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

JOINT LEGISLATIVE HEARING

In the Matter of the
2023-2024 EXECUTIVE BUDGET ON
ECONOMIC DEVELOPMENT

Hearing Room B
Legislative Office Building
Albany, New York

February 9, 2023
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 Sean M. Ryan
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 José M. Serrano
Chair, Senate Committee on Cultural Affairs,
Tourism, Arts and Recreation

2023-2024 Executive Budget
Economic Development
2-9-23

PRESENT: (Continued)

Assemblyman Al Stirpe
Chair, Assembly Committee on Small Business

Senator Jeremy A. Cooney
Chair, Senate Committee on Procurement and Contracts

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

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

Senator Kristen Gonzalez

Assemblyman Steven Otis

Senator John Liu

Assemblyman Billy Jones

Senator Michelle Hinchey

Assemblyman Christopher S. Friend

Senator George M. Borrello

Assemblywoman Carrie Woerner

Assemblyman Charles D. Fall

Assemblywoman Patricia Fahy

Senator Mark Walczyk

Assemblywoman Yudelka Tapia

Senator Peter Oberacker

Assemblyman John T. McDonald III

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PRESENT: (Continued)

Assemblyman Jonathan Rivera

Senator Dean Murray

Assemblywoman MaryJane Shimsky

Assemblyman John Zaccaro, Jr.

Assemblyman William Colton

Assemblyman Scott Gray

Assemblyman Brian Cunningham

Assemblyman Erik M. Dilan

Assemblywoman Chantell Jackson

Assemblyman Kenneth Zebrowski

Assemblywoman Jo Anne Simon

Assemblyman Tony Simone

Assemblywoman Nikki Lucas

Assemblyman Brian Manktelow

Assemblyman John W. McGowan

Assemblyman Ari Brown

Assemblyman Brian Maher

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CHAIRWOMAN KRUEGER: Good morning. Hi, everyone. If the first panel could take their seats at the table. Okay, thank you. As soon as they get here, I'll start with the opening comments and instructions for our day.

Good morning. I am Liz Krueger, chair of the Senate Finance Committee, and I am cohosting -- excuse me, cochairing. I feel like we're hosting, but we're actually chairing -- cochairing the budget hearings with Helene Weinstein, the chair of Ways and Means in the Assembly.

Today is the fourth of 13 hearings conducted by the joint fiscal committees of the Legislature regarding the Governor's proposed budget for the state fiscal year '23-'24.

These hearings are conducted pursuant to the New York State Constitution and Legislative Law.

Today the Senate Finance Committee and Assembly Ways and Means Committee will hear testimony concerning the Governor's proposed

budget for the New York State Empire State Development Authority, the New York State Office of General Services, and the New York State Council on the Arts.

Following each testimony there will be some time for questions from the chairs of the relevant committees.

I will now introduce members from the Senate, and Assemblymember Helene Weinstein, the chair of Ways and Means, will introduce members from the Assembly. In addition, the rankers of the two committees will introduce their members afterwards.

And of course I already forgot to get a list of who's here, so one second, I want to make sure. Good -- Helene's going to start with the Assembly.

CHAIRWOMAN WEINSTEIN: So for the Assembly we have the chair of our Economic Development Committee, Assemblyman Bronson; chair of our Small Business Committee, Assemblyman Stirpe. We have Assemblyman Cunningham, Assemblyman Dilan, Assemblywoman Jackson, Assemblyman Jones, Assemblyman

McDonald, Assemblyman Rivera, Assemblywoman Simon, Assemblyman Simone, Assemblywoman Tapia, Assemblyman Zebrowski, Assemblyman Otis, and Assemblyman Pretlow, chair of our Racing Committee.

Mr. Ra, would you -- Assemblyman Ra, please introduce your colleagues.

ASSEMBLYMAN RA: Thank you.

Good morning. We are joined by Assemblyman Friend, who is our ranker on Economic Development; Assemblyman Gray, our ranker on Tourism; Assemblyman McGowan, our ranker on Small Business; as well as Assemblymembers Manktelow and Maher.

CHAIRWOMAN WEINSTEIN: Now to the Senate.

CHAIRWOMAN KRUEGER: Good. We've figured ourselves out, thank you.

I am joined by Senator Sean Ryan, Senator Jeremy Cooney, Senator Michelle Hinchey, Senator -- excuse me, Senator Serrano, Senator Liu. I think that's who's here so far. And other Senators and Assemblymembers may come in, and we will

introduce them then.

Tom O'Mara, ranker for Finance, would you introduce your members?

SENATOR O'MARA: Yes, thank you, Chairwoman.

We're joined on our side by Senator Mark Walczyk, the ranker on Tourism; Senator Dean Murray, our ranker on Economic Development; and Senator Peter Oberacker.

CHAIRWOMAN KRUEGER: Great.

I just want to, for those of you who haven't been coming every day, to lay out sort of the rules of all our hearings. For governmental witnesses, you get to present for 10 minutes each. Then we'll open it up to questions of the entire panel, so any of you might be asked questions by any of the legislators.

Chairs Weinstein and Krueger and relevant committee chairs get 10 minutes of questions with government reps. Rankers get five minutes. Only chairs get a second round of three minutes. And all other members get three minutes only for the panel.

It is important to let Helene or myself or our rankers know if you want to be on the list to ask questions, because we won't know otherwise to put you on the list.

For nongovernmental witnesses, when we get to them in later panels, all members get three minutes to ask questions and they get only three minutes to present.

We have everyone's testimony electronically. It's online. Everyone, you in the audience, the public at large, can all have access to the testimony. So we urge everyone who testifies to remember you have very limited time. Highlight your key points. Don't read your testimony. Sometimes people hand in 15 pages of testimony and then we go, You don't think they're really going to try to read it, right? And sometimes they try. And guess what? It doesn't work.

So highlight your key points. Don't expect you're going to read your full testimony. But we have it, and we can read it. And also you can read more quickly than

people talk, so it's amazing how much you can get through if you're reading the testimony while somebody's presenting.

Again, there are no PowerPoints, presentations, or placards or signs permitted in the hearing room by guests, presenters, or legislators. Okay? So some people get a little confused at that, but we try to keep these hearings moving professionally and in a timely manner, although I think we were here till 9 o'clock last night.

Today our first presentations will be by Hope Knight, commissioner of the New York State Department of Economic Development and the Empire State Development Authority; Jeanette Moy, commissioner of the New York State Office of General Services; and Mara Manus, executive director of the New York State Council on the Arts.

And again, after they have presented, there will be opportunities to question them. And I'd like to start with Hope Knight.

Good morning.

COMMISSIONER KNIGHT: Thank you. Good

morning. Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the State Legislature, my name is Hope Knight, and I serve as the president and CEO of Empire State Development and as commissioner of the New York State Department of Economic Development.

I am joined by our chief operating officer, Kevin Younis.

Thank you for the invitation to discuss Governor Hochul's 2024 Executive Budget.

Over the past year, I've had the pleasure to work with many of you to support effective and transparent economic development across the state. And in these uncertain economic times, I am proud of what we have accomplished. We have been laser-focused on supporting small businesses, especially in the wake of the pandemic.

Thanks to the Governor's small business assistance programs, more than 50,000 small businesses, including minority and women-owned businesses, have received

support from ESD over the past two years. This direct support, combined with the resiliency of New York entrepreneurs, has resulted in the number of small businesses growing by 20,000 since 2020.

Governor Hochul has also secured one of the largest economic agreements in U.S history when Micron chose Central New York for its $100 billion semiconductor facility. The project is expected to create nearly 50,000 jobs statewide, including 9,000 new high-paying Micron jobs with average salaries exceeding $100,000.

Under the Governor's leadership, we also launched the Office of Strategic Workforce Development. This marked a decisive shift in the state's workforce development strategy by aligning training with the needs of employers, especially those in growth industries. The office's first round of awards is supporting nearly 3,000 trainees for jobs with more than 100 business partners.

I am also proud of what we've done to

make ESD even more transparent and accountable. We recently expanded the Database of Economic Incentives from 26 to 52 fields, informed by input from the Legislature and good government groups. The database now includes additional --

CHAIRWOMAN KRUEGER: I'm sorry, Hope, people are having a little trouble hearing. Can you pull that mic a little closer to you?

COMMISSIONER KNIGHT: Sure.

The database now includes additional information about jobs, MWBE utilization, and IDA support. Today it's one of the leading databases in the country for economic development.

As we look ahead, New York is finally emerging from a pandemic that has weighed on the state's economy for almost three years. While some economic challenges linger, indicators show that New York is ready for an economic resurgence. We're seeing job growth across the state as unemployment has declined to 4.3 percent.

This year we have an opportunity to

shift the state's focus from recovery to growth. Governor Hochul's Executive Budget aims to spur new, inclusive economic development by strengthening our business communities and helping all New Yorkers achieve the New York dream.

The arrival of Micron in Central New York will require collaboration across industry and community partners. The new Governor's Office of Semiconductor Expansion, Management, and Integration, or GO SEMI, will assist with regional planning efforts to ensure smart growth and cohesive development. The office will also support the expected growth of semiconductor and supply chain companies across the state.

New York's life science sector continues to thrive, with a 10 percent increase over the last five years. More than 100,000 New Yorkers now work in this high-growth industry. The Governor's announcement of two cell and gene therapy hubs, one upstate and one downstate, will drive life-saving research and create even

more high-paying jobs. Cell and gene therapy sales are expected to grow more than 800 percent by 2026. By leaning into strategic investments at this crucial stage, New York will be securing its place as an industry leader.

The Governor's budget also provides matching grant funding to attract federal research dollars to New York. These will go to small businesses applying for a portion of the billions in federal grants offered through the Small Business Innovation Research and Small Business Technology Transfer programs. These matching grants will help our small businesses develop and commercialize groundbreaking technology right here in New York.

The Executive Budget also includes the Extended Prosperity and Innovation Campuses initiative, or EPIC, to support new business growth around the state's educational centers. EPIC will improve on its START-UP NY predecessor. For the first time, upstate and downstate locations will have the same

requirements, benefits, and eligibility criteria. It will also support a wider range of businesses and increase the amount of eligible space dedicated to growing innovation and creating jobs.

The Governor is also working to remove barriers for MWBEs. We have made significant improvements to our certification process, and the Executive Budget directs the state to pursue certification reciprocity with other certifying organizations. This process will cut red tape for applicants and allow more MWBEs to participate in contracting opportunities.

We are also making an unprecedented commitment to the film and television industry. Film productions have a compounding economic effect that make this sector particularly valuable by supporting jobs and small businesses, and generating revenue at the state and local level. The increased Film Tax Credit will make us competitive with other states and encourage more productions to choose New York.

All told, this is a bold agenda. I am proud of the progress we have made together, and I look forward to continuing to work closely with all of you to deliver for New Yorkers.

Thank you for the opportunity to speak this morning, and I look forward to taking your questions.

CHAIRWOMAN KRUEGER: Thank you.

The next testifier is the commissioner of OGS.

OGS COMMISSIONER MOY: Greetings, Chairs Krueger and Weinstein, Ranking Members O'Mara and Ra, and distinguished members of the Legislature.

My name is Jeanette Moy, and I'm the commissioner of the New York State Office of General Services. I'm joined today by OGS Executive Deputy Commissioner Thomas Detito.

Thank you for the opportunity to share the work of this agency and all the items that have been accomplished since I last testified before the Legislature, as well as to discuss the impact of the Governor's

Executive Budget on OGS.

The Governor's Executive Budget proposes $1.3 billion for OGS, which will enable our agency to continue to support her commitment to improve government operations and service for all New Yorkers. OGS provides critical shared services and often unseen work for the state, from managing capital projects to administrative services to logistics and warehousing support. This budget allocation enables OGS and its 1,800 employees to provide operational support for state agencies so that they can focus on delivering on their core missions effectively and efficiently.

Our work also supports local governments, not-for-profits, businesses, and individual New Yorkers. Our cultural programs and careful conservation of assets provide New Yorkers with access to our historic Capitol building and our extensive, world-class art program. OGS's accomplishments are New York State's success stories. A properly funded and fully staffed

OGS can ensure the fulfillment of Governor Hochul's promise to make government more accessible, transparent, diverse, resilient, and responsive to New Yorkers' needs.

In the coming year, OGS will lead several initiatives announced in the Governor's 2023 State of the State. First, we will implement eProcurement, bringing our systems in line with industry standards. New York is the last large state without an e-procurement system. We need realtime access to dynamic data so that we can quickly respond to market changes, reduce the time for users to find and purchase goods and services, and better manage the state's procurement spend.

Second, we will pilot new office designs. The COVID-19 pandemic has normalized hybrid work, and our state needs flexible spaces that meet the needs of an increasingly distributed workforce.

Third, we will expand our digital and media services center to deliver more customer-oriented, user-friendly digital

products and services, and better connect state agencies with New York businesses and residents. These projects will help us to improve state outcomes and advance the Governor's agenda.

I would also like to take this time to reflect on OGS's successes. This year we have worked to implement key State of the State commitments. At Governor Hochul's direction, and with the support of this Legislature, OGS launched the Office of Language Access, which is the second office of its kind in the United States. There are over 5.7 million New Yorkers who speak a language other than English, 2.5 million of whom are limited English proficient. We worked with agencies, vendors and community-based organizations to ensure that the language access law is implemented effectively.

To meet the Governor's ambitious climate goals and support the necessary state changes to state operations, OGS established its Office of Resiliency and Stability. This

new team is implementing many of the Governor's key priorities, in partnership with DEC, NYSERDA, NYPA, and more. We are driving the conversion of the state's light-duty fleet to zero-emission vehicles by 2035, and facilitating the build-out of essential fleet charging infrastructure.

We have convened a Zero-Emission Vehicle Conversion Interagency Working Group to identify opportunities, barriers and innovations while establishing multiple streamlined procurement mechanisms for rapidly expanding the EV charging infrastructure.

OGS is the co-lead of the GreenNY Council, which oversees the development of guidelines and reporting of the state's stability plan. We developed and implemented the rollout for Executive Order 22, managed a Virtual Power Pilot program, working with NYPA, and participated in efforts to shape Environmental Bond Act projects, extreme heat emergency planning, and agency vulnerability assessments.

And finally, thanks to Governor Hochul and the Legislature, OGS began work on the $175.5 million infrastructure package to address critical Empire State Plaza infrastructure needs, including health and safety issues, electrical and conveyance systems, and structural repairs. The package also helps us to target the substantial deferred maintenance in our portfolio. This year we began work on the design for the restoration of the Capitol's eastern approach, and construction on the Capitol roof and the Hawk Street passage. These projects will bring necessary improvements to some of the most prominent public spaces in our State Capitol.

Now, these initiatives were natural complements to OGS's already expansive portfolio. OGS manages and maintains 20 million square feet of the state's real property. We manage the daily operations of 150 state-owned buildings and structures totaling 7 billion in assets, serving approximately 30,000 tenants and thousands of

visitors.

Our leasing portfolio includes 468 leases, over 12 million square feet statewide. This year we've responded to emergencies from floods, fires, burst pipes, snowstorms, credible thefts, and more. But through it all, our doors have remained open for the state's workforce.

OGS also provides design, build, construction, and project permitting services to over 50 state agencies and clients, with a current workload of 1.4 billion in active construction projects, and another 2 billion in design development. This year's successes have included the completion of the Office of Victim Services sexual offender evidence kit storage building, the replacement of 104 road salt storage structures for the Department of Transportation, and the federally funded construction of the New York State Police Station in Fredonia.

We began construction on the highly anticipated Adirondack Rail Trail between Tupper Lake and Lake Placid for the

Department of Environmental Conservation, and we've worked alongside the Division of Military and Naval Affairs towards the completion of 43 capital construction projects, which will make significant improvements to New York's Army National Guard facilities and support troop readiness.

OGS has been the central office for processing human resources and financial transactions across the state through its Business Services Center. This year we provided financial services to 66 executive agencies, processing over 12.6 billion in invoices alone, and HR benefits, payroll records, and time and attendance services for 55 agencies with nearly 44,000 individual customers.

Our procurement team contracts to procure goods and services at the best value for New York State taxpayers, encompassing 30 billion in annual spend, over 8,000 government entities, including 4500 towns, cities, counties, municipalities, 108 SUNY and CUNY campuses, and over 700 school

districts, not-for-profits, public authorities, and public benefit corporations leverage our centralized contracts.

This past year we worked to deliver more inclusive cultural events and programs that showcase New York's diversity, including our annual Dr. Martin Luther King, Jr., Day observance, our second annual Lunar New Year celebration, new exhibits from the Harlem Art Collection to celebrate Hispanic Heritage Month, and the New York State chief diversity officer's inaugural Disability Rights and Employment Awareness Month, or DREAM, symposium.

We've prioritized bringing New Yorkers together in as safe a manner as possible, through cultural programs and events, because it is a part of our educational and cultural charge as an agency.

And finally, one of my key priorities for this year has been to strengthen the foundations of OGS, including our people, processes, and technology. We need to hire, recruit, develop and retain the best talent

in order to be successful. We must work efficiently and get the best possible outcomes from our vendors to advance the work of the state. We are focused on helping our customers get better outcomes, whether it's addressing fluctuating fuel costs or constructing a more energy-efficient office.

Providing good customer service is not easy, nor is it a luxury. It requires our team to measure our performance both qualitatively and quantitatively, because you cannot manage what you cannot measure. To that end, we've created new offices for project management and strategy to support our efforts to improve our business systems and track agency performance, in partnership with OGS business units, ITS, project management and technology support teams. I firmly believe that these strategic efforts will help us establish a foundation of transparency, collaboration, responsible stewardship, and consistent project success across OGS.

Thank you for inviting me to provide

testimony today. I now turn it back to Chair Krueger and Chair Weinstein and am looking forward to taking your questions.

CHAIRWOMAN KRUEGER: Thank you very much.

And our last speaker on this panel, Mara Manus, from the New York State Council on the Arts.

NYSCA EXEC. DIR. MANUS: Thank you so much, Chairs Krueger and Weinstein and members of the committee, and welcome to our newly elected legislators.

I am Mara Manus, the executive director of the New York State Council on the Arts, also known as NYSCA. On behalf of our chair, Katherine Nicholls, our council members, our staff, and our vibrant nonprofit arts and culture sector, we are immensely grateful to Governor Hochul and the State Legislature for your historic and unprecedented investment in 2023. We are also grateful for Governor Hochul for an additional suballocation of $100 million in capital. All of this affirms our state as a

global economic leader of arts and culture, and our sector as the number-one driver of tourism to our state.

Arts and culture are an essential part of our economic and human infrastructure. In fact, "We are on the verge of a cultural shift in which arts can deliver potent, accessible, and proven solutions for the well-being of everyone." Communities with strong cultural assets show improved outcomes in education, mental health, public safety, and civic engagement -- all of which continue to play important roles in our state's recovery and overall health.

According to the most recent NEA/BEA report, New York's vast creative economy contributed $126 billion annually, constituted 7 percent of the state's economy, and comprised of over 435,000 workers. NYSCA is currently supporting a creative economy study of nonprofit arts organizations outside of New York City, focusing on the years between 2009 and '19. Ahead of the report's release in the spring of 2023, we are able to

share with you that, one, statewide employment in the arts and culture sector grew almost 30 percent in the decade prior to the pandemic, nearly double the state's overall rate of job growth; and two, that the upstate New York artist/designer population jumped 27 percent over the past decade, outpacing total population growth in nearly every major city in the state.

That said, the COVID-19 pandemic has had a significant impact on the arts, which were one of the first sectors to close and one of the last to reopen. The funding that the Governor and Legislature have provided over the last two years has been critical to the sector's recovery.

NYSCA's primary work is grant making to nonprofit arts and culture organizations and artists. Our funding reaches over 3,000 artists and organizations across all 62 counties of our state. These include the Adirondack Experience in Blue Mountain Lake, which offers 40,000 square feet of cultural exhibitions for over 50,000 visitors

annually; the Everson Museum in Syracuse, the first museum in the world to be designed by I.M. Pei; and Buffalo String Works, a small CBO organization which provides music education to youth from refugee and immigrant communities.

Over the last two years, NYSCA reconceived our application process with one primary goal: to create greater access to our funding while prioritizing eligibility for underrepresented communities and smaller organizations. This was the most significant structural shift to our grant making process in our history. We consolidated 65 funding categories to five, expanded the range of artistic practices, and welcomed new strategic statewide partnerships.

Coupled with our historic funding, the results of these changes have been robust. For FY '23, NYSCA saw an 80 percent increase in applications from FY '21 and funded almost 300 first-time applicants.

It should be noted that small and medium-sized organizations outside of

New York City tend to have less access to consistent institutional funding. We are pleased to share that for FY '23, 52 percent of our direct grantees have organizational budgets under half a million dollars.

Our '23 funding opportunities included regrowth and capacity enhancement grants, support for organizations, support for artists, partnerships and regrants, special opportunities, and capital projects.

For FY '23, NYSCA awarded over 3,600 grants totaling almost $98 million and providing support to 1600 organizations. We also made a significant recommitment to artists, providing support to 426 artists compared to 142 in 2021.

The final round of our grant making, capital projects, will be awarded in March. With this historic level of funding for capital projects, we saw a 48 percent increase in applications over last year. Capital projects create new tourism destinations, and investments in these projects provide exponential return for

organizations and their venues, as well as returns to every Main Street business and worker at hotels, restaurants, and local stores.

NYSCA provided an update on our capital program in December, and I'm pleased to share a summary, which is that we have awarded $50 million in capital to date to 158 projects across all 10 regions of our state. Almost 70 percent of those projects are located outside of New York City.

Examples of these projects include the Caroga Arts Collective, a performing arts center in the Southern Adirondacks, an economically depressed area. This new state-of-the-art venue creates a year-round home for artists and continues to drive Caroga as a cultural destination.

DCTV, in New York City, reopened in September with a new state-of-the-art cinema in a former historic firehouse. It welcomed 2,200 visitors in two months, compared to 1,200 visitors in all of '19.

We are pleased to play a role in the

Buffalo AKG total campus redesign project, which will reopen in May and will be a major economic driver for the region and the state, projected to generate $36 million annually and attract almost 200,000 visitors.

Expansive communications efforts are critical to expanding access to our dollars. And throughout '23, NYSCA reached 6200 individuals through our webinars and virtual office hours, and our webinars continue to be posted on our website, ensuring ongoing access for our field.

We also distributed our '23 grantee lists to all state legislators, and we are deeply appreciative to you and your offices for amplifying the work of our grantees in your districts.

As I have relayed today, the understanding of the impact of arts on our health and well-being has grown immensely. A World Health study from 2019 noted that: "Cognitive stimulation when engaging in the arts ... is not only associated with a lower risk of developing dementia but is also

interrelated with mental illness such as depression."

I'm pleased to share that we are building on our Arts in Corrections partnership, which we began a few years ago with DOCCS, and we are expanding that programming to 10 new adult correctional facilities, which will launch in April.

Thank you again for the opportunity to share the critical impact and vast reach of your historic investment in the arts in New York State. As we have shared, our arts and culture sector is world-renowned and a critical driver for tourism, which fuels our economy and benefits individual health throughout all of life's stages. We are so grateful to the work of our field for delivering such a compelling return on this investment.

