for the  
11 opportunity to testify.

12 CHAIRWOMAN KRUEGER: Thank you.

13 And now we're going to go back to  
14 Assemblymember Ra; give him back five minutes  
15 on the clock. Thank you.

16 ASSEMBLYMAN RA: Okay, thank you very  
17 much.

18 And I'm glad we heard from the last  
19 panelist, because she made a number of very  
20 important points. So thank you.

21 So I got the question answered  
22 regarding withholding for that particular  
23 Center of Excellence. But I just wanted to  
24 just go back to that issue with regard to the

1           proposal and the -- you know, last year there  
2           was a proposal in the budget different from  
3           this one in terms of kind of consolidating  
4           these programs into one.

5                     But I had asked Commissioner Gertler  
6           this morning regarding any outreach or  
7           dialogue that had taken place in the interim  
8           between last year's proposal and it being  
9           rejected by the Legislature in the enacted  
10          budget, and this proposal this year. You  
11          know, and I'm just wondering if you can shed  
12          any light on any conversations that have  
13          taken place, you know, with other COEs, other  
14          CATs, partners that are involved that may  
15          have led us to this proposal being before us.

16                    DR. NOWAK: No. We found out about  
17          the impending consolidation and additional  
18          cuts when the budget came out. So we had  
19          heard rumors that they were going to revisit  
20          last year's proposal and that's what we would  
21          be facing again.

22                    So last year we also did not receive  
23          the Aid to Localities, so our budgets were  
24          cut by that amount. Normally we're brought

1 up to a million dollars, and so we didn't get  
2 that gap filled, as well as then, you know,  
3 going forward now facing additional cuts.

4 But no, there was not a lot of  
5 communication with anyone from ESD regarding  
6 this proposal from that.

7 ASSEMBLYMAN RA: Okay. Yeah, and -- I  
8 mean, I don't want to belabor the point. I  
9 think you presented very well that there are  
10 distinct differences between the entities and  
11 what they're designed to do and the way  
12 they're designed to function, and I think  
13 losing that would be a negative.

14 And on top of it, I worry about the  
15 way, you know, awarding these 10-year  
16 designations. There's this thought out there  
17 that it's going to increase competition, but  
18 it seems to me like something that could very  
19 much stifle competition by making those  
20 10-year designations. So thank you.

21 DR. NOWAK: You're welcome.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Do I see any other hands up? All  
24 right, well then I want to thank all of you

1           for your presentations with us today.

2           Appreciate it very much.

3                     Our next panel, Asian American  
4           Federation, Ahyoung Kim; the New York City  
5           Network of Worker Cooperatives Advocacy  
6           Council, Catherine Murcek; and the New York  
7           Association of Training and Employment  
8           Professionals -- and it says Evelyn Ortiz,  
9           but I believe they have been replaced by --  
10          one second --

11                    THE MODERATOR: Melinda Mack.

12                    CHAIRWOMAN KRUEGER: Thank you so  
13          much. Great. Isn't it great how the female  
14          voice of God just comes in and clarifies  
15          everything for us? It's excellent.  
16          Thank you.

17                    Okay, first speaker, Asian American  
18          Federation.

19                    MS. KIM: Thank you, Chairs Krueger  
20          and Weinstein, and distinguished members of  
21          the State Legislature for this opportunity to  
22          testify.

23                    My name is Ahyoung Kim, and I am the  
24          associate director of small business programs

1 at the Asian American Federation. We  
2 represent a network of 70 member and partner  
3 agencies, and we are also a member of the  
4 USBNYC.

5 I am here today to ask that the  
6 State Legislature allocate \$500 million in  
7 this budget to create an equitable and widely  
8 accessible commercial rent relief program.

9 In our survey of Asian American small  
10 businesses during the early months of the  
11 COVID-19 pandemic, 37 percent of respondents  
12 cited rent as a primary concern for the  
13 survival of their businesses. Fifty-four  
14 percent of the respondents also said that  
15 they faced loss of revenue over 75 percent,  
16 while the majority of the respondents said  
17 their businesses had to operate at limited  
18 capacity or close temporarily due to the  
19 COVID-19-related restrictions.

20 We thank the Legislature for your  
21 leadership in sponsoring the recent package  
22 of bills, including the COVID-19 Emergency  
23 Protect Our Small Businesses Act. However,  
24 without rent relief, mass closures of small



1 businesses across the state will be  
2 inevitable.

