BEFORE THE NEW YORK STATE SENATE FINANCE
AND ASSEMBLY WAYS AND MEANS COMMITTEES

JOINT LEGISLATIVE HEARING

In the Matter of the
2021-2022 EXECUTIVE BUDGET ON
ECONOMIC DEVELOPMENT

Virtual Hearing
Conducted via Zoom

February 23, 2021
9:37 a.m.

PRESIDING:

Senator Liz Krueger
Chair, Senate Finance Committee

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

PRESENT:

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

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

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

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

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

PRESENT: (Continued)

Assemblyman Al Stirpe
Chair, Assembly Committee on Small Business

Assemblyman Steven Otis
Chair, Assembly Committee on Science and Technology

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

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

Assemblyman Kenneth Zebrowski
Chair, Assembly Committee on Governmental Operations

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

Senator John Liu

Assemblyman Robert Smullen

Assemblyman Billy Jones

Assemblywoman Marianne Buttenschon

Assemblyman Christopher S. Friend

Assemblyman Steve Stern

Senator James Tedisco

Assemblywoman Emily Gallagher

Assemblyman Jeffrion L. Aubry

Assemblyman Edward C. Braunstein

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PRESENT: (Continued)

Senator George M. Borrello

Assemblyman Robert J. Rodriguez

Assemblyman Charles Barron

Assemblywoman Alicia Hyndman

Senator James Sanders Jr.

Assemblyman William Conrad

Assemblywoman Vivian E. Cook

Assemblyman Michael Durso

Assemblywoman Sarah Clark

Assemblyman Angelo Santabarbara

Assemblywoman Taylor Darling

Assemblyman Erik M. Dilan

Assemblywoman Deborah J. Glick

Assemblyman Kevin A. Cahill

Senator Pamela Helming

Assemblyman Angelo J. Morinello

Assemblywoman Judy Griffin

Assemblyman Kevin M. Byrne

Assemblywoman Dr. Anna R. Kelles

Assemblywoman Jennifer Lunsford

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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CHAIRWOMAN KRUEGER: Good morning. I'm Senator Liz Krueger. This is the Economic Development budget hearing for the Executive Budget. It is February 23, 2021.

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

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

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

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

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

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

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

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

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

Helene will do the same with Assemblymember Ra afterwards.

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

THE MODERATOR: Senator Skoufis is here as well.

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

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

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

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

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

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

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

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

CHAIRWOMAN WEINSTEIN: Thank you, Senator.

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

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

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

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

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

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

So now back to the Senate.

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

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

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

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

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

Good morning, Chairwoman Krueger,

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

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

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

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

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

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

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

To this end, before discussing the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you very much.

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

SENATOR KAPLAN: Thank you, Chairwoman Liz Krueger.

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

ACTING COMMISSIONER GERTLER: Good morning.

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

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

ACTING COMMISSIONER GERTLER: Thank you, Senator.

As you know, no one has championed

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

Pravina, can you please also add to that?

ESD EVP RAGHAVAN: Sure.

Good morning, Senator Kaplan.

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

And we really do also include experts

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

SENATOR KAPLAN: Thank you.

ACTING COMMISSIONER GERTLER: Thank you, Pravina.

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

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

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

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

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

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

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

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

Could you address that a little bit for me?

ACTING COMMISSIONER GERTLER: Of course.

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

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

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

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

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

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

SENATOR KAPLAN: Thank you.

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

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

Can you address that?

ACTING COMMISSIONER GERTLER: Correct.

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

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

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

ACTING COMMISSIONER GERTLER: Thank you so much.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

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

ASSEMBLYMAN BRONSON: Thank you,

Chair.

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

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

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

I really want to hone in, though, on

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

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

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

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

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

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

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

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

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

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

resources. Those are important components of our strategy.

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

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

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

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

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

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

hundred or less employees.

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

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

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

And, you know, we're also putting

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

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

You know, and that's why the success

of it as a bottoms-up economic development strategy.

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

So thank you, Commissioner.

ACTING COMMISSIONER GERTLER: Thank you, sir.

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

So now to the Senate.

CHAIRWOMAN KRUEGER: Thank you very much.

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

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

SENATOR SAVINO: Thank you, Senator Krueger.

Good morning, Commissioner.

ACTING COMMISSIONER GERTLER: Good morning.

SENATOR SAVINO: Nice to see you.

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

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

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

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

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

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

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

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

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

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

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

You know, broadband, as you rightfully

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATOR SAVINO: Thank you. Perfect timing.

CHAIRWOMAN KRUEGER: Thank you. Perfect timing indeed.

Assembly.

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

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

ASSEMBLYMAN STIRPE: Thank you,

Helene. Good morning, Commissioner. How you doing?

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

ASSEMBLYMAN STIRPE: Okay.

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

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

So, you know, my question about that

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

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

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

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

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

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

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

ESD COO YOUNIS: Sure. You know, I

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

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

ASSEMBLYMAN STIRPE: Okay. Okay, thanks.

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

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

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

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

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

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

know, the right access and availability for New Yorkers.

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

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

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

the most complete broadband availability.

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

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

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

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

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

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

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

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

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

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

So thank you very much.

ACTING COMMISSIONER GERTLER: Thank you, sir.

CHAIRWOMAN WEINSTEIN: Over to the Senate.

CHAIRWOMAN KRUEGER: Thank you very

much.

Our next questioner is Senator John Liu.

SENATOR LIU: Thank you, Madam Chair.

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

(Laughter.)

SENATOR LIU: -- congratulations anyway.

ACTING COMMISSIONER GERTLER: Nice to see you.

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

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

recent years to major corporations.

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

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

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

(Overtalk.)

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

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

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

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

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

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

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

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

SENATOR LIU: Terrific. All right.

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

ACTING COMMISSIONER GERTLER: Sure.

SENATOR LIU: On pause also, or --

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

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

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

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

SENATOR LIU: Does "very soon" include

a time in 2021?

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

SENATOR LIU: A matter of weeks? Excellent.

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

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

(Laughter; overtalk.)

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

SENATOR LIU: Thank you, Madam Chair.

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

CHAIRWOMAN KRUEGER: Thank you, Senator Liu.

Assembly.

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

ASSEMBLYMAN OTIS: Commissioner, welcome.

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

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

ACTING COMMISSIONER GERTLER: Thank you.

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

costs, mortgages, situations like that.

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

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

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

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

Any additional comments on this sort of unique problem?

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

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

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

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

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

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

those that are taking those funds are MWBE firms.

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

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

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

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

The deployment gaps in this state are

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

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

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

ACTING COMMISSIONER GERTLER: Right. Well, I want to give you, you know, one example where I think, you know, colleagues in my agency, with our Washington office, worked relentlessly to get $100 million in awards from the FCC's Rural Digital Opportunity Fund.

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

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

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

ASSEMBLYMAN OTIS: Thank you for that.

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

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

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

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

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

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

CHAIRWOMAN WEINSTEIN: Thank you.

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

ago.

Now we go to the Senate.

CHAIRWOMAN KRUEGER: Thank you very much.

And we've been joined by Senator Pam Helming.

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

SENATOR SANDERS: Good morning, Commissioner.

ACTING COMMISSIONER GERTLER: Good morning, sir.

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

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

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

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

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

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

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

ESD COO YOUNIS: Sure. Thanks, sir.

Thanks, Senator.

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

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

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

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN KRUEGER: We go to the Assembly.

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

ASSEMBLYMAN RA: Thank you, Chairs.

Commissioner, good morning. Good to see you again.

ACTING COMMISSIONER GERTLER: Good morning. Good morning.

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

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

ACTING COMMISSIONER GERTLER: Thank you.

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

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

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

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

So we've been working on that.

ASSEMBLYMAN RA: Well, thank you.

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

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

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

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

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

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

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

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

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

ESD COO YOUNIS: Yeah, thanks Assemblyman.

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

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

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

ASSEMBLYMAN RA: Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: Senate?

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

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

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

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

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

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

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

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

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

I don't think there is any other state

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

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

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

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

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

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

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

SENATOR MARTUCCI: Thank you,

Commissioner. I certainly appreciate your time today.

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

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

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

Assembly.

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

ASSEMBLYMAN FRIEND: Thank you, Chairwoman.

And I'd just like to start with that,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and recommendations.

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

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

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

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

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

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

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

ASSEMBLYMAN FRIEND: Yeah.

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

CHAIRWOMAN WEINSTEIN: Thank you.

We go to the Senate.

CHAIRWOMAN KRUEGER: Thank you.

Senator Jim Skoufis.

SENATOR SKOUFIS: Thanks very much, Madam Chair.

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

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

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

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

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

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

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

thank you for that.

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

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

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

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

SENATOR SKOUFIS: Okay.

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

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

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

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

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

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

CHAIRWOMAN WEINSTEIN: Okay.

ASSEMBLYWOMAN RAJKUMAR: Hi, I'm here.

ACTING COMMISSIONER GERTLER: Here we go.

ASSEMBLYWOMAN RAJKUMAR: Thank you. Pardon my video.

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

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

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

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

as Indo-Caribbeans from Guyana and Trinidad.

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

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

Thank you.

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

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

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

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

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

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

ASSEMBLYWOMAN RAJKUMAR: That would be great, thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: To the Senate.

CHAIRWOMAN KRUEGER: Thank you.

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

There you are, George.

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

Commissioner, thanks for being here today.

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

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

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

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

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

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

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

SENATOR BORRELLO: Okay. So in a

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

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

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

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

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

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

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

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

So thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Stern.

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

ACTING COMMISSIONER GERTLER: There we

go.

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

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

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

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

out of the pandemic to build back better.

Thank you.

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

ESD EVP RAGHAVAN: Thank you, Commissioner Gertler.

Thank you, Assemblyman.

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

But it also gives us time to sit there

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

ASSEMBLYMAN STERN: Very good. Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: Back to the Senate.

CHAIRWOMAN KRUEGER: Okay, thank you.

Senator Sean Ryan, Buffalo.

SENATOR RYAN: Thank you very much.

Good morning, everybody.

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

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

ACTING COMMISSIONER GERTLER: Thank you.

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

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

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

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

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

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

ESD EVP RAGHAVAN: Yup.

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

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

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

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

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

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

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

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

with you, sir, after this hearing.

SENATOR RYAN: Thank you very much.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

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

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

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

outdoor and indoor dining, et cetera.

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

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

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

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

restarting the restaurant industry.

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

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

Now, that --

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

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

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

Thank you, Mr. Commissioner.

ACTING COMMISSIONER GERTLER: Thank you.

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

Now we go to the Senate.

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

I'm going to take this time for

myself, thank you.

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

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

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

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

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

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

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

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

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

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

ESD COO YOUNIS: Yes, thanks, Eric.

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

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

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

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

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

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

from them.

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

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

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

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

program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

So what do we know about Opportunity Zones right now?

ACTING COMMISSIONER GERTLER: Yeah,

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

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

But you'll follow up with me, right?

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

CHAIRWOMAN KRUEGER: Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN KRUEGER: Assembly.

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

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

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

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

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

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

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

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

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

Thank you.

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

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

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

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

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

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

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

Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate, do you have any more?

CHAIRWOMAN KRUEGER: I'm looking, and

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

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

So next we have Assemblyman Rodriguez. Robert?

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

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

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

the state had $20 million in loan loss reserves.

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

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

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

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

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

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

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

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

CHAIRWOMAN WEINSTEIN: Thank you.

Now we go to Assemblywoman Griffin.

Is Judy there?

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

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

So we go to Assemblywoman Gallagher.

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

CHAIRWOMAN WEINSTEIN: Yes, we can.

ACTING COMMISSIONER GERTLER: I can.

ASSEMBLYWOMAN GALLAGHER: Okay, great.

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

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

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

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

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

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

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

Services are more expert at responding to.

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

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

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

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

independently worked on resolutions with their tenants to keep them.

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

Thank you.

CHAIRWOMAN WEINSTEIN: Is Assemblywoman Griffin back?

THE MODERATOR: Yes, she is here.

CHAIRWOMAN WEINSTEIN: Okay, great.

ASSEMBLYWOMAN GRIFFIN: (Muted.)

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

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

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

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

ASSEMBLYWOMAN GRIFFIN: Can you hear me now?

CHAIRWOMAN WEINSTEIN: Yes.

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

Good morning, Commissioner Gertler.

ACTING COMMISSIONER GERTLER: Good morning.

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

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

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

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

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

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

So if you can answer any of those

questions, I'd greatly appreciate it.

Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

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

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

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

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

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

ASSEMBLYWOMAN GRIFFIN: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Jones.

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

ACTING COMMISSIONER GERTLER: Hello, how are you?

ASSEMBLYMAN JONES: Good.

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

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

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

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

My question is, I like the idea of

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

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

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

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

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

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

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

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

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

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

rate.

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

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

ASSEMBLYMAN JONES: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Conrad.

ASSEMBLYMAN CONRAD: Thank you, Chair.

And thank you, Commissioner, for being here. I know it's a long day and we're all hopping around.

ACTING COMMISSIONER GERTLER: Thank you.

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

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

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

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

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

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

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

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

(Laughter.)

ASSEMBLYMAN CONRAD: Not a problem.

ACTING COMMISSIONER GERTLER: So -- so thank you.

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

ACTING COMMISSIONER GERTLER: (Laughing.) Well, we'd like to then -- I'd

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

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

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

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

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

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

ASSEMBLYMAN CONRAD: You're welcome.

ACTING COMMISSIONER GERTLER: (Laughing.)

ASSEMBLYMAN CONRAD: Thank you.

CHAIRWOMAN WEINSTEIN: So we go to Assemblywoman Giglio.

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

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

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

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

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

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

ASSEMBLYMAN GIGLIO: Yeah, that would be great.

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

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

insight on that, please?

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

But we will get back to you on that.

ASSEMBLYWOMAN GIGLIO: Okay, and then having --

(Overtalk.)

ACTING COMMISSIONER GERTLER: I apologize. Sorry.

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

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

the jobs that we lost when Grumman left?

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

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

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

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

ASSEMBLYWOMAN GIGLIO: Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Assemblywoman Seawright.

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

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

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

ACTING COMMISSIONER GERTLER: I agree.

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

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

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

So I think that's an indication that,

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

So thank you for that question.

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

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

broadband projects.

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

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

ASSEMBLYWOMAN SEAWRIGHT: Thank you, Commissioner.

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

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

ACTING COMMISSIONER GERTLER: Thank

you.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: So, you

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Likewise, thank you so much.

ASSEMBLYWOMAN FAHY: Thank you, Chair.

ACTING COMMISSIONER GERTLER: Great, thank you.

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

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

CHAIRWOMAN WEINSTEIN: Okay. Just wave if --

ACTING COMMISSIONER GERTLER: Okay.

CHAIRWOMAN WEINSTEIN: So we go to Assemblyman Woerner now.

ACTING COMMISSIONER GERTLER: Thank you, though.

ASSEMBLYWOMAN WOERNER: Thank you so much, Chairwoman.

And thank you, Commissioner, for being

here and for your comprehensive testimony.

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

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

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

real problems, you know, during COVID.

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

ESD COO YOUNIS: Sure. Thanks, Eric.

Thanks, Assemblywoman.

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

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

The other thing you referred to is the --

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

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

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

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

ASSEMBLYWOMAN WOERNER: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Smullen.

ASSEMBLYMAN SMULLEN: Thank you, Chair.

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

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

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

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

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

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

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

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

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

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

So how are we measuring it for our citizens?

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

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

to you.

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

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

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

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

ASSEMBLYMAN SMULLEN: Thank you, sir.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Kelles now.

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

right into comments and questions, given the time frame.

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

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

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

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

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

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

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

So those are my questions.

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

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

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

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

ASSEMBLYWOMAN KELLES: Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: So now we go to Assemblywoman Lunsford.

Is Jennifer here?