And I look forward to your questions.

CHAIRWOMAN KRUEGER: All right. You're giving us back three minutes.

NYSCA EXEC. DIR. MANUS: What's that?

CHAIRWOMAN KRUEGER: You're giving us

back three minutes.

NYSCA EXEC. DIR. MANUS: You got it.

CHAIRWOMAN KRUEGER: You get extra points later. Thank you.

(Laughter.)

CHAIRWOMAN KRUEGER: No, not extra money, sorry, but extra points.

(Laughter.)

CHAIRWOMAN KRUEGER: Our first questioner will be Chair Sean Ryan.

SENATOR RYAN: Thank you, Senator Krueger and Assemblymember Weinstein, for your hard work up to this point.

I have some questions for Commissioner Knight. Thank you for being here today, for your testimony, for your work throughout New York State. You know, you've made yourself apparent and recognizable in regions throughout the state, and we appreciate that. Look forward to working with you to ensure that the state economic development programs are working for the people of New York State.

Each year in New York State we spend billions of dollars on various economic

development programs, you know, all designed to create jobs and revitalize the economy. And I am convinced that we need state-of-the-art programs, and we also need state-of-the-art transparency. So I want to talk about transparency for a minute.

In 2019 the budget included items about something akin to a Database of Deals, and I think your agency calls it the Database of Economic Incentives. And the idea behind this was to make it so there's one easily accessible portal so people can see where economic development money is going to.

I tried to negotiate that database recently myself. It's a little clunky. There's 3200 different incentives listed. Really hard to figure out where you start looking. Some columns contain useful information. Other columns, whether the award went to a private or a public entity, it seems to be entirely blank.

So I have a twofold question for you. Have you tried to use the database, and is it a database in progress or are we there for

completion?

COMMISSIONER KNIGHT: So thank you, Senator, for your question.

We have been working diligently on this Database of Economic Incentives. We have taken the feedback from the Legislature about items that might be included. Because our programs are so broad and wide and varied, it requires us to have many fields for the projects. We've just increased the number of fields from 26 to 52. That can be a little challenging to get around, but it has all of the information that it has been indicated that people are seeking.

And so it is an iterative process. We continue to make refinements. We continue to add projects, projects that are also outside of ESD's portfolio. And so it is something that we will try to continue to work on to make sure that it is more navigable by the public.

SENATOR RYAN: That's great. Happy to hear it's an iterative process, and I look forward to looking at new iterations.

Also in the 2022-'23 budget we passed a requirement that ESD come up with an economic -- hire an economic impact firm to look at all the various programs and to provide an analysis on every tax credit, every tax deduction, every tax incentive, and to look at it through what's our return on investment as taxpayers.

Could you give us an idea of where you are in that process and when we should expect a report?

COMMISSIONER KNIGHT: Yes, Senator.

So in the last budget there was a directive for the Department of Tax & Finance to perform a study of our economic development programs. We are working with Tax & Finance to provide the data that they need to perform these studies. We look forward to seeing these studies in 2024 when they are to be delivered.

SENATOR RYAN: And did you hire an outside firm?

COMMISSIONER KNIGHT: The Department of Tax & Finance will be hiring the outside

firm.

SENATOR RYAN: Okay. So it went from you to Taxation, and they're hiring. And do you know if they've hired?

COMMISSIONER KNIGHT: They have.

SENATOR RYAN: Okay. And do you think you'd be able to deliver periodic updates of how far along we are in the process and when in 2024 we should expect this?

COMMISSIONER KNIGHT: We expect to have the report by January 1, 2024. So just at the beginning of next year.

SENATOR RYAN: That's great. That's great. I know that's a a big process, but I'm happy to hear it's going.

I have a question about science in the economy. You know, we have various incentive programs in Empire State Development. We used to have a NYSTAR program that, if my recollection is right, it was once a stand-alone program. Now it's in Empire State Development. And that's a -- I think it was titled the New York State Foundation for Science, Technology and Innovation. Who

runs that within Empire State Development?

COMMISSIONER KNIGHT: That is run by Matt Watson today.

SENATOR RYAN: That's great. And I know that's a very competitive field. You know, I have Roswell Park Cancer Institute in my area and, you know, we go through there and the research doctors are often like NFL quarterbacks on short-term contracts. They're always looking for, you know, the next best deal, and it's hard to keep them.

I know other states have departments just dedicated to this. The state of Texas has a department just dedicated on research universities trying to really acquire federal money. So it is sort of a full-time department only dedicated to bringing federal money into their state research institutions. And if there's state money layered in, it's trying to make sure that that money is -- I'm sorry, that research is then applied into the state economy.

I was wondering if you had any thoughts about NYSTAR, how it's working, and

are we getting a maximum bump out of it?

COMMISSIONER KNIGHT: Sure. I think that we are getting significant benefits from NYSTAR with their -- we provide funding to programs like the Centers of Excellence and Centers of Advanced Technology.

We also have another pool of funding through our Life Sciences Initiative. Some of the research, medical research institutions in Western New York have been able to access funding from that Life Science Initiative.

And so we have several pools of funding to support innovation and technology here in New York State.

We also have put forward this year in the budget a $6 million matching pool for the Small Business Innovation Research and Small Business Research Transfer Technology program, which small businesses seek to get federal dollars and we would provide one-to-one matching for those grant requests.

SENATOR RYAN: So I don't know if that's the same pool of money, but there's

been a $6 million budget request for the last four years, so we've allocated $24 million. But it looks like only 10 million has been spent of that. I don't expect you to have the answer to this, but if you, through your folks, could provide information about where that -- what happened with that $24 million and why only, you know, $10 million is spent. So just give me an update on that.

COMMISSIONER KNIGHT: Yes, I --

SENATOR RYAN: And then the last thing I wanted to talk about is workforce development.

COMMISSIONER KNIGHT: Sure.

SENATOR RYAN: Any time I talk to employers in New York State, they talk about workforce and daycare as their two biggest issues.

So on the workforce front, you know, we put $350 million into the budget last year for the Office of Strategic Workforce Development. That money went a lot of places -- you know, OPWDD, OMH, programs at SUNY/CUNY, a program called the Expansion of

the Alternative Certification Program.

So the question is, you know, where is that money going? And how are we figuring out if that money is actually having an impact on the workforce programs and the workforce problems we have in New York State?

COMMISSIONER KNIGHT: So thank you, Senator, for that question.

Last year $350 million was put forward in the budget for workforce development. $170 million of that was allocated to ESD to stand up its Office of Strategic Workforce Development. We have gotten that office set up and have launched a solicitation for proposals for training. We awarded around -- just recently to six projects training 3,000 individuals, with nearly a hundred business partners. And that funding is intended to be multiyear, so the $170 million is multiyear.

And the $180 million that was allocated were to other state agencies like SUNY, DOL, DOH. And the --

SENATOR RYAN: So that's my question

there, is the money that goes out from ESD to the other agencies. How are we tracking that, and how are we trying to measure its effectiveness?

COMMISSIONER KNIGHT: So we are in the process of developing a centralized database to track key metrics to understand the impact of our workforce development programs.

SENATOR RYAN: Okay, that's great. If you could give me any information you have on that.

And I'll just close with in New York State we have over 500 workforce development programs going on right now. Based on that, you would think we would not have a workforce development problem. So it seems to me what's lacking is a coordinated effort. The programs are in various departments, but there doesn't seem to be anyone holding the conductor's baton to make sure that we're spending that -- those 500 programs are being effective.

And I think it's perhaps a role for ESD to come in to help offer guidance to the

various workforce development programs layered throughout the state.

CHAIRWOMAN KRUEGER: Thank you.

SENATOR RYAN: Thank you very much, and I look forward to continuing the conversation.

CHAIRWOMAN KRUEGER: Thank you very much.

Assembly.

CHAIRWOMAN WEINSTEIN: Before we go to our chairs, I just want to acknowledge that we've been joined by Assemblywoman Fahy, Assemblywoman Shimsky, and Assemblyman Zaccaro.

And now we go for questions to the chair of our Economic Development Committee, Assemblyman Bronson, for 10 minutes.

ASSEMBLYMAN BRONSON: Thank you, Chairs Weinstein and Krueger.

My questioning is going to be with Commissioner Knight. Thank you for being here; really appreciate it.

As you know from our previous conversations over the last two years since

I've taken over as chair of Economic Development, we really have tried to change the focus in two regards. One is when you have economic development, you have to have corresponding workforce development. And I'm very pleased that the Governor in last year's budget proposed the Office of Workforce Development.

The second priority is to make sure that all of the investments -- and we invest billions of dollars every year in economic development -- that those investments result in us moving toward a more equitable and inclusive economy. So in all my lines of questioning, those two things are going to be overarching principles.

So let me follow up with Senator Ryan's questions regarding the Office of Workforce Development. You indicated in your testimony that there were 3,000 trainees and some 100 businesses. My first question is, how were those businesses selected? The second question is, what industries did we cover? And, in your opinion, what were the

strategies used in that approach to move us toward a more inclusive economy?

COMMISSIONER KNIGHT: So I'll start with the types of businesses and jobs that the 3,000 trainees are covering. So as I said, we have six proposals, mostly from not-for-profit institutions that will be providing the training.

You know, one of the key focuses of the office is that we want the training to be driven by the private sector, so we want to respond to private-sector needs so that the training provides opportunity for trainees to be able to go in and hit the ground running.

So we have been able to work with these entities mostly in the area of advanced manufacturing, but we have a number of other areas that we are providing training in.

ASSEMBLYMAN BRONSON: Okay. And you said you worked with nonprofits?

COMMISSIONER KNIGHT: Yes.

ASSEMBLYMAN BRONSON: And how were those nonprofits selected? And also, what was the criteria in selecting the awardees to

those grants?

COMMISSIONER KNIGHT: So the nonprofits are entities that already do workforce development training. And we had a request for proposals process where we, you know, score proposals based on -- relationship with employers is one, because we want to make sure that the training leads to employment opportunities; the experience of the training providers; and whether or not they were proposing wraparound services. Because we know that historically disadvantaged communities have had difficulty accessing employment opportunities due to variables of childcare, transportation and other challenges, so we wanted to see a robust proposal that provided support in those areas.

ASSEMBLYMAN BRONSON: So on those proposals, you know, we know that the Manufacturers Association of Central New York has a wonderful apprenticeship program. Any of these proposals align with existing apprenticeship programs?

COMMISSIONER KNIGHT: I don't know that any of the proposals aligned with apprenticeship programs, but certainly with advanced manufacturing opportunities.

ASSEMBLYMAN BRONSON: Okay, thank you.

COMMISSIONER KNIGHT: And I can come back to you with that answer.

ASSEMBLYMAN BRONSON: The second line of questioning relates to the FAST NY program, the shovel-ready program which we had $200 million last year. I had wished that we would get 500 million. I'd like to push for $500 million for that program. And one of the reasons I'm so supportive of it is because it is aligned to a more equitable and inclusive economy, because it allows localities to select locations, hopefully that may be accessible by public transportation, close to childcare, things of that nature, that a business coming in or expanding may not be focusing on.

So of the $200 million, how much of that has been expended or allocated under that program so far?

COMMISSIONER KNIGHT: So we continue to solicit proposals. I think we're going through one of our last rounds. I believe we've provided over a hundred million dollars in awards, but I can come back to you with the exact number.

ASSEMBLYMAN BRONSON: Okay. And when you get back to me on that, if you could just identify geographic areas where that was allotted, that would be great.

START-UP NY. So your proposal is to rebrand it. Your proposal is to extend it for another five years. I'm not a fan; you know that. I think it creates an uneven playing field both for employers as well as employees. But could you share with us, what's your justification in wanting to -- and let me back up.

I understand that part of it is to make downstate area parameters similar to upstate, and I get that objective. But putting that objective aside, what's the justification of wanting to do another five years of this program? And what has

been the return on investment through the program?

COMMISSIONER KNIGHT: So thank you for that question, Assemblymember.

We know that the START-UP NY, which we would like to move forward calling EPIC, has had some back connotations. But when we look at the investment the state has made in the program, which is $68 million during the life of the program, there have been over 3,000 jobs created and $1.3 billion in economic activity as a result of the program.

Prior to my coming to ESD, I led the Greater Jamaica Development Corporation, and we were the nonprofit partner to York College, which is a CUNY institution. I saw some really neat features related to the program. The business has to provide some kind of proposal nexus to the institution where it wants to locate. And I saw internship opportunities result from companies locating in the START-UP program, faculty research opportunities.

And so if we really lean into those

aspects of the program, I think we can make it one authority you can really appreciate.

ASSEMBLYMAN BRONSON: Okay. We'll have further discussions about that as we go through the budget negotiations.

The next area of questioning is just pretty general. The Center of Excellence and the Centers -- the CATs program, the Centers of Advanced Technology. The budget proposal from the Executive cuts funding to those programs. And similar to what you were just saying about START-UP and the linkages and -- you know, these programs have been very successful in innovation across the state. So wouldn't it make more sense to continue to invest in the programs that really link up universities across the state, instead of cutting dollars to that? How is that consistent with trying to advance our economy?

COMMISSIONER KNIGHT: So we had an increase in the budget for those programs last year. The -- what's proposed this year is returning them to 2021 levels. So not a

significant cut, just we had an increase the year before provided for -- in those programs.

ASSEMBLYMAN BRONSON: But a couple of those programs, the smaller ones, the newer ones, one here in Albany, you know, they really needed that additional money, as did all of them. The one that we have in the University of Rochester in my district, the Rochester Institute of Technology in my district. Those expanded dollars have been well-used. And, you know, there's -- you know, usually we want to spend the money on programs that have a record of success, yet the Governor's proposal is to cut dollars away from them. And so just moving it back to 2021 levels, I didn't hear a justification of why that was necessary.

COMMISSIONER KNIGHT: We just believe that the 2022 levels would be adequate funding.

ASSEMBLYMAN BRONSON: All right. Thank you very much. Appreciate your testimony.

CHAIRWOMAN KRUEGER: Thank you.

Senator Murray, the ranker on the same committee.

SENATOR MURRAY: Thank you, Chairwoman.

And welcome, thank you for testifying today. Commissioner Knight, in your testimony, in your opening statement there was a line that you read that said "Governor Hochul's Executive Budget aims to spur new, inclusive economic development, strengthen our business communities, and help all New Yorkers achieve the New York dream."

So I've talked to quite a few small businesses, and I assure you they were not dreaming of paying the Unemployment Insurance assessment surcharge.

Can we start with why was the decision made not to take advantage of that interest-free window the federal government gave us? We borrowed $9.2 billion. The federal government gave a window, we could pay it back interest-free. The majority of the other states in the country did so. We're one of only seven that didn't. Who

made the decision, and why was that made, to put all of the interest payments now on the backs of New York businesses?

COMMISSIONER KNIGHT: So I know that we have been able to ask for forgiveness for the loan. That was done last year. And I know that the Department of Labor is monitoring the situation.

SENATOR MURRAY: Well, with all due respect, the Department of Labor also basically handed out $11 billion in fraudulent claims, so I don't really have a lot of faith there.

But we had a window, and other states took advantage of it. But we made a conscious decision, now, to hammer every single New York State business. That wasn't their dream. Why did we not -- even if we paid half -- we paid $162 million -- and I keep saying "we" because I'm a small business owner. I got that bill. We paid $162 million in interest last year. We're going to be paying it for at least, what, a decade before we pay it off. Could total

somewhere about three-quarters of a billion, when all is said and done.

Why couldn't the state help?

COMMISSIONER KNIGHT: The state was requesting forgiveness for the loan.

SENATOR MURRAY: The forgiveness was there. It was there for a year. We made the conscious decision to ignore that. The other states took advantage of it. The Governor had, I think at the time, about a $12 billion surplus. She could have paid the whole thing. But even paying a partial would have helped businesses.

Why didn't we? I mean, we can request, and they're laughing because they said "You had your chance." How is that the dream of New York businesses?

COMMISSIONER KNIGHT: We -- we requested forgiveness. And that's what we're monitoring.

SENATOR MURRAY: Okay, so let me ask you this. You were talking about Micron coming.

COMMISSIONER KNIGHT: Yes.

SENATOR MURRAY: Are they going to be paying that? Because I did a little calculation. At 27.6 per employee, it will cost them about 1.38 million per year. Is it easy to attract businesses when they're going to come and have that kind of a burden? I mean, we're competing against other states that didn't do this to business. I would -- I would think that it doesn't exactly make your job easy to attract more businesses.

But are they going to be paying that?

COMMISSIONER KNIGHT: They will be paying whatever is required of them.

SENATOR MURRAY: So they will. So any new business we bring into New York now is automatically saddled with this until it's paid off. Is that correct?

COMMISSIONER KNIGHT: Well, whatever is required of businesses, they will pay.

SENATOR MURRAY: Right, $27.60 per employee. And I've heard the term "death by a thousand cuts" from businesses. We are losing people at an alarming rate. But not just people, we are losing businesses. I

mean, what efforts are we making to stop this outflow of businesses?

COMMISSIONER KNIGHT: We had a $1 billion Small Business Rescue Plan, which we continue to disburse through a number of our programs. As you know, the Legislature helped with the $800 million Small Business Recovery Grant program, which we have been providing support to. We've been able to disburse that fund. We provided support to 41,000 businesses at an average of 18 --

SENATOR MURRAY: Okay, my time is short, so I'm going to -- I'm going to -- thank you, but I'm going to cut you there, just to switch real quickly back over to the START-UP NY and the change now to EPIC.

Do you know much we spent in advertising, promoting START-UP NY over the years? Tax dollars, I might add.

COMMISSIONER KNIGHT: I would have to look at it. I know that happened way before I arrived at ESD. We have not spent any funding while I've been there to promote the program.

SENATOR MURRAY: Well, that's because I believe it was the Cuomo promo at the time.

But now that we're switching it, do you have an estimate on how much we will be spending to promote the new EPIC program?

COMMISSIONER KNIGHT: We will spend no funding to promote the new program. We will use our existing outreach efforts with our REDCs, regional office staff, and ESD staff to promote the program.

SENATOR MURRAY: Okay. Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Stirpe, chair of our Small Business Committee.

ASSEMBLYMAN STIRPE: Thank you.

Commissioner, I'm going to go back to the Centers of Excellence. You know, my colleague Harry Bronson talked about it a little bit. But the disturbing fact for me is this is probably the third time I've come back on this, and knowing that the return on

investment for Centers of Excellence is 24-to-1 or more.

And you have programs like START-UP where I'm sure that the return on investment is not 24-to-1 or more. And yet we struggle to keep that alive while we're cutting Centers of Excellence. And I still can't wrap my head around it, as a former businessman who, when you have something that's successful, you seem to invest more in it in order to get more return. But we seem to not follow that same strategy, for some reason.

And let me just ask you, the Center of Excellence for Healthy Water, the collaboration between SUNY ESF and Clarkson. Last year we plussed them up to a million dollars. They were very excited. The money is just being disbursed now. But they're working on some projects that are -- I call urgent. You know, the state knows a lot about PFAS problems, and four companies have been created through that Center of Excellence that are working on this problem.

And they have solutions, much less expensive than what people are doing now.

We also are working on algal blooms in seemingly all of our lakes. And there are two companies working on that issue.

So the fact that we only want to spend $375,000, and I don't know how many millions of dollars we'll try to spend to solve those two issues, it would seem that you could put a lot more money in that particular Center of Excellence.

I mean, are we keeping track of what these Centers of Excellence and CATs are working on so we know what's the most important thing?

COMMISSIONER KNIGHT: Thank you. We have -- we definitely keep track of what's happening in the Centers of Excellence.

We have other programs that businesses who are working on emerging technology can take advantage of. And we are always putting the Centers of Excellence and those businesses in touch with our other programs so they can take advantage of accessing

funding for those.

ASSEMBLYMAN STIRPE: Okay. All right. Well, that's good. But I hope before the process of the budget is completed at the end of March that we have decided to go ahead and, you know, invest more money in our successful programs.

Some of the other things -- you know, we talked about workforce. Everybody talks about workforce. And I think it was great, especially last year, the $350 million. And I thought it was wise that we're using some economic development money for childcare, different childcare programs. And we've talked about this before.

There's the issue of lack of workforce. One other thing I recommended and I thought could be helpful is investing some economic development money in adult literacy. We have lots of immigrants, refugees that have entered our state. You know, it's hard for them to go ahead and get a job without a certain level of literacy. But even at the lower-level positions -- which seemed, you

know, throughout the pandemic people have left those positions and moved up to better-paying positions -- they could at least fill those if they could read and write in English.

So again, I'd recommend taking a look at these adult literacy programs, which never get funded to the level they need to be. There's always waiting lists in every region of the state. So I hope you'll take a look at that.

Let's see. Semiconductors. I was the lucky winner in the $100 billion Micron agreement. It's in my district. And I'm very grateful for that. I have a lot of people asking me a lot of questions about it. You know, certainly they hear about different high-tech companies, including Micron, laying off employees and how that will affect our program and, you know, like that. I try to assure them that by the time we are built and in production, things will have changed quite a bit. Plus the fact that we'll be building next-generation type of products, not the

legacy products they produce now.

But the one area which I can't answer any questions yet is about the sustainability side of the agreement. And what does it really mean? What happens if they don't meet those goals? And can you tell me a little bit about that?

COMMISSIONER KNIGHT: So thank you, Assemblyman.

So we -- we're very excited to attract Micron to your district. And a big part of the negotiations were around sustainability and Micron putting together a sustainability plan.

Kevin Younis, chief operating officer of ESD, was very involved in the project, and I'll let him talk a little bit about the sustainability plans that we have for the project.

ESD COO YOUNIS: Thanks, Hope.

Thanks, Assemblyman. How are you?

ASSEMBLYMAN STIRPE: Welcome.

ESD COO YOUNIS: Yeah, so as you know, first and foremost, the program is an

economic development program. Right? It's about bringing those jobs and that investment to New York.

But, you know, in the context of the CLCPA and greenhouse gas emissions, we do require them to have sustainability goals. It is -- it will be part of their commitment to New York. It will be -- the receipt of those enhanced benefits will be contingent upon meeting those commitments. So 100 percent renewable electricity, greenhouse gas emissions, I think LEAD certification, a goal they're -- higher for all of their buildings. We're working really closely with NYSERDA and with our colleagues at DEC to -- you know, even from today, from construction, that they're using every appropriate effort to reduce greenhouse gas emissions. So that's electric vehicles, that is the type of cement they might be using.

So we're meeting with them almost daily, with our colleagues throughout the state. So --

ASSEMBLYMAN STIRPE: Can I ask you --

I mean, the amount of energy that's required for these facilities is enormous. And I guess the fear that most people have is that if they get all the green energy that's being produced in the area, that will take it away from other businesses, residential homes.

You know, do we -- do we see, you know, in the future a plan that shows for a certain amount of green energy coming online continuously as we go through this process, that's going to be able to feed everybody that wants to use that?

ESD COO YOUNIS: So I guess the larger CLCPA goals require 100 percent renewable electricity for the state's entire use by 2040, I believe. And what's interesting about a company like Micron and their commitments to sustainability is they create a demand. Right? They have a commitment to us and to their customers and to their shareholders for 100 percent renewables.