3 In our written testimony I have  
4 elaborated on why current measures and  
5 available resources are not enough to avoid  
6 mass closures. During the height of the  
7 pandemic in early 2020, the growth in Asian  
8 New Yorkers filing for unemployment claims  
9 outpaced all other groups. Asians in this  
10 state went from filing hundreds of claims a  
11 month to thousands of claims a month.

12 Failure to support businesses to  
13 survive this pandemic will result in greater  
14 spending for the state, as the most  
15 vulnerable members of our community will  
16 require extended assistance while they look  
17 for employment in lieu of small businesses  
18 offering these jobs.

19 From 2002 to 2012, which overlaps with  
20 the latest recession we faced, Asian small  
21 businesses accounted for about half of net  
22 new economic activity and half of net new  
23 employment in New York City. New York State  
24 cannot afford to lose this economic engine at

1           this time. Without our small businesses, the  
2           road to recovery will be extended to a  
3           perilous journey for everyone.

4                     For immigrant communities, small  
5           businesses are more than just business  
6           entities. Small businesses owned by  
7           immigrants serve their community in ways that  
8           are valued beyond cash transactions. Not  
9           only are they job creators, but they also  
10          function as training platforms for newcomers  
11          to develop their language skills, or as  
12          information and outreach hubs where  
13          government agencies are failing. On the  
14          contrary, our small business owners are not  
15          receiving adequate assistance. Failed  
16          outreach and lack of language assistance has  
17          left immigrant business owners in the dark as  
18          they are still struggling to survive.

19                    This funding for commercial rent  
20          relief is not an ask for a massive bailout  
21          that rewards irresponsible corporate  
22          behavior. Instead, we ask the Legislature to  
23          answer to the dire needs of our small  
24          business community and to recognize their

1           contribution to the State of New York. We  
2           believe that the commercial rent relief must  
3           be a critical component of the statewide  
4           economic recovery program, and we ask you to  
5           include this in the new budget.

6           Also included in our written testimony  
7           is a list of our recommendations on how the  
8           state can improve access to information and  
9           capital for immigrant small business owners.

10          Thank you for this opportunity to  
11          testify, and I'd be happy to answer any  
12          questions.

13          CHAIRWOMAN KRUEGER: Great. Thank you  
14          very much.

15          And our second speaker, from the  
16          Network of Worker Cooperatives Advocacy  
17          Council.

18          MS. MURCEK: Can you hear me okay?

19          CHAIRWOMAN KRUEGER: Hello.

20          MS. MURCEK: Hi, thank you.

21          Good morning -- or good afternoon.

22          I'd like to thank Committee Chairs Krueger,  
23          Weinstein, Kaplan and Bronson for the work  
24          you've been doing to serve New York State and

1           for the opportunity to testify.

2                   My name is Catherine Murcek, and I'm a  
3           worker owner at Samamkaya Yoga Back Care &  
4           Scoliosis Collective. We're a worker-owned  
5           cooperative and a democratically run and  
6           owned business, specializing in therapeutic  
7           yoga for a variety of ability levels.

8                   I'm also an elected member of the  
9           Advocacy Council coordinated by the  
10          NYC Network of Worker Cooperatives, which  
11          supports its members -- co-ops -- through  
12          training and education, language access and  
13          resources to help its community of  
14          predominantly immigrant, POC and women of  
15          color-led member co-ops thrive. Through  
16          workplace democracy and community control,  
17          our goal is to protect against wealth  
18          extraction, inform and empower workers,  
19          reduce income inequality, and promote  
20          economic and social justice.

21                  NYCNoWC is also a member of the  
22          United for Small Business NYC coalition, also  
23          known as USBNYC.

24                  As a small business owner, it has been

1           an incredibly stressful year, as I'm sure you  
2           can imagine, and devastating to watch a whole  
3           community of small businesses closing  
4           permanently all around me and across the  
5           state. We most likely already would have  
6           closed too had it not been for a forgivable  
7           PPP loan, our online offerings, which allow  
8           us to scrape by, and our very fortunate rent  
9           negotiation with our landlord.

10                       However, I understand most other small  
11           businesses in my community and across the  
12           state have not been so fortunate. Even  
13           before the pandemic, exorbitant rents were  
14           already a major issue and impediment to the  
15           growth of our small business community.  
16           Since the beginning of the state of  
17           emergency, the wealth of the wealthiest  
18           New Yorkers has increased by \$77 billion at a  
19           time when thousands of New Yorkers are  
20           experiencing loss of jobs, homes, and even  
21           their lives. I think we need to honestly ask  
22           ourselves: Are we okay with that?