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

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

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

ESD COO YOUNIS: Yeah, thanks, Eric.

Thanks, Assemblywoman.

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Sure.

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

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

ACTING COMMISSIONER GERTLER: Great. Thank you, Kevin.

CHAIRWOMAN WEINSTEIN: Is Assemblyman

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

ASSEMBLYMAN DURSO: I'm still here.

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

(Laughter.)

ASSEMBLYMAN DURSO: Thank you, Chairperson.

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

ACTING COMMISSIONER GERTLER: Thank you.

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

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

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

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

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Understood.

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

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

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

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

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

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

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

So we're going to go to Assemblyman Santabarbara.

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

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

ASSEMBLYMAN SANTABARBARA: Great.

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

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

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

But in addition to that, there are

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

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

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

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

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

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

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

CHAIRWOMAN WEINSTEIN: In eight

seconds.

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

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

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

ASSEMBLYMAN SANTABARBARA: Thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Braunstein.

Is Ed here?

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

ASSEMBLYMAN BRAUNSTEIN: Can you hear

me now?

THE MODERATOR: Yes.

CHAIRWOMAN WEINSTEIN: Yes, we can.

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

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

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

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

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

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

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

But, you know, no doubt COVID has

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

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

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

ACTING COMMISSIONER GERTLER: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

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

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

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

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

CHAIRWOMAN WEINSTEIN: Sure.

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

CHAIRWOMAN WEINSTEIN: Sure. Sure.

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

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

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

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

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

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

ASSEMBLYMAN BRONSON: Great. Thank you, Madam Chair.

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

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

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

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

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

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

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

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

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

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

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

know, some of the questions that are being asked.

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

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

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

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

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

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

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

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

tools that we have to try and address this situation.

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

Thank you.

ACTING COMMISSIONER GERTLER: Thank you.

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

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

(Laughter.)

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

I think you have a number of homework

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

So you have 10 minutes on the clock.

COMMISSIONER DESTITO: Thank you.

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

As all of us know, the past year has

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

I would like to offer you some details on the efforts that OGS employed to support the state's ongoing response to the pandemic. Competing in a global market where essential supplies suddenly became scarce, OGS was able to focus the full weight of our expertise to get New York State to the front of the line.

OGS facilitated the sourcing, ordering, tracking, delivery coordination, and reconciliation of more than 200 million items of durable medical equipment and PPE. We partnered in multi-agency efforts to contract for products and services for test sites, alternative care facilities, agency PPE, and vaccines, while supporting local government sourcing through statewide contracts.

OGS was also responsible for the

financial processing required to secure the state's PPE and hospital build-out inventory. We worked with DOCCS to support the New York State Clean hand sanitizer program. OGS managed warehouse operations for storage, distribution, inventory, and delivery of New York State Clean hand sanitizer, PPE, and other supplies.

We accepted the responsibility for three alternative care facilities from the Army Corps of Engineers and FEMA, and they continue to be operationally maintained by OGS.

We also provided real estate services to establish laboratory, warehouse, call center, and COVID-19 testing and vaccination sites. OGS also delivered mailing and printing support for the Department of Labor and the Office of Temporary Disability Assistance, provided contracting support for Javits Center operations, as well as broadcast support for daily COVID briefings.

We were also responsible for the development and maintenance of New York

Forward and COVID-19 websites, in conjunction with ITS. We created return-to-work plans for state office buildings to ensure employees were aware of and following the COVID protocols, and we established enhanced cleaning procedures and air filtration. My agency's staff also participated in many COVID-related volunteer efforts and continue to do so.

As New York implemented its phased reopening and employees began returning to work at OGS owned and managed buildings, including the Legislative Office Building, our facilities team increased the frequency of cleaning and disinfection of high-density and high-touch areas. We installed signage reminding people of COVID protocols.

In addition to our COVID-related activities, OGS continues delivering the services and support our customers depend on us to provide. OGS provides enterprise-wide operational services and programs that allow other state agencies, local governments, not-for-profits, businesses and citizens to

focus on and fulfill their own diverse missions.

We maintain and manage 20 million square feet of state-owned space and leases of 11.8 million square feet of office, warehouse, and other required space throughout the state. OGS provides architectural, engineering, contracting, and construction management services to over 50 state agency clients. Additionally, OGS provides vital emergency response and recovery support following floods, fires, weather disasters, and more, and we do this 24/7, 365 days a year.

We manage a portfolio of approximately 1,500 centralized contracts for commodities, services, and technology, and that represents over 1.6 billion in spend for state agencies alone.

We also provide transactional back-office administration services for nearly all the executive agencies for finance and human resources and administer the Service-Disabled Veteran-Owned Business

program.

In addition, OGS delivers support services for agencies, including fleet management, printing and mail services, food distribution, warehousing, and surplus property disposition. We aggregate and manage the purchase of energy resources and insurance. We also administer the visitor experience at the Capitol and Empire State Plaza, and we issue easements and grant licenses and permits for the use of uplands and lands under water.

Our Procurement Services group continues to lead the way in new and innovative procurements. We maintain the largest information technology catalog of contracts in the country.

OGS trains government employees on contracts and businesses on how to do business with the state. We maintain an electronic catalog of over 10 million items available for purchase, and facilitate the employment of individuals with disabilities.

OGS is responsible for the

administration and daily operations of 176 state-owned buildings and structures. Since the beginning of this administration, the agency has performed more than 1200 capital projects and over 3200 preventive-maintenance and rehabilitation/improvement projects.

Continuing our pledge from previous years to meet the Governor's clean energy goals, NYPA and OGS have begun projects to replace old and obsolete equipment at the Sheridan Hollow steam plant and the Empire State Plaza chill plant. We are also in the process of establishing a 38-megawatt solar photovoltaic project at the former Oriskany Airport, which the state now owns. This project would generate over 50 percent of the electricity used at the Empire State Plaza.

In conjunction with other agency partners, OGS continues the Employee Zero Emissions Vehicle Charging Pilot Program in targeted OGS parking facilities throughout downtown Albany and the Harriman campus.

In addition to managing space, we also build it and conduct project permitting with the OGS Design and Construction team, which serves state agencies including DOCCS, OMH, State Police, DMNA, and Ag and Markets. Design and Construction typically responds to 300 vital agency construction emergency declarations each year.

OGS is also participating in the Governor's REDI program on Lake Ontario. In addition to serving on the REDI committee and advancing multiple projects for the initiative, OGS is directly managing the $15 million navigation dredging initiative at up to 20 channels and harbors.

Also we do an excellent job growing businesses. We are very proud to say that we have exceeded the Governor's MWBE utilization goal of 30 percent. Since 2011, MWBEs have received in excess of $842 million from contracts associated with our Design and Construction group alone.

Our success in implementing the Service-Disabled Veteran-Owned Business Act

continues. We now have approximately 855 certified businesses in a wide range of categories, from construction and financial services to commodities.

Providing an exceptional visitor experience is a source of pride for the OGS team. Since 2011, OGS has managed nearly 10,000 events, and more than half a million people have taken tours of the Capitol, the Executive Mansion, and visited the Corning Tower Observation Deck.

Efforts to prevent the spread of COVID required us to pivot to a successful Virtual Visit online series, and we provided tours of the majestic halls of our Capitol and both the Empire State Plaza and Harlem Art Collections. Instead of our usual Martin Luther King, Jr. Day observance at the Empire State Plaza, we honored Dr. King with a one-hour pre-produced broadcast that for the first time aired on PBS stations statewide.

We also reopened the plaza's Visitor Center, and we began selling New York Tough face masks to help stop the spread.

As commissioner, I am honored to lead the hardworking and dedicated team at the Office of General Services. Their service to the people of New York State never wavers and can be counted on at all times.

Thank you for listening to my testimony, and I am happy to take all of your questions.

CHAIRWOMAN KRUEGER: Thank you very much.

And Assembly, I do not think the Senate has any questions, so I'm going to pass it over to you.

CHAIRWOMAN WEINSTEIN: Okay. So let's go first to Assemblyman Zebrowski.

ASSEMBLYMAN ZEBROWSKI: Thanks, Chair Weinstein.

And good afternoon, Commissioner. Great to see you.

I only have three minutes, so I'm just going to jump into one area that falls under my purview of the Governmental Operations Committee.

The Public Protection and General

Government Budget, Part BB, the New York Medical Supply Act, three questions with that. Is this intended to supercede any of our current programs -- Preferred Source, MWBE, Service Disabled Veterans, or anything with corrections industries?

COMMISSIONER DESTITO: We will continue, Assemblyman -- and it's good to see you too. We will continue to work at providing the Preferred Source as well as all of our MWBE and SDVOB. We are in process of putting many of the new state-supported vendors on contract. We would like to do business in the State of New York and make sure that this does not supercede the Preferred Source Program or any other program that we have in place.

ASSEMBLYMAN ZEBROWSKI: Thanks.

So purchases under this program, if it becomes law, will they be noted or highlighted within the current sort of procurement disclosures that are done?

COMMISSIONER DESTITO: The Medical Supply Act is a partnership with ESD, and we

will be working with them. They incentivize a number of businesses in New York State, and we will be working with them to put them on our state contracts so that whenever our centralized contracts are used by state agencies or any of our authorized users, those products will be there for people to purchase from New York State-incentivized companies.

ASSEMBLYMAN ZEBROWSKI: Okay. And --

COMMISSIONER DESTITO: And it will -- again, Assemblyman, it will be in concert with the preferred sources and all of our MWBE and SDVOB.

ASSEMBLYMAN ZEBROWSKI: Right. Okay.

And so lastly, what is the process? There's a process within the language that allows an agency if it's not in the -- I think it's the best interest of the public or, you know, some standard like that, that they don't have to follow that Medical Supply Act.

COMMISSIONER DESTITO: Its form, function and utility determines whether a

Preferred Source partner can meet their requirements.

ASSEMBLYMAN ZEBROWSKI: And with the New York -- with the New York Medical Supply, with that sort of purchasing, there's like a section in that that says an agency head -- you know, if it's not in the best interests -- there's some broad language there, and I was trying to get a sense of like what would be the process for that? Do you envision --

COMMISSIONER DESTITO: It would be an internal process, and it would be documented as to how they made that decision.

ASSEMBLYMAN ZEBROWSKI: Okay, so you do envision some sort of documented -- like something filed with it.

COMMISSIONER DESTITO: Yes. Yes.

ASSEMBLYMAN ZEBROWSKI: Okay.

COMMISSIONER DESTITO: Yes, absolutely.

ASSEMBLYMAN ZEBROWSKI: My time's expired. Thanks, Commissioner.

COMMISSIONER DESTITO: Thank you, Assemblyman.

CHAIRWOMAN WEINSTEIN: So we go to -- Assemblyman Byrne has a question.

ASSEMBLYMAN BYRNE: Yes.

Thank you, Commissioner. And my question is a bit similar to my colleague, so this may be a short question, about the Medical Supplies Act. And it seems pretty clear in the language in the budget that there is some flexibility if a state agency is unable to get the supply needed from within the United States, that there is -- for the department head or agency head to pass a waiver.

And I think the intent behind this is very good, but I just want to get that on the record and confirm. Because obviously I think some of the reason we're doing this is because of the supply chain issue, we want to incentivize more products that are made here in the United States and in New York State. But should there be a massive need that goes beyond the available supply, we should be able to have everything available to us.

And there is a -- you know, I know

some concerns have been expressed to me about the "in whole or in part" portions. If certain medical supplies are in part made by, you know, entities outside of the country or outside of the state, will they be able to have that waiver as well?

COMMISSIONER DESTITO: We -- flexibility without limiting the ability to respond. We will -- the whole idea in working with ESD on this issue is that we will be incentivizing more people in New York State, more vendors in New York State, to be able to provide these products and manufacture these products in New York State.

But that will not limit our ability to go out and get what we need, as we did during the COVID pandemic.

ASSEMBLYMAN BYRNE: Perfect. That's my -- that was my understanding. I just wanted to make sure that was clear.

COMMISSIONER DESTITO: Yes.

ASSEMBLYMAN BYRNE: Thank you.

COMMISSIONER DESTITO: Yes, absolutely.

CHAIRWOMAN KRUEGER: All right. Do we see any other hands up, Helene?

CHAIRWOMAN WEINSTEIN: No, we do not have anyone else.

CHAIRWOMAN KRUEGER: Okay, thank you.

Well, then, Commissioner, thank you so much for being with us. Don't take it personally; you're not nearly as controversial as the prior commissioner. You just run an agency that seems to do its job, so we appreciate that very much. And we'll check in with you sometime soon.

COMMISSIONER DESTITO: You sure can. Thank you very much for having me. I appreciate it.

CHAIRWOMAN KRUEGER: Thank you, we appreciate it.

CHAIRWOMAN WEINSTEIN: Nice and clear.

COMMISSIONER DESTITO: Yup. Bye-bye.

CHAIRWOMAN KRUEGER: Our next speaker is the New York State Council on the Arts, Mara Manus, executive director.

And I think I see her in a box.

EXECUTIVE DIRECTOR MANUS: I'm here.

CHAIRWOMAN KRUEGER: And you are welcome to start, you have 10 minutes.

EXECUTIVE DIRECTOR MANUS: Thank you so much.

Chairs Krueger and Weinstein and members of the committee, thank you for the invitation to address you today. I am Mara Manus, the executive director of NYSCA.

On behalf of our chair, Katherine Nicholls, our board members, our staff, and our field, we are deeply grateful for the Governor and Legislature's continued support and recognition of NYSCA's critical role in our state's vital arts sector.

In a year of unprecedented devastation to our sector, our grantees' unyielding dedication to their work ensures the survival of the arts as we confront the dual pandemics of COVID-19 and systemic racism together.

Pre-COVID, the state's arts sector constituted 7.5 percent of our economy and generated $120 billion, employing over 460,000 workers. The arts are a significant driver of tourism, as we all know, and

pre-COVID our grantees reported 150 million visitors. Every dollar that supports the arts is a critical investment in the health of our economy and a significant driver of our state's recovery.

NYSCA is immensely grateful to the Governor for his decision to preserve our FY '21 grant-making budget at level funding.

As an agency, we have pivoted over the last year to meet the increasingly dire needs of our grantees, and I will provide further details shortly.

NYSCA's core focus is grant making to nonprofit organizations and artists. For FY 2021, we prioritized flexible general operating expenses as well as support for small and medium-sized organizations and underrepresented communities. We moved quickly to bring all of our FY '21 grant recommendations to a NYSCA council meeting in February. The applicants received notification letters on February 12th.

In this round, NYSCA awarded 1900 grants totaling $40 million to

1200 organizations and 150 artists. Of that amount, $28 million went to organizations with budgets less than $3 million.

Our FY '21 application deadline was 4 p.m. on March 12th, which was the same week that everything shut down. We immediately gathered responses from our grantees through a survey and were able to develop and execute FY '20 contract flexibilities, including extensions and modifications. To date, we have approved over 200 of those requests and are allowing those same modifications for our FY '21 contracts.

So those FY 2020 contracts started on January 1st, FYI.

In April, NYSCA received NEA CARES funding, and we executed two funding opportunities in under three months, providing $10,000 grants to 49 organizations and $1,000 grants to 40 non-New York City-based artists through our partnership with NYFA.

NYSCA held all of our review panels virtually in August and September, and the

panelists were charged with evaluating the applicant's ability to deliver on their mission.

NYSCA also led three reorgs of our website, the first to identify timely emergency resources, the second to create a space for Arts Online, and the third to showcase grantee reopenings and resources. We also created the NYSCA PRESENTS webinar series in May, and we've held six webinars, reaching over 3500 people, and covering such topics as "Fundraising in the Time of COVID" and "Moving Your Mission Online."