So imagine, you know, it's a real driver for folks to invest in the renewable energy production.

ASSEMBLYMAN STIRPE: Okay, thank you.

One quick question, Council on the Arts Director Manus. I sort of entered the Marketplace of the Arts a little more than a year ago trying to help get a few things going -- a couple of festivals and stuff -- and it was like walking into Lord of the Flies. I mean, there are people in each region that don't play well together, actually hate each other, et cetera. And I'm afraid sometimes the funding goes to duplicative type of festivals and things.

Is there any way that there can be some oversight regionally to make sure that we get more of a balance of events, festivals, programs, things like that, so people, you know, aren't fighting amongst themselves for the little bit of money, in their minds, that ends up being provided by the Council on the Arts?

NYSCA EXEC. DIR. MANUS: Sure. Thank you so much for that question.

And by the way, please direct any of your constituents to our offices. We're

happy to talk out and talk through any of their challenges in applying for funding from NYSCA.

That said, I just wanted to once again highlight the fact that we did completely overhaul our grantee -- our grant application process a couple of years ago to create greater access for everyone to apply. And so -- and that included changing out the technology, bringing in SmartSimple, which is used by other state arts agencies across the country, literally taking our application down to like three pages.

So the goal is continuing to create opportunity for new grantees to enter our funding pool, and this year --

CHAIRWOMAN KRUEGER: Thank you, I'm going to cut you off there and you can follow up with the Assemblyman afterwards.

ASSEMBLYMAN STIRPE: Thank you very much.

NYSCA EXEC. DIR. MANUS: Can I just finish? We had 300 new grantees this year. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

UNIDENTIFIED PANELIST: You don't get that 2 minutes back.

(Laughter.)

CHAIRWOMAN KRUEGER: No, you don't get it back.

Just so everybody does understand, there's a one-minute warning that beeps and the yellow light goes on, for those who are looking at the clocks. And that means there's one minute left, in total, for the question and the answer.

So some of my colleagues love to get to the 3-second mark and throw in a new question. It doesn't work, because you can't get an answer.

So I want everybody to understand that that time clock is both for the questions and the answers. So really we're making it unfair for you at the table when we suddenly throw in another question when you can't possibly answer it in time. So this is really addressed to my colleagues. Thank you.

Oh, and we do have a gavel. We haven't used it yet. And we're still not sure whether we're supposed to go hit the person or hit the table.

(Laughter.)

CHAIRWOMAN KRUEGER: But we have a gavel. I'm just letting you know.

We're not really violent women, are we?

CHAIRWOMAN WEINSTEIN: Just want to introduce -- we've been joined by Assemblyman Colton and Assemblyman O'Donnell, chair of our Tourism Committee.

Now to the Senate.

CHAIRWOMAN KRUEGER: Thank you. And we're now going to Senator Jeremy Cooney, who is chair of the new Procurement -- and he will say the rest of the name of the committee, because I'm not sure. Thank you.

Ten minutes for Jeremy. Oh, and we have to give him a chair. Thank you.

SENATOR COONEY: We have a mic issue here. There we go. There we go. We got it all figured out.

Thank you, Chair Krueger. And great to see everyone here today, and appreciate your comments.

Let me start in my capacity as the chair of Procurement and Contracts, start with my friend Commissioner Moy. And let me commend you for the work that you're doing to modernize and bring us up to the 21st century when it comes to how we get our contracts, interact with our vendors across the State of New York. I think you mentioned in your opening remarks that this is the -- we're one of the last states to get there. So thank you for helping to lead us over the finish line.

And I also want to just highlight the work that you're doing around our veterans, and I want to thank you and hope that we can work together this coming year on how to expand that designation across the State of New York.

My comments are both to ESD and to NYSCA. I'll start with you, Commissioner, and Kevin if appropriate. Let me echo the

comments of my colleague and Rochester friend. Assemblymember Bronson, Chair Bronson, brought up the fact that we were disappointed that we didn't see more investment in the shovel-ready program. Let me just reemphasize how important that is, especially to communities across upstate New York. You know, I previously served as the chair of Cities 2 in the Senate, which visited small and midsized cities across our state. Many of whom are ready to kind of take that next step with their megasite development to hopefully, you know, attract companies -- maybe not as large as Micron in Clay -- but certainly be ready for the opportunities. And being competitive means being ready for that negotiation. And so I think that's incredibly important. I know we're going to hear from folks later today about the importance of that program as well.

Let me also say that I do think I'm very proud, as Assemblyman Stirpe said, about the Green CHIPS bill. And it's a huge win for our state. Let me commend you at ESD, of

course, and Governor Hochul. But there's an opportunity to kind of think about what that next step is.

As we're seeing the success of Micron and the excitement, there are more opportunities coming to communities outside of Syracuse to take advantage, whether we're talking about supply chain or whether we're talking about other aspects of manufacturing and packaging. And I think we're going to be putting together some legislation where we'll work closely with you at ESD about how we can attract those types of businesses like we're seeing in my neck of the woods in Batavia and STAMP. In Genesee County, we're very pleased with Edwards Vacuum. But I think that's just the beginning, and there's more companies across the state that are looking for that investment to help grow. And those, of course, are job-creation opportunities.

It's been mentioned before over the course of this week, especially in our public safety hearing, that there's a direct relationship between economic opportunity and

public safety. And we know that far too often our residents who live in these small and midsized cities outside of the City of New York don't often get the opportunities to get these good-paying jobs because oftentimes they're locating in rural parks because of the site-readiness that we've talked about before.

And so we want to be more intentional about creating opportunities for those living in the cities to access these types of jobs, many of which are paying well beyond their current earnings for their families. So as a strategy to reduce poverty and to increase public safety across our state, investment in these types of opportunities is going to be critical. And I thank you for your partnership and work in that.

Let me turn to NYSCA and Director Manus. Thank you for your leadership. Your comments were great and encouraging. I would say, in just picking up the mantle from my colleague, it is a little bit like Lord of the Flies. And let me -- let me blow into

the conch for you.

(Laughter.)

SENATOR COONEY: I think that we have good intentions and we have good opportunities. That modernization of the grant portal is huge. We're hearing direct feedback. As someone who sits on the Cultural Affairs Committee in the Senate, I've been very pleased to hear firsthand from a lot of our grantees and recipients in the Finger Lakes region. But we're not getting the money out fast enough. And, you know, we've got to figure out a better way to do that.

It's my understanding that the Senate and Assembly made a legislative add last year to add $10 million in new funding for upstate arts organizations, organizations outside of the City of New York, which have disproportionately been invested in over the course of years. But my understanding is that money may have just gone out as recently as last week. I'm wondering why it took so long after the allocation last year for it to

actually be disbursed to the first round of recipients.

NYSCA EXEC. DIR. MANUS: Sure. Thank you so much for that question.

So all of those contracts start in January 2023. We are not -- our agency cannot start processing anything or even request those funds until the beginning of January. So I think it's something that probably we need to address with our recipients. They get award letters starting in early fall and -- but again, we cannot start putting money into the field until -- we can't start even processing those contracts until January.

So here we are in February. I'm happy to share that 78 percent of our grants, the small grants, our $10,000 and less grants, have been already paid out as of this date. And we are working as quickly as we can to move the rest of those contracts.

I will also let you know that depending on the size of the grant -- so if it's over $50,000, that also entails a

process that includes AG and OSC, and so -- which can add a number of weeks until it gets back to finance for payout.

SENATOR COONEY: Understood. And I think, you know, if there's -- we can have this conversation offline if there are resources that NYSCA needs, whether it's more reviewers or just a little bit of help to make sure that our partners in government are coordinating this, we certainly are willing to do that.

But I do think that, you know, this time frame for getting money out the door, even if it was communicated for January 2023, is still alarming, because people are, as you know better than me, a lot of these organizations are so dependent on funding, especially these smaller type organizations.

One of the goals that we had when we added this funding -- and that I spoke to Chair Serrano about -- was making sure that different types of organizations would be give the opportunity to get this funding. And I want to speak very clearly for at least

my neck of the woods, in the Rochester area: Arts organizations, many artists of color, are clearly just missing the opportunities. Maybe they don't know about it or they're not eligible to apply for some reason because of their size and scope, they don't have a paid lobbyist looking for these opportunities.

And so we want to make sure that these types of organizations -- not necessarily the large institutions or even the midsize institutions -- are getting an opportunity to access these dollars. Because we know the value that the arts have, not only on economic development, certainly, but also in just the quality of life across New York.

I'll also add that I think this opportunity, if we're able to restore it in the budget for next year, maybe we can work with your office to kind of put some guardrails, if you will, in kind of how this money could be steered or what some preferences might be as you go through your review process, so that we're getting this money directly into the hands of these

organizations that may not know about it or may have not received funding in the past from NYSCA.

I know that you already have a regional approach, and I applaud that. But I do think that we can improve that process.

And I'll also say, as we're talking about the arts -- and we're going to hear from some speakers later today -- let me say in front of all my colleagues how supportive I am of our upstate theaters, especially our historic theaters, which are the lifeblood for many of downtown communities. Again, putting my arts hat on and my upstate cities hat on, I see that a lot of these theaters were able to survive the pandemic, but barely. And finding ways to make not just capital but also operational investments in these theaters is going to be critical, not only to the health of the arts, but also our urban centers outside of New York City. So just wanted to emphasize that while I had your attention.

NYSCA EXEC. DIR. MANUS: Yeah, no,

thank you so much. And look forward to working with your office to bring our funding to the attention of -- the opportunity for it to many more organizations.

I just want to let you know that this year we made 507 grants to organizations with budgets under $250,000. So -- and 82 percent of our grants are to organizations with, as I said, $3 million. But we really -- I mean, the majority of our funding is really still directed at very small and medium-sized organizations across our state. And as you said, we do prioritize regional distribution.

SENATOR COONEY: Yes, and I think that's great. And I know that with the additional money put into arts capital, a lot of that was going to that larger-sized institutional dollars -- and that's where the need is, obviously, with capital. But I think there's ways that we can improve still those small individual artists who may not have an organization but could work collaboratively with an organization. I'm talking about teaching artists or working

with local community foundations -- ways that we can empower those individual artists to stay and thrive in New York State.

Be happy to follow up with you offline, and I'll be mindful of my time and leave it back to the chair. Thank you.

NYSCA EXEC. DIR. MANUS: Look forward to that. Thank you so much.

SENATOR COONEY: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman O'Donnell, chair of our Tourism Committee, for 10 minutes.

ASSEMBLYMAN O'DONNELL: Good morning, and I apologize for being late. All the lights in my car started to flash like a Christmas tree. I'm not sure what that's about, but I got here.

When we began session this year we had a minister, a woman minister, lead a prayer, and one of the things that she said to us was that budgets are moral documents. So

Ms. Knight, I'd like to ask you first whether or not this budget that you're presenting today reflects your morals. Because I want to be very clear, it does not reflect mine.

COMMISSIONER KNIGHT: Yes, Assemblymember, it does.

ASSEMBLYMAN O'DONNELL: Okay. So in the end of your testimony -- I didn't hear it, I just read it, I read quickly -- you talk about tax credits. And the interesting thing about tax credits is they're only useful for people who pay taxes. Right?

So the arts budget is criminal, it's criminal, the amount of money. It's the lowest art proposal since the 1960s. Really?

And it defies credibility that you could count on an entity that is such an economic engine in the State of New York to continue to try to recover unless you provide them with the resources to do that. Giving a tax-exempt organization the impossibility of applying for a tax credit gets them nothing. What do you have to say about that?

COMMISSIONER KNIGHT: Assemblymember,

we clearly understand at ESD the role that the arts play in economic development. We focus on providing support to entities that are supporting tourism through Broadway and other performing entertainment industries.

We do not focus on supporting arts organizations at ESD. NYSCA is the entity that supports those groups.

ASSEMBLYMAN O'DONNELL: Yes, I'm very aware of that.

Ms. Manus, can I ask you a question? Is it even possible for you to do your job with this level of funding?

NYSCA EXEC. DIR. MANUS: I would say that NYSCA does its best, the best that we can with the funding that we're given on a yearly basis. It is true that the COVID -- I mean, we have a survey that just closed on Monday with some very timely data about the impact of COVID on our arts sector. And there is -- you know, it's clear that basically the headlines are that we have decreased audiences, decreased revenue, and dramatically increased operating costs. And

for a sector that returns so much to the state in terms of economic development, obviously more investment would be -- would have further return.

ASSEMBLYMAN O'DONNELL: So the record is clear, I have family members who produce for-profit theater on Broadway, so I'm familiar with that entity entirely. But that's not the sort of work that you promote, correct?

NYSCA EXEC. DIR. MANUS: So any investment -- you know, I think we have to think about this -- or what we know about theater is basically it's one ecosystem, right? So there's a lot of fluidity in terms of the workers and the work between the nonprofit theater community as well as Broadway. So investment in Broadway is still investment in supporting the creative workers and the artists in our field. However and still we need to recognize the fact that the origination of work, some of the hit shows that have gone on Broadway, like Hadestown, Dear Evan Hansen, Hamilton, all originated in

nonprofit theaters. And also that most of the artists and even creative workers on Broadway have started their careers and work interchangeably between the off-Broadway theaters and Broadway.

ASSEMBLYMAN O'DONNELL: If New York is to remain the capital of arts in America, how can we do that without supporting the non-for-profit companies that are creating that art? Kimberly Akimbo, A Strange Loop, Hamilton, all of those things did not start in the for-profit Broadway theater. They started with creative people who came to New York to have a chance to do that, and obviously it's an expensive city to live in. But they come with the dream that maybe one day they're going to write the next Hamilton.

So without that funding to provide the support for the creation of those pieces of art, won't that in the long run hurt and destroy Broadway?

NYSCA EXEC. DIR. MANUS: I think it will definitely have impact, for all the reasons that you're stating.

I think that we also have to recognize the fact that COVID has -- when we talk about recovery of audiences, our conversations with the theater, any of the organizations in the performing arts, is that audiences may not be coming back in the way that they were in 2019, because of the way that we now work and live. And so the -- so we are now thinking that -- we're now having to support and think about supporting really a pivot to a completely different paradigm, or a different paradigm for many performing arts organizations and museums as well. How can they monetize a hybrid structure which was started under COVID, and now may not be as formally in place, but is certainly now a part of the new norm for the arts?

ASSEMBLYMAN O'DONNELL: And so how do you suggest we plan financially for a new norm in supporting of the arts?

NYSCA EXEC. DIR. MANUS: Well, any dollar invested in the arts is returned to New York State in so many ways. And we are I think recognizing the fact that we are still

in recovery mode, as I have pages and pages of our COVID impact study that I'm happy to share.

And, you know, it -- the numbers are there in black and white and I think we have to be cognizant of the fact that continued investment would result in a more robust industry for all of us.

ASSEMBLYMAN O'DONNELL: One of the frustrations of mine in this job is everybody who comes to see me wants something, and they all feel like they don't get enough. It doesn't make a difference where they are or who they are, but they feel that their group that they represent is not given enough support to do what they do. And that is partially -- has a regional breakdown. Last year at the end of this budget session Westchester came to me and said, We don't get enough. Now, I represent Manhattan, but never heard "We don't have enough in Westchester" before, the sentence. Right? And yet they honestly feel that way. Right?

So how do we as a body make sure that

the resources we put in are balanced in their distribution? Ms. Fahy, sitting to my left, would regularly complain about the fact that not enough money went to the Capital Region. She doesn't complain so much to me anymore; she has other things to do. But she still thinks that, right? And it's a part of human nature.

So how can we make sure that the money we give to grow the arts is distributed fairly?

NYSCA EXEC. DIR. MANUS: Right. Thank you so much. And that continues to be obviously one of our goals in our overhaul of our application process and the outcomes of it.

We -- we should know that we basically -- it's -- our funding breaks down to about 60/40 because of the concentration of arts organizations in New York City. So it's reflective of and on a proportional basis, in terms of our -- the success of our grantees, those that apply to us, they are as successful if not more successful outside of

New York than they are in New York. So I think getting the word out about our funding, our new application process, that we're here for everyone, is critical. And we look to all of your offices to help us in that.

ASSEMBLYMAN O'DONNELL: And most importantly, giving you the adequate funding to do your job would be helpful too, I suppose.

NYSCA EXEC. DIR. MANUS: Thank you.

ASSEMBLYMAN O'DONNELL: You do? Okay.

One last thing. I've always supported tax credits, but under no circumstances will I support tax credits unless this arts budget is restored.

Please send that to the Second Floor. Thank you very much.

CHAIRWOMAN WEINSTEIN: Senate?

CHAIRWOMAN KRUEGER: Thank you.

Senator Serrano.

SENATOR SERRANO: Thank you, Chairs Krueger and Weinstein, to all my colleagues. NYSCA Executive Director Mara Manus, always great to see you. Thank you very much for

being here.

I know I'm preaching to the choir when I talk about how important the arts are to the entire State of New York, how important they are to our society -- certainly not merely a luxury or an aesthetic, but indeed a very important part of the fabric and foundation of our society.

And indeed the trauma that all of us have dealt with through this pandemic, the arts are that good medicine that will help us continue to heal, in so many important and positive ways, as a state.

Also the arts historically have been such an important vehicle for social justice and discussion, in ways that I believe no other medium can get close to. Having important discussions, allowing all of us to move forward on things that we really need to deal with. And sometimes uncomfortable conversations are done in a way with the arts, and in theater or any other type of cultural venue, in ways that are not polarizing, in ways that bring us all

together.

Also it's obvious that the arts are a tremendous economic engine for the State of New York, and not just for New York City. I mean, for many years some thought of the arts in New York State as a very New York City-centric idea. But indeed it is a major economic generator for the entire state. Upstate economies, Western New York, all rely very heavily on a strong and robust arts community and the ability for artists to continue to do the work that they love.

And I would argue that in the worst of economic times it's really the best time to truly support the arts, because of the fact that they are best able to turn around and be that economic generator that we need.

And during the pandemic we heard from more arts organizations than ever before. The pandemic weighed heavily on their ability to keep their doors open, to maintain their staff and to keep them safe. In response, the Legislature and the Governor wisely made over $85 million available, additional

dollars available, in each of the last two budgets. Obviously this was federal pandemic relief, but it was so wonderful to see it go to an area that had such tremendous need.

Unfortunately, in the proposed budget, now we see that the funding has returned to the pre-pandemic levels: I believe 41 million. And I would argue that 20 years ago it should have been higher. And it should have been increasing ever since.

And that leads me to a couple of questions. And you mentioned in your testimony, Executive Director Manus, about an overhaul of the application process for NYSCA to create greater access to dollars and prioritizing and sort of expanding, I guess, the reach of these grants. I think that's such a wonderful -- a wonderful thing, because the more organizations that historically have not been part of this, to become part of it, I think it just expands the good things in different regions throughout the State of New York.

But with this reduction, this proposed

reduction in funding, how will NYSCA be able to move forward with their grants? Because I'm assuming in the last two years there was an increase in the number of applications. And again, how will we able to sort of reconcile the increased interest and desire to access these funds with the lower amount?

NYSCA EXEC. DIR. MANUS: Thank you so much for your questions.

I think the bottom line is we'll try to do our best with what we have. I'm sure that you're aware that we also offer multiyear grants for organizations, and we have a number of organizations -- I can get you that exact number -- on multiyear grants. So one of two, one of three years, and those commitments have been made. Of course they're adjusted, they're subject to adjustment by the budget, the appropriation that we receive. But they -- if we do get lower budgets, that will have an impact on those as well as, as you've mentioned, our goals in trying to expand the field, expand our funding and create greater access to

those who are seeking it.

We do our best every year with what we have. And I commend our incredible staff for figuring out the puzzle on an annual basis. But we -- I mean, as you said, we're so grateful for the last couple of years of funding, recognizing the huge impact on the sector that delivers so much to our state. And, you know, look forward to being able to provide support to them as they come through and even have to reconfigure in response to this COVID -- to the COVID crisis.

SENATOR SERRANO: And a quick follow-up. And I know that you touched upon this in your discussion with Senator Cooney. But how does NYSCA ensure that grantees will receive their money in a timely manner?

NYSCA EXEC. DIR. MANUS: So again, I think there may have been a mis -- or a -- we can probably improve our communications to the field that when we send them a grant award letter, that we also make sure they understand when that -- the contract actually starts. While it does say 2023, people may

expect that on January 1st it's in their bank account, which is something that we cannot actually do within the state processes. We have to actually start processing on our end come January 1st.

But as I mentioned, 78 percent of our grants under $10,000 -- which, by the way, is the majority of our grants that we make -- funding that we -- yeah, the majority of the number of grants we make has gone out as of today.

SENATOR SERRANO: And I know Senator Cooney mentioned about regional arts councils, and I just want to talk a little bit more about that. We've heard some concerns about this funding stream, including payment delays, limitations on award size -- which are often smaller, $5,000 or $10,000 allotments. Could you please lay out a bit of the grant-making process for allocating this 10 million to regional arts councils, describe the types of activities funded and the role that the regional councils have in selecting the grantees, and if there are any

parameters placed on this funding by NYSCA?

NYSCA EXEC. DIR. MANUS: Sure.

So our regional -- it's called SCRs, statewide community regrant programs, administered by 26 across the state. They are our partners in many ways, and we are pleased to be able to continue working with them.

I want to just make this distinction, which is there's a fundamental difference in the award that they give out versus what we give out. So they provide project support. And the majority of that project support, those regrantees, goes to artist fees.

They do not provide organizational support. That is provided by us. And to organizations of all sizes, including those who have $50,000 budgets. So if you are a small organization across the state, you're applying to us for organizational support. Which is one of many reasons that there's a cap on the project support. By the way, the average size grant administered by the SCRs is about $1700, even though their cap is

about $5,000.

And again, these projects are created and developed for -- created by artists, for the most part, and therefore that constitutes the majority of those fees.

SENATOR SERRANO: Okay. Thank you.

I do have a follow-up question, but I think I'll wait for the second round because I'm running short on time, Madam Chair.

CHAIRWOMAN KRUEGER: You only have three minutes on the second round, so think carefully.

SENATOR SERRANO: Okay. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Assemblyman Friend, our ranker, for five minutes.

Just a reminder to the colleagues who aren't sitting by a microphone, that the end seats on both sides of the lower dais are for people who don't have a seat. So that would be the microphone to use.

CHAIRWOMAN KRUEGER: Right. So you'll have to give up your seat if someone else

needs it when they're asking questions. Just letting you know.

ASSEMBLYMAN FRIEND: I'd like to thank Chairs Weinstein and Krueger for allowing me to participate on this panel.

My comments and questions will be directed to ESD. I appreciate -- my first comments can go back to the unemployment insurance, like the previous Senator mentioned. I appreciate that you applied for a waiver, but as we all recently saw, the Comptroller found significant fraud that occurred during those unemployment insurance payments.

On top of that, many of these small businesses didn't have the opportunity to stay open like our big box stores or the liquor stores. And for those reasons, I would think that it would have been nice, like the 31 other states, that we would have used some of that COVID funding to pay down that $8 billion that we currently owe.