23                       In an effort to move toward a just  
24           recovery, we urge you to do the following.

1           One, pass S3349 or A3190 to create a  
2           comprehensive commercial rent relief program  
3           for small businesses and nonprofit  
4           organizations that were ordered to close, and  
5           allocate \$500 million toward it. The program  
6           would create a kind of "share the burden"  
7           model where the landlord reduces the rent a  
8           bit, the tenant would pay a portion, and the  
9           state would help out as well.

10           Two, support efforts to encourage  
11           worker-owned cooperatives and other  
12           democratic workplaces -- for example, a  
13           capital gains tax exemption for business  
14           owners who sell their viable business to its  
15           workers.

16           Three, pass the Invest in Our New York  
17           Act to create necessary revenue that would be  
18           put toward these efforts and would save  
19           crucial programs and infrastructure to  
20           protect the most vulnerable New Yorkers.

21           And four, support the Governor's  
22           commitment to put \$25 million in the  
23           Community Development Financial Institution  
24           Fund, or CDFI Fund, and go beyond that and

1           enhance it to \$100 million to increase access  
2           to capital for our marginalized communities.

3           When our small businesses cannot  
4           thrive, it creates a ripple effect through  
5           our economy, affecting jobs, housing and food  
6           security. If the state can mandate a  
7           business to close, a change in the structure  
8           of commercial rent should also be possible --  
9           and necessary, if you care about our small  
10          business culture and want to prevent New York  
11          from becoming one big shopping mall of chain  
12          stores.

13          While the efforts made thus far are  
14          appreciated, loans and eviction moratoriums  
15          will not be able to sustainably protect our  
16          small businesses. We need real assistance  
17          with rent, which is by far the biggest reason  
18          for small businesses closures in my community  
19          and beyond.

20          I understand these are unprecedented  
21          times and everyone is asking for support, but  
22          it has been almost a year and it is past time  
23          to seriously deal with rent in order to  
24          ensure a just recovery.

1                   Thank you again for hearing my  
2                   testimony.

3                   CHAIRWOMAN KRUEGER: Thank you very  
4                   much.

5                   And then our last panelist from this  
6                   group, the New York State Association of  
7                   Training and Employment Professionals.

8                   Hi.

9                   MS. MACK: Hi, how are you? It's so  
10                  nice to see everyone, even though we're  
11                  remote. I love everyone's backgrounds. I  
12                  feel like we get to see who likes to be  
13                  outside and who likes to be inside.

14                 My name is Melinda Mack. I run the  
15                 state's workforce development association,  
16                 also known as NYATEP, the New York  
17                 Association of Training and Employment  
18                 Professionals. And, you know, as I come back  
19                 every year, I'm here to talk about the need  
20                 to continue to invest in job training and  
21                 employment services to get New Yorkers back  
22                 to work.

23                 And as we've learned in the last  
24                 recession and we're learning in this



1 recession, the economy does not improve for  
2 everyone equally. And really the folks who  
3 struggle are individuals with a high school  
4 diploma or less. They did not rebound during  
5 the last recession, and they're very unlikely  
6 to rebound during this recession without some  
7 additional support.

8 Before COVID-19 the debate that we had  
9 with many of you and many of our elected  
10 officials in local communities was about the  
11 future of work and automation and the  
12 challenges associated with the future of  
13 work. But really ultimately what we know is  
14 that the economy and the labor market is not  
15 designed to benefit everyone equally. And  
16 really workforce development and job training  
17 and education is truly the leveling of the  
18 playing field that we need in order to  
19 support the economy's recovery.

20 I know we have truly one shot to make  
21 sure we don't leave lots of people behind.  
22 We're seeing it happen across sectors across  
23 the country and across our own state. And  
24 ultimately this is our chance to really think

1           about and address inequity in the labor  
2           market in a meaningful way.

3                       So the few things that we'd like to  
4           raise: First, the Governor had made a  
5           commitment in 2018 and in each consecutive  
6           year, around \$175 million for workforce  
7           development. That money has been incredibly  
8           slow to go out the door, and the application  
9           process has become incredibly burdensome. I  
10          think at this point there's about \$33 million  
11          that's been spent and 307 projects that have  
12          been funded.