As of February 2021, the total financial impact of COVID on the New York State arts sector is estimated as a loss of more than $338 million. Additionally, the estimated loss in attendance totals 13 million people, and employee reductions total 47,000 full-time arts workers. This does not include contract workers, which we all know are the bedrock of the arts workforce.

The state's reopening guidelines for

low-risk arts were released on June 23rd, and some museums began reopening over the summer. However, many are operating at a much lower capacity than the 25 percent requirements set by the state. We recognize that a majority of the arts sector is still shut down and that the performing arts are contending with a minimum of 18 months of revenue loss.

While a hybrid model of virtual/in-person programming may be viable in the future, there is no current data to suggest that digital programming is creating significant revenue to contend with COVID-related losses.

Here are a few examples of grantees that have pivoted to embrace the challenges of the last year.

MOCA -- also called the Museum of Chinese in the Americas -- in Manhattan was severely damaged in a devastating fire in January. When faced with both COVID and the fire recovery, MOCA launched a new virtual exhibition, Trial by Fire, and also a crowd-sourced social-media storytelling

project. To date, MOCA's digital programming has been viewed by over 65,000 people.

Ballet Hispanico is the nation's renowned Latinx dance organization, and in 2020 they launched the wildly successful BUnidos virtual program, featuring virtual dance classes and watch parties with company members. These have been viewed by over 160,000 people to date.

Moving to the western part of our state, ArtPark Niagara is a 150-acre park and cultural institution, and that was one of the first to reopen. They held 80 socially distanced events, including an artist-led tour and a parking-lot mural project. It's worth noting that they are reporting an 80 percent loss in revenue due to the cancellation of their regular large-scale events.

Many grantees reimagined their mission through non-arts support as well, such as Jack Arts in Brooklyn, which provided 120 individuals and families with food assistance weekly, and DreamYard in the

Bronx, which served over 100,000 free meals, bagged groceries, and produce.

I'm pleased to share updates on our vital cross-sector partnerships, which I have mentioned in previous testimonies. We relaunched our Creative Aging Initiative in partnership with NYSOFA on February 22nd, after being delayed due to COVID. The programming will now be offered virtually, enabling a much broader reach across the state.

Our partnership with DOCCS, called CreativityWorksNYS, continues to support creative programming for justice-involved youth through hands-on art making. So this was initially launched in the Hudson and Adirondack facilities. Those have been converted back to adult facilities, and we are relaunching the program at Brookwood and Columbia, which are sites that are now under the purview of OCFS.

Arts programming will also continue at the Ulster adult facility, and we are in talks with DOCCS about expanding arts

programming to other facilities.

Our joint arts calendar in partnership with I Love NY, which has reached 300,000 visitors with a single submission, was modified this year to include digital events as well.

Thank you again for the opportunity to share the impact and the reach of the arts in New York State, and NYSCA's role in supporting the transformative work of our grantees. We are so privileged to represent the tens of thousands of New York artists and cultural workers from the nonprofit sector. The investment we make in the arts delivers an incredible return as a driver of the health of our workforce, our economy, and our people -- all while maintaining our state's position as a global leader in arts and culture, attracting millions each year from around the world.

Arts funding is so vital to our recovery, and the arts remain determined to reimagine, rebuild, and renew New York.

I now welcome your questions.

CHAIRWOMAN WEINSTEIN: I think we're going to go to Assemblyman Carroll for three minutes.

CHAIRWOMAN KRUEGER: Yes, thank you.

ASSEMBLYMAN CARROLL: Thank you, Chair Weinstein.

And thank you, Executive Director Manus, for speaking to us in that presentation.

I wonder if you have any information on those art organizations, especially small and medium-sized, that applied for grants last year prior to COVID and whether those organizations still are functioning and operational today.

EXECUTIVE DIRECTOR MANUS: So the small and medium-sized organizations that we have provided grants to are -- two points to mention here. One is that if they have closed down, they're required to let us know. We've had very, very few notifications of permanent closures so far. I think obviously the story is still unraveling.

The -- however, we have granted to

every organization the ability to extend and modify their grants, and we have -- and those modification requests are continuing to come in. And so -- and those encompass anything from moving your programming online to extending the deadline, obviously, of work that was going to be presented in person. But so far we don't have any data on complete, permanent closures.

ASSEMBLYMAN CARROLL: Two quick follow-ups. Does NYSCA -- has it or does it have any opinions on converting former office space in Manhattan or other areas that may be now unused or underutilized, to convert that to studio space, performance space?

And in addition to that, has NYSCA been able to help arts organizations work through insurance claims? Many arts organizations have called my office talking about being rejected for business interruption insurance or other insurance that they have had, they have paid premiums for years and years and years. And of course if they were able to get those claims paid

out, it would make it much easier for them to begin operations again when it is safe.

EXECUTIVE DIRECTOR MANUS: So one of the wonderful benefits of being a NYSCA grantee is that we offer technical assistance actually through NYCON, the New York Council of Nonprofits, and so that technical assistance is available to any one of our grantees, whether you get general operating support or project support.

And they are helping -- they're able to provide assistance and guidance to anyone facing this kind of situation, any entity. And they're also providing a lot of guidance around, for instance, the PPP application.

And in terms of your question about storefront spaces, so there are a couple of our grantees that are actually -- one of them is called ChaShaMa, and they actually do activate storefront spaces for artists work, both exhibition and work. We of course are in support of any kind of construct that's going to support the return of the arts in a healthy way to the state after this

devastating year. And I think we have to acknowledge that the devastation of this year is still not over.

ASSEMBLYMAN CARROLL: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you, Assemblyman.

We're going to send it back to the Senate now.

CHAIRWOMAN KRUEGER: Okay, thank you very much.

Thank you, Executive Director.

So when I reviewed the Governor's proposal and there were a number of new I guess grant programs for the arts, or at least one particularly, but it was for fairly large companies, of spending at least a million dollars for production.

Now, I'm from New York City so when I see those kinds of numbers, I say, oh, they're going to underwrite Broadway shows at the major Broadway theaters and at the major musical, you know, sites we have -- Lincoln Center, Carnegie Hall.

And yet the groups that we don't know

whether they will survive and be able to come back are the smaller groups. And certainly the history of the arts in New York City has been smaller community-based groups, off-off-Broadway, The Public Theater -- you know, all these different venues. But it didn't appear that we were offering them anything.

When I raised it with the ESDC commissioner -- not at the hearing this morning but at a previous conversation the other day -- he said, Well, that program is set up so that if money is repaid or they hit a certain mark, then that money will go to you for further distribution to smaller groups.

So can you help me understand that? Because I was a little confused.

EXECUTIVE DIRECTOR MANUS: So I think that Eric and I are in discussion about how we can further collaborate. And there hasn't been a long history of that I think historically, but we are looking forward to working together this year most specifically.

I don't have the detail on the program you're talking about, but I'm happy to revert after -- when I get more information.

I will say that to your point, there are 300, we know that there are 300 small nonprofit theaters in New York City, for instance, and that they -- and the small organizations are really the bedrock of our sector.

And NYSCA does everything we can to support those, including the kind of pivots we made this year with our funding -- specifically, how 28 million of our 40-plus-million went to organizations with budgets of less than $3 million. And many of those are much, much, much smaller; you know, budgets of half a million dollars.

CHAIRWOMAN KRUEGER: But is it a surprise to you when I say he said that some of this money actually is supposed to head to you and your universe of groups when the companies, I guess, that are larger are more successful with their productions because of the money they got from the state?

It almost sounds like it's a -- you know, where we become shareholding producers of those shows and the ones that do well, we get money back, except it goes to you. Which I'm not opposed to at all, but I didn't see that language anywhere in the budget. So I want to just double-check that I was not mishearing him.

EXECUTIVE DIRECTOR MANUS: Yes, I haven't been a part of that conversation, but I'm looking forward to that.

CHAIRWOMAN KRUEGER: Please. And please let me know what you learn, because I would hate to think that -- I'm not saying he would intentionally mislead me, but I would hate to imagine that I heard it wrong, because that's what I heard.

EXECUTIVE DIRECTOR MANUS: Sure, we'll get back to you in revert. Thank you.

CHAIRWOMAN KRUEGER: Okay, thank you.

Any other questions, Helene, from the Assembly?

CHAIRWOMAN WEINSTEIN: Yes, we do, we have our chair of Science and Technology.

So Assemblyman Otis for five minutes. Or actually he could have 10 minutes if he needs it, because he's the chair.

CHAIRWOMAN KRUEGER: Don't give him five minutes --

CHAIRWOMAN WEINSTEIN: He'll only use five. He's very concise.

ASSEMBLYMAN OTIS: I'll be less than five.

But thank you for all the good work at the Council of the Arts.

And, you know, you've heard from some of the other questions, we're very concerned about the small arts organizations that may or may not survive.

Just curious, what did we do last year with the decentralization grants? Did they not go out the door or -- what money flowed and didn't flow last year?

EXECUTIVE DIRECTOR MANUS: So last year you mean beginning January 1st of the last year?

ASSEMBLYMAN OTIS: Or ending April 1st to the current year.

EXECUTIVE DIRECTOR MANUS: Yeah. So all of our DEC sites have been receiving funding. As you know, the budgets were on pause this year, and so we were able to distribute all of those grants and notifications by February, and those contracts are dated January 1st.

So there has been -- there's no break in commitment from NYSCA to our DEC sites.

ASSEMBLYMAN OTIS: So the money's still going to be spent, is what you're saying, even though we had a pause period.

EXECUTIVE DIRECTOR MANUS: Absolutely.

ASSEMBLYMAN OTIS: Okay. So I would just say in terms of how you're figuring out your priorities in the upcoming year, I would just ask attention be given to these small arts organizations that are again on the ledge whether they're going to survive or not, and it may be some state help will allow them to do it.

They may need emergency help, not for performance, but to pay some rent or some survival costs. And so if you could look at

your criteria and maybe look at possible adjustments to deal with the unusual situations we're in so we don't lose those entities, what they offer and the jobs that they offer.

And I'm going to yield back my three minutes left, and -- but thank you. You're a very important agency, not just for the culture of the state but for the economy of the state.

EXECUTIVE DIRECTOR MANUS: Thank you so much.

I just want to add that we will be -- we are rethinking in probably the most major way our opportunities for FY '22. They will be posted in late spring. And we are taking all of these points, including yours, into consideration in developing those new guidelines.

ASSEMBLYMAN OTIS: Great. Thank you very much.

CHAIRWOMAN KRUEGER: Thank you very much.

Helene, you have more?

CHAIRWOMAN WEINSTEIN: Yes, I believe Assemblyman O'Donnell was going to be logging in, but I had a question before we check on that.

I was just wondering, in terms of the Arts and Cultural Facilities Improvement Program, the status of the program. And has prior funding improved the renovation, construction, energy efficiency or technology? And do you believe that a competitive process is the most effective way to ensure funding is optimally regionally distributed?

EXECUTIVE DIRECTOR MANUS: So just to clarify, are you speaking about the capital support that we got in 2018-2019?

CHAIRWOMAN WEINSTEIN: Yes.

EXECUTIVE DIRECTOR MANUS: Great.

Okay, so we did receive a total of $30 million, as you well know, and that was allocated and distributed to 88 projects. about half of those projects have been completed or are near completion at this point, and we expect the rest to be completed

in the next two years.

In terms of -- you know, we do -- we have been hearing from the field that probably, you know, one of the priority capital needs will be the air filtration systems and an upgrade of their HVAC due to the new requirements and the need for more safe reopenings.

CHAIRWOMAN WEINSTEIN: Okay, thank you very much.

If we could just pause for a moment, I was told that Assemblyman O'Donnell was here, so he may just be having some problem logging on. Let me just --

THE MODERATOR: He is currently entering the room.

CHAIRWOMAN WEINSTEIN: Okay, so let's --

CHAIRWOMAN KRUEGER: Aha, he's spotted.

CHAIRWOMAN WEINSTEIN: Okay, is he here?

CHAIRWOMAN KRUEGER: Yes.

CHAIRWOMAN WEINSTEIN: Oh, there, I

see him. Okay. Perfect timing, Danny.

Why don't you put five minutes on the clock for Assemblyman O'Donnell, since he's the chair of the committee.

Danny, go ahead, we're up to you.

ASSEMBLYMAN O'DONNELL: Thank you very much, Ms. Manus, for being here. I apologize for being late. I wasn't invited to this hearing, and therefore I was never sent a link.

But now that I'm here, I'd like to talk to you a little bit about the importance of the economic impact of the arts. In all my 20 years I've been here, I've been told it's a multiplier and that if you spend a dollar in state spending, the tax revenue the state receives is seven times that amount of money.

Can you elaborate a little bit on that?

EXECUTIVE DIRECTOR MANUS: Yes. In fact I have what I hope is somewhat of an illicit -- enlightening example.

So first of all, we don't have

complete statewide data on the economic impact, other than the high-level data. But we know that the regions are producing their own reports. And I just wanted to read from a report that was developed a few years ago in Mid-Hudson.

Just a quick -- it's home to 500 organizations, generates 468 million in total economic impact. This was around 2015. It created 5,000 jobs. The region reports 3.6 million cultural visitors, adding almost 500 million to the area's economy, spending 40 million on lodging, 160 million on food and beverage, 134 million on retail, and 119 million on transportation.

Some of NYSCA's grantees in the region include the Hudson Valley Shakespeare Festival, Storm King, and the Boys and Girls Club of Newburgh.

That's an example.

EXECUTIVE DIRECTOR MANUS: Thank you.

Which brings me to the problem that we're in, which is that there are a great many needs in this pandemic, and the reality

is if we don't fix the arts funding problem, we won't be able to have the resources going forward to fix the other problems.

On a given night, I think there are over 10,000 seats in Lincoln Center, and if the productions are successful, that's 10,000 human beings coming into the West side of Manhattan. They're buying coffee, they're eating dinner, they're having drinks, they're doing all those things. And some of them, in fact, because of the international importance of the Metropolitan Opera, are staying in hotels. And those are the big organizations.

But the small organizations do the same thing. In Glens Falls, New York, my sister and brother-in-law saved Glens Falls by putting a theater in an old Woolworth's in downtown Glens Falls. It was a sleepy, dead town that is now thriving with restaurants and bars and everything, all because the Woolworth's was converted into a theater.

And so in the past your budget has been minuscule, and the attention to the arts has been neglected because people don't think

of it as being important. And so we have a maintenance-style budget.

We don't need to maintain the arts, we have to rebuild them. And if we don't rebuild them, the economy of the State of New York will not rebuild either. Can you comment on that?

EXECUTIVE DIRECTOR MANUS: The arts are critical to recovery. I mean, we -- I shared numbers at the top of my presentation about just the -- how much they actually exceed, the economy of the arts exceeds the retail, construction and transportation sectors. And the employment of workers, you know, cannot be understated. You know, almost 500,000, and that doesn't include the contract workers, which we all know are just in the tens of thousands or perhaps hundreds, who knows. We don't really know.

But I agree. I mean, what we have from all of our grantees is a profound sense of the extent to which they hold up their local economies. And while it's very clear in a place like New York City, and the, you

know, great numbers of global tourists it attracts, what you said about Glens Falls holds true in almost every small town and village that we -- where there's an organization that we support.

I mean, if you look at, for instance, Saranac Lake, Pendragon Theater, it's been there for 40 years. It's about a 150-seat theater. They're now going to be the cornerstone of the DRI project in Saranac Lake. And they are taking over a former grocery store, an abandoned grocery store space.

And if you go up to the North Country and visit any -- visit the Lake Placid-Saranac Lake area, what you see is a high concentration of artists as well as arts organizations, and you also see a thriving economy. And in a place that perhaps one wouldn't expect it.

And what is clear across all the cities that were born by the birth of the Erie Canal, whether it's in Syracuse or Rochester or Buffalo, is while there are no

longer perhaps the corporations that there once was, the arts are still a tent pole of the economy in those places and I believe are really contributing to securing the populations that are there and are attracting -- and serve also as places to attract, you know, new residents.