At the very least, if you can make a recommendation or the Legislature, in our

budget process, makes the recommendation to at least allow those businesses that were forced to close, given no opportunity to stay open, given no guidance to stay open like Walmart or the liquor stores, if we at least paid off their unemployment insurance because they could not stay open, they could not make any money, they still kept their employees in most cases, trying to go with the PPP and other programs that were out there.

So that would be my recommendation. If you could pass that along, I'd really appreciate that.

I'd like to then move on to the Buffalo Billion. I realize that that was before your time here, and with a previous administration, but it's still something that we're dealing with. And I'm not sure if you might have some updated numbers on employment at the Tesla, the Gigafactory.

COMMISSIONER KNIGHT: Yes, I do. I have visited the Gigafactory at RiverBend, and we have received a report as of the end of last year: Tesla has lived up to its

commitments at that facility with over 1700 people employed through the end of the year, and we also have indication that they have hired another 200 people since that time.

ASSEMBLYMAN FRIEND: That's really encouraging to hear. And do you have any idea if the -- all the equipment that New York State paid for, is that still being used? Or is that sitting mothballed?

COMMISSIONER KNIGHT: So a large amount of that equipment is not being used. And I know that we were in the process of disposing of it.

Kevin, do you have an update?

ESD COO YOUNIS: Sure.

Thanks, Assemblyman. Yes, some of that equipment was ultimately resold because the original tenant, what they were doing was very different, ultimately, than what Tesla was doing. And so the equipment was sold on the market.

ASSEMBLYMAN FRIEND: It was sold?

ESD COO YOUNIS: Yes. Some of it. Some of it. Not all of it.

ASSEMBLYMAN FRIEND: Okay. And --

SENATOR RYAN: I couldn't hear that. Would you mind again?

ESD COO YOUNIS: Some of that equipment was sold that ultimately wasn't used.

ASSEMBLYMAN FRIEND: Okay. So again, my recommendation, with Micron moving into the area, that equipment would be very valuable for other businesses to be able to start up. And again, that would have been a great transfer or even for businesses that collocate there, in conjunction with supporting Micron moving into the state.

So I appreciate your answers on that. And I would like to move to Micron next.

Congratulations on bringing that huge industry to our state. But there definitely are serious issues that we have to talk about. And again, the energy was one of them, the fact that we're -- the CLCPA is going to require 100 percent renewable. I'm really questioning how that's going to happen. I mean, there is nuclear up in

Oswego, and if we add that to the mix, I think that you could support that Micron industry as well as all the other industries that are going to need that intense amount of energy.

But my other question with energy, on the flip side, is the water that they're going to use. When we were considering fracking in New York State, which was very big in the Southern Tier and is no longer allowed, water was one of those major concerns. And we do currently have a permit in Tioga County to allow for a waterless fracking. But you can't do waterless semiconductor chip manufacturing.

And in this instance, is there any processor or what are we looking to do to provide -- make sure that the residents and the other businesses in the Syracuse region are going to have clean, fresh water?

ESD COO YOUNIS: So, you know, one of the reasons that that site was selected was the abundance of water coming out of Oneida Lake and Lake Ontario. And so there is

sufficient water. But the conservation, reuse is absolutely a big part of what their commitments on sustainability will be about.

ASSEMBLYMAN FRIEND: Okay. All right.

I do have other questions as to whether the Comptroller reviewed that report or whether or not there were any hearings before this was announced, because that's similar to what happened with the Buffalo Billion and what we saw happen with the Gigafactory and how long that sat vacant. But my time is up, and I'll have to write and get those questions from you later.

Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Senator Borrello for three minutes.

SENATOR BORRELLO: Thank you. Just a quick comment on the arts. You know, if the Spider-Man musical didn't kill Broadway, I don't think anything can. So I think Broadway will be just fine.

(Laughter.)

SENATOR BORRELLO: But that being

said, my questions are for Commissioner Knight.

First of all, thank you very much for being here. You know that I value what ESD does. As a business owner, you know, this is one of the worst places in the world to do business, certainly the worst place in America to do business. And ESD at least provides a lifeline for some businesses.

With that being said, I have a lot of concerns about this conversion to all electric. You know, one of the biggest victories we've had, in my district especially, was the Great Lakes Cheese Plant. That plant cannot be built without natural gas. What do we say to future Great Lakes Cheese Plants opportunities?

Also, you can't make glass unless you can heat it to 2300 degrees. There is no technology that Corning is aware of to make glass. One of the largest employers and one of the largest philanthropy organizations in New York State.

Steel plants cannot make steel without

natural gas. What is ESD's plan to address the fact that we are not going to -- not only are we not going to be able to attract new businesses, but we are going to chase out some of the largest employers in New York State with this conversion to electric.

COMMISSIONER KNIGHT: So thank you for your question, Senator.

I was a member of the CLCPA, and I feel like I was able to bring a business/industries perspective to the group. DEC and NYSERDA are proposing a cap and invest program, and we're looking at providing allowances to businesses that are energy-intensive-trade exposed, as the ones that you have just mentioned, to be able to create a timeline so that this is a gradual introduction of renewable energy to these businesses that you cite.

SENATOR BORRELLO: But here's the problem. You know, this whole cap and invest is really just a Hunger Games, right, because it's going to continue to decrease. That means the biggest corporations are going to

be able to buy those credits, and the smaller businesses, the smaller manufacturers, are just going to be forced out. And in the end, we're not going to really have any impact on climate change because those businesses are just going to relocate -- in most cases, probably right across the border in Pennsylvania, in my district, where I border Pennsylvania for more than 100 miles.

So what's the long-term plan, if the technology doesn't exist, to ensure especially our small businesses and our small manufacturers can survive with this, you know, ridiculous idea?

COMMISSIONER KNIGHT: I think ESD will have a voice in the crafting of the program with respect to creating allowances, so that small businesses do have the opportunity, when the supply is available, for renewable energy for their businesses.

SENATOR BORRELLO: Well, I have a lot of concerns, because according to the businesses -- I know we've mostly taken this from environmentalists, but according to the

businesses, the technology just doesn't exist and isn't going to.

So that's going to be a huge challenge for you and for all of New York State. So thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Assemblyman McGowan, ranker, five minutes.

ASSEMBLYMAN McGOWAN: Good morning.

So I guess my questions are for Commissioner Knight and Commissioner Moy. I'm really going to share with you generally my concern, and if I could hear your responses.

You know, small business in New York State -- I think wherever you live, whether it's the city, a rural area or a suburban area like Rockland County, where I represent, small businesses are so vital to the services they provide to residents, the economic impact to the local community. So we can't overstate that.

But as my colleagues have shared concern of the issue of outmigration of

individuals leaving the state, but it's also of businesses either shutting down or closing. And we're coming -- we're coming out of the pandemic, we're coming to a place where we want businesses to thrive -- you know, large business but especially small business to thrive.

So I want to know from ESD and OGS what's being done -- how does this budget affect kind of the outreach to these small businesses, retention efforts, to help struggling businesses, to allow them opportunities for grants or incentives or different programs that could aid them? Are things being done or contemplated through this budget -- outreach to local business associations, chambers of commerce, things like that. And that's really kind of my focus, and I'd love to hear your response and specifically how this budget affects that.

COMMISSIONER KNIGHT: So I'll start.

We have a number of programs available at ESD for small businesses, almost a dozen capital access programs. And I have flyers

you can bring to your constituents to see what are the programs that we provide.

We also have -- are working with the Department of Labor on a Business Express platform that will update the existing website to create more information for technical assistance and support for businesses, and staff a 24/7 hotline so that owners that don't want to go to a website can actually pick up the phone and call someone and get assistance.

ASSEMBLYMAN McGOWAN: So those programs, is there active outreach, though? I mean, is there outreach to -- like I mentioned, like a local chamber of commerce or a business association, to again, either electronically or in person, to let them know that, hey, if you know about a struggling business -- you know, again, that might be something that's not directly accessible to your agency or to the state but would probably be known by the local business community. Is there active outreach to those folks?

COMMISSIONER KNIGHT: There is active outreach to chambers of commerce, other business associations. We also have active outreach to the Legislature and your offices, and we provide, you know, social media, internet tiles so that you can get the word out to your constituents that own businesses.

ASSEMBLYMAN McGOWAN: And does this budget support that? Is there a decrease, is there an increase? I mean, is it the same? Are we able to do that with this budget, is I guess my question.

COMMISSIONER KNIGHT: We're able to do that with this budget. That is part of the work that we do on a normal course of business, and so we are able to support it with this budget.

ASSEMBLYMAN McGOWAN: Okay. Thank you, Commissioner.

Commissioner Moy?

OGS COMMISSIONER MOY: Absolutely.

(Discussion off the record.)

ASSEMBLYMAN McGOWAN: Yes, thank you.

OGS COMMISSIONER MOY: Wonderful. So

two things to note. One is part of OGS is our Service Disabled Veteran Owned Business program, so we do certifications for service-disabled veterans. And this is one of the items I was speaking with Senator Cooney about. We do a significant amount of outreach, reminding individuals that you can be a part of this program.

We also oversee the centralized contracts on behalf of the state. They're a $30 billion worth of spend that happens through our contracting process.

And it's important for businesses to be able to know how to do business with the state. It's one of the reasons why we're thrilled that the Executive Budget includes an e-procurement methodology. We're looking to upgrade our systems so it's easy for individuals to be able to identify opportunities that happen with the state, know when contracts expire, know when they have the opportunity to respond to an RFP and become a vendor.

So certainly outreach is an important

part of that work so that when those businesses have an opportunity to be competitive, that they know how to quickly get on board to find the opportunity and be competitive. And that's one of the great things about this Executive Budget, is we take on what is a difficult and antiquated process and we'll be modernizing it through this year's Executive Budget.

ASSEMBLYMAN McGOWAN: And you mentioned that in your operating statement, talking about, you know, digital media services connecting state agencies and advancing such as the infrastructure; your procurement efforts and everything.

So is that something that through this budget is going to be accomplished in this -- over the next year? Is it going -- what's the rollout for that implementation and, I guess, revitalizing or upgrading your systems?

OGS COMMISSIONER MOY: Oh, that's a great question.

So our Digital Media Services Center

is a shared service where we provide support for other agencies who are building their own digital campaigns, who are looking at their online properties. Our goal is to take on these projects and support agencies to better connect. So happy to speak with you further about that offline.

ASSEMBLYMAN McGOWAN: Thank you so much.

OGS COMMISSIONER MOY: Thank you very much, Assemblymember.

CHAIRWOMAN KRUEGER: Thank you.

CHAIRWOMAN WEINSTEIN: Senate?

CHAIRWOMAN KRUEGER: Senator John Liu.

SENATOR LIU: Thank you very much, Madam Chair.

I want to thank the entire panel for joining us this morning. And I want to -- I just wanted to ask Commissioner Knight a couple of questions.

Remember a year ago when I congratulated you, I gave you my condolences. Are you feeling it now?

COMMISSIONER KNIGHT: No.

SENATOR LIU: You're still excited, okay.

(Laughter.)

SENATOR LIU: You know, Assemblymember Friend just asked you about both Micron as well as the Buffalo Billion. So is Tesla completely out of the picture in Buffalo?

COMMISSIONER KNIGHT: No. Tesla is in the facility.

SENATOR LIU: So they're still there.

COMMISSIONER KNIGHT: Yes, at the RiverBend facility.

SENATOR LIU: Even though they weren't mentioned as part of that, right?

And what about Panasonic? Are they completely out? I think they had withdrawn.

COMMISSIONER KNIGHT: Panasonic is completely out, yes.

SENATOR LIU: Okay. Last year we talked a little bit about -- and I spoke with your predecessors about the database also. I'm glad to see the database is up and running. You know, our chairman Sean Ryan says that it could use some improvement,

which it could. But at least it's there.

Now, I'm looking for Tesla. It's not even in the database anywhere. Is that -- am I searching for the wrong word?

COMMISSIONER KNIGHT: It is in the database.

SENATOR LIU: I clicked download; I downloaded the whole thing --

ESD COO YOUNIS: If it's not -- so in that case, the funding went to the not-for-profit Fuller Road, and they built the facility. So Tesla --

SENATOR LIU: What's the name of the nonprofit? Does anybody know that there's a nonprofit involved?

ESD COO YOUNIS: Yeah. Yeah.

SENATOR LIU: Really?

ESD COO YOUNIS: Yeah.

SENATOR LIU: Most people think of it as a Tesla deal.

ESD COO YOUNIS: Yeah, Tesla did not receive any support directly. In fact, Tesla wasn't the original tenant. It was a separate tenant.

SENATOR LIU: I also searched Micron. Micron's not in there either.

ESD COO YOUNIS: That hasn't even started yet.

SENATOR LIU: I mean, I just -- I don't know, I guess I'm just super-naive here. When we hear -- when we see huge stories about Micron, about Tesla, about other companies, I would think that a database of deals would at least include a reference. If they didn't actually get the money per se, maybe somehow they're connected to that particular deal that's in the so-called database of deals. Or is that too much to ask?

COMMISSIONER KNIGHT: Well, the Micron project will be in the database of deals.

SENATOR LIU: Oh, so it's not -- it's not started yet, that's why it's not in --

COMMISSIONER KNIGHT: It's not, that's right. It hasn't started yet.

SENATOR LIU: So the database of deals only deals with projects that have already commenced.

COMMISSIONER KNIGHT: Yes.

SENATOR LIU: Okay. Is it too much to ask to have some kind of reference to Tesla?

COMMISSIONER KNIGHT: We can provide you information with --

SENATOR LIU: Well, not me. I mean, I think everybody -- lots of other people want to know too. Maybe include that in the database. And more so, include the names of companies involved in these economic development deals.

CHAIRWOMAN KRUEGER: Thank you, Senator. We're going to cut that off. Sorry.

SENATOR LIU: Thank you. Thanks for not using the gavel on me.

(Laughter.)

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Simone for three minutes.

ASSEMBLYMAN SIMONE: Thank you.

Thank you all for testifying. Thank you, President Knight. This question is for you.

I'd like to ask you about the Penn

Station project. All levels of government agree it's essential that we have a fabulous new Penn Station that we can be proud of. Unfortunately, we do not have a plan that has any unified support right now. Local elected officials oppose the plan, and Senator Schumer has called on the state to compromise. With Vornado having declared it cannot provide funding for years, maybe a decade, the GPP appears dead.

Isn't it time to consider a new approach, put together another state finance plan, in coordination with the federal government, to expedite the Penn project with no dependence on a private developer who is in a fiscal crisis?

Second, why is the project to rebuild the busiest transit hub in the Western Hemisphere not being led by a transit agency?

And last, ESD has ignored the presence of Madison Square Garden, which sits on top of Penn Station. Why has the state not pushed to end MSG's tax abatement of nearly 50 million a year to help fund the

reconstruction, which would massively, massively benefit MSG if it remains in the current location?

COMMISSIONER KNIGHT: So thank you for your questions, Assemblymember.

I'll start with the Penn plan as it stands right now. We are in partnership with the MTA, Amtrak, New York Transit, and we continue to talk to the majority property owner to execute a project pursuant to the GPP. We believe that the value capture scheme is the best way to fund transit improvements. We are working with Amtrak, who is currently undertaking a federal review process, and that process will be over in 2026. And we'll be able to begin working through whether or not there's a southern expansion and work with the developer to get the first several projects up.

ASSEMBLYMAN SIMONE: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

To the Senate.

CHAIRWOMAN KRUEGER: Thank you.

Senator Walczyk.

SENATOR WALCZYK: May I have five? Awesome.

CHAIRWOMAN KRUEGER: Oh, you are a ranker. Yes, you are. Yes, you may.

SENATOR WALCZYK: Thanks, Madam Chair. Appreciate it.

Ms. Manus, why is Hollywood 280 times more important to the Governor than our local and regional tourism systems?

NYSCA EXEC. DIR. MANUS: I think I'll direct that to my colleague Commissioner Knight, since she's --

COMMISSIONER KNIGHT: Film falls under the ESD, yes. So thank you for your question.

The film and television industry is very important to the state's economy. You know, for every dollar of incentive that we provide, we get $9 of economic benefits. And so we're looking to increase the support for the cap on the film and television industry credit so that we can begin to expand the industry, fight off a little bit of the competition that we have from neighboring

states who have been taking some of our productions away over the last two years.

SENATOR WALCZYK: So Hollywood can get reimbursed or get a post-production film credit for up to 25 percent, and the Governor is increasing the fund from $420 million last year to $700 million this year, a $280 million increase.

I appreciate that you brought the nine-to-one ratio here. I don't believe in that return on investment. I haven't seen it, and most of New York doesn't see that. They see the films that are produced, and they may be able to watch them on Netflix, but that doesn't mean they see any benefit in their local communities.

And here's the point that I want to leave you with. At the same time that you're adding $280 million for Hollywood, you've continually reduced, over time, and the Governor is continuing this trend, what is a very small match for local tourism dollars. So we do know this ratio, because counties across New York State leverage what is a very

small amount of the total pot in New York State. And she's reduced, in her budget -- a few years ago there was $5 million for the tourism matching grants program. It was reduced last year to 3.45 million. And this year she's proposing to reduce it again to 2.45 million.

I would just communicate to you that our local tourism dollars do bring a lot by way of sales tax, bed tax. All of the industries, whether it's summer, winter, shoulder -- our communities, many of them across New York State, survive on these tourism industries. And it's a very small amount in comparison to what we're investing in things like Hollywood.

So please send that back to the Governor, and I hope to see it negotiated at the table. And I know my colleagues on both sides of the aisle are hearing me, so I hope they take that back.

My next question is -- you know, in hearing housing issues, many folks have said that nobody should spend more than 30 percent

of their income on housing. Which I can appreciate that we've brought that to the table. How much should New York State spend in GDP on their government? What percentage of New York State's GDP should go to overall government spending?

COMMISSIONER KNIGHT: I have not looked at that, but I can come back to you after taking a look at that.

SENATOR WALCZYK: I would think someone with the title of commissioner of Empire State Development and the Department of Economic Development would give that some consideration, and I would love to hear a good number back from you. Thanks very much.

And then my final one is for OGS. How are you? Prison redevelopment. I didn't see it in your testimony. We have many prisons, and the Governor said she was going to get very creative about redeveloping the prisons that were shuttered recently. Creativity so far has been one visit to each one of the prisons, and then we had to beg just to keep the heat on.

What is the plan for prison redevelopment?

OGS COMMISSIONER MOY: This is something that we work very closely with the Economic Development Corporation on -- sorry, Empire State Development Corporation.

The role for OGS and what we've been doing, we are -- we do the design and construction work on behalf of the Department of Corrections and Community Supervision. We have made some recommendations about how to maintain the facilities and how best to transfer them over. It's been a very collaborative process to identify ways in which we can look towards reuse of those buildings and adaptive reuse. A lot of our recommendations as a part of that commission related to understanding infrastructure, sharing that information with developers, making sure that it's easily discoverable, and smoothening over that transition. That was OGS's role.

SENATOR WALCZYK: What's the dollar amount that the Governor has proposed in this

year for prison redevelopment?

OGS COMMISSIONER MOY: I will have to --

COMMISSIONER KNIGHT: There is not funding in the budget for an amount --

SENATOR WALCZYK: Yeah, I didn't see it either. All right. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you, Madam Chairwoman.

And thank you all for testifying today. And, you know, until Micron puts the foundation in, I still have the largest semiconductor chip plant in North America, and I'm very proud of that. And I appreciate the work that you're doing to grow that industry.

But my question is for Ms. Manus about the arts today. So I note that you are programmed to take a 56 percent cut in the allocation this year. So I'm wondering, in

your testimony you said that you saw a 25 percent increase in applications in fiscal year 2022. And so I'm wondering, of the number of applications you saw last year, what percent were you able to fund with the allocation you received?

NYSCA EXEC. DIR. MANUS: I think I need to revert or look at this large chart that's in front of me and get back to you at the end of this testimony.

But roughly we fund, you know, year over year, rough numbers look like 70 percent-ish?

ASSEMBLYWOMAN WOERNER: About 70 percent. So you've got -- so even with the amount that you received last year, you had about a 30 percent unmet need.

NYSCA EXEC. DIR. MANUS: Correct.

ASSEMBLYWOMAN WOERNER: So with a 56 percent cut this year, have you estimated what your unmet need among all of the statewide arts organizations or arts organizations statewide would be?

NYSCA EXEC. DIR. MANUS: We have not.

But I'm happy to do those calculations and revert with an answer.

I will say that one thing that we've done separate of the years that we received recovery -- because as you know, we've had a pretty steady state budget for a very long time -- is that we raised our floor and dropped our ceiling on our grant sizes. So a lot of organizations used to get much larger grants; they do not. But the small organizations get bigger grants, because that's where we can have the most impact.

ASSEMBLYWOMAN WOERNER: And certainly I have a number of those organizations in my district, and they are -- they and I are very grateful for that level of support and hope that it can continue into the future.

We are not -- we may be through with the most -- the worst of COVID, but I think our arts organizations are still dealing with the impact of that in terms of reduced -- reduced reserves. And so I think we need to continue that.

And I would just -- I would use my

last 38 seconds for OGS. You're doing capital renovation projects, and as a preservationist, I'm really thrilled about that. But I just have to ask, when are the elevators in this building going to get fixed?

(Laughter; applause.)

ASSEMBLYWOMAN WOERNER: And the escalators?

OGS COMMISSIONER MOY: We are -- we are modernizing the elevators. The last one should be coming into production relatively soon; I'll come back to you with an exact date on it.

But it is something where I -- I will make sure you have a date on that execution. I believe it is this year.

ASSEMBLYWOMAN WOERNER: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate.

CHAIRWOMAN KRUEGER: Senator Michele Hinchey.

SENATOR HINCHEY: Thank you. I think we would all love that data, so if you could

provide that to everybody, that would be great.

OGS COMMISSIONER MOY: Absolutely.

SENATOR HINCHEY: My questions are for Commissioner Knight.

Cell service, or lack thereof, is a safety issue. And I would argue it's also an economic development issue. What do you believe is the state's role in ensuring that we have reliable cell service across our state? And what kind of funding should be allocated to that?

COMMISSIONER KNIGHT: So as you know -- thank you for your question -- providers, service providers have different cell coverage areas, and sometimes they don't overlap, which provides gaps in services. And so that's what you're experiencing.

The ConnectALL initiative that ESD is overseeing will be providing municipalities with a cellular 5G Siting Guide to provide more guidance to municipalities and jurisdictions around cell service and working with providers so that we can eliminate many

of those gaps in services.

SENATOR HINCHEY: Thank you. I mean, I represent four counties; one of them is nearly almost an entire country without cellphone service. And so this is something we need to get on pretty quickly. And I appreciate the ConnectALL initiative and look forward to working with you on that.

Which leads me to my next question on ConnectALL. We together allocated $1.5 billion to that ConnectALL initiative, specifically with broadband. Happy to hear it includes cellphone service -- some federal, some state. Can you provide an update on the status of that money? Because I know we've also put parameters in place requiring information to the Legislature every six months when those grants are out, and I don't believe we've heard any update.

COMMISSIONER KNIGHT: So thank you for that question.

We are working with the federal government on the lion's share of the funding, so some of it was ARPA money, some

of it was IIJA, and we expect some of that funding to start to flow at the end of this year.