13                      The majority of those resources  
14          outside of NYSERDA -- which is a different  
15          pot of money -- have come out of the state  
16          Department of Labor, funding that they have  
17          for workforce development as well as the  
18          resources that were reprogrammed from the  
19          SUNY/CUNY 2020 program.

20                      Under the 30-day amendments we have  
21          noticed the language for those resources has  
22          changed for the Pay for Success funding,  
23          which has broadened and opened up those  
24          resources to be spent on other things. We

1           get that there's lots of priorities, but  
2           consistently we keep coming back to the  
3           Legislature and the state to say -- and the  
4           Governor's office, to say like: Hey, listen,  
5           like we have lots of people who are  
6           unemployed and underemployed, and one of the  
7           ways we get people back to work is through  
8           education and training. And that funding  
9           seems to continue to be diverted to other  
10          resources or sources.

11                 We also strongly believe that we need  
12          to be investing in high-speed broadband  
13          services to make broadband more affordable  
14          for New Yorkers. So we're really pleased to  
15          see the Governor including that, and really  
16          recognize that this is a true equity issue.  
17          If you can't work from home, you're going to  
18          lose out on opportunities.

19                 And then lastly we would -- we're  
20          really pushing for a six-month, 100 percent  
21          income disregard for New Yorkers on public  
22          assistance or public assistance recipients  
23          who are participating in publicly funded  
24          workforce programs. People are falling off

1           the cliff really quickly after they get a job  
2           and they're unable to sustain their families,  
3           and we need to think about ways to keep  
4           people supported so they can get into good  
5           family-sustaining wages.

6                     So with that, thank you very much.

7                     CHAIRWOMAN KRUEGER: Thank you.

8                     You know, I had asked the ESDC  
9           commissioner earlier today if he would give  
10          me his maps, his list of where that  
11          \$175 million got spent, and he said he would,  
12          but I don't have that yet, obviously. I  
13          would love to hear from you -- not today,  
14          because we're really behind, but hear from  
15          you where you think that money went or didn't  
16          go or was reprogrammed.

17                    Because you can argue you can  
18          reprogram to other programs within the rubric  
19          of supporting and retraining workers, but we  
20          shouldn't see that money leaving the  
21          assignment that is desperately needed, I  
22          agree with you. So I look forward to talking  
23          to you after the hearing sometime.

24                    And without any hands up, I am going

1 to move us to the last panel for this hearing  
2 today, and we have Thomas Speaker, policy  
3 analyst, Reinvent Albany; we have Isaac  
4 Jabola-Carulos, researcher, CUNY Graduate  
5 Center; and Beth Starks, executive director,  
6 Chautauqua Lake Child Care Center.

7 Well, I told you this was probably our  
8 most diverse hearing as far as the topics  
9 people were bringing with them today. So  
10 let's start with Reinvent Albany.

11 MR. SPEAKER: Can you hear me?

12 CHAIRWOMAN KRUEGER: Yes.

13 MR. SPEAKER: Good afternoon,  
14 Chairs Krueger and Weinstein and members of  
15 the Legislature.

16 My name is Tom Speaker. I'm a policy  
17 analyst for Reinvent Albany. Reinvent Albany  
18 advocates for transparent, accountable  
19 New York government. Thank you for the  
20 opportunity to testify at this hearing.

21 Here are some highlights of the longer  
22 testimony we submitted.

23 First, business subsidies are a waste  
24 of taxpayer money that could otherwise be

1           spent on core services. A huge body of  
2           independent research by academic experts has  
3           found that corporate subsidies waste taxpayer  
4           money, are vulnerable to pay-to-play  
5           corruption and lack transparency and  
6           accountability.

7                     We urge the Legislature to hugely  
8           increase transparency and sharply reduce the  
9           \$10 billion in subsidies New York hands out  
10          to businesses every year. We suggest taking  
11          the following steps.

12                    Number one, hold an oversight hearing  
13          on business subsidies featuring independent  
14          experts. We believe that a hearing would  
15          help cast light on the amount being spent on  
16          the subsidies' lack of transparency and the  
17          poor return on public investment.

18                    Number two, establish a Database of  
19          Deals. Two years after Governor Cuomo  
20          directed Empire State Development to create a  
21          database tracking state business subsidies,  
22          there's still no database. This is basic  
23          transparency. It is 2021 -- enough waiting  
24          and excuses. We believe that the Legislature

1           should reintroduce S2815, by Senator Comrie,  
2           and A2334, by the now-retired Assemblymember  
3           Schimminger, and require the database in law.