And it's heartening to see that, but it's also, as you said, attention must be paid -- not to quote Arthur Miller -- to what is such a critical part of our sector. And it's going to be such a giant part of its recovery. But we -- without attention, we are all concerned.

ASSEMBLYMAN O'DONNELL: My last question. Ms. Fahy's not present, so in her absence --

CHAIRWOMAN WEINSTEIN: Actually, she is.

ASSEMBLYMAN O'DONNELL: -- I'm going to ask the question on her behalf.

CHAIRWOMAN WEINSTEIN: Excuse me --

ASSEMBLYMAN O'DONNELL: She has proposed a WPA-like project for the arts.

You and I have talked about workforce development. What do you have to say about how do we get the people who have been unemployed for the last year back to work?

CHAIRWOMAN WEINSTEIN: Assemblyman, Pat Fahy is here. She has her hand up, so she'll be asking her question. But --

ASSEMBLYMAN O'DONNELL: Okay, could you please answer the question about workforce development, please, Ms. Manus?

CHAIRWOMAN WEINSTEIN: The director could answer the question, that's fine.

ASSEMBLYMAN O'DONNELL: Thank you.

EXECUTIVE DIRECTOR MANUS: Okay. So the question about workforce development and its critical --

ASSEMBLYMAN O'DONNELL: Yes.

EXECUTIVE DIRECTOR MANUS: Okay, great. So workforce development. So I think the headlines for the arts sector this year are income loss by individuals and revenue loss by organizations. And in terms of workforce, that is where if we don't get our people back into the jobs, whether they're

full-time or contract jobs, we're not going to get the organizations open.

And let's face it, we all recognize that there's a longer runway than just getting a vaccine at this point, in terms of building the arts and getting the organizations to be at the state that they were pre-COVID.

So in terms of the workforce, we have prioritized workforce development in our REDC programs and as I said -- I don't know if you heard, but we are going to be completely overhauling our 2022 opportunities, and the goals of those are to be streamlined, create greater access, and be responsive to a field that we know has been devastated.

Workforce is going to be, I believe, the priority. And it's hard to say that we're going to be responsive without attending to workforce investment.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate, do you have anybody? Because we still have --

CHAIRWOMAN KRUEGER: Nope. Nope. We

are giving it to you, the Assembly.

CHAIRWOMAN WEINSTEIN: Okay. I know we have Pat Fahy, but Assemblywoman Giglio I know had -- was trying to raise her hand. I don't know if she's available.

ASSEMBLYWOMAN GIGLIO: Yes, I am available. And trying to -- yeah, there you are. Having some technical glitches here.

But I just have a few questions, and one of them is about the funding for New York State Council of the Arts.

You know, the art councils in downtown Riverhead and in the historic districts in my district are struggling. And they are agents of the community, and they bring many people to Main Streets with the various events that they have. And the cuts for the funding for the New York State Council of Arts has really put a damper on the Main Street functions that they normally do -- not during COVID, but for this year.

So I have a question about that, about the New York State Council of Arts and why that funding was not restored and what we are

doing to get it.

EXECUTIVE DIRECTOR MANUS: Could -- could you -- I'm not aware of the funding that you're speaking of. Do you have any detail on that?

ASSEMBLYWOMAN GIGLIO: Yes. I heard it from the East End Arts Association in downtown Riverhead. It's New York State Council of the Arts funding.

EXECUTIVE DIRECTOR MANUS: Yup. So -- so our funding is a competitive process, and my understanding is that they -- their score didn't warrant funding this year.

ASSEMBLYWOMAN GIGLIO: Okay, so that's just out and they're not going to get it.

And then there was also the question about hotel tax and if that could be appropriated to any of the arts and tourism.

EXECUTIVE DIRECTOR MANUS: We would welcome that. I know that that's in place in New Jersey, and perhaps other states. And obviously any further dollars to support the arts in this incredibly critical time is -- would be -- I think we would rejoice.

ASSEMBLYWOMAN GIGLIO: Yeah. So has there been any requests for some of that hotel tax? Seeing as the chair of my Committee on Tourism just brought that up, saying that the hotels fill up when there are art events that are happening on the Main Streets. So I'm just wondering how we could go about that, pursuing getting some of that hotel tax.

EXECUTIVE DIRECTOR MANUS: I'm happy to engage in any conversation that anyone wants to have. I haven't been privy to any to date.

ASSEMBLYWOMAN GIGLIO: Okay. So I will call you after this, then.

EXECUTIVE DIRECTOR MANUS: Thank you.

ASSEMBLYWOMAN GIGLIO: And I'm also curious as to whether or not there's any money for maintenance of trails within the parks. We have a state-funded recreation trail that's a 10-mile contiguous trail in the former Grumman facility, and I'm just wondering if there is any funding for the maintenance of those trails.

EXECUTIVE DIRECTOR MANUS: There wouldn't be funding from us, but I believe that's a great question for Parks.

ASSEMBLYWOMAN GIGLIO: Okay. So it had to do with tourism, because we get people from all over New York State and from all over the United States, actually, that come and stay in the hotels and ride this trail.

So you're saying that the funding should come from Parks and that tourism wouldn't entertain it.

EXECUTIVE DIRECTOR MANUS: Right, we don't have any -- the only time we've had real capital funding is those two years that I mentioned, '18 and '19.

We do have an ongoing small facilities capital program, it's $50,000 or lower -- or less, grants that we do offer every year. But that really is -- it's really focused on buildings.

ASSEMBLYWOMAN GIGLIO: Yeah, the capital projects, not for maintenance.

EXECUTIVE DIRECTOR MANUS: Right. Right.

ASSEMBLYWOMAN GIGLIO: Okay. And then the historic barns --

CHAIRWOMAN KRUEGER: -- I'm sorry.

ASSEMBLYWOMAN GIGLIO: I'm out of time?

(Overtalk.)

EXECUTIVE DIRECTOR MANUS: You can always call us. Please.

ASSEMBLYWOMAN GIGLIO: Thank you for your time. I will. Thank you.

EXECUTIVE DIRECTOR MANUS: Thanks.

CHAIRWOMAN KRUEGER: Sorry, thank you.

CHAIRWOMAN WEINSTEIN: And we're going to go to -- thank you, Senate.

We're going to go to Assemblywoman Fahy now, three minutes.

ASSEMBLYWOMAN FAHY: Thank you.

And thank you to our colleague, Chairman O'Donnell. I was listening, and I really appreciated him bringing up my temporary jobs bill for short-term jobs, like the -- modeled after the WPA.

I just want to go a little bit further. I also -- I also want to echo the

concerns of needing -- from the previous speaker, the need for capital dollars. So thank you, Director Manus. We definitely need to restore those capital dollars that I know were so hard-fought-for by Chairman O'Donnell and others a couple of years ago. We need to restore that.

But can I ask you -- the Governor did put out a pop-ups initiative. And I understand that that's met with some dismay or disenchantment, if you will, of concerns that that's really not drilling down and where some of the highest numbers of unemployment -- and I've seen numbers as high as 50 percent of artists and dancers are out of work. But then the gig workers in the artists community, I've again seen numbers as high as 60 percent.

How do we get at the gig workers, and what more than the pop-ups? Yes, I have the WPA bill. Yes, I want to see short-term jobs. But what -- what can we do? And then also if you could -- so in addition to how we do this, what can we do about the summer? I

mean, there is a real growing sense of desperation out there to --

EXECUTIVE DIRECTOR MANUS: What can we do by the summer, is that what your question is?

ASSEMBLYWOMAN FAHY: No, by the summer. Yeah, by -- you know, to get at this desperation. So if not the pop-ups, how do we get it down to -- you know, it's not -- Proctor's, in our area, it's not reemploying the full-time staff, it's these gig workers that are, you know, 60 percent unemployed.

EXECUTIVE DIRECTOR MANUS: Yes, I think the gig workers are incredibly important.

And I just want to mention that while we don't have a lot of detail on it, that the Mellon Foundation is going to be launching a project, an initiative, called Creatives Rebuild New York. It's going to bring -- it's going to bring employment to artists and support for organizations who employ those artists. And it's also, I believe, going to provide other kinds of income support for

artists.

So those details are forthcoming, and so stay tuned. And as soon as we have those, we will obviously be sharing those widely. That is one thing.

You know, we operate on a -- we provide grants on an annual cycle, NYSCA, so our grants portal usually opens in January. It's going to be opening in the spring. We make our grants through the year, but the contracts start the following year.

And what we are going to do -- which we haven't finalized, but we're going to be offering a small recovery fund. And we should be announcing that in the next month, about a million-point-four, and we're going to probably prioritize small organizations. But we haven't finalized those guidelines yet.

And we're going to model it very much on our NEA CARES opportunity, which we would have gotten actually out in a couple of months, and that was just a four-part questionnaire -- super short, super

accessible, prioritized small organizations.

In terms of the artists, you know, NYSCA is not -- I'm going to answer your question --

ASSEMBLYWOMAN FAHY: I see we're out of time. I will follow up with you to really --

EXECUTIVE DIRECTOR MANUS: Okay, follow up --

ASSEMBLYWOMAN FAHY: -- gig workers and short-term jobs for the summer that address the desperation.

Thank you so much to the chair.

EXECUTIVE DIRECTOR MANUS: Thank you.

And also I did want to just finish my response to you, which is that NYSCA is not in a position to be able to provide grants to individuals, and so we do that through New York Foundation for the Arts, for instance, and support 80 to 100 artists a year through that partnership, for instance.

But let's follow up afterwards.

ASSEMBLYWOMAN FAHY: Thank you.

EXECUTIVE DIRECTOR MANUS: Thank you.

CHAIRWOMAN KRUEGER: Okay.

CHAIRWOMAN WEINSTEIN: Senate, do you have --

CHAIRWOMAN KRUEGER: No, the Senate would actually like to thank this guest for being with us and to say thank you very much from all of us, and to move the hearing forward. Is that all right?

CHAIRWOMAN WEINSTEIN: Yes, please.

CHAIRWOMAN KRUEGER: Okay. So just for people to understand, it's 1:47. This hearing was scheduled to be done 45 minutes ago, to move on to a second hearing.

Helene, we may be past the point in history where we can pull off two hearings in one day. We'll have to have a discussion for next year. There's so much greater interest in so many issues. Which is a very good thing, it's just a little overwhelming from a time perspective.

So our first panel -- and now we move to the rules where each person gets three minutes to testify and the questioner also gets three minutes for the question and the

answers from whoever on the panel. So it's -- I like to describe it as it's the speed dating part of our public hearings --

CHAIRWOMAN WEINSTEIN: Senator Krueger?

CHAIRWOMAN KRUEGER: Yes.

CHAIRWOMAN WEINSTEIN: I just wanted to clarify just for some members who may not have participated in prior hearings. It's three minutes to ask a question of the panel, not each member of the panel.

CHAIRWOMAN KRUEGER: That's correct, Thank you. Yes, three minutes for the panel with their answers. So it's the speed dating part.

So our first panel: The League of Independent Theater, Christina Perry; the National Association of Theatre Owners of New York State, NATO -- that's funny, I know this other group who thinks their name is NATO. And that's Joseph Masher, who's the president. He's incorrectly identified as the treasurer on the printed list, but he is the president. Theatrical Teamsters Local

817, Thomas O'Donnell, president. And the New York State Hospitality and Tourism Association, Mark Dorr, president.

Welcome to you all.

I guess we'll go straight down the list. Christina Perry, are you with us?

MS. PERRY: I am. Hello. Thank you so much for having me and allowing me this time.

I'm Christina Perry, and I am with the League of Independent Theater. We represent over 300 theater venues with 99 seats or less. And we are also part of the United for Small Business and the Save Our Store Fronts Coalition.

In addition, I am also a theater venue operator, and I help to operate the Chain Theatre. We have two spaces in Midtown Manhattan here. So I'm representing the League and also giving a personal account of the effects of this pandemic as a venue operator.

Our biggest need right now is rent relief for commercial tenants. I'm sure

that's a surprise to no one. It's been almost a year since the mandated closure, and while we appreciate all the moratoriums that have been in place, we feel this is not really a solution. To give an example, the not-for-profit I work for is currently looking at over $100,000 in back rent, and that is just continuing to mount. And that's something that even in the best economy we just would not be able to make up.

So I can also tell you from personal experience that rent accounts for 60 percent of our yearly operating budget, and this statistic is true for hundreds in my industry with similar spaces. Rent is and always has been our greatest expense.

Prior to the pandemic, we at the Chain Theatre were always paying in full and on time. We were even able to reopen after the devastating effects of Hurricane Sandy when there was sewage literally pouring into our basements. And we even survived the real estate boom in Long Island City that led us to our current space in Midtown.

And I share that just kind of as an example of our tenacity and, when we're open, how we can make it work. But this is just something beyond what any of us have ever been able to encounter. And that's why the survival of small businesses like mine is so dependent on rent relief.

We're positive fixtures in your community, as so many of you know. We serve the local residents on each block where we live. We provide positive foot traffic. We bring people to the mom-and-pop restaurants, local hotels, stores, public transportation. And of course thousands of students apply each year to the State of New York because they know what kind of opportunities there are upon graduation at theaters like mine. And it's so exciting, and one of our highlights every year is to work with them.

So also I'm sure -- you may know that there was a study done in 2019 that tells you that our industry alone collectively accounts for $1.3 billion in taxes from these activities that then go on to support the

state.

There's been some wonderful proposals put in place, such as S3349, a bill led by Senator Hoylman and Assemblymember Epstein, and we want to thank them, Senator Serrano, and Senator Salazar. We believe this bill is a really strong example on how commercial rent relief might be implemented, as the proposal shares the burden between the renters and landlords.

I see I'm running out of time, so I just want to close by saying thank you once again. And we really hope that we can find a way to find rent relief for commercial tenants such as myself, because our survival depends on it. Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

Next, Joseph Masher.

MR. MASHER: Good afternoon, everybody, Chairs Krueger and Weinstein. I also wanted to thank specifically Senator Savino and Assemblywoman Fahy for their unwavering support in this effort.

I'm Joe Masher, president of the National Association of Theatre Owners of New York State. NATO is the largest exhibition trade organization in the world, representing over 32,000 movie screens in all 50 states and additional cinemas in 82 countries worldwide. I'm also the chief operating officer of Bow Tie Cinemas. We have two locations in the Capital District, one in Westchester and one in Manhattan.

I'm here today to urge your support in the Governor's budget to allow movie theaters to apply for a liquor license, using the same process as a similar business. Alcohol is already offered in places such as Chuck E. Cheese, sporting events and family restaurants across the state. Even Disney World in Florida has a liquor license.

Presently New York does permit limited alcohol sales in movie theaters, but only in conjunction with a full restaurant license, which includes a kitchen and a significant menu. Several theaters offer alcohol sales under this exception. The other way you can

do alcohol in movie theaters right now is to license your lobby as a tavern, but then people have to slam their drinks in the lobby before going into their movie.

The legal change in this proposal is most urgent, given the current state of the movie theater industry. As a result of the pandemic, movie theaters were completely shut down across the state until this past October, and in New York City will finally be allowed to reopen starting on March 5th. Movie theaters that have reopened are doing so at a capacity that is safe for consumers and the industry, I'm proud to say, has had zero cases of COVID transmission traced to a movie theater.

Our pass-through limits are dangerously low for a volume business and profitability, and in order to pay our rent we need other sources of revenue. Many major theater circuits are facing bankruptcy, and many independents and small chains have already been forced to close permanently. The economic impact is really upsetting to

hear, let alone to experience.