There was $300 million in the State Budget that we will be using to support projects that don't cover the projects that will be funded by the federal money. We started with a couple of pilot projects in Central New York, working on existing infrastructure, and look forward to rolling out more.

SENATOR HINCHEY: Thank you. I'd be curious how those pilot projects were selected in those communities, whether that's based on the mapping that was done from the PSC or how we got to that place, and making sure that we can also provide more language for last-mile buildout, right, because I think we got pushback from the Second Floor in the budget last year on some of that last-mile buildout, and I would like to ensure that's where the money goes.

In my last 10 seconds I'll just make a statement to I think generally we have a

challenge in our state of getting money out the door. And so I think it's incumbent upon all of us here in the Legislature, the Second Floor, and all of our agencies, to make sure we can actually get the money to the places and the people that we want to allocate it to. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Otis, three minutes.

ASSEMBLYMAN OTIS: Thank you, Chair.

And thank you all three of you for the great work that you and your agencies do.

I am Steve Otis, chair of the Science and Technology Committee, so I'm going to move in semiconductor speed, since I have limited time and two topics I want to hit.

The first, with OGS and Commissioner Moy, yesterday at our hearing on Education and in other -- through other sources we've heard concerns from school districts about their having the bandwidth to do the conversion to electric school buses, a lot of

the electric charging infrastructure on-site that they have to cover.

So I'm wondering with the interagency task force, does that task force that you're part of and the skills that you have, are you already or can OGS play a bigger role in assisting school districts in terms of addressing something they see as an obstacle?

OGS COMMISSIONER MOY: Assemblymember, thank you for that question.

OGS, in our capacity in procurement and in our work in partnership with NYSERDA and NYPA, have been a part of a solicitation for electric school buses. We have gathered feedback from the school districts. We have sent out a solicitation. We've identified 12 electric school bus vendors that are able to provide out those services for purchase.

We are also working to make sure that the right contract methodologies are in place. School districts leverage our contracts very much. And to make sure that the EV equipment and the charging stations are ones they can purchase through our

contracts.

We do actively gather feedback from vendors and from our authorized users on whether or not the contracts are useful, and we'll be looking to see how the feedback is from those that are doing those purchases. Happy to hear more from your constituents as they come up.

ASSEMBLYMAN OTIS: We'll stay connected on that.

And to connection, Hope, I want to talk a little more about the ConnectALL program and agree with Senator Hinchey's comments. But the other piece of ConnectALL is digital inclusion. And so I had a good call with your ConnectALL folks last week, and they're doing a great job.

One thing I would like to stress is for us to grow as quickly as possible the digital inclusion, digital equity work that they are a key part of. You can share any comments or -- we have a little time. But just a priority in terms of the digital literacy and digital equity issues around the

state. What I'd like to see is to find other sources of funding to try and jump-start some of that, and I'm eager to work with you.

COMMISSIONER KNIGHT: Yes, we're going to begin to put together a digital equity plan for the state, really focus on providing devices to folks that don't have access to them, and training so that folks have the ability to use the internet and --

ASSEMBLYMAN OTIS: I would say that the digital equity plan, which is a requirement for some of the federal money, there are other federal funds and other funds we could be using in advance of that to give these programs more of a boost around the state. So we'll continue the conversation.

But thank you for the good work of that office and everyone else at ESD. And our Regional Economic Development Council, I'll just put in a plug for them, they do a great job.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate?

CHAIRWOMAN KRUEGER: Thank you.

Senator Tom O'Mara, five minutes, ranker.

SENATOR O'MARA: Thank you.

Good morning. Thank you for your testimony and presence here today.

President Knight, unless I missed it, I don't see any funding in the budget for the Restore program, is that correct?

COMMISSIONER KNIGHT: That's correct.

SENATOR O'MARA: Why has that been eliminated?

COMMISSIONER KNIGHT: So we had funding for Restore in the last budget, and we are working to solicit requests for that funding from municipalities and jurisdictions, and continue to work through that on a forward basis. So we're working through that funding that was put forward last year.

SENATOR O'MARA: There's a -- are you going to go through all the existing funding before next year?

COMMISSIONER KNIGHT: We have not gone

through all the existing funding at this time.

SENATOR O'MARA: How much is left?

COMMISSIONER KNIGHT: I'd have to get back to you with the number. But I would say less than half.

SENATOR O'MARA: Well, that concerns me. That's been a very important program for communities in rehabbing vacant and abandoned, blighted properties, and it's helped incentivize projects to help improve those types of sites in the state. So I would hope that that could be revisited and make sure that we have sufficient funds to continue to provide for those types of projects.

You know, with all the broad and varied economic development programs we have in the state, what is your focus of your department on the overall affordability of New York State? I'd rather not have to have all these programs. And if New York State was just more affordable from all aspects, we wouldn't need these programs.

So what is being done, or what recommendations are you making to make New York State more affordable?

COMMISSIONER KNIGHT: So we want to make New York State a place where businesses want to locate. And I think that Micron is an example of a company who's decided that, after looking across the United States as well as globally, decided that New York State had all of the assets that it needed to build one of the largest semiconductor facilities in the country.

And so we continue to invest in creating those assets so that we can attract businesses to New York State because we will have the best to offer.

SENATOR O'MARA: Our track record in recent decades, frankly, has been loss of population, loss of businesses. What specific things is New York State Economic Development doing to turn that around?

COMMISSIONER KNIGHT: We have a number of programs to support existing small businesses. From a capital access

perspective, we've expanded our programs in that regard. We believe that we have technical support for businesses. I mentioned that we are expanding our Business Express platform.

So we're trying to provide assets to existing businesses, attracting new businesses to the state with all that we have to offer.

SENATOR O'MARA: Well, it doesn't seem to be working. And by all accounts, you know, we're the most expensive state to do business in, most expensive state to live in. And I really think more focus needs to be given on lowering the everyday cost of living and doing business in New York State, since we're about the highest in every category that I can think of.

You know, it's very concerning to me that -- your answer to Senator Walczyk on prisons. There's no funding in here for the redevelopment of these prisons that have been shut down.

COMMISSIONER KNIGHT: We will be

working on two prisons, Watertown and Downstate, as a result of the Prison Commission Redevelopment Project, and we'll look at how we put those -- our piece for other prisons out on a forward basis.

SENATOR O'MARA: If something comes up for one of these other prisons, what's going to be available to them to help incentivize those projects?

COMMISSIONER KNIGHT: We will be working with our partner agencies in the case that things do come up. Like keeping prisons warm, we've worked with OGS to make sure that these prisons don't deteriorate in existing communities. So we'll be working with our other partners on that.

SENATOR O'MARA: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Jones, three minutes.

ASSEMBLYMAN JONES: Good morning. Can everybody hear me? Because I couldn't hear a darn thing back there for the last hour. We

should shut that speaker off, honestly. It's kind of like a punishment or something, you can hear every fifth word.

But great to be here, great to see you. I'm going to talk about the budget here for a minute, and I'm going to ask all my questions and hopefully you can answer them in three minutes.

Restore NY, I don't see a reapprop for that. It's gone. It's a great program. I have 18 municipalities and organizations right in my district right now that have applications in on it. I understand it's a rolling application. I don't know why we didn't reappropriate for that.

Shovel Ready, Senator Cooney and myself put in that bill last year with the support of Mr. Bronson back there. We wanted 200 -- or we wanted 500 million, we got 200 million. I don't see a reapprop for that. I understand it's been slow getting out, but good program, love to see a reapprop for that.

NYSCA, obviously we need to do

something there.

1.4 billion, I know Senator Hinchey mentioned it, but the ConnectALL, I did not hear the answer. That we appropriated a lot of money last year. We have been doing a pretty good job in the Broadband Program, but I still get calls from my constituents saying they need broadband hookups. This is my seventh year here; I mention it every time.

Thank you for acknowledging that we still have an issue with it, but we have to get that money out the door and really would like to, you know, understand that.

Also mentioned was cellular. Still having huge issues with it upstate. I was actually on the Upstate Cellular Task Force, can you believe that, three years ago. What have we done in this -- now I turn to you. What have we done for the recommendations that came out of that? We worked on it, there was a report that was filed. What are the recommendations that have been implemented that have come out of that?

Thank you.

COMMISSIONER KNIGHT: So thank you for your questions. I'll answer the last one first.

With respect to the Cellular Task Force, we've taken those recommendations and we'll be putting together this 5G Siting Guide for municipalities to create a user-friendly way for municipalities to be able to work with service providers to create more service coverage.

ASSEMBLYMAN JONES: Okay. We're going to have to be very unique about that in the Adirondacks; you know the limitations there. So, I mean, we're going to have to work on that.

What was the -- I guess the idea behind not reappropriating money for these programs that we get interested in and then we just kind of not claw back? And I think they are great programs, I commend you for putting them up there in the first place, but you can't get everybody interested in it and then we don't reappropriate money for it: Shovel Ready and Restore.

COMMISSIONER KNIGHT: Well, we're still working through those programs today, and we're accepting applications and funding, and so we will continue to do that until the funding is exhausted.

ASSEMBLYMAN JONES: Okay. Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate?

CHAIRWOMAN KRUEGER: Thank you.

I think I'm going to take my time as a chair now. I guess these are pretty much all for Hope Knight.

So let's start with where my first colleague started us with the new Database of Deals. And I also took an attempt to look through it and try to understand it. And I'm not the best computer person, I admit. So I'm going to see whether you could possibly get for me -- not now, but after this hearing, and I would share it with everyone -- let me just get the list.

So a summary from your master list of how much in subsidy in total ESD has out there in deals; a master list of all the

programs and what the projects are for. And the status of each project. So just almost like one giant spreadsheet that gave us how much money is out there on the table, where are we in that project, what is it for.

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: Do you have an ability to use that database in that way?

COMMISSIONER KNIGHT: Yes, we can provide that.

CHAIRWOMAN KRUEGER: And you can help us by just giving us -- I'm not even asking for it in paper, because I know it's huge. So just one spreadsheet that does all that --

COMMISSIONER KNIGHT: That we could forward to you.

CHAIRWOMAN KRUEGER: -- that would be very helpful. Thank you.

I think we discussed the -- and that would include the tax incentives that actually go through Tax and Finance, you have that information and that also is on the database?

COMMISSIONER KNIGHT: We have some of

the information, all of the ESD programs in some -- from other agencies.

CHAIRWOMAN KRUEGER: So but not from all the agencies.

COMMISSIONER KNIGHT: Not from all the agencies.

CHAIRWOMAN KRUEGER: Not from all the agencies. Okay, thank you.

My understanding is that there have been two models, historically, with economic development incentives: Projects where the money is given up front -- say that Tesla deal, which I never thought was a very good idea; and then programs where the board doesn't even approve the money until after everything's been completed.

So are we switching now more to we only give the money out when the project has been completed, so that we don't have to deal with those clawbacks that never seem to happen?

COMMISSIONER KNIGHT: So the lion's share of the incentives that we provide at ESD are pay for performance. And so that

would require not really having to have a clawback, because the funding is only provided once the commitment is fulfilled.

CHAIRWOMAN KRUEGER: And that Micron deal that lots of people here seem to be very happy about -- I'm a little nervous, myself, but that's okay -- that will be pay for performance? They actually have to --

COMMISSIONER KNIGHT: That will be pay for performance.

CHAIRWOMAN KRUEGER: -- come here and do what's been announced in order to get any of the incentives.

COMMISSIONER KNIGHT: Job creation, yes.

CHAIRWOMAN KRUEGER: Okay. And so you're not concerned that currently they seem to be seeing their stock plummet and laying off 10 percent of their workforce.

COMMISSIONER KNIGHT: We're not concerned. We understand that the semiconductor industry is very cyclical, and we're at a sort of bottom at the cycle and know that, you know, we'll have a turn up and

that that project will commence and start building in 2024 with commencing operations in 2026. We anticipate that to happen.

CHAIRWOMAN KRUEGER: And the Governor in her budget address, or perhaps her State of the State, or perhaps both, said that this was going to bring in 50,000 jobs?

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: So are you going to be able to give us a breakdown of what and where those jobs are? Because as I understand it, there will obviously be construction jobs to build each plant, but then the plants themselves, once you get them operating, have a tiny crew of people in them. So I can't figure out where we get 50,000 jobs.

COMMISSIONER KNIGHT: So I'll talk a little bit about the 50,000 jobs. That's 50,000 jobs, Micron employees, construction as well as supply chain companies. So we expect to have 9,000 jobs with the Micron plant when it's up and running at the end of the grant period. There will be another sort

of 3-to-1 ratio of supply chain companies that actually work in the plants that run the equipment in the facility. And so we expect, you know, tens of thousands of jobs in the Micron plant, not necessarily being employed by Micron, but supply chain companies also.

CHAIRWOMAN KRUEGER: So will you be able to give us a master list of how you think that will be breaking down?

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: Yes, okay. Thank you. All right, so that's it for Micron for me right now.

Jumping back to the broader question of how we measure economic development subsidies, now that we have a database that will help us track, do we have a standardized cost-benefit analysis on each project that is also available to the public?

COMMISSIONER KNIGHT: When we look at our projects, particularly our tax credit programs, we do run a cost-benefit analysis, and it is included in our materials for our projects.

CHAIRWOMAN KRUEGER: And those materials are available to us where?

COMMISSIONER KNIGHT: So it's usually -- I know it's in the board materials that we bring to the board. I'm not sure it's in the database. We'll check for you.

CHAIRWOMAN KRUEGER: Do you have a projection of -- for your department of what you think is a reasonable amount of public funds to spend to create one new job in private-sector employment?

COMMISSIONER KNIGHT: Well, we believe that if we are able to get more economic and fiscal benefit than we invest, state dollars invested, that is a good economic development program.

CHAIRWOMAN KRUEGER: But there's not a number that, you know, 50,000 is worth it, 300,000 isn't worth it, something like that?

COMMISSIONER KNIGHT: I think we look at it specifically program by program because the metrics don't work, you know, sort of uniformly across all programs.

CHAIRWOMAN KRUEGER: Program by

program meaning area within the economy or a deal?

COMMISSIONER KNIGHT: Like with the Excelsior job tax credit program. You know, a semiconductor project is going to be different than, you know, an advanced manufacturing project. So we have to look at it project by project.

CHAIRWOMAN KRUEGER: And do you have a different number evaluation that you do to keep a job in New York?

COMMISSIONER KNIGHT: So we rarely are incenting pure retention deals in New York City. We provide support for firms that want to expand, but pure retention, we rarely provide support for those kind of projects. Less than 1 percent.

CHAIRWOMAN KRUEGER: Film and tax credit.

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: Historically in your materials to support the film and tax credit you've talked about it creating jobs and economic activity, and yet the materials

this year don't really seem to say that. It's more just sort of keep everybody staying here, but we're doubling the amount of money we're going to provide.

So are we actually, at this point in time, subsidizing the movie and TV industry above and beyond the number of new jobs we're getting?

COMMISSIONER KNIGHT: No. No, Senator, not at all.

You know, the situation that we find ourselves in today is that many of our neighboring states are competing very vigorously with New York for productions. Many of the states that are neighboring us have no cap on their tax credit programs. And so they provide a richer credit with no cap on programs, and we've seen many, many productions leave New York, go to New Jersey. You know, just from a data perspective, New Jersey has seen 300 percent more productions and we've had a decrease of about 25 percent over the last two years.

And so we feel it's an urgent need to

increase our tax credit program as well as the percentage of the tax credit.

CHAIRWOMAN KRUEGER: So this is the first year that you've also proposed a change in the credit that would pay for jobs within the industry in what the terminology is called above the line --

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN KRUEGER: -- so that it would be, you know, paying for part of the salary of Brad Pitt, George Clooney, Jennifer Lawrence, Steven Spielberg as the director.

Do we really need to subsidize people at that level? Why are we doing that? We always said no to that before.

COMMISSIONER KNIGHT: So there again, you know, with respect to intense competition that we have with other states, there are other states that are providing support for above-the-line roles with no cap.

We're presenting a cap at $500,000 for those roles. And just because we want to be competitive against other states who have been taking some of the productions that had

traditionally been here in New York.

CHAIRWOMAN KRUEGER: So I don't have any time left. I'll just point out the reason I was asking about the estimate of what is being spent by us for what jobs, with the film credit we show that there's 57,000 jobs being supported by this.

But we don't know at what cost, when you look at the math at 700 million, and we don't know at what cost for a small project in one of the upstate counties versus the Tesla plant, which apparently has plummeting fewer jobs than we ever imagined they would have.

But we really need, I think, a hard and fast set of numbers that we can look at and hold all the projects up against and ask the really important question: Is this a good use of taxpayers' money? So that's what I'm hoping we can get to for evaluation.

I've gone over my time. Assembly.

CHAIRWOMAN WEINSTEIN: Ranker, Assemblyman Gray, five minutes.

ASSEMBLYMAN GRAY: Thank you, Chairs.

I appreciate it very much.

So I just wanted to double back on the prisons, because I think I heard there was no money allocated this year for prison redevelopment. Is that correct?

COMMISSIONER KNIGHT: So there is no money allocated, but we do have funds that could support redevelopment and maintaining the prisons so that we can look at economic development projects for repurpose.

ASSEMBLYMAN GRAY: Okay. So in my district we have the Psych Center that was vacated back in the eighties and the buildings are still dilapidated, falling down. Is that going to follow the same path as the Psych Center properties -- the prison redevelopment? Or is there concrete plans to actually do something? They're massive buildings, so they're going to be tough to repurpose.

COMMISSIONER KNIGHT: So the subject of the Prison Redevelopment Commission was really around prisons. That was the focus. I know that --

OGS COMMISSIONER MOY: The one thing I would note that was incredibly comprehensive about the work that took place during the Prison Redevelopment Commission is making sure that developers and others who might be interested in the properties have full transparency into the properties themselves.

And that is something that we know that there needs to be transparency about the access to infrastructure, which portions of the sites can be redeveloped, which ones have access to transportation.

And so those are areas in which we spent much of our time making sure that there is a comprehensive plan so that we can move forward and identify how to invest those funds.

I think, to Commissioner Knight's point, it is a priority to identify what are the opportunities with existing pots of dollars in order to look at those areas. But part of our priorities as part of the commission was to make sure, frankly, that we helped to responsibly transfer over these

properties to developers and bring it back to the tax rolls.

I appreciate and I think we all appreciate the perspective that, you know, these prisons -- they are complex properties, to your point. They are all under different and varying degrees of condition, and how quickly they can return back. One of the biggest points of feedback that we've heard from the public has been around, you know, what am I buying if I get into these properties.

And that's why we've been trying to construct more information that provides for better and richer RFPs so that we can bring it back to the tax rolls appropriately.

Not to interject.

ASSEMBLYMAN GRAY: Thank you very much.

And I would just like to echo my colleagues that -- for the Restore NY program to be reinstituted.

Just one final thing. The EV, the move to EV, what's the schedule for that

for -- in terms of the executive branch and the legislative branch?

OGS COMMISSIONER MOY: So the goal is to have the entire 18,000 light-duty vehicles to transition to EV by 2035. And just to add a little bit more color to that, we are in the process of developing a responsible plan for that transition. Certainly when it comes to EV vehicles, one of the priorities is making sure that we have infrastructure to be able to handle that -- the charging.

So we are undergoing a study right now to identify where are the sites where we can locate Level 2 and Level 3 chargers in support of the EV fleet.

As a lot of the industry market studies have come out, they've shown that they believe there will be price parity between the EV vehicle and internal combustion engine for the next five to seven years. Which is why our priority has been getting the infrastructure in place, piloting a number of EV vehicles to make sure that we are buying the right and best ones

for the State of New York.

ASSEMBLYMAN GRAY: Thank you.

You know, I just think it's important that we lead by example in terms of the executive branch and the legislative branch, so -- and as well as lead by example on the properties. Because I notice that you say we're overseeing -- in your testimony, overseeing capital projects responsible for public stewardship, modernizing state office buildings and things like that. But our history has shown that we're not exactly stewards, and you have to look no further than the Psych Center up in Ogdensburg.

OGS COMMISSIONER MOY: I appreciate the feedback. As commissioner, one of my priorities has been to make sure that we are managing both the fleet and buildings. Certainly with our partners in NYSERDA and NYPA and DEC, we know that one of the top contributors to greenhouse gas emissions are buildings and transportation, which is why that's where we're focused at this exact moment in time.

We've had a great track record of the conversion of at least one of our steam chillers here in the Empire State Plaza, which is reducing greenhouse gas emissions. Our goal right now is to create an inventory so we know, in partnership with NYSERDA, where the greatest emitters of greenhouse gases are so we can prioritize them responsibly in the upcoming budgets.

But I do appreciate the feedback. Thank you.

ASSEMBLYMAN GRAY: Thank you very much. I appreciate your time today, and best wishes. Thank you.

OGS COMMISSIONER MOY: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Sean Ryan for his three-minute second round.

SENATOR RYAN: Trying to go lightning round here.

First, I want to thank Assemblymember Woerner for her best questions of the day, the escalator -- elevator question. But add on the escalator to that too, because there's

an escalator that's been defunct for I think a decade. You don't have to answer that now --

OGS COMMISSIONER MOY: Well, I'm happy to answer that now, actually, Senator.

So first, the Elevator 4 is in the process of being repaired. I do have an update on that, I apologize. We were waiting for parts; they were supposed to be in on Thursday. We anticipate that it will be back in service relatively soon so long as there's no additional damage as we install them.

But we do anticipate that we'll be bringing Elevator 4 back.

Insofar as the escalators, so they have been out of service for about a decade. When it was initially assessed, the cost of it was prohibitively high to repair the escalators. The priority was on the elevators to make sure they were in working order. That's where we put in our capital investment. And so there's no plan at this time to restore the escalators.

SENATOR RYAN: It does give an

impression of sort of not being tended to. So I've seen in the past when escalators were not repaired, they boxed them off so it did not look like a broken escalator.

OGS COMMISSIONER MOY: I will take it under advisement.

CHAIRWOMAN KRUEGER: Give Sean a minute back, because he really asked that question on behalf of all of us.

(Laughter.)

OGS COMMISSIONER MOY: I will certainly look at signage and make sure that we can think through other ways of dealing with that out-of-service elevator -- escalator.

SENATOR RYAN: Thank you.

And then going real quick to the arts, you know, thank you for what you've done as the director. I appreciate it. I've seen you all around the state. We appreciate that.

But, you know, just looking at your funding, in '18 you were at 46.9 million; now you're back to just 48 million. Once again,

following up on Assemblywoman Woerner, you know, based on your demand, what do you think your budget should be?

NYSCA EXEC. DIR. MANUS: You know, I have an update for Assemblymember Woerner and for you, actually, about the numbers from the last year. So it was 79 percent that we funded, not 70 percent. So we were able to support more demand.

If we have continued demand, especially in light of the COVID impact, we are going to have to seriously recalibrate our processes and pivot. In terms of -- you know, if we can -- 80 percent or 79 percent, to be able to provide that to the field at this time, it seems like an investment that will pay off in many ways for our economy.