4           Number three, pass the Opportunity  
5           Zone Tax Break Elimination Act in the budget.  
6           Subsidies that often start small will balloon  
7           into incredible costs, and this is why the  
8           Legislature must move to repeal New York's  
9           Opportunity Zone tax break by passing S1195,  
10          by Senator Gianaris. The bill has support  
11          from 19 organizations and six unions,  
12          including 1199 SEIU, CWA District 1, and the  
13          New York State Teachers Union.

14          Number four, end \$330 million a year  
15          in oil and gas subsidies by passing S4816, by  
16          Senator Krueger, in the budget. Passing the  
17          bill can save more than the state projects to  
18          bring in by legalizing marijuana. As we have  
19          noted, New York is currently trying to reduce  
20          fossil fuel pollution while subsidizing the  
21          very companies that contribute to global  
22          warming. We think it makes no sense at all  
23          to both tax and subsidize fossil fuels.

24          Number five, increase the budget of

1 the Authorities Budget Office, a crucial  
2 subsidy watchdog, to over \$3 million, as we  
3 and other watchdogs requested back in 2018.  
4 The ABO oversees 585 state and local  
5 authorities that together hold \$248 billion  
6 in public debt. But as of last year the  
7 office has only 11 employees. A skeleton  
8 crew is far from what was imagined when the  
9 ABO was first established.

10 And finally, number six, reduce the  
11 number of Industrial Development Agencies and  
12 Local Development Corporations and make them  
13 more accountable. We make specific  
14 recommendations for how to address the issue  
15 in our testimony.

16 Thanks for the opportunity to testify.  
17 I welcome any questions that you might have.

18 CHAIRWOMAN KRUEGER: Thank you very  
19 much.

20 Our next speaker is CUNY Graduate  
21 Center. Hi.

22 MR. JABOLA-CAROLUS: Good afternoon.  
23 Can you hear me?

24 CHAIRWOMAN KRUEGER: Yes.



1 MR. JABOLA-CAROLUS: Great.

2 Thank you, Chairperson Krueger and  
3 each of you for the opportunity to testify  
4 today. My name is Isaac Jabola-Carolus, and  
5 I'm a Ph.D. candidate in sociology at the  
6 CUNY Graduate Center, and my research focuses  
7 on New York State's home care workforce,  
8 meaning the more than 200,000 home health  
9 aides and personal care aides who assist  
10 older adults and people with disabilities.

11 I'm here to share a new study that  
12 I've authored with CUNY professors Stephanie  
13 Luce and Ruth Milkman. We hope it will be  
14 useful to you as you consider the proposal  
15 budget.

16 We examined an overlooked development  
17 strategy, investment in the state's home care  
18 workforce, and specifically we analyzed the  
19 economic impacts that would result from a  
20 substantial wage increase for home care  
21 workers.

22 We found that lifting wages through  
23 public investment would create net positive  
24 effects, both for the home care sector and

1           for the state economy overall. So home care  
2           should be viewed not only as a vital  
3           healthcare field but as a potential driver of  
4           economic growth.

5                     Currently the median annual income for  
6           New York State home care workers is only  
7           \$22,000. We ask what would happen if the  
8           state lifted that number to at least  
9           \$30,000 upstate, \$35,000 on Long Island and  
10          in Westchester, and \$40,000 in New York City.  
11          We project that would require a \$4 billion  
12          investment but would yield \$7.6 billion in  
13          new savings, tax revenues and economic  
14          activity, a net gain of over \$3.6 billion per  
15          year.

16                    Higher wages would also attract nearly  
17          20,000 new home care workers per year, which  
18          would alleviate the severe labor shortage in  
19          this field. And, because workers would spend  
20          much of their new wages, this investment  
21          would create nearly 18,000 jobs in other  
22          industries.

23                    We know home care is a booming sector.  
24          Consumer demand is locked in. Job positions



1 of Chautauqua Lake Child Care Center and  
2 assistant professor and early childhood  
3 coordinator at Jamestown Community College.  
4 I'm proud to serve on both the Governor's  
5 Early Childhood Advisory Council and the  
6 Child Care Availability Task Force.