In New York State our box office revenues alone are down 98 percent. We've lost over $105 million in revenue, including concessions and screen advertising. Further, 10,000 jobs in the state have either been lost or still on furlough, including 6,000 in New York City alone. Contrary to popular impression, theaters carry many full-time adult employees on their payroll.

Widespread closures have devastated an industry that was already imperiled by streaming technology prior to the pandemic. In 2020, some studios began sending their new movies directly to streaming, skipping the theatrical window entirely. That means zeroing out any revenue these films would have made for theaters.

But we're determined to bring audiences back to the big screen. Theaters are taking the initiative to create a more enjoyable movie-going experience that can compete with streaming in the new normal. The proposal will create a much-needed income

for an industry that just lost an entire year of revenue. And beyond that, we're committed to working with Taste NY to bring New York State craft beverages into our systems.

Small theaters will benefit most from this proposal because while they're often the backbone of downtowns, they're also the least able to afford the renovations necessary to apply for a restaurant license.

This provision also builds in adequate protections and restrictions for movie theaters to apply for a license, including ID requirements, one alcoholic beverage per purchase, purchases limited to one hour before the first movie showing and cease at the end of the last movie showing. Food typically found in a theater must be kept readily available. And any municipality may object to a license, and the Liquor Authority may use that as a good cause to deny the license.

So we're urging your support for this. Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Our next speaker is Thomas O'Donnell.

THE MODERATOR: You need to unmute.

MR. O'DONNELL: Thank you, Chairwoman Krueger.

My name is Tom O'Donnell. I'm president of Theatrical Teamsters Local 817. I present this testimony on behalf of the entire film production labor community.

Thank you for the opportunity to provide testimony to describe the unparalleled success of the Empire State Film Production Tax Credit, and for your long-term support of the film and television production community.

In the 2021 legislative session, the union's top priority is ensuring the continuity and stability of the tax credit. We thus testify today in support of the Governor's proposed extension of the program in the State Budget.

On Friday, the 13th of March, 2020, we were at record employment and still growing. I got a phone call that day from the commissioner of the New York City Office of

Media and Entertainment that the city just had their first COVID-related death and they were shutting everything down. That day we went from 100 percent employment to less than 1 percent employment for the next five months.

Over those five months, the entertainment unions negotiated with the studios and producers some of the most thoughtful and rigorous safety protocols of any industry in the country -- testing up to three times a week, the best PPE available, social distancing. Today we are returning to near-pre-pandemic employment levels, keeping not only our casts and crews safe, but also the communities and neighborhoods that we live and work in.

I just want to emphasize that this is, first and foremost, a union program. We fight to ensure higher wages, the excellent health and pension benefits, even a scholarship fund for our dependent children. Since the inception of the tax credit, Local 817 has more than tripled its

membership and our gross wages and benefit contributions have gone from 70 million to almost 400 million. And we're just a very small slice of the employment pie.

Lastly, in last year's State Budget the tax credit was reduced from a 30 percent to 25 percent rebate. These reforms no doubt will further increase the state's return on the tax dollars invested in the program. However, we are always monitoring the calibration of the tax credit to maximize its job-creating impact.

In summation, this extension does not impact this year's fiscal plan. It will, however, give confidence to producers and employers that New York remains committed to the film and television production incentive for the long haul.

I thank you for your time and consideration, and I look forward to answering any questions the panel may have.

CHAIRWOMAN KRUEGER: Thank you very much.

And our last speaker on the panel,

Mark Dorr.

MR. DORR: Good afternoon. Thank you for having me. My name is Mark Dorr, president with the New York State Hospitality and Tourism Association. We represent 1,000 members throughout New York State, including hotels, amusement parks, destination marketing organizations, those charged with marketing and promoting our great state.

So we're currently the third-largest industry in the state, tourism overall. We represent a million jobs, $19 billion in tax revenue. And we welcomed in 2019 -- I'll take 2020 out of the mix -- but we welcomed 250 million visitors, and we hope to get back somewhere -- and I was just reading this morning, I think we're going to get back to a very robust summer travel vacation schedule here in New York State.

My main topic this morning is really to thank the economic development folks for recognizing the need to provide a mechanism for collecting of sales tax from the unregulated short-term rental industry. In

the Executive Budget this year there's a portion in there to level the playing field that allows for state and local collection of sales tax on those short-term rentals. And obviously that's going to immediately boost the economy by doing that.

And, for example, $18 million probably in sales tax over the last decade has been left on the table. I'd like to thank Assemblymember Fahy especially, she's been a champion of this for us for the last five to six years. And this is one part of a three-part puzzle that we have collecting that sales tax. The occupancy tax is another part of that for later on. But there's probably -- we've done a study with our folks at Smith Travel Research -- probably in New York State another $90 million in occupancy taxes are not being collected from those short-term rental units.

So as we heard earlier from Assemblyman O'Donnell, there is, you know, a segment of the industry out there that is not collecting occupancy tax. However, they're

benefiting from the arts, they're benefiting from overnight stays and the marketing and promotion of our convention and visitors bureaus.

So -- but mostly I'd just like to thank everybody for the mechanism to collect that sales tax. We hope that makes it all the way into the final budget.

Last couple of things, I Love NY is a very important part of the tourism industry and marketing statewide, bringing people in. Again this year, this summer's probably going to be more critical than ever to bring people back to traveling into New York. They're set at $2.5 million; we hope to keep that level there.

And matching grants, which is our convention and visitors bureaus, our tourism promotion agencies. One thing to keep in mind is in the Governor's budget it was $2.4 million. Last year it was 3.8 in a very tough year. We hope to get back to 3.8 million. We'll be asking for that, because it's a match, dollar for dollar, if the local

community spends a dollar, the state matches it based on a marketing program. And we hope to accomplish great things this summer.

Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

All right, who might have a question for any of our guests?

CHAIRWOMAN WEINSTEIN: We have Assemblywoman Pat Fahy, three minutes.

CHAIRWOMAN KRUEGER: Okay.

ASSEMBLYWOMAN FAHY: Thank you. And I really think this is my last question.

But great panel, thank you for all you have said and done. The numbers, going back to what Joe Masher said with theaters, we talk so much about the industries that have been so devastated because of COVID, but there are a few I can -- that can point to the absolute devastation of what happened with the movie theaters.

So regarding the employment -- a question there, and then I want to get to Mark Dorr as well within my three minutes. A question there on what will help -- I'm

actually surprised there are any independent theaters, movie theaters left. So on one hand, kudos to the movie theaters that have stayed and are trying to survive this, huge kudos.

But if you can tell us about those that expect to leave and what it's going to take to make them reemploy people.

And then, before I stop, I want to -- then, secondly, I want to get to Mark Dorr to see if the sales tax on -- again, if you could take a few more seconds to explain the difference that this could make to some of our upstate counties. The reason I have supported the upstate -- in some ways it's an upstate Airbnb bill, because they're already doing that more in the city. It's to level the playing field. Because when you are not paying your taxes, you are indirectly hurting hotels and motels.

So if you would start with Joe Masher on what it's going to take to get the theaters back -- I've got a minute and a half here, or less -- and then Mark Dorr, please.

MR. MASHER: Thank you again for your support, Assemblywoman Fahy.

A big step happened yesterday when the Governor announced that New York City theaters can reopen. Without New York City and LA, studios have not released big movies exclusively into theaters, so it's limited our chances, where we are open, to gain an audience.

We have done so, as I said, very, very safely with zero cases. So, you know, the theaters that have managed to hang on -- and there are many that just won't reopen -- really need extra amenities such as alcohol to lure patrons back. It's not a place where people come and get drunk, it's not a place where people are coming to buy multiple drinks, it's an amenity. And we need amenities to keep people coming back to theaters.

We're excited to get reopened in New York City next Friday, and we hope that you'll support this to get us the amenities that we need to continue to --

ASSEMBLYWOMAN FAHY: I've carried the bill for a few years. I assure you I will support it.

MR. MASHER: You and everybody else.

ASSEMBLYWOMAN FAHY: I'm trying to make sure that bill extends beyond the executive orders.

And then Mark Dorr, if you could please respond to the --

MR. DORR: Well, the sales tax portion, for many years -- the sales tax collecting that's in the Executive Budget provides for state and local county sales tax to go on those short-term rentals, your Airbnbs, your VRBOs. Eighteen million dollars throughout the whole state just on the sales tax.

The one thing, if I may, the second component that Assemblymember Fahy carries a bill for us is the occupancy tax. And I was so glad to be included on sort of the theater panel here, because one of the biggest disparities as the hotels -- and hotels are not against short-term rentals, they just a

level playing field so that they're all doing the same thing.

Real quickly, on the occupancy tax, it goes into marketing and promoting regions. {Zoom interruption} And if you've got theaters that are full, that spills over into the hotels -- that segment of our industry is not collecting the occupancy tax, which goes into drawing more people in. So if we can get theirs, the second part, that would help promote and bring people to the theaters as well.

So thank you.

ASSEMBLYWOMAN FAHY: Thank you. Thank you to the chairs.

Really look forward to working with both of you, and more. Thank you.

CHAIRWOMAN KRUEGER: Helene, I have a question, if you don't mind. Thank you.

So Mr. Dorr, following up on the hotel tax question. Actually, Pat Fahy is incorrect, New York City does not use the property taxes for this kind of model at all.

ASSEMBLYWOMAN FAHY: My mistake.

Thank you. Yes, my mistake. Let's pass it for the whole state. Thank you, Chair.

CHAIRWOMAN KRUEGER: But the concern that's been brought out in many places all around the country is that if you're going to collect the sales tax, it needs to be done correctly so that the government knows who exactly is paying the sales tax at which location. And this bill is not written -- the way the Governor has it written, that it would be in violation of actually our tax laws and the country's tax laws.

So would you agree that a tax that is provided through a third-party vendor without the government knowing who's paying the tax or on what business, would be a problem?

MR. DORR: They're going to need to report who their hosts are in order to make sure the tax is being collected. There's a lot of county sort of tax agreements where they just send in a check and say, this is what we -- you know, there's no way to check and make sure.

But as I understand it, we would want

them to put in there -- when they're putting the tax in, they have to register the host and the money comes through the third party.

CHAIRWOMAN KRUEGER: Well, my understanding is that they don't want to actually have to register who the host is or what the address is where this is taking place.

Because once you get into occupancy taxes or other collections of fees, you also have to look into are they in violation of other laws. So we have stricter laws for hotels than for private residences for good reasons. So if somebody's going to suddenly go into the business -- and it would be business because it's paying hotel and occupancy taxes -- then make sure that they are following the correct building codes and fire codes and electric codes, which will be a serious problem for many of these people who might think it's simply a question of, you know, renting out for a few days.

So it's a lot more complicated than sometimes it comes across. But I don't want

to take any more time up in today's hearing, but I'm happy to discuss it further with anyone. And I am going to move us along unless somebody tells me, we need to let you ask more questions of this panel.

And no one's saying that --

CHAIRWOMAN WEINSTEIN: We have --

CHAIRWOMAN KRUEGER: Yes?

CHAIRWOMAN WEINSTEIN: We have no further hands raised, Senator, so we can move on.

CHAIRWOMAN KRUEGER: Thank you very much.

So moving on on our schedule, Panel B, I'll just read off the names first. Post New York Alliance, Yana Collins Lehman; New York City Artist Collective, Olympia Kazi; Long Island Progressive Coalition, Lisa Tyson; and Chhaya CDC, Jose Miranda. Although there might be a note that we might not have found him. So let's see if he was showing up.

THE MODERATOR: Yes, they didn't show up.

CHAIRWOMAN KRUEGER: The first three are here, though, right?

THE MODERATOR: Correct.

CHAIRWOMAN KRUEGER: Fine, let's start with Yana. Hello, Yana, can you unmute?

MS. LEHMAN: Hello, yes.

CHAIRWOMAN KRUEGER: There you are. Hi.

MS. LEHMAN: Good morning. Good morning, Chairwoman Krueger --

CHAIRWOMAN KRUEGER: No, it's afternoon.

MS. LEHMAN: Good afternoon. Good afternoon, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the New York State Finance Committee and the Assembly Ways and Means Committee.

I am Yana Collins Lehman, and I thank you for the opportunity to provide testimony on behalf of the Post New York Alliance, PNYA, the association of film and television post-production facilities and labor unions operating in New York.

The PNYA is made up of over

65 companies from all over the State of New York, with over 600 individual post-production professionals working in film and television. It is the mission of the PNYA to incentivize film and television projects to finish in New York, to market the services provided by New York's post-production industry, and to create avenues for talent to enter into this fast-growing sector of the economy.

To that end, we testify today in support of the Governor's proposed extension of the Post-Production Tax Credit in the state budget. The post-production credit is a $25 million suballocation of the $420 million Empire State Film Production Credit.

This framework divides the overall post-production program into two components: a Production Tax Credit that provides an incentive for productions that shoot in New York, including subsequent in-state expenses on post-production; and a Post-Production Tax Credit that incentivizes

additional productions which shoot outside New York to bring the projects to New York for their post-production work.

The success of the program is unparalleled, with the post-production sector seeing explosive growth since enactment of the separate post-production incentive, allowing domestic productions to bring scores of editorial work to New York. By enhancing the credit, it allowed New York to compete with Canada, which has a 48 percent Visual Effects Labor credit, and the UK, which credits 30 percent on 100 percent of a spend of 80 percent of the spend that happens in the UK.

We've succeeded in repatriating high-paying vis effects jobs that were based in China and India because producers prefer having talent in the same time zone and they offset the New York labor cost increase with the credit.

The PNYA commissioned a 2019 report from HR&A Advisors illustrating the post-production program's role as both a jobs

creator and an economic stimulus for New York's economy. The report indicated that over 10,800 people, including 3,560 freelancers, worked in the post-production ecosystem -- all jobs in the traditionally defined post-production industry, as well as all post-production jobs in adjacent industries -- with an average income of $83,000.

In contrast, prior to the post-production incentive, it was a rare occurrence for productions that didn't shoot in New York to opt to engage their editorial work in New York. And in fact, after the credits spurred the growth of our sector, 35 percent more people worked in New York's post-production ecosystem in 2019 than in 2004.

Over 40 percent of traditionally defined post-production jobs in New York do not require a bachelor's degree, and a diverse talent development pipeline breaks down barriers to opportunity.

In addition, approximately 13,250 jobs

are supported by this growing post-production ecosystem, with average wages of $86,000. All together, these 24,000 middle-class jobs across the state can be attributed to the post-production credit, with our sector's continued growth and stability likewise tied to its long-term extension.

All this job growth and investment buoyed by the post-production credit ripples across the New York State economy. Direct investment tied to the credit in 2017 led to $6.9 billion in spending, $2 billion in wages paid, and $142 million in state tax revenues back to the state and localities. The credits have helped New York become a national leader in post-production, and 20 percent of U.S.-based post-production firms call New York home.

However, like all industries, post-production has been highly impacted by the COVID-19 pandemic. The post-production credit insists that 75 percent of eligible spend occur within the state. However, our physical offices worked with skeleton crews

to adhere to state COVID-19 protocols. As a result, much of our editorial work has occurred directly in individual workers' homes, in many cases out-of-state.

This has led to significant confusion regarding how to accurately determine eligibility for the incentive where the primary office is in New York, but the individual is telecommuting from their home state. This is not an academic question. Already a few large film productions and at least two repeat TV series, not sure whether they would still qualify for the credit with much of their labor having to move out-of-state, left New York for good and gave up the credit.

To clarify this matter, we are proposing language be added to the Governor's proposed extension that will explicitly qualify the costs of out-of-state telecommuting workers of New York’s post-production businesses for the tax credit's rebate.

Such language is thematically

consistent with the Department of Taxation and Finance's guidelines, which subject state taxes to wages paid to non-state residents who telecommute to a primary office within New York. Given these workers pay New York state taxes, we believe their work should also be eligible for New York's tax incentive.