I also wanted to -- there's a question I hope I could answer about our volume and our timely payments. So just for perspective, we're one of the smallest agencies and we move the largest volume of contracts in the state. We have, so this year, 2,000 letter agreements, 1600

contracts.

So we are going to continue to improve our processes, but just wanted to provide some context on that.

SENATOR RYAN: Thank you.

And then back to Commissioner Knight, the question about Restore NY. I believe you testified that about half of last year's budget wasn't spent -- was unspent. But was money from previous years unspent? Is there cash in the drawer for the Restore NY program?

COMMISSIONER KNIGHT: I don't believe there's cash in the drawer for the Restore program. But like I said, we continue to work through the amount that was allocated for last year at this time.

SENATOR RYAN: Do you have applications in that exceed the amount that we budgeted for last year?

COMMISSIONER KNIGHT: Not at this time.

SENATOR RYAN: That's excellent. Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to Assemblywoman Fahy.

ASSEMBLYWOMAN FAHY: Thank you.

And I had to step out for a Majority conference call, so I apologize if I'm repeating a couple of things. But I've got a couple of questions, mostly for OGS, but just want to start with a couple of comments.

Thank you for the responsiveness from each of you. We've had some just terrific recent conversations with ESD and the Governor's office regarding Harriman Campus as we look to redo the Wadsworth public health labs, and appreciate that the Governor's put the funding in for that. And tying that into a redo of the entire campus, which is the worst of 1960s design, has meant a lot, and we truly look forward to working with ESD on that.

As well as the fact that the Nano College is coming back here to Albany, where it originated, so I want to echo some of the

comments of my colleague Al Stirpe and others about a Thruway corridor to making sure we're working with Micron, with SUNY Poly, with the Nano College here, and of course Rochester and Buffalo. So I see it as an entire semiconductor corridor, and welcome ESD's involvement on that as well.

Also want to just share the concerns from my colleagues regarding the UI surtax.

But a couple of questions. One, I represent -- I live here in Albany, represent Albany and surrounding towns. But downtown Albany is still struggling -- not just the arts, which is struggling as well, but also the businesses. Any update, Commissioner, on the -- when workers may be returning?

And then I'm going to get my second question in as well, which is OGS also, on the entire electrification of some of the properties. I know you've been working here in the Capitol, which also ties into the plants at Sheridan Hollow. We've been working with you for a number of years. It had been one of our more environmentally

impacted areas of the city, and it's also one of our most economically disadvantaged. So what we do to electrify the Capitol also impacts Sheridan Hollow where we've had the power plants.

So if you could just give us an update on that and how those plans match the Climate Action Council, Commissioner.

OGS COMMISSIONER MOY: Assemblymember Fahy, thank you for that question. I'm very proud of the work that OGS has done in order to reduce the energy usage here at the Empire State Plaza, as well as to look at generation of power.

I want to walk through a handful of items that were -- that have happened here at the Empire State Chill Plant, which is in the Sheridan Hollow area, as you know. We have installed an on-site electric chiller, which replaces a steam-driven chiller. That has -- by electrifying that one chiller, we have reduced local gas and emissions use at our steam plant by 18 percent. That's real emissions in carbon that's coming out of the

air that is going to be incredibly impactful for local communities. We're very proud of that work.

We have installed LED lighting throughout the entire plaza, which again reduces our energy usage --

ASSEMBLYWOMAN FAHY: I'm about to run out of time, thank you. I'm going to follow up with you, and just want to add the support for the arts funding being restored. Thank you.

Thank you, Chairs. Sorry, Commissioner, want to be sensitive to the time. Thank you.

OGS COMMISSIONER MOY: Absolutely.

CHAIRWOMAN WEINSTEIN: Thank you.

We were joined earlier by two members I believe I neglected to announce. Assemblywoman Lucas joined us, and Assemblyman Brown joined us.

Now to the Senate.

CHAIRWOMAN KRUEGER: Thank you.

Senator Serrano, three-minute second round.

SENATOR SERRANO: Thank you, Madam Chair.

This is for Executive Director Mara Manus.

On the issue of capital grants, it appears in the proposed budget that there's elimination of the 40 million made available last year in capital funding. And we know that during the pandemic the needs for capital were great, with organizations upgrading their ventilation systems, others ADA compliance and other needed projects.

So I just wanted to ask, what is the status of last year's allocation for small and mid-sized capital projects? And, you know, what does the elimination of that funding in the current year, what could that possibly mean?

NYSCA EXEC. DIR. MANUS: Thank you so much. And we are so grateful for the allocation and appropriation for capital over the last few years.

The status of last year's grants is that they've all been fully committed, that

the fund has been fully committed. I'm happy about 70 -- to date, about 70 projects have been completed across the state. And I can give you further detail on that offline.

I would say that what we know is that the majority of our grantees are small organizations with budgets of less than $3 million, and would be -- and those are the ones that would access the small and medium-size fund -- would access that fund for the most part.

As we know, the government is the number-one stop for accessing capital dollars in the arts. The city and the state and the counties are -- the foundations do not have, for the most part, any kind of capital funding to offer. And when you're thinking about individuals, wealthy individuals, they mostly accrue to the largest organizations -- museums -- in the city and the state.

SENATOR SERRANO: (Mic off.) I'm having a little trouble hearing.

NYSCA EXEC. DIR. MANUS: Should I get closer? Is that better? Okay, great.

So just to repeat, government is the number-one stop for capital dollars for most arts organizations. Foundations don't have those dollars, and wealthy individuals, those mostly accrue to the largest institutions, like museums, in the city.

When you get out of city, there are fewer funding avenues, whether it's capital or operations, as you guys know.

So eliminating -- with the small and medium-size opportunities we've been able to reach the majority of our grantees, which are, as I said, 82 percent have budgets below $3 million. So not having that opportunity will be a -- definitely have impact on the majority of our grantee pool.

I would also say that, you know, we have to understand to what extent the capital has real economic development return. I mean, thinking about even the Little Theater in Rochester, which received a $550,000 grant from our small and medium-size pool, they have a $1.5 million budget and they return about 3.5 to the local economy every year.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you, Chair.

Based on the testimony, we hear that we're seeing job growth; the unemployment rate declined in the state to 4.3 percent. What is the job growth and unemployment rate for Black people, Latino people and young people? And -- we'll start there and I'll ask my next question after that.

COMMISSIONER KNIGHT: So thank you for your question.

I have to get back to you with specific demographic information. But we know that it is not sufficient.

And with respect to our Office of Workforce Development, we are looking specifically to focus on disadvantaged communities, barriers that prevent folks from accessing employment. So we're looking at programs that are providing wraparound

services, support for transportation, childcare, and any other challenges that prevent folks from accessing training opportunities.

ASSEMBLYWOMAN JACKSON: Okay. And one of my colleagues said something about adult literacy, so we can add that, as well as language barriers.

And then for OGS, what percentage of your vendors are MWBE?

OGS COMMISSIONER MOY: We have exceeded the Governor's targets of 30 percent, and we've done so for many years in a row. I will have to get back to you on the exact percentage, but I believe it's about 43 percent.

ASSEMBLYWOMAN JACKSON: Okay. And then in the City of New York, we've noticed that the MWBE is mostly white women and Asian men that get contracts. And so I'm just wondering, are we seeing the same situation for the state?

COMMISSIONER KNIGHT: We see more of about half and half with respect to women and

minorities.

ASSEMBLYWOMAN JACKSON: So we have an issue with job vacancies, but we have so many workforce development sites. What is the disconnect?

COMMISSIONER KNIGHT: So this is what our Office of Strategic Workforce Development is really focused on, really working with employers to understand what their needs are and then training folks for those specific jobs.

You know, we've seen in the past there's been a lot of training, not necessarily for a specific job opportunity, and we want to tailor the training for a job opportunity.

ASSEMBLYWOMAN JACKSON: Okay. So my last question is geographically, are the workforce development sites in a different place where the work is needed, versus where the people are? Like are they just not in the same areas?

COMMISSIONER KNIGHT: No, the -- it's just that it's really -- what we're seeing is

a disconnect with skills needed and jobs available. So we're trying to make that match.

ASSEMBLYWOMAN JACKSON: Okay. And so I'm hoping that next year we won't have this same conversation. Because it's not new, right? Like we've been dealing with this for a long time. And I'm just hoping that we can make some headway in this area.

Thank you all so much.

COMMISSIONER KNIGHT: Thank you.

OGS COMMISSIONER MOY: Assemblymember, if I may correct, we have -- 34 percent is our current target. We're very proud because in 2011 we were at 14 percent. This year we've grown and met -- passed the 30 percent mark.

Because our spend is so significant, it's a fair amount of dollars that are going in. As an example, MWBEs have received in excess of 1.17 billion in funding and contracts from OGS.

ASSEMBLYWOMAN JACKSON: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

To the Senate.

CHAIRWOMAN KRUEGER: Thank you.

Three minutes to Chair Senator Cooney.

SENATOR COONEY: Thank you, Madam Chair.

This question is for Empire State Development. Last year the Legislature was intentional about adding funds and a tax credit for digital gaming. I wondered if you could give us an update on the program so far.

COMMISSIONER KNIGHT: Yes. So last year there was a $25 million tax credit added, $5 million for five years.

We are beginning to receive applications and awarding projects, and so we look forward to continuing to execute that program.

SENATOR COONEY: And in terms of competitiveness -- we've talked about this in relationship to the film and tax credit. But for digital gaming, are we staying competitive as a state at that $25 million mark in terms of competing with other states

as it relates to getting digital gaming jobs and creators to come to our New York?

COMMISSIONER KNIGHT: Well, because it is a new program, it seems like it is sufficient now.

You know, the issue is that we produce so much of the talent from our outstanding academic institutions, but the folks don't stay here. And so the goal is to have that digital game development happen here in New York.

SENATOR COONEY: Great. Well, I am continuing to be supportive, obviously. I represent RIT, which has the Magic Spells Studios, as well as RPI and NYU, which are also leaders in this space.

But I do want to keep an open mind whereas in the future, within that five-year window, that there's an opportunity to increase -- through the budget, of course -- to make sure that we stay competitive. because I think this is a huge job creation opportunity, in addition to what we're seeing with our TV and film industry.

Thank you very much. Thank you, Chair.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assemblymember McDonald.

ASSEMBLYMAN McDONALD: Thank you, Madam Chair.

Commissioner Moy, actually you probably dodged a question, because I think Member Fahy and another member got to this. But I do want to thank your department, along with NYPA. They've been very responsive in regards to the Sheridan Hollow project in particular here in Albany.

As you know, in the budget there's a discussion about all-electric buildings. That is not really in your department, but it's gotten a lot of attention. We all know we need to move in the right direction, just the speed is what's going to be the critical part.

But are there other examples -- I firmly believe the state should lead by example. I think you've demonstrated some

examples today. Are there any more examples coming up that we could point to support?

OGS COMMISSIONER MOY: Thank you, Assemblymember McDonald.

One of our priorities is going to be doing an energy audit to identify and baseline the greenhouse gas emissions so we can focus on our top targets to reduce our greenhouse gas emission production.

So we are looking not just to stay with what we've done in Sheridan Hollow, but how to further reduce greenhouse gas emissions here in the Empire State Plaza and other properties. Harriman is certainly one that is a significant campus for OGS and for the state.

So we are looking forward to some of the work that was funded through this Executive Budget to create those baselines. And we are doing energy audits in partnership with NYPA to figure out how we can further reduce those emissions.

ASSEMBLYMAN McDONALD: Thank you.

Commissioner Knight, I want to second

Senator Cooney's comments about digital gaming. I know sometimes people look a little funny at tax credits. This one is an investment in retaining people in New York State. We educate them, and we do a good job of exporting them.

So fully support it as a guy representative of five cities; it's where cities are really going to see their rebirth as retail has gone in different directions because of the new economy. So I want to thank your team. You guys are doing a great job rolling it out.

Restore, I'm actually a little bit disappointed to hear that, because I know there's just -- just last month, the 31st, another round had closed.

COMMISSIONER KNIGHT: Right.

ASSEMBLYMAN McDONALD: So I think part of the challenge has been it's been a start-stop program. Developers, communities, it takes time. So obviously I will be pushing for restoration. I'm surprised.

You mentioned in your testimony, even

though MWBE kind of jumps all over, about the Governor wants to remove barriers for MWBE. And admittedly the pandemic had an impact. But what about recertification? That seems to be something that is blowing my mind -- it's taking three, four years for women-owned and minority-owned businesses to continue to recertify, because they get blacklisted in the process. People don't agree with that.

Is there any effort to change that?

COMMISSIONER KNIGHT: Yes. Thank you for your question.

And we really do appreciate that there are MWBEs that are having challenges with respect to time frame for recertification.

When I came into this role, we had a backlog of MWBE applications -- I can talk to you about this later, the update.

ASSEMBLYMAN McDONALD: That would be great, thank you.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN WEINSTEIN: Senate?

CHAIRWOMAN KRUEGER: I believe the Senate is complete, so we can roll it on to

the Assembly.

CHAIRWOMAN WEINSTEIN: Okay, here we go.

Assemblyman Maher.

ASSEMBLYMAN MAHER: Thank you.

Appreciate all your time. I would say good afternoon, I think at this point. And my questions are going to be focused on workforce development and career paths.

And one area that I wanted to ask you, if your office has had discussions that have reached your desk -- and if not, are you open to them -- in identifying industries that have a real issue with workforce. Specifically, ones such as EMS that we see a real struggle with.

Have there been any discussions within the industry, and are there any plans to incentivize this group of potential workers in the future?

COMMISSIONER KNIGHT: So thank you for your question. We know that there have been a shortage of EMS as well as healthcare-related services.

ESD is not involved in training of healthcare-related service careers. I know that DOH is involved in supporting health service careers, and they do have money in various programs for different pathways in health careers.

ASSEMBLYMAN MAHER: Okay. The second part of that -- and I would love to follow-up with your office on that specific topic to see how ESD can be engaged in that process as well. There are so many industries that need employment, and there are so many folks that need training and jobs that will become available.

When we talk about the issue of youth flight, has your office talked about programs -- not just in colleges, because there's a tremendous amount of funding that I see towards colleges and university programs -- but in the high schools, in the middle schools, to develop programs that are successful and build on them and help create programs at that level to really get to kids when they're most at that point to become

inspired and decide, hey, they want to be in New York.

Because as much as we want to tackle affordability, in 10 years, if we're still having the same issue with affordability, we need to inspire our youth to be invested at a very young age, to see themselves living here and growing their families here.

COMMISSIONER KNIGHT: Thanks for that question.

We do -- I do see money in the budget for programs for high school, things like P-TECH programs, which create exposure to career opportunities; continuing ed programs in community colleges that are not necessarily for folks that are college-bound but can get a certificate, and then that could lead to employment opportunities.

So we do look at a number of programs that are not, you know, AA- or BA-credentialed programs to support job --

ASSEMBLYMAN MAHER: Would you be willing to further support those programs and really prioritize that effort at a younger

age, so that we can see this return 10, 15 years from now?

COMMISSIONER KNIGHT: We will definitely look at that in our Office of Workforce Development.

ASSEMBLYMAN MAHER: Thank you. appreciate it.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Cunningham.

ASSEMBLYMAN CUNNINGHAM: Good morning. thank you so much. Good afternoon, actually. thank you so much for your work.

Question for NYSCA on the percentage of funding for BIPOC organizations of color distributed last year. Do you have that number for us by any chance?

NYSCA EXEC. DIR. MANUS: You know, your question's a little -- the sound is a little distorted.

ASSEMBLYMAN CUNNINGHAM: Oh. Let me ask again. The percentage of funding for BIPOC organizations that were distributed last year.

NYSCA EXEC. DIR. MANUS: What percent

of our funding, is that what you said?

We don't have those numbers. We don't -- but I can tell you that we do prioritize underrepresented communities. And that was one of the priorities in our overhaul of our process a couple of years ago.

I'm happy to share with you the language from our application about how we prioritize those communities. But we don't capture those numbers.

ASSEMBLYMAN CUNNINGHAM: Thank you.

OGS. I'm noticing in the parking lot a lot of EV vehicles among state employees and also members of the Assembly and the Senate. Wondering what the timeline is for putting more charging stations in our New York State buildings.

OGS COMMISSIONER MOY: I appreciate the question, Assemblymember.

We have identified a number of locations where we'll be installing additional charging stations. We have been working with NYPA to expedite that process,

and we hope to make sure that the infrastructure is available to support the electric load within the next year or so.

But that study has begun. We'll be sharing information about those sites, and we are looking at places not just for our employees but also for the Legislature, to make sure that you have capacity.

I will note that we do actively monitor usage, and at this point in time the capacity is available. What we are going to be focused on is also making sure the appropriate signage -- if a place is not available for charging, that you can easily find another one, is something that we are looking actively to improve.

ASSEMBLYMAN CUNNINGHAM: Thank you so much.

And Commissioner Hope, my last question is for you. I'm thinking about the ConnectALL program and all the resources. I think there was $1 billion last year allocated, particularly in upstate New York, to help create rural districts' connectivity.

But I represent parts of Brooklyn, Central Brooklyn, where folks still don't have broadband access. And I'm thinking about adoption and affordability and what the action plan is there for both of those items.

COMMISSIONER KNIGHT: So with respect to affordability, we've been proud to get 1 million households in the federal Affordability Broadband Program, which provides a $30 a month subsidy. And so we continue to market that as a program, as well as we will have more competition in markets to try to drive prices down of broadband service.

ASSEMBLYMAN CUNNINGHAM: Thank you all.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Zebrowski.

ASSEMBLYMAN ZEBROWSKI: Thank you.

Good afternoon. I chair the Committee on Corporations, Authorities and Commissions, so we are definitely interested in the broadband rollout. I heard you mention -- answer some of my colleagues earlier, that

300 million, the 1 billion. Did you give a timeline? I know you said it's coming up. But is there not a timeline where we can expect sort of a plan for this?

COMMISSIONER KNIGHT: We'll be able to put together a more comprehensive plan once we know when we're going to get the federal money. Which we --

ASSEMBLYMAN ZEBROWSKI: When we'll get the federal money?

COMMISSIONER KNIGHT: Yes. We expect to get it the end of this year.

ASSEMBLYMAN ZEBROWSKI: I know a majority of the money is extremely necessary, it's going to go out to build broadband in rural areas. I think the office has stated that some of the money will also be spent downstate. I haven't heard any additional details.

Is that true, and we'll hear those details when you get the federal money and you roll this out?

COMMISSIONER KNIGHT: You know, some of the money will be spent downstate to

create more competition to drive prices down for consumers.

ASSEMBLYMAN ZEBROWSKI: Okay. While you can't give an exact timeline, are we talking this year we'll get -- do you have a timeline on the timeline?

COMMISSIONER KNIGHT: So we think that we will provide a timeline probably towards the end of the year when we are getting the money from the federal government.

ASSEMBLYMAN ZEBROWSKI: Okay. I know New York City recently lost -- launched a program to provide free broadband to NYCHA residents. I think that was a program through the New York City budget, in partnership with private companies.

Do you expect the ConnectALL program to replicate anything like that outside of New York City to low-income and senior housing around the state?

COMMISSIONER KNIGHT: So with respect to digital equity, that will definitely be a part of the digital equity plan in trying to provide broadband to underrepresented

communities, seniors, low-income communities.

ASSEMBLYMAN ZEBROWSKI: Okay. So that would be part of the plan --

COMMISSIONER KNIGHT: We'll look at the -- yes.

ASSEMBLYMAN ZEBROWSKI: -- when we get it. Okay.

Briefly, Commissioner Moy, on the school buses, if you could. You gave a little bit of information to my colleague earlier. I'm hearing a lot from my school districts on this issue. They're estimating, you know, current school buses cost about 150,000. The electric buses cost about 450,000.

They talk about the mileage capacity and are extremely worried about an inability to handle their routes, especially in extreme weather -- or not even that extreme weather. They talk about the issues with the utilities, their willingness and ability to install the infrastructure necessary.

Do you have any comments as you're looking at this regarding those price

estimates, those mileage and the infrastructure?

OGS COMMISSIONER MOY: I can get back to you with specifics around the accuracy of that data.

I have a child myself, and my children ride school buses, and we're up here in the Capital Region. So I know -- when I hear some of the feedback that comes about, you know, anxiety around those EV buses, whether or not they'll be able to pass their routes, it is items that we've shared and discussed during that procurement.

We feel confident in the procurement that took place, and we are going to be monitoring it very closely to make sure that the school districts are getting what they need.

Our role in this is to make sure that we have the best possible vendors and that we're doing the training and providing the infrastructure or the access to build that infrastructure. So I appreciate the feedback; it is something we are watching.

ASSEMBLYMAN ZEBROWSKI: Any data would be great. Thanks.

OGS COMMISSIONER MOY: Absolutely.

CHAIRWOMAN WEINSTEIN: Thank you.

Assemblyman Zaccaro.

ASSEMBLYMAN ZACCARO: Thank you so much, Chairs.

Just really quickly, Commissioner, you outline in your testimony that the Governor's budget will provide matching grant funding to attract federal research dollars to New York. And so I just had a question. How many small businesses in New York currently participate in the federal Small Business Innovation Research or the Small Business Technology Transfer programs? And of those programs, how many of those are minority- and women-owned businesses?

COMMISSIONER KNIGHT: So, Assemblymember, I will have to get back to you on the specific data related to the program. But we know that that program is very important to small businesses involved in innovation.

ASSEMBLYMAN ZACCARO: Okay. Are there regions of New York where there's a higher concentration of participants in those programs?

COMMISSIONER KNIGHT: I have to get back to you on the mix of where those businesses are located.

ASSEMBLYMAN ZACCARO: Okay. And lastly, would there be any limit on the number of New York-based small businesses that could participate in this matching grant program? And if so, how many would -- how would New York small businesses be notified of the matching grant program?

COMMISSIONER KNIGHT: So the businesses -- are you talking about the Small Business Innovation Research program?

ASSEMBLYMAN ZACCARO: Both programs.

COMMISSIONER KNIGHT: Both programs. And the transfer of technology program, okay.

So they apply to the federal government for grants, and we provide a letter that we would provide matching grants to that funding. And that funding is

available from $10,000 to $50,000. So depending on -- the level of award would dictate how many grants we'd be able to fund.

ASSEMBLYMAN ZACCARO: Okay. And how -- just on my last question, how would New York small businesses be notified of this program?

COMMISSIONER KNIGHT: We'll use our existing outreach efforts through our REDCs, regional offices. We will work with the Legislature to provide information and collateral to businesses that the program is available.

ASSEMBLYMAN ZACCARO: Okay. Well, I look forward to the follow-up on the first two questions that I had.

Thank you, Chairs, so much for the opportunity.

CHAIRWOMAN WEINSTEIN: Thank you.

Assemblywoman Lucas.

ASSEMBLYWOMAN LUCAS: Good afternoon to everyone. Thank you, Chair, for recognizing me.

There's so many concerns that you can

barely wrap it in three minutes. But I'll get to the point.

I noticed a lot of really amazing things in your testimony around workforce as well as MWBE. But I come from a district that kind of makes up both rural and urban. I'm sure that my colleagues up here as well, they share some similar factors of the district. But I see that there's a lot of employment opportunities, job creation, opportunities for MWBE.