7 I come to you today to speak about  
8 childcare as a business, speaking on behalf  
9 of my colleagues, childcare providers in  
10 centers, in-home facilities and school-age  
11 programs. I thank the chairs and members of  
12 the respective committees for the opportunity  
13 to testify on the budget. I appreciate your  
14 recognition that it is imperative that  
15 childcare as an industry is included in this  
16 hearing, as it is foundationally  
17 interconnected to business and economic  
18 development, especially now.

19 Childcare is a multi-billion-dollar  
20 industry employing tens of thousands of  
21 New Yorkers, with a return on investment of  
22 \$1.86 for every dollar invested. That's more  
23 than retail, manufacturing and construction.  
24 Yet childcare is a service industry that is

1 different from others because it also enables  
2 other businesses to operate.

3 Childcare was in a crisis situation,  
4 preventing people from going to work  
5 pre-COVID. High-quality childcare is very  
6 difficult to find -- 64 percent of  
7 New Yorkers live in a childcare desert -- and  
8 prohibitively expensive for nearly all  
9 families.

10 On the other side, childcare is an  
11 industry with tightly balanced budgets and  
12 low pay for employees. In the past year the  
13 situation has gotten much worse. With  
14 increased expenses and restrictions, many of  
15 my colleagues have closed their doors.  
16 Record numbers of women have left the  
17 workforce, citing childcare as the main  
18 factor, resulting in reduced labor force  
19 participation and reduced family income.

20 Employers indicate childcare is one of  
21 the main problems with employee recruitment,  
22 retention and productivity.

23 And although childcare has remained  
24 open throughout the pandemic, it has a

1           crumbling infrastructure and little support.  
2           Despite the fact that we received  
3           \$164 million in New York State specifically  
4           for childcare in CARES act funding 10 months  
5           ago, only \$40 million has actually been  
6           spent. And beyond that, there has been no  
7           help directly to childcare facilities in  
8           New York State.

9                       Therefore, I encourage you to follow  
10           and implement the New York State Child Care  
11           Availability Task Force recommendations,  
12           leveraging REDCs and private/public  
13           partnerships, and to ensure the \$468 million  
14           in new childcare stimulus funds is used  
15           swifly and strategically.

16                      Further, I urge you to invest in  
17           childcare subsidies and to maximize  
18           affordability, and to increase childcare  
19           availability by investing in startup grants.

20                      Lastly, I urge you to support the  
21           increase in employer childcare tax credits  
22           and to revise them to ensure that businesses  
23           can take advantage. We cannot look at  
24           supporting childcare as a subsidy. It is

1           truly an investment in economic development  
2           and infrastructure. We cannot rebuild our  
3           economy without that investment. We must  
4           make decisions based upon what is best for  
5           our youngest citizens and therefore our  
6           entire population.

7                     I offer to you my assistance and I  
8           appreciate the support of my legislators,  
9           Senator Borrello and Assemblyman Goodell, as  
10          well as the leadership of Assemblyman Hevesi  
11          and Senator Brisport and their committees as  
12          we work together to ensure that families,  
13          providers and businesses are heard. We all  
14          need to work together to make New York State  
15          the leader in early childhood during this  
16          time and in the future.

17                    CHAIRWOMAN KRUEGER: Thank you.

18                    Oh, and I see a hand. I haven't seen  
19          hands in a while. I see the hand of my  
20          Finance ranker Tom O'Mara.

21                    Come off mute. There you go.

22                    SENATOR O'MARA: Thank you. Thank  
23          you, Chairwoman Krueger. I have a question  
24          for Beth Starks on childcare.

1                   First of all, Senator Borrello sends  
2                   his regards and apologizes that he --

3                   (Zoom interruption.)

4                   CHAIRWOMAN KRUEGER: Would everybody  
5                   else mute, please. I think it's you, Kevin.  
6                   Turn your mute on.

7                   Okay. So go ahead, Tom.

8                   SENATOR O'MARA: Okay. Sorry about  
9                   that.

10                  George Borrello says hello, in short.  
11                  He had a couple of questions. He's preparing  
12                  for session and couldn't be on this part of  
13                  the hearing today.

14                  So with regards to your position on  
15                  the Child Care Availability Task Force, there  
16                  was a report due from that task force in  
17                  December. We're on Albany time, so it's only  
18                  February, so it's not really late yet. But  
19                  when do you expect the work on that report to  
20                  be completed and that to be available for us  
21                  in the Legislature?