In summation, the Empire State Film Post-Production Tax Credit has supported the creation of thousands of jobs and billions of dollars in wages and economic activity. The PNYA respectfully urges your support for the Governor's proposed one-year extension of the Post-Production Tax Credit, and asks for your support in clarifying that the spend on out-of-state telecommuters will be eligible for the post-production incentive. This proposed extension and technical clarification will ensure a continuation of the growth, vibrancy, and vitality of the post-production industry throughout the state.

I thank you for this opportunity to

testify on behalf of our industry, and I look forward to answering any questions the panel may have.

CHAIRWOMAN KRUEGER: Thank you.

Next, we have Olymbi -- I'm so sorry. Yes, Olympia Kazi.

MS. KAZI: Don't worry. My name is Olympia Kazi. Can you hear me?

CHAIRWOMAN KRUEGER: Yes, we can, thank you.

MS. KAZI: Okay. So thank you for holding this hearing and for asking great questions all day today.

My name is Olympia Kazi, and I'm a founding member of the Music Workers Alliance, a group of independent musicians and DJs who fight against unfair treatment, and the New York City Artist Coalition, not collective. Our claim to fame was that we were the leading group in repealing the Cabaret Law. And as a result of that work, I also serve as the vice chair of the New York City Night Life Advisory Board.

The New York City Artist Coalition

advocates for the safety and preservation of grassroots cultural spaces and is also a member of the United for Small Business NYC.

First of all, I'd like to counter a remark made earlier today by Commissioner Eric Gertler, who said that New York State was thriving before the pandemic. The truth is the markets were thriving, but the majority of working people of our state were left behind, struggling with housing costs and unfair employment situations. So this year we need to pass a budget that puts us on a more equitable path forward.

Today I'll ask you to fund two very important items for the recovery of the people of our state: Commercial rent relief with at least 500 million, as it is asked by the Save Our Store Fronts; and a WPA-style program as outlined by Assemblymember Fahy's bill for all workers in need, with $2 billion.

To fully fund these initiatives we'll need to enact the taxes proposed by the Invest in Our New York Act. These long-term

revenue raisers will be critical, not just for the short-term recovery but also for ongoing future investments in our communities.

So rent is really the elephant in the room for small businesses. Arts and cultural venues are commercial tenants, so we face the same issues as the small businesses, and we have very little if any protections. It takes years to establish a cultural space with our community of artists, employees, suppliers, and of course audience, and very often they are shuttered overnight with exorbitant rents.

The few that are surviving right now, they face the back rent, when they will have to pay it, and they accrued in the meanwhile crazy debt.

So we really need to invest, especially in the small grassroots cultural spaces -- that's low-income, minority and marginalized communities.

Also, you know, the important thing is what is happening with our workers. We know

the unemployment rate is huge, and especially for the performing arts, they've been shuttered since last March, so a year now. And the broken and piecemeal unemployment system has left many workers out -- basically struggling to survive. So we need to pass a WPA bill for the next three years when we're hoping to be able, within three years, to get back to the 2019 level of productions.

But long-term, there can be no recovery for New York if we don't invest in our arts and culture and in our people. So please pass a good budget and stop the scarcity mentality that our Governor has imposed during a pandemic in a cruel way, frankly.

Thank you so much.

CHAIRWOMAN KRUEGER: Thank you.

And our next, Lisa Tyson. Hello.

MS. TYSON: Hello, how are you?

Thank you. My name is Lisa Tyson, director of the Long Island Progressive Coalition. I really appreciate speaking and having this opportunity to speak to you at

this hearing.

I'm a resident of Bellmore, Long Island. Long Island Progressive Coalition fights for structural change at the local, state and national levels to attain racial justice, build community wealth and realize a just transition to a 100 percent renewable energy future.

Actually, earlier today I was outside Senator Thomas's office to drop off 1700 postcards from Long Islanders across the island who believe in legalizing marijuana. All across Long Island, people believe in it. It is not a fringe issue. There's huge public support for legalization -- from moms like me, veterans, seniors. We were out today, and we really need your support in moving this forward.

So we're here really to talk about legalization, but any proposal worth passing must center on equity, community reinvestment, remove critical penalties and repair the past harms caused by the failed war on drugs.

Cannabis prohibition has been a racist endeavor since the beginning. Decades of criminalization have disproportionately affected Black and brown communities, despite the fact that white people consume and sell marijuana at the same rate.

Outside of New York City, Long Island has some of the biggest disparities. Nassau and Suffolk counties had the highest arrest rates for low-level marijuana offenses in the state from 2010 to 2017, with people of color being arrested and prosecuted at a significantly higher rate than white people.

Many of the arrests on Long Island are the result of the stop-and-frisk traffic stops, where officers stop drivers if they have a reasonable suspicion of criminal activity. Officers routinely use, without evidence, the odor of marijuana as a pretext for these instances.

These racially biased stop-and-frisk traffic stops are pervasive throughout Long Island. A recent Newsday analysis found that Suffolk County police officers pulled

over Black drivers almost four times more than white drivers, and Hispanic drivers twice as often. More tellingly, after stopping drivers police search Blacks over three times more frequently than whites, and Hispanics 1.7 more times.

Virginia has banned police searches based on the smell of marijuana, and in July 2020 Maryland's highest court affirmed that police cannot use the smell of marijuana to search and arrest a person. A Pennsylvania appeals court ruled in October 2020 that marijuana smell alone cannot form the basis for a vehicle search.

New York should follow suit, in tandem with the passage of a legalization proposal rooted in racial and economic justice, so those most harmed by disproportionate enforcement of misguided prohibition policies are in a position to benefit most from our state's new, well-regulated cannabis industry, which will generate 50,806 jobs, $2.2 billion in employee compensation, $4.7 billion in value added, and $6.1 billion

in total economic output, according to the new study by economist James Parrott and labor-market consultant Michele Mattingly.

Beyond restorative justice and economic conditions, legalizing cannabis has multiple other benefits. Marijuana use among teens has decreased in states where it's legal, and that's because legalizing and regulating recreational cannabis makes it difficult for kids to obtain. Multiple studies show that access to legal cannabis leads to reductions in opioid deaths by 40 percent.

There is broad support on Long Island for legalization, and we are ready to build the new industry on Long Island with our farms, we're ready to have a multitude of supportive businesses, and ready to open dispensaries owned by the communities most harmed by the drug wars. This is the year New York should legalize cannabis, but we must do it the right way.

Thank you.

CHAIRWOMAN KRUEGER: Thank you very

much.

Anyone with any questions for this very diverse panel?

Well, then, we appreciate your being with us today. Thank you very much. And it was quite a diverse group of proposals, thank you.

Our next panel will be New York State Center of Excellence in Bioinformatics and Life Sciences, Norma Nowak; Associated Medical Schools of New York, Jonathan Teyan; the Business Incubator Association of New York State, Marc Alessi; and United for Small Business NYC, Karen Narefsky.

You see how diverse economic development topics are even just by the names of the organizations.

So let's start with Norma. Are you here, Norma?

DR. NOWAK: I am.

CHAIRWOMAN KRUEGER: Hi.

DR. NOWAK: Hello. Thank you to the chairs and committee members for the opportunity to testify today. I am Dr. Norma

Nowak, and I lead the University at Buffalo Center of Excellence in Bioinformatics and Life Sciences, as well as the Center for Advanced Technology in Big Data and Health Sciences.

The COEs and CATs are among the highest-performing economic development programs in the state. Under the Executive Budget proposal, the COEs would be eliminated and consolidated into the CAT program through competition. Funding for the 14 COEs and 15 CATs would also be reduced by 19 percent, from $23.5 million to $19 million.

On behalf of all 29 CATs and COEs, we are asking the State Legislature to once again reject the proposal to consolidate the centers as well as to restore the centers' funding levels.

The COEs were established to take advantage of regional strengths and talent, while the CATs are designated for their ability to address specific emerging technologies identified as state priorities. The COEs provide an environment to foster

collaboration between academia and industry. These facilities provide the academic experts, staff, student talent and state-of-the-art technology that are critical to the success of our industry partners.

The CAT program cuts across many technology sectors and provides project-based funding for collaborative applied research with industry partners and capitalizes on matching funds from industry -- unlike the COEs, which require a match from the university. The industry matching funds required are more challenging for startup and early-stage companies, as well as our small businesses, during the pandemic.

According to the 2017-2019 Empire State Development annual reports, the centers combined have approximately $2.5 billion in economic impact and help to create or retain 10,000 jobs. Centers typically received a million dollars annually, which has translated into an astonishing 25:1 to 45:1 return on investment.

The impact of the COEs extends beyond

their home regions. For example, Buffalo's COE anchor tenant and former UB startup, Athenex, is now a global oncology-focused biopharmaceutical firm with 606 employees worldwide, with 205 in Western New York. Their new $210 million pharmaceutical manufacturing facility in Dunkirk, New York, is opening later this spring and is recruiting 450 new employees, bringing a much-needed boost to the Southern Tier region.

In addition to their proven record of job creation, the COEs and CATs played a critical role in the state's response to the COVID-19 pandemic. The centers have collaborated on over 80 COVID-related projects with industry. The collaborations included diagnostic testing, PPE, HVAC, vaccine development, and more.

The Buffalo Centers and the COE at RIT in Advanced and Sustainable Manufacturing worked together to advance You First Services' SteriSpace air sterilization technology, which eliminates airborne

pathogens such as COVID-19 from the environment when attached to an HVAC system.

The rapid response to the sudden and unexpected demands of the pandemic demonstrates how valuable COEs and CATs have been for addressing the public health crisis of our time, as well as rebuilding our economy. Let us not divest in them and turn back the progress we have achieved.

As I have shown, it is critical for the State Legislature to again reject the Executive Budget proposal to eliminate the Centers of Excellence as well as restore funding, continuing the centers' progress to drive an innovation economy throughout New York.

Thank you.

CHAIRWOMAN KRUEGER: Wow, perfect timing. Well done.

(Laughter.)

CHAIRWOMAN KRUEGER: Next -- sorry. Let's see. Who's our next speaker? Is that Marc Alessi? Or Jonathan Teyan?

MR. TEYAN: Yes. I believe it's me.

CHAIRWOMAN KRUEGER: Thank you, Jonathan, it is.

MR. TEYAN: So thank you, Chairs Krueger and Weinstein, for the opportunity to testify. And good afternoon to all the distinguished members.

My name is Jonathan Teyan. I'm the COO of the Associated Medical Schools of New York. We are the consortium of the 17 medical schools in the state.

We have more medical schools in New York than any other state in the nation. We also have an embarrassment of riches in some of the, you know, best academic research institutions in the world and a really high concentration of biopharma companies.

I really want to take this opportunity to underscore the importance of biomedical research and the life sciences. They're vital components of what the medical schools do, but they're also vital to the state's economy. Really, New York is a leader in so many areas within the life sciences.

And just to give a very broad

overview, in 2020 we brought in $3.2 billion in NIH funding to New York, much of which -- most of which went to the medical schools and supported more than 6,000 research projects.

One thing I really just would take a moment to highlight and echo some of Dr. Nowak's comments. You know, when COVID arrived, really much of our research community pivoted to understanding and treating COVID. And I think it really underscores the need to maintain a life sciences infrastructure and a robust scientific workforce. And that dovetails -- actually leads into my -- the two programs that I would really like to highlight this afternoon, which are the NYFIRST program and NYSTEM, the stem cell program.

So firstly the NYFIRST program -- as a reminder, this was a $20 million investment included in the 2018 Life Sciences Initiative. It supports the recruitment and retention of star scientists to the medical schools. It has worked extraordinarily well.

There have been three cycles of RFAs

since it was first launched in 2018. The first one was made official, the first set of awards was made official in 2019. Three recruits from outside New York came here and basically set up their labs, which function as small businesses within the medical schools. They have, we project, created a hundred jobs in the first three years, and their institutions have matched with another $17.5 million in their own investments.

So we'd really like to see this program continue, and that the unappropriated -- the unspent funds get reappropriated in the upcoming budget.

And just quickly, since I am running out of time, the NYSTEM program has really been a -- has been the flagship life sciences investment in New York for the past decade. It was envisioned as a $600 million investment to make New York a leader in stem cell science. It has done that, and more. It actually has generated quite a lot of economic activity. We've spun out some very large companies that have attracted hundreds

of millions of dollars in DC investment.

And unfortunately, the Executive Budget proposal would terminate the program with no new funding for that research after April 1st of this year.

Again, we think it's an extraordinarily successful program that has both major health implications, major economic implications, and the science really has reached maturity. We're launching clinical trials -- actually trials have been launched in Parkinson's disease, sickle cell disease, and many other areas.

And, you know, just in closing I would say that at a time when COVID has really emphasized how important research is, it seems perplexing to terminate what has, again, been our flagship investment in life sciences in New York for the past decade.

So I'll leave it there, since I am over time, and thank you again for the opportunity.

CHAIRWOMAN KRUEGER: Thank you, Jonathan.

Next is Marc Alessi, Business Incubator Association of New York State.

MR. ALESSI: Thank you for the opportunity, Chairwoman, for me to give testimony on behalf of the incubators of New York State. I'm the executive director for the Incubator Association. We are a member-led trade association of over 100 incubators and accelerators across New York State that house over 3,000 startup companies.

In addition to this role, I'm also a startup entrepreneur myself, with a company that is housed in Stony Brook's incubators on Long Island. And I'm a former State Assemblyman, so I think I have a unique perspective on the macro end of what you're looking for out of economic development programs for the people of New York State and, at the micro end, as an entrepreneur that's on the receiving end of some of the services provided on this maturing innovation ecosystem.

The importance of incubation cannot be

overstated. Many of you may have heard how 90 percent of startups fail. And when you look at startups, that could be anything from a tech startup at an incubator to a local restaurant in our downtown.

But incubated startups, 50 percent of them succeed. As a result of the programming that they receive, and the mentorship, we're able to de-risk these companies. Incubated startups that succeed have the potential to grow very fast and add hundreds of jobs, and we've seen this across New York State.

When I was in the Assembly, I was the chair of the Subcommittee on the Emerging Workforce, a subcommittee of the Labor Committee, and we held hearings to try to figure out how back then -- this is 2008, 2009 -- the State of Tennessee was commercializing more of their higher ed IP than New York State, and a lot of that had to do with a lack of investment in the innovation and entrepreneurial ecosystem.

That has changed over the past 10 to 15 years, and you've made that investment.

And we went from falling behind Tennessee to the second-largest innovation ecosystem in the world, pumping out thousands of jobs a year, hundreds of millions in venture capital investment, and billions in economic activity.

So I would say during this COVID crisis it's definitely not time to hit the brakes, it's time to hit the accelerator on these types of programs. You know, you know, in terms of programs that our association offers incubators, we offer education to the incubator managers, we bring them together to share best practices. We are launching this year, thanks to some legislative grant funding we were able to obtain from former Senator Marty Golden, a soft landings program to bring international companies to the United States, through New York State, through our incubation programs.

And, you know, our pre-incubation program to help Main Street entrepreneurs succeed is a new program launched this year as well. But we need to maintain the funding

of the Certified Incubator programs that the Governor has included in his budget at $2.5 million, and the Hotspot Regional Incubator Program, which funds regions at $2.5 million for all the incubators in those regions to be able to partake in the program.

And the last thing -- I know I'm out of time --

CHAIRWOMAN KRUEGER: You are out of time.

MR. ALESSI: There's a fix that's needed in the START-UP NY program. Because of COVID-19, there are companies that have promised job creation, they've created those jobs, but those jobs are supposed to report to the START-UP NY location, and because of COVID-19 social distancing, those employees are being asked to stay home and remote work.

And these companies are now being informed by State Tax and Finance that they're not going to qualify for the program because of this hiccup. And we need to fix this in the state budget.

CHAIRWOMAN KRUEGER: Thank you.