But I can't help but to understand -- or to wonder why is it, with all of these opportunities, we are high in unemployment in our district of East New York? Why is it that our Local Development Corporation, some of the services that they had been receiving from ESD have been cut, which affects their ability to support small businesses and those who want to create business opportunities.

And how, at the same time, we're saying that we want to support MWBEs but the very organizations and systems that are in place to do that, there's a lot of funding

that's additionally being cut every time we have these conversations.

I just need to know, for full transparency, so that we can get a real assessment of what's happening, because I know there's some questions that you were unable to answer today. Can we get a breakdown of how many Black people are benefiting from these opportunities?

The reason why it's important for me to emphasize that is because in New York City alone, we've lost over 200,000 Black families that have exited New York City. Our enrollment in the school system is down to roughly about 23 percent. The reason why that's happening is because we can't afford to live in New York City.

If we can't afford to live in New York City, there's something wrong with the job opportunities. And the job opportunities that then come are always those low-hanging fruit, those low-paying jobs. I'm seeing that there's opportunities for folks to make over $100,000, but that's not in our

district.

So I'd just like an opportunity for a breakdown of what that looks like and how we're going to get to a point where we can work collectively to address that issue effectively.

COMMISSIONER KNIGHT: I look forward to working with you.

CHAIRWOMAN WEINSTEIN: Thank you. This question, along with other questions, if you can respond to Senator Krueger and myself, and we'll make sure that answers will be distributed to all of the members. There also may be a need for some offline conversations.

Thank you. We're going to go now to Assemblyman Manktelow, for three minutes.

ASSEMBLYMAN MANKTELOW: Thank you, Madam Chair.

Commissioner Moy, just a couple of questions of you, back on prisons. In my district we have a prison that's been closed for about 10, maybe 15 years now. Last summer we did walk through that with some of

the members of the commission to take a look at it. Since then, our local economic development, as you see, has identified several businesses that are willing to buy it today, and at a fair market price. But we can't seem to move from there. We keep being stalled from -- in one way or another.

What can you do to expedite this? It's a win-win. It's a win-win for the state because those dollars are back in your pocket -- back in our pocket as taxpayers. But secondly, it takes the cost of what it's costing the state to take care of that property. And the buildings are full of mold, and they're willing to deal with all of that. So what can we do to expedite this so we can make this happen?

COMMISSIONER KNIGHT: Thank you for your question, Assemblymember. I've been keeping my eye on this project very directly. We're working to --

ASSEMBLYMAN MANKTELOW: Do you know where I'm talking about?

COMMISSIONER KNIGHT: Absolutely.

And we are working to expedite the transaction of this prison as soon as possible. So we'll be in touch, but trying to make sure that this happens as soon as it possibly can.

ASSEMBLYMAN MANKTELOW: Well, that's the best news I've heard all day. So thank you very much, and thank you for being here.

I do have another minute and 40 seconds. So, Commissioner Moy, back to you.

There are other OGS properties throughout the state, and in my district as well there's properties that the state owns that have been vacant for four to five decades. And the same situation there. We have buyers that want to buy part or all of those properties, which would be beneficial to the state so we don't have to deal with them anymore, it puts them back on the tax rolls. But when we change governors, we change leadership, and they can get kicked back to the beginning again.

What can we do to help expedite those

situations so those businesses can grow as well?

OGS COMMISSIONER MOY: That is a process in which we work in partnership with the chamber, and we work in partnership with ESD. Our role is to make sure that these deals, as they are facilitated, we can either help them come out for proper sale through an RFP process, we can handle it through special legislation.

But what is the best way of making sure, as I've been in this job for about 14 months, is if something has fallen off our radars, please reach out; we'll look out to those items in particular and we'll coordinate with our partners in state government to get you good answers.

ASSEMBLYMAN MANKTELOW: That would be great. Because the one buyer has worked through this process three times. And it stops, he's ready to buy it, and then it gets kicked back.

OGS COMMISSIONER MOY: I'm not familiar with the deal. I don't have an as

encyclopedic memory as Commissioner Knight. But we are absolutely happy to look into those areas and expedite if there are opportunities to bring it back to the tax rolls.

ASSEMBLYMAN MANKTELOW: Perfect, thank you. Thank you all for being here this morning -- this afternoon, I apologize. Thank you for your time.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Ra, ranker, for five minutes.

ASSEMBLYMAN RA: Thank you.

I have a question for Commissioner Knight, but I do want to thank Commissioner Moy for reaching out last week to try to connect before the hearing. I don't have any questions for you at this time, but thank you for your answers today.

Commissioner Knight, we had last year at this hearing talked a little bit about -- I know you mentioned it in your testimony, about doing kind of third-party evaluations of some of the economic development programs. Can you update me on any of those that have

taken place in the last year?

COMMISSIONER KNIGHT: Absolutely.

So those programs were -- our tax credit programs are being reviewed by the Department of Tax and Finance, who has hired a third party to do those studies. We've been providing data and information to Tax and Finance to their outside consultant so that they can work through these studies. And we expect to get these studies done by the beginning of next year, 2024.

ASSEMBLYMAN RA: Okay. And so relative to START-UP in particular, do we have any type of preliminary information or anything of that sort? I'm asking because obviously we have a proposal to kind of rebrand and change that program in this budget, and I'm wondering if we're putting the cart before the horse a little bit.

COMMISSIONER KNIGHT: So we don't have a third party study on START-UP, what we'd like to call EPIC. But we know that there's been $68 million of state resources since the program's inception dedicated, and we've seen

over 3,000 jobs and $1.3 billion in economic activity. So we do have that data that we collect.

ASSEMBLYMAN RA: And one thing in particular, maybe a little more parochial from -- for myself. It seems like there has been more of a drop-off in businesses leaving the program on Long Island than the rest of the state. And I don't know if you have any thoughts on why that is or if something like that might be something that could be included in the review as to why that's the case.

COMMISSIONER KNIGHT: I'm not familiar with a decrease in businesses in the Long Island programs, but we'll take a look and see why that might be the case.

ASSEMBLYMAN RA: Okay, great. I appreciate your answers with it. I think this is -- I know there's many who view this program skeptically. We've obviously spent a lot of money over the years of the prior administration on -- you know, on selling it, on the commercials and all that other stuff.

So I hope that, you know, as we have this conversation on a rebrand, a path forward, we get as much information as possible and figure out if it's -- if we can make it a successful program, great. You know, if there are ways to improve, great. But otherwise, you know, I think it may be time to move on from it.

So thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Stirpe for his second round of three minutes.

ASSEMBLYMAN STIRPE: Thank you.

Commissioner Knight, just some quick question and answer.

The Office of Semiconductor Expansion, Management and Integration, is there funding in the executive proposal for this?

COMMISSIONER KNIGHT: There is not funding in the executive proposal, but we expect to access funding from various sources like the Community Benefits Fund that would be provided by Micron.

ASSEMBLYMAN STIRPE: Okay. So we

don't know what the budget is yet for the office, or how many people might work there?

COMMISSIONER KNIGHT: We have allocated $40 million --

ASSEMBLYMAN STIRPE: Forty, okay.

COMMISSIONER KNIGHT: Yes.

ASSEMBLYMAN STIRPE: Okay.

COMMISSIONER KNIGHT: To support the implementation of Micron, other semiconductor businesses, as well as supply chain.

ASSEMBLYMAN STIRPE: Okay. All right, thank you.

On, you know, some of the older programs, the Small Business COVID Recovery Grant Program, you know, the $825 million and then 200 million last year, I know we changed some of the criteria and a bunch of businesses went back into the queue and they were all excited, and then I guess we ran out of money.

Is there any idea how many businesses were left in that queue that didn't get funded?

COMMISSIONER KNIGHT: We can go back

and look at the number of businesses that didn't get funded.

We know that once we did relax criteria, back in August and September, that we were definitely oversubscribed with many more businesses than funding available.

ASSEMBLYMAN STIRPE: Yeah. Yes, I had a lot of them call and email me, so I got a pretty good idea there were quite a few.

Last thing is on offshore wind ports. We had $500 million for the development of ports for offshore wind production. You issued a $48 million -- or there was a federal grant awarded to Arthur Kill Terminal. And just wondering, you know, what's the status of the $500 million appropriated last year? And is there still an opportunity for the Port of Albany to win some funding?

COMMISSIONER KNIGHT: So we continue to work with NYSERDA on the Offshore Wind Program. I know that the Port of Albany is -- the project is moving forward. And I believe there's an RFP that is on the street

that will be evaluated very shortly for that project.

ASSEMBLYMAN STIRPE: Okay, thank you.

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Bronson for his second three minutes.

ASSEMBLYMAN BRONSON: Thank you, Madam Chair.

Commissioner Knight, you've indicated that we're commissioning a study in connection with our tax incentives and their effectiveness. Ten years ago, roughly 10 years ago, 2013, we had a report of the Governor's Tax Reform and Fairness Commission. The conclusion indicated that certain of our business incentives violate principles of good tax policy and tenets of good budgeting, and also indicated that much of the research showed that there was little or no positive impact on the net economic gains.

Is this going to be a similar study? Do you expect a different conclusion? And that was a report that came out in 2013, and

we have no significant change in our approach to economic development since that report.

COMMISSIONER KNIGHT: Well, thank you for your question, Assemblymember.

When we look at the impact of our programs we see, you know, significant economic benefits being delivered. And so we expect to see and have that validated by the reports that get done that will be delivered at the beginning of next year.

ASSEMBLYMAN BRONSON: And -- but if the report concludes similar to the 2013 report, are you open to changing our strategies and re-looking at our approaches?

COMMISSIONER KNIGHT: We look forward to looking at the information to understand what the reports convey.

ASSEMBLYMAN BRONSON: Okay. This is a macro-level question. Through all of our programs, whether grants, tax credits, bonds, et cetera, they ultimately have a tremendous impact on our communities -- some of them positive, but some of them also negative: Increases in housing prices. Demands on

transportation that our public transit companies make adjustments that may impact our families in favor of where businesses are located. Demands on utility usage. Those kind of things.

Yet I hear often from small businesses, from neighborhood associations -- especially those in marginalized communities -- and others, that they have no voice in this. One could argue their voice is through local government, but they don't feel like they have a voice, especially marginalized communities.

What strategies do you think we can put in place to get those voices heard as we're making decisions that will have an impact on their lives?

COMMISSIONER KNIGHT: So thank you for that question.

I think that ESD, you know, has implemented strategies related to getting community feedback, particularly with big projects. That process is happening in Central New York with respect to Micron.

We'll have a community task force that will provide advice and prioritize -- I can come back to you with --

ASSEMBLYMAN BRONSON: Sure thing. Thank you so much, Commissioner.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN WEINSTEIN: Thank you.

So I neglected to mention that Assemblymember Fall joined us a while ago.

I just have a quick question myself, on behalf of one of our colleagues. So I was wondering, Hope, if you could give us a report on the outcome of the newly created Office of Financial Inclusion and Empowerment.

COMMISSIONER KNIGHT: I would have to get back to you on that.

CHAIRWOMAN WEINSTEIN: Okay.

COMMISSIONER KNIGHT: Yes.

CHAIRWOMAN WEINSTEIN: Okay. So that we would appreciate and that would be, you know, again something that would be distributed to all of the members.

And Senator Krueger, I believe the

Assembly is now done.

CHAIRWOMAN KRUEGER: Well, then I would like to thank all of you on the panel for spending, you know, half of your day with us. And thank you to OGS because several members have reported that the elevator they ride is working again, and they are very happy --

(Laughter; overtalk.)

CHAIRWOMAN KRUEGER: So we should apparently keep you here more often and get more things done. So, really, thank you.

As they leave, some of you are going to want to grab them -- which you have the right to do, but take it out in the hallway, because we want to continue with the next panel. Or you could grab them in the elevator, whatever. Just not in this room.

So everyone who wants to talk or stretch, go outside, please.

And I'm going to call the next panel, which is Ryan Silva, New York State Economic Development Council, and Ross Frommer, NYFIRST, Fund for Innovation in Research &

Science Talent. Okay.

(Off the record.)

CHAIRWOMAN KRUEGER: All right, everyone. Take your seats if you're staying, and head outside if you're leaving. Thank you.

Thank you, gentlemen. Why don't we take it in the order I called you in: First, New York State Economic Development Council.

MR. SILVA: All set?

CHAIRWOMAN WEINSTEIN: Yup.

CHAIRWOMAN KRUEGER: Yes.

MR. SILVA: Thank you very much, Senator Krueger, Assemblywoman Weinstein, as well as the entire delegation, for the opportunity to join you today and to address you.

First and foremost, I think what I would like to do is say thank you to all of you for your leadership and commitment to economic development in the 2022 budget.

I should probably introduce myself first as well before I dive into my comments. Ryan Silva, New York State Economic

Development Council executive director.

I would like to highlight a few items that were not included in the Executive Budget that we would like to see prioritized in this year's final budget resolution. And it was actually kind of reassuring to hear several of those programs referenced by many of you already.

Reauthorization of the Shovel-Ready FAST NY program. I do want to thank --

CHAIRWOMAN KRUEGER: I'm so sorry. The clock should only be three minutes for everybody testifying. They are not -- we're post-government. Thank you. So just set it at three.

MR. SILVA: I promise I will be quick, Senator. You will not have to throw the mallet at me.

Shovel Ready/FAST NY, there was $200 million committed last year. I want to thank Assemblyman Bronson and Senator Cooney, amongst several others, for prioritizing this. We agree that 500 million is a great number. We would be very happy with another

$200 million in this year's budget.

Assemblyman Jones, thank you as well for sponsoring that.

Restore NY. Our understanding is that there were over $400 million in applications for the program over the past 12 months. As many of you know, $250 million was allocated to that program, which is a record number. We would encourage a reauthorization or reappropriation of funding for Restore. It is an extremely popular economic development program as well as a very impactful economic development program.

I think we've all heard about workforce development and its importance training the next generation of workforce and providing them the skills necessary for the jobs of tomorrow. It's something we would encourage the Legislature as well as the Governor's office to continue investing in. The $350 million for this strategic workforce department at ESD is a good start. We would like to see that continue for years to come.

The Centers for Advanced Technologies

and Centers of Excellence, those really do need to have funding not only reauthorized but increased. They've been at the same level for over a decade, and their economic impact, as referenced earlier, is just incredible. It is New York State's innovation ecosystem for entrepreneurship and the next generation of career opportunities.

The SBIR matching grant program, which was in the Executive Budget, is something we are very supportive of. I know, Senator Ryan, you have a bill as well that I believe passed the Senate, S1824. We agree and support that as well and hope that we continue to match federal investment dollars. We take advantage of the opportunity that the federal government is providing by sending federal dollars towards New York.

The digital gaming tax credit. I do want to recognize and thank the Legislature for introducing and finally getting this done, specifically Assemblyman McDonald and Senator Breslin. The $2.5 million per year over the next 10 years is a good start.

But in reality, with the large ecosystem as it exists, we know that number needs to increase and we hope that the Legislature will consider increasing the cap on that over the coming years and certainly in this budget.

And then finally, I will close with the Green CHIPS. Thank you to Senator Cooney, Assemblyman Bronson, Assemblyman Stirpe. This has put us back on the map in the semiconductor industry. We are the state that many of those in the industry are looking at as the opportunity to expand their manufacturing operations in New York.

CHAIRWOMAN KRUEGER: Thank you.

Good afternoon.

MR. FROMMER: Chairs, ranking members, distinguished members of the Assembly and the Senate, thank you for asking me to testify here today.

My name is Ross Frommer, vice president for government and community affairs at Columbia University Irving Medical Center, and I'm here to speak on behalf of

the NYFIRST program.

And I want to thank members of the Legislature because the NYFIRST program is actually part of the Life Science Initiative which you passed in I believe 2017, and frankly the NYFIRST that originated here in the Legislature is not part of the original program, and you sought fit to add it.

Senator Ryan, you talked about the importance of attracting and retaining scientific talent in New York, and that is what NYFIRST does. It helps medical schools -- and by the way, I should add I'm also here on behalf of -- we are a member of the Associated Medical Schools of New York, the trade association for New York's 17 medical schools. I'm here on their behalf as well.

Although early on NYFIRST was extremely successful at attracting high-quality, top research talent to New York State, with just a small number of grants they have already created 183 new, good-paying jobs, higher-than-average

salaries, benefits that are a very good package, and created almost a four-to-one return on investment.

I should note that under the program the medical schools are required to contribute a two-to-one match. We're running now almost twice that at this point. So so far you see tremendous success, a total economic return of like over 4 percent -- excuse me, almost four times return on investment.

Other states are doing this -- California, Texas -- and they are doing it to the tune of billions of dollars. NYFIRST helps us compete. We should keep doing that. It is a new program, but I should note that it's modeled after the old faculty development program, which also had a tremendous return on investment. The state invested about $39 million over 10 years two decades ago, and the return on that was eight-to-one. By 2015, at which point the state stopped counting, the numbers are undoubtedly higher.

At Columbia we have been able to recruit two top-notch scientists. One we got from Texas -- that was fun, we actually stole one back from Texas. In just under three years, I think it is, they've already created 47 new jobs and attracted I think over $20 million of NIH funding.

This is the time to do this. The NIH budget has gone up now for, I think, eight years in a row, and I can't predict the future. There's one thing that most people in Washington do agree upon -- the importance of biomedical research funding. If this is an arms race, we need to equip ourselves.

If we are not there at the table, you can bet that Texas and California and all those other states will be, and they're going to take our scientists and prevent us from recruiting and the jobs that go with them.

So thank you very much. Happy to answer any questions.

CHAIRWOMAN KRUEGER: Thank you very much.

Our first questioner is Senator Sean

Ryan.

Everyone, by the way, it's three minutes for everybody, one round for the rest of the hearing.

Thank you. Sean.

SENATOR RYAN: Good afternoon.

I wanted to talk a little bit with Mr. Silva about IDAs. So we just had the Empire State Development chair come in, and they outlined about $1.8 billion of the spending every year, and it's all done through a centralized state program.

And then you look at IDAs, and it looks like there's about 107 of them in New York State, and they give out about $1.8 billion a year in economic development. And report after report, whether it's the Comptroller or an authority's budget office, they kind of give a collective "meh" to their performance.

You know, most of them promised high, and then the chart shows over a 10-year period they come in lower. And also, you know, there's been incident after incident of

economic development activity that was just going to occur anyway -- like companies like Medline, in Orange County, threatening to move unless the IDA gave them dough. It was rejected, they built anyway, and I guess that's been referred to the district attorney's office.

But throughout my history here, I've seen IDAs just really engaging in poaching from town to town, county to county, and also just needlessly subsidizing companies like Amazon. Gates gave Amazon $150 million; Clay gave Amazon 70 million; East Fishkill gave Amazon 18 million; and 6 million in Hamburg, New York, which is in my area.

I would note that facility never opened, and also note the big winner in that project appears to be the Hamburg IDA, who retained $470,000 worth of fees -- and they don't get their fees clawed back if in fact they don't really make what they were supposed to make.

So what the question really comes down to is, do we need to rein in the IDAs? Are

we happy with them subsidizing A&W Root Beer, the Moe's, fast-food places, and Gold's Gym? Is this the type of uplifting economic development that we should be spending our taxpayer dollars on and often taking money from our schoolchildren to subsidize such investment as Moe's Tacos and A&W Root Beer?

To you, Mr. Silva.

MR. SILVA: With 34 seconds to go, I will do my best --

SENATOR RYAN: Take your time, take your time.

MR. SILVA: -- to respond to many of those discussions and conversations.

I would point first to the OSC report about annual IDA performance. The $1.8 billion number you're quoting, I believe, is from an outside study. I believe the number is significantly lower, based on OSC reporting, which was about $986 million net.

That being said --

SENATOR RYAN: Call it a billion. Just among friends.

MR. SILVA: No -- I appreciate "amongst friends", Senator.

And that certainly is something that I'm willing to talk to and work with you about. For years we have been talking about how do we modernize the Industrial Development Agency general municipal statute. And we look at the performance of IDAs and what do IDAs do. I firmly believe, and I think several of my colleagues up here would agree, that the IDAs remain the best local economic development tool we have in our community for retaining and creating jobs.

Which is part of it. Retaining and creating jobs is a fundamental core part of economic development.

CHAIRWOMAN KRUEGER: I'm apologizing that even though he said take your time --

MR. SILVA: Right.

(Laughter.)

MR. SILVA: Senator, can we take the conversation and continue it offline with your office?

SENATOR RYAN: We can.

MR. SILVA: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblyman Jones.

ASSEMBLYMAN JONES: Good morning -- or good afternoon, gentlemen.

MR. SILVA: Good afternoon, Assemblyman.

ASSEMBLYMAN JONES: This is kind of directed towards -- it is directed towards Mr. Silva.

You know, we get up here every year, and every budget we see another program announced or a new program or other old programs. And, you know, you're out in the business world, you're talking to businesses obviously, that is part of your job, and some programs work, some don't.

What are you hearing back from businesses on the programs, the state programs, state-funded by all of our taxpayers? What programs are working -- and be blunt. What programs are working and what

programs aren't?

Because we should continue -- and I see this budget, and I'm disappointed in some of the programs that haven't been reappropriated. Restore, I think, will work. It's fairly new. You've touched on the amount of applications, and I think many of our colleagues here have communities that want to invest more or want to see them invest more in Restore NY.

Shovel Ready -- I'm kind of biased towards that, because it was my legislation.

But what programs out there are working and what aren't? I will leave that to you.

MR. SILVA: Thank you very much, Assemblyman. And from the perspective of the New York State EDC, I think I referenced several of the programs that we know are effective and efficient, and one of the things that we hear from the business community is consistency.

Consistency is important. If something is working, you continue to do it.

And if it works effectively, you invest further with it. Public-private partnerships, because New York is a high-cost state, is something that is necessary in order for us to maintain our competitive advantage.

So when I look at programs that are effective, I look at a program like Restore NY, a program like Shovel Ready. The CATs and the COEs have been around since the mid-'90s. The entire semiconductor industry was born out of the research and development that was being done at CNSE 30 years ago. The optics and photonics, the advanced materials -- those kinds of things I think are incredibly effective.

And I will use this opportunity to say that if you look at the numbers, IDAs -- industrial development agencies -- are effective. Over 175,000 net new jobs in 2020, the pandemic year when our state lost over a million jobs. Those projects that IDAs were supporting helped grow 167,000 jobs.

Not only that, IDAs are also helping the state achieve its clean energy goals with all the wind and solar projects that they are bringing on to the market.

ASSEMBLYMAN JONES: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Walczyk.

MR. SILVA: And now I'm getting hungry.

(Laughter.)

SENATOR WALCZYK: Thank you, Chair.

How are we doing, gentlemen?

MR. SILVA: Senator.

SENATOR WALCZYK: Good.

So the film tax credits, the Governor's added $280 million this year, for a record investment of $700 million. A lot of money going towards post-production tax credits.

ESD just testified that there is a nine-to-one return on investment for each of those dollars we give to Hollywood. The Empire Center did a report on this, pretty in-depth, a few years ago, and they are

saying that taxpayers are spending over $40,000 -- this is in 2019 dollars -- over $40,000 per job in the film industry that is produced.