22                  MS. STARKS: So I was part of the  
23                  drafting team, and the draft was put forward  
24                  and has been approved by all members of the



1 task force. We're just waiting for the  
2 official release of the report. We were  
3 hoping that that release would come in  
4 December so that you could use it to look at  
5 those recommendations as you put forward the  
6 budget. Unfortunately, it hasn't been  
7 officially released yet.

8 SENATOR O'MARA: Who has the final  
9 sign-off on that report?

10 MS. STARKS: I believe it's the  
11 Governor's office.

12 SENATOR O'MARA: Okay. You're  
13 probably right. And it would be nice to be  
14 able to have that useful information for our  
15 budget discussions on that.

16 What is your understanding of the  
17 status of federal CARES Act money that has  
18 come to the state and hasn't been  
19 distributed, and what do you expect to get,  
20 the state to get in addition to that moving  
21 forward from the federal government?

22 MS. STARKS: Well, it's been really  
23 unfortunate that the money that we received  
24 10 months ago in emergency funding has taken

1           so long to make it into the hands of  
2           providers and families. And when asked at  
3           the hearing last week and the answer was  
4           \$40 million was the amount that was spent out  
5           of \$169 million, that was really  
6           disheartening.

7                     We do know that an additional almost  
8           half a billion will be coming for certain  
9           into New York State, and we are hopeful that  
10          that money will be used more swiftly and will  
11          actually make it to providers in a timely  
12          manner. We would love your support on that.

13                    SENATOR O'MARA: Well, I can tell you  
14          that you absolutely have it from myself and  
15          from Senator Borrello as well.

16                    So thank you for your testimony today.

17                    MS. STARKS: Thank you.

18                    CHAIRWOMAN KRUEGER: Thank you.

19                    Assembly?

20                    ASSEMBLYMAN CAHILL: Yes, thank you,  
21          Madam Chair. I'd like to recognize  
22          Assemblywoman Lunsford for three minutes.

23                    Assemblywoman Lunsford, unmute if you  
24          can.

1                   ASSEMBLYWOMAN LUNSFORD: Hello. Do  
2                   you have me?

3                   All right, sorry. I was waiting for  
4                   someone to prompt me to get it done.

5                   This question is also for Beth Starks.  
6                   Thank you very much, Beth, for your  
7                   presentation.

8                   Given what you learned as part of the  
9                   task force drafting team -- I know the  
10                  report's not officially out yet, but if you  
11                  could guide us through what you think the  
12                  best uses for some of the federal monies we  
13                  are going to receive would be to help bolster  
14                  our childcare system moving forward, as well  
15                  as dealing with the ramifications of COVID.

16                  MS. STARKS: I think it's really  
17                  important that we support both families and  
18                  providers. So we need to get people back to  
19                  work, so it's really important that we  
20                  increase the income eligibility for the  
21                  childcare subsidies so that working families  
22                  can use those subsidies to make sure that  
23                  they can keep their employment right now, get  
24                  back to work if they're not working, and to

1           make sure that we're supporting them.

2                     In addition, we need to support the  
3 providers. So that means consistent revenue  
4 streams -- so paying for absences, making  
5 sure that we are contributing to helping them  
6 to pay their employees more, and to also  
7 bridging that gap in the -- a lot of the  
8 childcare centers stayed open this entire  
9 time and lost a lot of revenue, so they're  
10 really suffering economically right now. And  
11 so making sure that they stay open to support  
12 people going to work is really important  
13 right now as well.

14                    ASSEMBLYWOMAN LUNSFORD: And I've  
15 heard that there have been some technological  
16 challenges with regards to our childcare  
17 centers actually applying for funding. Can  
18 you speak to that and what we can do moving  
19 forward to help them actually get this money  
20 in their hands?

21                    MS. STARKS: Yeah, so I think it's a  
22 combination. There are a lot of in-home  
23 providers and centers who lack the ability to  
24 be able to access those funds and apply for

1           them and to understand exactly what they  
2           needed to do to apply for the funding.

3           In addition, there was definitely --  
4           on behalf of the state, it's an arduous  
5           process. And so it wasn't made easy for any  
6           providers to be able to get that funding.  
7           There were a lot of hoops to jump through,  
8           and I think that's led to the money taking so  
9           long to get out the door. And what was meant  
10          to be emergency funding was certainly not  
11          timely.