Thank you. I see the ranker from Ways and Means -- I was going to make you a Senator, but let's leave you in the Assembly, Assemblymember Ra for five minutes.

ASSEMBLYMAN RA: Thank you, Chair. I'm happy to stay in the Assembly, so --

(Laughter.)

ASSEMBLYMAN RA: I just had kind of some follow-ups regarding the Centers of Excellence and the CATs and that proposal.

But I just wanted to -- directly to Ms. Nowak, was your Center of Excellence funded or had funding withheld last year, from last year's budget?

DR. NOWAK: We had some money taken back, so the budget was reduced. And there is going to be a hold-back of funds, so we'll submit 100 percent of our costs, but there will be a 20 percent hold-back.

CHAIRWOMAN KRUEGER: Assemblymember, I left one of the panelists off. So do you mind if I --

ASSEMBLYMAN RA: Oh, go ahead, I'm sorry.

CHAIRWOMAN KRUEGER: No, it was totally my fault.

I apologize, Karen. So we're going to reset the clock, we're going to go back and have you testify, and then we'll Assemblymember Ra his five minutes again.

Okay, Karen Narefsky. Are you on mute? Can you come off mute, Karen?

MS. NAREFSKY: Great, thank you. Can you all hear me?

CHAIRWOMAN KRUEGER: Yes.

MS. NAREFSKY: Can you all hear me?

CHAIRWOMAN KRUEGER: Yes.

MS. NAREFSKY: Great. Thank you so much --

CHAIRWOMAN KRUEGER: Lost you.

MS. NAREFSKY: Can you all hear me?

CHAIRWOMAN KRUEGER: Now, yes.

MS. NAREFSKY: Fabulous.

Thank you so much to the committee chairs for the opportunity to testify. My name is Karen Narefsky, and I'm the senior organizer for equitable economic development at the Association for Neighborhood and

Housing Development, one of New York City's leading policy and advocacy organizations, with a membership of over 80 nonprofits.

I'm testifying today on behalf of United for Small Business New York City, a coalition convened by ANHD. United for Small Business is a coalition of 15 groups across the city working to protect small businesses and commercial tenants from displacement, especially owner-operated businesses that serve low-income communities and communities of color. So these are really the smallest businesses that so many of the committee members today have mentioned.

In 2019 we conducted research on the challenges facing small businesses in immigrant commercial corridors, and we found that high rents were a top concern for 82 percent of those businesses. Because of the pandemic, what was formerly a concern is now an existential threat. And because of this, I want to urge the Legislature to prioritize commercial rent relief as part of the strategy for equitable economic recovery.

As several of the committee members have already mentioned today, existing state programs don't address the need for rent relief, and the individual deals that have been worked out are not going to be sustainable forever, for tenants or for property owners.

With regards to the various eviction restrictions that are in place, they're not truly moratoriums. But even if they were, commercial tenants are not going to wait for an eviction notice if they don't have the money to maintain operations. They're either going to close, or they're going to go bankrupt. And as a matter of fact, bankruptcy filings have increased by 40 percent in New York City last year, and thousands of businesses have already closed.

We shouldn't really be asking businesses to reopen at the expense of public health. We know that 25 percent capacity indoor dining is not profitable for restaurants, but we also know that 100 percent capacity indoor dining isn't

safe. Not to mention we love restaurants, but we also have many types of businesses across the state and they all have different needs.

What they have in common is the need for a bridge that will help them get from the current crisis to a recovery where they can operate as they did before the pandemic. If we don't provide that bridge, the state will lose millions of jobs, billions of dollars in tax revenue, and the goods and services provided by those businesses, which in many cases are culturally specific to the neighborhood and hard to replace.

As I mentioned earlier, our coalition supports a broadly accessible commercial rent relief program, and we'd like the state to devote $500 million to this program in the budget. We support the approach of Senate Bill 3349 and Assembly Bill 3190, sponsored by Senator Hoylman and Assemblymember Epstein, under which all commercial tenants who have lost revenue due to COVID and can't pay rent would qualify for

a partial abatement and would be required to pay a prorated portion of their rent or actual income.

Property owners whose tenants get this abatement would be eligible for reimbursement from the state, and we believe that there's a rule for ESD to play here in administering that program. This will complement the initiative mentioned by the commissioner, and we think it's really important for all impacted small businesses to be eligible, to ensure that the smallest businesses get what they need.

And finally, I want to share that ANHD also supports the intention of the proposal in the Governor's budget to allow residential conversions of hotels and office buildings to affordable housing. However, we believe that this should exempt land zoned for manufacturing, given the limited industrial land available and the key economic role of industrial businesses. So in New York City there are approximately 45 hotels eligible for conversion that would fall within

manufacturing zones.

We ask that the Legislature also allow the affordable units created through commercial conversions to be funded by city subsidy programs as well as state programs, and to add additional restrictions to disincentivize the option of payments in lieu.

So thank you again to the committee chairs and to all the members for the opportunity to testify.

CHAIRWOMAN KRUEGER: Thank you.

And now we're going to go back to Assemblymember Ra; give him back five minutes on the clock. Thank you.

ASSEMBLYMAN RA: Okay, thank you very much.

And I'm glad we heard from the last panelist, because she made a number of very important points. So thank you.

So I got the question answered regarding withholding for that particular Center of Excellence. But I just wanted to just go back to that issue with regard to the

proposal and the -- you know, last year there was a proposal in the budget different from this one in terms of kind of consolidating these programs into one.

But I had asked Commissioner Gertler this morning regarding any outreach or dialogue that had taken place in the interim between last year's proposal and it being rejected by the Legislature in the enacted budget, and this proposal this year. You know, and I'm just wondering if you can shed any light on any conversations that have taken place, you know, with other COEs, other CATs, partners that are involved that may have led us to this proposal being before us.

DR. NOWAK: No. We found out about the impending consolidation and additional cuts when the budget came out. So we had heard rumors that they were going to revisit last year's proposal and that's what we would be facing again.

So last year we also did not receive the Aid to Localities, so our budgets were cut by that amount. Normally we're brought

up to a million dollars, and so we didn't get that gap filled, as well as then, you know, going forward now facing additional cuts.

But no, there was not a lot of communication with anyone from ESD regarding this proposal from that.

ASSEMBLYMAN RA: Okay. Yeah, and -- I mean, I don't want to belabor the point. I think you presented very well that there are distinct differences between the entities and what they're designed to do and the way they're designed to function, and I think losing that would be a negative.

And on top of it, I worry about the way, you know, awarding these 10-year designations. There's this thought out there that it's going to increase competition, but it seems to me like something that could very much stifle competition by making those 10-year designations. So thank you.

DR. NOWAK: You're welcome.

CHAIRWOMAN KRUEGER: Thank you.

Do I see any other hands up? All right, well then I want to thank all of you

for your presentations with us today. Appreciate it very much.

Our next panel, Asian American Federation, Ahyoung Kim; the New York City Network of Worker Cooperatives Advocacy Council, Catherine Murcek; and the New York Association of Training and Employment Professionals -- and it says Evelyn Ortiz, but I believe they have been replaced by -- one second --

THE MODERATOR: Melinda Mack.

CHAIRWOMAN KRUEGER: Thank you so much. Great. Isn't it great how the female voice of God just comes in and clarifies everything for us? It's excellent. Thank you.

Okay, first speaker, Asian American Federation.

MS. KIM: Thank you, Chairs Krueger and Weinstein, and distinguished members of the State Legislature for this opportunity to testify.

My name is Ahyoung Kim, and I am the associate director of small business programs

at the Asian American Federation. We represent a network of 70 member and partner agencies, and we are also a member of the USBNYC.

I am here today to ask that the State Legislature allocate $500 million in this budget to create an equitable and widely accessible commercial rent relief program.

In our survey of Asian American small businesses during the early months of the COVID-19 pandemic, 37 percent of respondents sited rent as a primary concern for the survival of their businesses. Fifty-four percent of the respondents also said that they faced loss of revenue over 75 percent, while the majority of the respondents said their businesses had to operate at limited capacity or close temporarily due to the COVID-19-related restrictions.

We thank the Legislature for your leadership in sponsoring the recent package of bills, including the COVID-19 Emergency Protect Our Small Businesses Act. However, without rent relief, mass closures of small

businesses across the state will be inevitable.

In our written testimony I have elaborated on why current measures and available resources are not enough to avoid mass closures. During the height of the pandemic in early 2020, the growth in Asian New Yorkers filing for unemployment claims outpaced all other groups. Asians in this state went from filing hundreds of claims a month to thousands of claims a month.

Failure to support businesses to survive this pandemic will result in greater spending for the state, as the most vulnerable members of our community will require extended assistance while they look for employment in lieu of small businesses offering these jobs.

From 2002 to 2012, which overlaps with the latest recession we faced, Asian small businesses accounted for about half of net new economic activity and half of net new employment in New York City. New York State cannot afford to lose this economic engine at

this time. Without our small businesses, the road to recovery will be extended to a perilous journey for everyone.

For immigrant communities, small businesses are more than just business entities. Small businesses owned by immigrants serve their community in ways that are valued beyond cash transactions. Not only are they job creators, but they also function as training platforms for newcomers to develop their language skills, or as information and outreach hubs where government agencies are failing. On the contrary, our small business owners are not receiving adequate assistance. Failed outreach and lack of language assistance has left immigrant business owners in the dark as they are still struggling to survive.

This funding for commercial rent relief is not an ask for a massive bailout that rewards irresponsible corporate behavior. Instead, we ask the Legislature to answer to the dire needs of our small business community and to recognize their

contribution to the State of New York. We believe that the commercial rent relief must be a critical component of the statewide economic recovery program, and we ask you to include this in the new budget.

Also included in our written testimony is a list of our recommendations on how the state can improve access to information and capital for immigrant small business owners.

Thank you for this opportunity to testify, and I'd be happy to answer any questions.

CHAIRWOMAN KRUEGER: Great. Thank you very much.

And our second speaker, from the Network of Worker Cooperatives Advocacy Council.

MS. MURCEK: Can you hear me okay?

CHAIRWOMAN KRUEGER: Hello.

MS. MURCEK: Hi, thank you.

Good morning -- or good afternoon. I'd like to thank Committee Chairs Krueger, Weinstein, Kaplan and Bronson for the work you've been doing to serve New York State and

for the opportunity to testify.

My name is Catherine Murcek, and I'm a worker owner at Samamkaya Yoga Back Care & Scoliosis Collective. We're a worker-owned cooperative and a democratically run and owned business, specializing in therapeutic yoga for a variety of ability levels.

I'm also an elected member of the Advocacy Council coordinated by the NYC Network of Worker Cooperatives, which supports its members -- co-ops -- through training and education, language access and resources to help its community of predominantly immigrant, POC and women of color-led member co-ops thrive. Through workplace democracy and community control, our goal is to protect against wealth extraction, inform and empower workers, reduce income inequality, and promote economic and social justice.

NYCNoWC is also a member of the United for Small Business NYC coalition, also known as USBNYC.

As a small business owner, it has been

an incredibly stressful year, as I'm sure you can imagine, and devastating to watch a whole community of small businesses closing permanently all around me and across the state. We most likely already would have closed too had it not been for a forgivable PPP loan, our online offerings, which allow us to scrape by, and our very fortunate rent negotiation with our landlord.

However, I understand most other small businesses in my community and across the state have not been so fortunate. Even before the pandemic, exorbitant rents were already a major issue and impediment to the growth of our small business community. Since the beginning of the state of emergency, the wealth of the wealthiest New Yorkers has increased by $77 billion at a time when thousands of New Yorkers are experiencing loss of jobs, homes, and even their lives. I think we need to honestly ask ourselves: Are we okay with that?

In an effort to move toward a just recovery, we urge you to do the following.

One, pass S3349 or A3190 to create a comprehensive commercial rent relief program for small businesses and nonprofit organizations that were ordered to close, and allocate $500 million toward it. The program would create a kind of "share the burden" model where the landlord reduces the rent a bit, the tenant would pay a portion, and the state would help out as well.

Two, support efforts to encourage worker-owned cooperatives and other democratic workplaces -- for example, a capital gains tax exemption for business owners who sell their viable business to its workers.

Three, pass the Invest in Our New York Act to create necessary revenue that would be put toward these efforts and would save crucial programs and infrastructure to protect the most vulnerable New Yorkers.

And four, support the Governor's commitment to put $25 million in the Community Development Financial Institution Fund, or CDFI Fund, and go beyond that and

enhance it to $100 million to increase access to capital for our marginalized communities.

When our small businesses cannot thrive, it creates a ripple effect through our economy, affecting jobs, housing and food security. If the state can mandate a business to close, a change in the structure of commercial rent should also be possible -- and necessary, if you care about our small business culture and want to prevent New York from becoming one big shopping mall of chain stores.

While the efforts made thus far are appreciated, loans and eviction moratoriums will not be able to sustainably protect our small businesses. We need real assistance with rent, which is by far the biggest reason for small businesses closures in my community and beyond.

I understand these are unprecedented times and everyone is asking for support, but it has been almost a year and it is past time to seriously deal with rent in order to ensure a just recovery.

Thank you again for hearing my testimony.

CHAIRWOMAN KRUEGER: Thank you very much.

And then our last panelist from this group, the New York State Association of Training and Employment Professionals.

Hi.

MS. MACK: Hi, how are you? It's so nice to see everyone, even though we're remote. I love everyone's backgrounds. I feel like we get to see who likes to be outside and who likes to be inside.

My name is Melinda Mack. I run the state's workforce development association, also known as NYATEP, the New York Association of Training and Employment Professionals. And, you know, as I come back every year, I'm here to talk about the need to continue to invest in job training and employment services to get New Yorkers back to work.

And as we've learned in the last recession and we're learning in this

recession, the economy does not improve for everyone equally. And really the folks who struggle are individuals with a high school diploma or less. They did not rebound during the last recession, and they're very unlikely to rebound during this recession without some additional support.

Before COVID-19 the debate that we had with many of you and many of our elected officials in local communities was about the future of work and automation and the challenges associated with the future of work. But really ultimately what we know is that the economy and the labor market is not designed to benefit everyone equally. And really workforce development and job training and education is truly the leveling of the playing field that we need in order to support the economy's recovery.

I know we have truly one shot to make sure we don't leave lots of people behind. We're seeing it happen across sectors across the country and across our own state. And ultimately this is our chance to really think

about and address inequity in the labor market in a meaningful way.

So the few things that we'd like to raise: First, the Governor had made a commitment in 2018 and in each consecutive year, around $175 million for workforce development. That money has been incredibly slow to go out the door, and the application process has become incredibly burdensome. I think at this point there's about $33 million that's been spent and 307 projects that have been funded.

The majority of those resources outside of NYSERDA -- which is a different pot of money -- have come out of the state Department of Labor, funding that they have for workforce development as well as the resources that were reprogrammed from the SUNY/CUNY 2020 program.

Under the 30-day amendments we have noticed the language for those resources has changed for the Pay for Success funding, which has broadened and opened up those resources to be spent on other things. We

get that there's lots of priorities, but consistently we keep coming back to the Legislature and the state to say -- and the Governor's office, to say like: Hey, listen, like we have lots of people who are unemployed and underemployed, and one of the ways we get people back to work is through education and training. And that funding seems to continue to be diverted to other resources or sources.

We also strongly believe that we need to be investing in high-speed broadband services to make broadband more affordable for New Yorkers. So we're really pleased to see the Governor including that, and really recognize that this is a true equity issue. If you can't work from home, you're going to lose out on opportunities.

And then lastly we would -- we're really pushing for a six-month, 100 percent income disregard for New Yorkers on public assistance or public assistance recipients who are participating in publicly funded workforce programs. People are falling off

the cliff really quickly after they get a job and they're unable to sustain their families, and we need to think about ways to keep people supported so they can get into good family-sustaining wages.