12           ASSEMBLYWOMAN LUNSFORD: And kind of  
13          the buckets we've put the CARES Act funding  
14          into, do you think that's the most helpful  
15          way we could be boosting our childcare  
16          providers right now, the kinds of funding  
17          that they can apply for under our current  
18          system?

19           MS. STARKS: I do. And I do think  
20          that it's really important that we listen to  
21          the current providers about the struggles  
22          that they had obtaining the funding in the  
23          first round -- and also to see what their  
24          immediate needs are moving forward. That

1           stuff is really integral right now.

2           ASSEMBLYWOMAN LUNSFORD: Thank you so  
3 much, Beth. We appreciate your time.

4           MS. STARKS: Thank you.

5           CHAIRWOMAN KRUEGER: I think we were  
6 both muted, Kevin, but I think you wanted to  
7 call on Sarah Clark next?

8           ASSEMBLYMAN CAHILL: I'm muted, you're  
9 right, Liz.

10          CHAIRWOMAN KRUEGER: (Laughing.) I  
11 was too.

12          ASSEMBLYMAN CAHILL: Assemblywoman  
13 Sarah Clark for three minutes.

14          ASSEMBLYWOMAN CLARK: Wonderful. My  
15 question is also for Beth.

16                 Thank you so much. So good to see you  
17 again today. And I couldn't agree more with  
18 you about the importance of childcare. It is  
19 literally the bedrock of any workforce  
20 development, any economic development, and  
21 any way that we're going to be able to  
22 recover from COVID.

23                 I also wanted -- but I wanted to ask,  
24 I read a report about the subsidy system,

1           particularly around what you -- you sort of  
2           went into deserts and how there's not a lot  
3           of access everywhere in the state evenly.  
4           But what I was looking at was the subsidy  
5           report, of where subsidies are most used  
6           across the state, and I really saw a glaring  
7           difference between our cities and our rural  
8           areas.

9                        I was wondering if you have any  
10          thoughts about what the particular challenges  
11          are in our rural areas when it comes to  
12          childcare, and how we could do a better job.

13                       MS. STARKS: One thing that I know --  
14          so here in Chautauqua County we are not using  
15          all of our subsidy dollars. And we  
16          brainstormed about the reason or potential  
17          reason for that, and one of the things that I  
18          think is really important is letting people  
19          know that that assistance exists.

20                       And so when you think about HEAP or  
21          WIC or other forms of assistance, we get the  
22          word out and we let people know that it's  
23          available. And if we want people to work and  
24          childcare is one of those obstacles standing

1           in their way to working every day, we need to  
2           let them know that this is -- maybe unlike  
3           other forms of assistance, it's meant for  
4           people who are working and who have --  
5           instead of falling off the benefits cliff,  
6           that -- if we can help them a little bit  
7           longer with the childcare and then get the  
8           word out.

9                     In addition, depending on the county  
10           that you're in, it's really a complicated  
11           process. So here in Chautauqua County  
12           there's 11 different documents, forms of  
13           documentation that they need to turn in. And  
14           they have to turn it all in by mail, not  
15           electronically.

16                    And so there are a lot of steps that  
17           we could take to make it easier for families  
18           to be able to apply and to be able to get to  
19           work.

20                    ASSEMBLYWOMAN CLARK: Well, it sounds  
21           like you have some great ideas, and I'm ready  
22           to work with you to help make that happen.

23                    Thank you.

24                    MS. STARKS: Thank you very much for



1           your support.

2                   CHAIRWOMAN KRUEGER: Thank you very  
3 much.

4                   ASSEMBLYMAN CAHILL: Back to you, Liz.

5                   CHAIRWOMAN KRUEGER: Thank you. Thank  
6 you very much, Assemblymember.

7                   So I think all hands are down. I want  
8 to thank this panel for being our last panel  
9 in this hearing. Appreciate all of your  
10 contributions today, everyone who came to  
11 testify.

12                   This will be the official end of the  
13 Economic Development hearing. And for those  
14 who have been hoping for the Tax hearing,  
15 give us 10 minutes and we will start the  
16 Tax hearing. And I believe that will require  
17 everyone to come off of this Zoom and to  
18 reenter the Tax hearing Zoom.

19                   So see some of you again in just a few  
20 minutes. And the rest of you, enjoy the rest  
21 of your day. Thank you.

22                   (Whereupon, the budget hearing  
23 concluded at 3:08 p.m.)

24