So with that, thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

You know, I had asked the ESDC commissioner earlier today if he would give me his maps, his list of where that $175 million got spent, and he said he would, but I don't have that yet, obviously. I would love to hear from you -- not today, because we're really behind, but hear from you where you think that money went or didn't go or was reprogrammed.

Because you can argue you can reprogram to other programs within the rubric of supporting and retraining workers, but we shouldn't see that money leaving the assignment that is desperately needed, I agree with you. So I look forward to talking to you after the hearing sometime.

And without any hands up, I am going

to move us to the last panel for this hearing today, and we have Thomas Speaker, policy analyst, Reinvent Albany; we have Isaac Jabola-Carulos, researcher, CUNY Graduate Center; and Beth Starks, executive director, Chautauqua Lake Child Care Center.

Well, I told you this was probably our most diverse hearing as far as the topics people were bringing with them today. So let's start with Reinvent Albany.

MR. SPEAKER: Can you hear me?

CHAIRWOMAN KRUEGER: Yes.

MR. SPEAKER: Good afternoon, Chairs Krueger and Weinstein and members of the Legislature.

My name is Tom Speaker. I'm a policy analyst for Reinvent Albany. Reinvent Albany advocates for transparent, accountable New York government. Thank you for the opportunity to testify at this hearing.

Here are some highlights of the longer testimony we submitted.

First, business subsidies are a waste of taxpayer money that could otherwise be

spent on core services. A huge body of independent research by academic experts has found that corporate subsidies waste taxpayer money, are vulnerable to pay-to-play corruption and lack transparency and accountability.

We urge the Legislature to hugely increase transparency and sharply reduce the $10 billion in subsidies New York hands out to businesses every year. We suggest taking the following steps.

Number one, hold an oversight hearing on business subsidies featuring independent experts. We believe that a hearing would help cast light on the amount being spent on the subsidies' lack of transparency and the poor return on public investment.

Number two, establish a Database of Deals. Two years after Governor Cuomo directed Empire State Development to create a database tracking state business subsidies, there's still no database. This is basic transparency. It is 2021 -- enough waiting and excuses. We believe that the Legislature

should reintroduce S2815, by Senator Comrie, and A2334, by the now-retired Assemblymember Schimminger, and require the database in law.

Number three, pass the Opportunity Zone Tax Break Elimination Act in the budget. Subsidies that often start small will balloon into incredible costs, and this is why the Legislature must move to repeal New York's Opportunity Zone tax break by passing S1195, by Senator Gianaris. The bill has support from 19 organizations and six unions, including 1199 SEIU, CWA District 1, and the New York State Teachers Union.

Number four, end $330 million a year in oil and gas subsidies by passing S4816, by Senator Krueger, in the budget. Passing the bill can save more than the state projects to bring in by legalizing marijuana. As we have noted, New York is currently trying to reduce fossil fuel pollution while subsidizing the very companies that contribute to global warming. We think it makes no sense at all to both tax and subsidize fossil fuels.

Number five, increase the budget of

the Authorities Budget Office, a crucial subsidy watchdog, to over $3 million, as we and other watchdogs requested back in 2018. The ABO oversees 585 state and local authorities that together hold $248 billion in public debt. But as of last year the office has only 11 employees. A skeleton crew is far from what was imagined when the ABO was first established.

And finally, number six, reduce the number of Industrial Development Agencies and Local Development Corporations and make them more accountable. We make specific recommendations for how to address the issue in our testimony.

Thanks for the opportunity to testify. I welcome any questions that you might have.

CHAIRWOMAN KRUEGER: Thank you very much.

Our next speaker is CUNY Graduate Center. Hi.

MR. JABOLA-CAROLUS: Good afternoon. Can you hear me?

CHAIRWOMAN KRUEGER: Yes.

MR. JABOLA-CAROLUS: Great.

Thank you, Chairperson Krueger and each of you for the opportunity to testify today. My name is Isaac Jabola-Carolus, and I'm a Ph.D. candidate in sociology at the CUNY Graduate Center, and my research focuses on New York State's home care workforce, meaning the more than 200,000 home health aides and personal care aides who assist older adults and people with disabilities.

I'm here to share a new study that I've authored with CUNY professors Stephanie Luce and Ruth Milkman. We hope it will be useful to you as you consider the proposal budget.

We examined an overlooked development strategy, investment in the state's home care workforce, and specifically we analyzed the economic impacts that would result from a substantial wage increase for home care workers.

We found that lifting wages through public investment would create net positive effects, both for the home care sector and

for the state economy overall. So home care should be viewed not only as a vital healthcare field but as a potential driver of economic growth.

Currently the median annual income for New York State home care workers is only $22,000. We ask what would happen if the state lifted that number to at least $30,000 upstate, $35,000 on Long Island and in Westchester, and $40,000 in New York City. We project that would require a $4 billion investment but would yield $7.6 billion in new savings, tax revenues and economic activity, a net gain of over $3.6 billion per year.

Higher wages would also attract nearly 20,000 new home care workers per year, which would alleviate the severe labor shortage in this field. And, because workers would spend much of their new wages, this investment would create nearly 18,000 jobs in other industries.

We know home care is a booming sector. Consumer demand is locked in. Job positions

are ready to fill, yet because wages are so low, thousands of jobs go unfilled or are vacated each year, and even more so in this pandemic. This hurts the state's aging population and it's wasted economic opportunity.

The state can tap that opportunity, not by cutting home care workforce funding, but by expanding such funding through, for instance, Empire State Development and REDCs. What would be most impactful, though, is the type of broad investment examined in our study, or proposed by legislation like the Fair Pay for Home Care bill forthcoming.

Yes, challenging unless there's new revenue, but eminently safe as an investment, and one that's necessary to meet the needs of aging New Yorkers and their families.

Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

And next, Beth Starks from Chautauqua Lake Child Care Center.

MS. STARKS: Hi. Good afternoon.

I'm the founder and executive director

of Chautauqua Lake Child Care Center and assistant professor and early childhood coordinator at Jamestown Community College. I'm proud to serve on both the Governor's Early Childhood Advisory Council and the Child Care Availability Task Force.

I come to you today to speak about childcare as a business, speaking on behalf of my colleagues, childcare providers in centers, in-home facilities and school-age programs. I thank the chairs and members of the respective committees for the opportunity to testify on the budget. I appreciate your recognition that it is imperative that childcare as an industry is included in this hearing, as it is foundationally interconnected to business and economic development, especially now.

Childcare is a multi-billion-dollar industry employing tens of thousands of New Yorkers, with a return on investment of $1.86 for every dollar invested. That's more than retail, manufacturing and construction. Yet childcare is a service industry that is

different from others because it also enables other businesses to operate.

Childcare was in a crisis situation, preventing people from going to work pre-COVID. High-quality childcare is very difficult to find -- 64 percent of New Yorkers live in a childcare desert -- and prohibitively expensive for nearly all families.

On the other side, childcare is an industry with tightly balanced budgets and low pay for employees. In the past year the situation has gotten much worse. With increased expenses and restrictions, many of my colleagues have closed their doors. Record numbers of women have left the workforce, citing childcare as the main factor, resulting in reduced labor force participation and reduced family income.

Employers indicate childcare is one of the main problems with employee recruitment, retention and productivity.

And although childcare has remained open throughout the pandemic, it has a

crumbling infrastructure and little support. Despite the fact that we received $164 million in New York State specifically for childcare in CARES act funding 10 months ago, only $40 million has actually been spent. And beyond that, there has been no help directly to childcare facilities in New York State.

Therefore, I encourage you to follow and implement the New York State Child Care Availability Task Force recommendations, leveraging REDCs and private/public partnerships, and to ensure the $468 million in new childcare stimulus funds is used swifly and strategically.

Further, I urge you to invest in childcare subsidies and to maximize affordability, and to increase childcare availability by investing in startup grants.

Lastly, I urge you to support the increase in employer childcare tax credits and to revise them to ensure that businesses can take advantage. We cannot look at supporting childcare as a subsidy. It is

truly an investment in economic development and infrastructure. We cannot rebuild our economy without that investment. We must make decisions based upon what is best for our youngest citizens and therefore our entire population.

I offer to you my assistance and I appreciate the support of my legislators, Senator Borrello and Assemblyman Goodell, as well as the leadership of Assemblyman Hevesi and Senator Brisport and their committees as we work together to ensure that families, providers and businesses are heard. We all need to work together to make New York State the leader in early childhood during this time and in the future.

CHAIRWOMAN KRUEGER: Thank you.

Oh, and I see a hand. I haven't seen hands in a while. I see the hand of my Finance ranker Tom O'Mara.

Come off mute. There you go.

SENATOR O'MARA: Thank you. Thank you, Chairwoman Krueger. I have a question for Beth Starks on childcare.

First of all, Senator Borrello sends his regards and apologizes that he --

(Zoom interruption.)

CHAIRWOMAN KRUEGER: Would everybody else mute, please. I think it's you, Kevin. Turn your mute on.

Okay. So go ahead, Tom.

SENATOR O'MARA: Okay. Sorry about that.

George Borrello says hello, in short. He had a couple of questions. He's preparing for session and couldn't be on this part of the hearing today.

So with regards to your position on the Child Care Availability Task Force, there was a report due from that task force in December. We're on Albany time, so it's only February, so it's not really late yet. But when do you expect the work on that report to be completed and that to be available for us in the Legislature?

MS. STARKS: So I was part of the drafting team, and the draft was put forward and has been approved by all members of the

task force. We're just waiting for the official release of the report. We were hoping that that release would come in December so that you could use it to look at those recommendations as you put forward the budget. Unfortunately, it hasn't been officially released yet.

SENATOR O'MARA: Who has the final sign-off on that report?

MS. STARKS: I believe it's the Governor's office.

SENATOR O'MARA: Okay. You're probably right. And it would be nice to be able to have that useful information for our budget discussions on that.

What is your understanding of the status of federal CARES Act money that has come to the state and hasn't been distributed, and what do you expect to get, the state to get in addition to that moving forward from the federal government?

MS. STARKS: Well, it's been really unfortunate that the money that we received 10 months ago in emergency funding has taken

so long to make it into the hands of providers and families. And when asked at the hearing last week and the answer was $40 million was the amount that was spent out of $169 million, that was really disheartening.

We do know that an additional almost half a billion will be coming for certain into New York State, and we are hopeful that that money will be used more swiftly and will actually make it to providers in a timely manner. We would love your support on that.

SENATOR O'MARA: Well, I can tell you that you absolutely have it from myself and from Senator Borrello as well.

So thank you for your testimony today.

MS. STARKS: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

ASSEMBLYMAN CAHILL: Yes, thank you, Madam Chair. I'd like to recognize Assemblywoman Lunsford for three minutes.

Assemblywoman Lunsford, unmute if you can.

ASSEMBLYWOMAN LUNSFORD: Hello. Do you have me?

All right, sorry. I was waiting for someone to prompt me to get it done.

This question is also for Beth Starks. Thank you very much, Beth, for your presentation.

Given what you learned as part of the task force drafting team -- I know the report's not officially out yet, but if you could guide us through what you think the best uses for some of the federal monies we are going to receive would be to help bolster our childcare system moving forward, as well as dealing with the ramifications of COVID.

MS. STARKS: I think it's really important that we support both families and providers. So we need to get people back to work, so it's really important that we increase the income eligibility for the childcare subsidies so that working families can use those subsidies to make sure that they can keep their employment right now, get back to work if they're not working, and to

make sure that we're supporting them.

In addition, we need to support the providers. So that means consistent revenue streams -- so paying for absences, making sure that we are contributing to helping them to pay their employees more, and to also bridging that gap in the -- a lot of the childcare centers stayed open this entire time and lost a lot of revenue, so they're really suffering economically right now. And so making sure that they stay open to support people going to work is really important right now as well.

ASSEMBLYWOMAN LUNSFORD: And I've heard that there have been some technological challenges with regards to our childcare centers actually applying for funding. Can you speak to that and what we can do moving forward to help them actually get this money in their hands?

MS. STARKS: Yeah, so I think it's a combination. There are a lot of in-home providers and centers who lack the ability to be able to access those funds and apply for

them and to understand exactly what they needed to do to apply for the funding.

In addition, there was definitely -- on behalf of the state, it's an arduous process. And so it wasn't made easy for any providers to be able to get that funding. There were a lot of hoops to jump through, and I think that's led to the money taking so long to get out the door. And what was meant to be emergency funding was certainly not timely.

ASSEMBLYWOMAN LUNSFORD: And kind of the buckets we've put the CARES Act funding into, do you think that's the most helpful way we could be boosting our childcare providers right now, the kinds of funding that they can apply for under our current system?

MS. STARKS: I do. And I do think that it's really important that we listen to the current providers about the struggles that they had obtaining the funding in the first round -- and also to see what their immediate needs are moving forward. That

stuff is really integral right now.

ASSEMBLYWOMAN LUNSFORD: Thank you so much, Beth. We appreciate your time.

MS. STARKS: Thank you.

CHAIRWOMAN KRUEGER: I think we were both muted, Kevin, but I think you wanted to call on Sarah Clark next?

ASSEMBLYMAN CAHILL: I'm muted, you're right, Liz.

CHAIRWOMAN KRUEGER: (Laughing.) I was too.

ASSEMBLYMAN CAHILL: Assemblywoman Sarah Clark for three minutes.

ASSEMBLYWOMAN CLARK: Wonderful. My question is also for Beth.

Thank you so much. So good to see you again today. And I couldn't agree more with you about the importance of childcare. It is literally the bedrock of any workforce development, any economic development, and any way that we're going to be able to recover from COVID.

I also wanted -- but I wanted to ask, I read a report about the subsidy system,

particularly around what you -- you sort of went into deserts and how there's not a lot of access everywhere in the state evenly. But what I was looking at was the subsidy report, of where subsidies are most used across the state, and I really saw a glaring difference between our cities and our rural areas.

I was wondering if you have any thoughts about what the particular challenges are in our rural areas when it comes to childcare, and how we could do a better job.

MS. STARKS: One thing that I know -- so here in Chautauqua County we are not using all of our subsidy dollars. And we brainstormed about the reason or potential reason for that, and one of the things that I think is really important is letting people know that that assistance exists.

And so when you think about HEAP or WIC or other forms of assistance, we get the word out and we let people know that it's available. And if we want people to work and childcare is one of those obstacles standing

in their way to working every day, we need to let them know that this is -- maybe unlike other forms of assistance, it's meant for people who are working and who have -- instead of falling off the benefits cliff, that -- if we can help them a little bit longer with the childcare and then get the word out.

In addition, depending on the county that you're in, it's really a complicated process. So here in Chautauqua County there's 11 different documents, forms of documentation that they need to turn in. And they have to turn it all in by mail, not electronically.

And so there are a lot of steps that we could take to make it easier for families to be able to apply and to be able to get to work.

ASSEMBLYWOMAN CLARK: Well, it sounds like you have some great ideas, and I'm ready to work with you to help make that happen.

Thank you.

MS. STARKS: Thank you very much for

your support.

CHAIRWOMAN KRUEGER: Thank you very much.

ASSEMBLYMAN CAHILL: Back to you, Liz.

CHAIRWOMAN KRUEGER: Thank you. Thank you very much, Assemblymember.

So I think all hands are down. I want to thank this panel for being our last panel in this hearing. Appreciate all of your contributions today, everyone who came to testify.

This will be the official end of the Economic Development hearing. And for those who have been hoping for the Tax hearing, give us 10 minutes and we will start the Tax hearing. And I believe that will require everyone to come off of this Zoom and to reenter the Tax hearing Zoom.

So see some of you again in just a few minutes. And the rest of you, enjoy the rest of your day. Thank you.

(Whereupon, the budget hearing concluded at 3:08 p.m.)