Who is right here?

MR. FROMMER: With all due respect, Senator, this is really not my area of expertise. I just don't feel comfortable answering that question.

MR. SILVA: I will do my best to answer it. Because we don't spend a ton of time focusing on the film tax credit, and I think it would go towards the broader conversation about tax-dollar-per-job created being a metric but not the only metric we really ought to look at.

The reality is is the film industry creates and retains 57,000 good-paying union jobs in New York City. Those are blue-collar jobs. And I see what other states are doing. I look at what New Jersey is doing.

I'm going to use a little bit of anecdotal information. I have three young kids. I watch Disney+. I see the Avengers

movies come on, and then I see that Georgia logo with the peach, and it drives me crazy. Those jobs and those productions should be happening in New York. I would rather see a big apple as opposed to a peach logo at the end of every one of those films.

So I understand the analysis that the Empire State Center does. But if you are talking about the industry as a whole, without those tax credits, the industry will suffer tremendously.

SENATOR WALCZYK: Yeah, and here is the number that is difficult to drill down to. So, you know, if we've been spending $400 million a year on those post-production tax credits and you're saying that's a retention of 57,000 jobs for New York City -- you know, as a Senator from upstate New York, I don't really care that much. The Georgia peach doesn't offend me. I would rather see taxes cut for businesses in my area and tourism promoted in my area for sure, but I can understand the greater picture here.

What is $280 million in additional

taxpayer money that's going towards this industry? What is that going to produce for New York City? And does that mean that 57,000-job retention turns into 80,000 jobs, 90,000 jobs?

MR. SILVA: I believe there is a panel that will be coming up later this afternoon that is probably more qualified to answer that question than me. My assumption and hope is that that would not only help retain but expand the number of jobs.

SENATOR WALCZYK: I'll ask them. Thanks.

MR. SILVA: You got it. Thank you, Senator.

MR. FROMMER: And I'll just add that the best way to create jobs is to bring talent into New York, which is what I've been trying to focus on.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

CHAIRWOMAN WEINSTEIN: We go to Assemblyman McDonald.

ASSEMBLYMAN McDONALD: Ryan, a

question for you.

You know, IDAs -- you know, I'm biased because I was chair for 13 years. We did some good things in revitalizing a city, but I also understand there are some bad deals that go on. There are some bad actors.

Yesterday my colleagues had an event which I thought was well-intended in regards to the fact that -- let's face it, most of the taxes people pay in this state are school taxes. Is your entity supportive of -- I mean, my first thing that I did as mayor is I put a school board representative on my board.

MR. SILVA: Sure.

ASSEMBLYMAN McDONALD: Do you guys support that?

MR. SILVA: I would say that every community is different, Assemblyman.

And I appreciate you calling me "Ryan." Please refer to me as "Ryan" moving forward instead of "Mr. Silva."

(Laughter.)

MR. SILVA: Yes. I've known the mayor

for almost 20 years now.

I do know that actually several industrial development agencies have modernized and do have school representation on their boards of directors. I think it is a good idea.

I cannot speak to 107 IDAs, whether or not they should. But I believe having them at the table and part of the conversation makes those discussions about the proposals and the investments that are being made by IDAs and why and how they benefit schools.

ASSEMBLYMAN McDONALD: Let me ask you, another discussion that comes up -- which has merit, I'm not dismissing this -- is that -- and, you know, Sean had mentioned $1.8 billion is taken out of taxpayers. I get that.

However, just to be clear, the majority of projects that your members deal with, I'm assuming that this is growth. In other words, does the tax base expand at all?

I look across the river at Rensselaer County: Regeneron invested $800 million.

They are paying more in taxes than what was there before, correct?

MR. SILVA: Significantly more. And their PILOT payment is significantly more.

ASSEMBLYMAN McDONALD: Right.

MR. SILVA: And that's a -- that's the perspective that we view this lens through, is yes, you can say there are some projects that may have happened otherwise. And the Senator pointed to one that was very public recently. I cannot sit here and say 4262 projects or every -- all of them are projects that we would support and we would say are good. I would say that any growth is a net benefit back.

And the assumption that those projects would all happen anyways just isn't realistic.

So it's net growth to the school districts.

ASSEMBLYMAN McDONALD: And how many jobs have been created over there at Regeneron alone?

MR. SILVA: Regeneron? Thirty-seven

hundred fifty-four -- thousand -- somewhere in that range --

ASSEMBLYMAN McDONALD: Which is more than Global Foundries. No disrespect to --

MR. SILVA: Oh, Assemblywoman Woerner's not here, I won't touch that one.

ASSEMBLYMAN McDONALD: Question. Last comment, because I understand -- and, you know, as we know, the Comptroller's office has clear oversight over the IDAs. What's been lost in the discussion for the last 23 years I've been in government is these local development corporations are growing up with three people on a corner, and they're spending a ton of taxpayers' money with very limited oversight because the ABO is minuscule in this effort. No disrespect to them.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Borrello.

SENATOR BORRELLO: Thank you, Madam Chair.

Mr. Silva, good to see you.

MR. SILVA: Senator.

SENATOR BORRELLO: A question for you, the same question I asked Hope Knight. You know, we're talking about eliminating natural gas. There are very few industries, particularly manufacturing, that can survive without natural gas where the technology does not exist. How are we going to replace the massive loss of jobs and economic impact from eliminating natural gas?

MR. SILVA: I don't have the answer to that.

What I will say is the position of the New York State EDC is that we have long supported our members, industrial development agencies and others -- reducing our carbon footprint is something we should 100 percent aspire to do. Bringing more clean energy onto the grid, whether it's wind, solar, hydro, is something we all should be trying to achieve.

So we in principle support the CLCPA. We should be trying to reduce our carbon footprint. At the same time, we have to

recognize that the timetable needs to work so that it doesn't put New York State at a competitive disadvantage.

You highlighted natural gas, and I'm very familiar with the project that you referenced in your district. Can't happen. Won't happen without access to natural gas. And I believe, as the CLCPA scoping plan is being developed, there are carveouts and there are provisions that would ensure manufacturers that need access to natural gas will have access to it.

SENATOR BORRELLO: For a limited time.

MR. SILVA: For a limited time. With the hope that -- well, I don't believe they completely phase it out 100 percent, but I would have to look at it.

SENATOR BORRELLO: Yeah. So it would be far more expensive. So why wouldn't you just pick up and move to Pennsylvania?

MR. SILVA: I don't want them to move, Senator. I want them to stay here.

SENATOR BORRELLO: Five miles away.

MR. SILVA: Yeah, and that's a real

challenge.

SENATOR BORRELLO: If you make it unaffordable --

MR. SILVA: And we are concerned with the timetable and our ability to meet that. In order for us to meet the reduction in greenhouse gas -- whether it's coal, natural gas, we can argue about nuclear being clean or not clean -- in order for us to keep up with the demand, we have to exponentially grow the amount of wind, the amount of solar, the amount of hydro we produce here in New York.

And on top of that, we also have to figure out how do we get it into transmission lines, how do we modernize that infrastructure, and how do we get it into places in New York State that it's needed.

So we are supportive of the CLCPA, but we continue to hope that this will not negatively impact our economic development attraction efforts.

SENATOR BORRELLO: I would say that your support of the CLCPA is divorced from

the reality of what it means to have economic development in New York State. With all due respect, I think you guys do a great job, you know, I'm a big supporter of the IDAs, I spent 10 years in county government. But this is not reality-based. And until it is, we are going to have a big problem.

And you can blanket all of New York State with wind and solar, and it won't be enough power to replace the need that we're going to have, and that's the real issue.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

CHAIRWOMAN WEINSTEIN: We go to Assemblyman Rivera.

MR. SILVA: Assemblyman, how are you, sir?

ASSEMBLYMAN RIVERA: Good. Good.

I don't know if we've met yet. I'm one of the new folks. I'm happy we're meeting right now.

I have a couple of questions, and given how short my time is, if you could give me relatively sort of yes or nos on this.

MR. SILVA: I'll do my best, Assemblyman.

ASSEMBLYMAN RIVERA: And they're all going to be about IDAs.

MR. SILVA: Sure.

ASSEMBLYMAN RIVERA: So are there particular industries that you think the IDA should not be granting abatements to? For an example, a fast-food restaurant? Do you feel we can impose some sort of straight standard and say, you know what, regardless of everything else, fast-food restaurants shouldn't receive anything, yes or no?

MR. SILVA: I will work with you and the Senator on the bill that you are potentially introducing around a third-party study. I would be very interested in working with you on that.

ASSEMBLYMAN RIVERA: Okay.

What is your position on town IDAs within counties that already have county IDAs?

MR. SILVA: I think it really does depend. I know there's seven, eight in

Erie County, right?

ASSEMBLYMAN RIVERA: Five or so.

MR. SILVA: Is it six? I apologize, I don't know -- seven. I was around it.

It's very hard for me to say that the City of Albany shouldn't have its own industrial development agency and the county should. The economies are very uniquely different. It works in some areas; it works in others.

ASSEMBLYMAN RIVERA: Would you support some other funding mechanism for IDAs? I think that there's a deep, deep disincentive that IDAs have to essentially agree to bad deals when they're in front of them. But as long as they seem to reap the benefit of a bad deal, what's really preventing them from making more bad deals?

So do you -- would you think that -- you know, is there -- are you open to sort of supporting another idea of how IDAs can actually --

MR. SILVA: Generate revenue for operational purposes?

ASSEMBLYMAN RIVERA: Yeah.

MR. SILVA: There's models. The Schenectady Metroplex, I think, is a good model, that they have the City of Schenectady's IDA, the County of Schenectady's IDA under one umbrella. They have a consistent revenue stream which allows them to pursue other projects.

There's a model in Texas that actually the state provides funding for local regional economic development efforts to operate their offices. So, open and willing to 100 percent discuss other funding mechanisms.

ASSEMBLYMAN RIVERA: Would you support an idea, sort of like a universal wage floor, considering local demographics? If we were to say something like, Okay, you know, if we're going to grant some sort of benefit to an entity, whether it be Amazon or whether it be anything else, that there's a minimum wage that they have to employ people at if they're going to receive a benefit? And that minimum wage can take into account whatever local nature, market, whatever dictates.

Would you support something like that?

MR. SILVA: No, and I'll -- can I caveat with why?

Because I don't believe that jobs created and retained is the only thing that industrial development agencies should be looking at when determining whether or not they want to support a project. Because we've talked about blight reduction, we've talked about clean energy production, and those things are important things that I think IDAs should be working on that don't necessarily tie strictly to job growth.

Good job, paying -- yes. We should be looking at good-paying jobs.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate?

CHAIRWOMAN KRUEGER: Thank you.

Next is Senator Murray.

SENATOR MURRAY: Thank you very much to both of you for being here.

Thank you, Chairwoman.

Director Silva, first let me make a statement about IDAs. Big fan, with one

caveat, and that caveat is that when we're providing New York taxpayer incentives to companies to hire, those hires should be New York State residents. Out-of-state hires should not count anytime. Just my statement.

I want to move on to something else. Assemblyman Stirpe brought up a great point in the last segment about the tying in of workforce development with childcare. And I'll ask a couple of questions and then wait for your response here.

So in speaking with businesses and workers, in addition to job training, one of the top issues I hear is the struggle with childcare. Do you think it would be a good idea to create more incentives for businesses to create and have on-site childcare services? And I know we do some, but could we increase that? And would that get more people back into the workforce? (Pause.)

Or did I ask the wrong person?

(Laughter.)

MR. SILVA: No, no. I mean, I don't -- I don't want to --

MR. FROMMER: Again, you know, not my area of expertise, but I will say this, and this is just my anecdotal recall. At Columbia University Medical Center, in the pandemic we had many challenges, but one of the challenges we had was childcare for our nurses, our doctors, our environmental health professionals, folks who couldn't work at home, folks who we needed on campus.

And everything we tried to do to make it work -- a lot of the barriers were, okay, what do these people do with their kids? Because they can't go to school, they're afraid that -- "afraid" may be the wrong word. Babysitters weren't an option, whatever it was. That -- all's I can say -- from, you know, again my perspective, during the pandemic that was one of our greatest challenges.

MR. SILVA: I would just add that incentivizing it is part of the challenge, but the logistical challenges from a regulatory standpoint of opening an on-site childcare facility for a manufacturing

company, let's say, for example -- to say it is burdensome would be an understatement.

I think that it warrants looking at, is there a way to streamline the process by which a childcare facility which may be attached to an industry-attraction effort becomes more simplified? The same thing we're trying to do with the Shovel Ready initiative. We're trying to streamline the local zoning and approval processes as we incentivize people to come here.

There can be some things, I think, done that would simplify that. I don't have those answers because I'm not a childcare expert, but I would welcome engaging them in that conversation.

SENATOR MURRAY: Yeah, and I will say the Governor -- I give her nothing but credit here -- for the last year, and again this year, she has shown not only a willingness but a desire to tackle this issue, and I look forward to working with her on it.

And we should reduce the regulatory obstacles, as long as safety and health is --

that must stay in place. But we can speed up the process too, I think.

So thank you very much.

MR. SILVA: Thank you, Senator.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblyman Gray.

ASSEMBLYMAN GRAY: Thank you very much, gentlemen. Appreciate your time, spending it with us today.

I just want to hear some of your thoughts on -- so I come at this from the experience that I sat in an IDA, I sat on the REDC, and I also sat on the REDI Commission.

So the IDAs definitely we know is a local approach; REDCs, more of a top-down approach. And the REDI Commission was more of an in-between approach, if you're familiar with that commission, that incorporated some strong oversight from the state as well as a tremendous amount of local input on project selection.

So just a little bit on your thoughts

on what do you think the best approach is for New York State in terms of economic development.

And then, secondly, a minimum wage that's indexed to inflation is an important thing. I think as many people know, if they're in business, we all know that -- the labor shortage that's going on out there. And supply and demand is really driving wages right now.

Does it require government intervention at this point in time? Or is the marketplace taking care of it?

MR. SILVA: Thank you, Assemblyman. I only had two out of those three. I did the Regional Councils. And I haven't worked at an IDA, but certainly they make up a good group -- portion of our membership.

New York State is a home rule state. And so long as New York State is a home rule state, I think local control, local engagement, ground-up economic development more holistically across the board is fundamentally the best approach.

Nobody knows their community better than the people who live in it. Those who work at industrial development agencies, they're public servants, they're public employees who live in the communities that they serve, and ultimately they want to see the quality of life in their communities grow, increase, and do better.

The Regional Economic Development Council model is a great model because when -- you can collaborate around a regional strategy. So there are instances where it makes sense for -- the focus on semiconductors in one region makes sense, the focus on optics and photonics, on life sciences. So developing strategies and then identifying projects makes sense.

But they all have to work together. The state, Empire State Development, has to be working collaboratively with IDAs, vice versa with other state agencies. And I would say we're in a really good place right now with that relationship.

So on the second part, I would defer

to the Business Council. You know, we recognize that minimum wage is a very important topic. I know the Governor proposed indexing it. That is something that we would not oppose.

MR. FROMMER: It will not surprise you to add that my answer is going to be similar to the previous answers to the previous questions.

The best way to do this is to attract talent. Especially when you're talking about science, because there is so much federal money out there. The more talent you have in this state, the more economic activity, the more jobs, the more startups, the more intellectual property you're going to have.

CHAIRWOMAN KRUEGER: Thank you.

Senator Oberacker.

SENATOR OBERACKER: Good afternoon. My question is for Vice President Frommer.

You know, early on in my career I was a food scientist who then kind of transformed into a research chef, so where we've merged kind of the two philosophies of culinary and

science. Representing over seven counties, one of which is the Schoharie County, Schoharie Valley. Really was the breadbasket, if you will, of New York during, you know, revolutionary times.

Is there any thought to potentially opening up what we're doing here for a food-side premise? And the reason I say that is because if you really think about it, three times a day we're consuming some food. What better delivery system, if you will, to improve upon health?

And I'll leave you with this quote: An apple a day.

So with that, I would like to hear your thoughts.

MR. FROMMER: Well, first, Senator, I should note that it has been 25 years, but I used to live in Otsego County. I lived there for two and a half years and spent a lot of time there, so I know that area of the state pretty well. I was Senator Moynihan's upstate director, so I covered 33 counties, including Schoharie County, so I also spent

some time there as well.

Not my area of expertise. My focus is biomedical research. But I believe the model of attracting talent and the research dollars that follows that talent is a good model. And likewise, when you lose that talent, you don't just lose the great researcher or the great chef or whatever the area of expertise may be -- you lose all their research funding.

The way that NIH works, the RO1 grant, it is specifically tied not to the institution but to the primary investigator. So when we bring someone in, we're not just bringing in a brilliant scientist, we're bringing in a million, $2 million, $3 million in existing grants. And there's going to be future grants.

So, yes, I happen to think -- my biased, if you want to call it that -- this is a good model for any type of science.

SENATOR OBERACKER: And being on the Higher Ed committee as well, I have Cobleskill College, I have of course SUNY

Oneonta, now SUNY University, or University at Oneonta, which have some nutritional and other programs. I just think it would be a perfect tie-in. And what better way to extend out these monies that we are allocating. And again, I go back to an ROI. I think it would be a fantastic ROI.

So thank you for that. Thank you for the work you're doing. And if you need a county to roll this out in, or a district to roll this out in, I'd be more than happy to.

MR. FROMMER: Well, Senator, you should know that Columbia has a very strong relationship with Bassett Healthcare in Cooperstown, a specific program where we have medical students who do, I want to say, a year and a half of medical school in New York, do their basic sciences, and then do their clinical years up at Bassett.

SENATOR OBERACKER: Perfect. Thank you.

CHAIRWOMAN KRUEGER: Thank you.

I believe the Assembly is complete, so Senator O'Mara to close for the Senate.

SENATOR O'MARA: Great. Thank you.

And good afternoon. You know, maybe just a comment, maybe a response from you, Mr. Silva, on this.

You know, I serve on the Southern Tier Regional Economic Development Council, and it's very frustrating in that role that, still, every decision is made here in Albany on the Second Floor, virtually, despite the input and the work that the regional members do on all these projects. And a lot of projects that are very highly recommended, unanimously recommended from the regional council fall on deaf ears here in Albany and don't get funded with any state program dollars.

And a lot of those, the only incentives they can get come locally from the local IDA. And without those local IDAs, the local governments wouldn't have any opportunity to incentivize the projects in their areas that are not approved at the state level.

And I just think that having that

local ability to provide these incentives is critically important in many areas of the state, particularly the very depressed Southern Tier region of New York State that I represent a large portion of.

So I just want to thank you for the work of all the IDAs in the state that provide this important work and do help us provide industries. Can we improve on things? I'm sure we can. But it just seems to me that they are a very valuable asset that we need to have when every other decision is made on the second floor of the State Capitol.

Thank you.

MR. SILVA: Thank you, Senator.

CHAIRWOMAN KRUEGER: Thank you.

And actually the Assembly did realize they have some more questions.

Helene Weinstein.

CHAIRWOMAN WEINSTEIN: A question for Mr. Silva.

Some years ago there were presentations of the Regional Economic

Councils to the SIAT, the Strategic --

MR. SILVA: -- Implementation Assessment Team.

CHAIRWOMAN WEINSTEIN: Okay.

MR. SILVA: I still remember the acronym.

CHAIRWOMAN WEINSTEIN: Good.

Does that still exist?

MR. SILVA: That's a good question. I know they've moved away from doing the annual once-a-year award ceremony to more of a rolling process on the Empire State Development -- which we think's a good thing, right, because economic development happens more than one time a year.

CHAIRWOMAN WEINSTEIN: But -- why don't I stop you. Let me just --

MR. SILVA: Yeah, yeah.

CHAIRWOMAN WEINSTEIN: So when I became chair of Ways and Means, I was appointed as the Assemblymember to the SIAT. Assemblywoman Donna Lupardo was also appointed to the SIAT. For a couple of years we were invited to the presentations of the

REDCs. I haven't been invited to anything in the past two years.

I would agree with Senator O'Mara that the recommendations didn't necessarily follow what the awards were, but we did meet. I actually participated at the award ceremonies up here. But I'm just really curious if that strategic task force still exists, how it was authorized in the first place, and if it's been disbanded. I'm not necessarily looking for more work, but I'm really curious about why I haven't been informed either that it's been disbanded or that there are meetings that I should be attending.

MR. SILVA: Yeah. Assemblywoman, I do not -- I unfortunately do not have an answer to that question. I think that is a question that Empire State Development could provide an answer to.

CHAIRWOMAN WEINSTEIN: Okay.

MR. SILVA: We used to go out and do some road shows, too.

CHAIRWOMAN WEINSTEIN: Right. Yeah. And that was actually very informative.

MR. SILVA: Yeah, absolutely.

CHAIRWOMAN WEINSTEIN: Well, I will follow up, then, with Hope Knight. I neglected to ask her when she was here.

Thank you.

CHAIRWOMAN KRUEGER: Thank you both, gentlemen, for being with us.

MR. FROMMER: Thank you.

MR. SILVA: Thank you, Senator.

CHAIRWOMAN KRUEGER: Thank you.

MR. SILVA: Thank you, Assemblymembers.

CHAIRWOMAN KRUEGER: Next we're calling up Panel C: New Yorkers for Fiscal Fairness, Ron Deutsch; Strong Economy for All Coalition, Michael Kink; and Reinvent Albany, Elizabeth Marcello.

Good afternoon. Okay, I guess we'll go in the order I see you in, starting with Ron Deutsch.

MR. DEUTSCH: All right. Well, thank you very much. I appreciate the opportunity to testify here. Thank you to the distinguished members of the various

committees.

This is my 30th time appearing before you. It is our pearl anniversary we can celebrate together, so that's wonderful. I won't be giving you any pearls, but maybe drop a few pearls of knowledge that I have accumulated over the last 30 years of frustration trying to reform economic development programs.

Let me start with the fact that I think, first and foremost, we should be freezing any new tax incentives, tax abatements, and tax credits in particular to businesses in New York State this year.

Right now we are in the midst of a study that's being done by PFM looking at all the different tax credit programs New York State operates. Perhaps we should wait until next year to get the results of that study to determine whether or not these tax incentives are effective. All research I've seen from credible economists show that they are not effective and that they do not create jobs in the way that many folks are saying they do.

So rather than doubling down this year with new tax credits, perhaps we should be freezing them instead.

I would also suggest that when it comes to IDAs, Senator Ryan and Assemblyman Bronson, both chairs of their respective committees, have introduced legislation that would prevent IDAs from abating school taxes.

We released a report yesterday -- or Good Jobs First released an amazing report yesterday that was only possible as the result of some data victories that we've had with the Government Accountability Standards Board. But we're realizing now we are losing nearly $2 billion in school revenue that IDAs are doling out each year, and in particular in 2021.

So that report really details those losses, and does so by school district. We would be happy to make sure we provide that to you.

I would also like to say that -- in my limited time here -- we need to start redefining and reframing and redirecting how

we think about economic development here in New York State.

I will tell you this. What is real economic development? SUNY and CUNY are real economic development in New York State. Childcare investments are real economic development in New York State. When you think about SUNY and CUNY alone, let's look at the fact that there's nearly a $30 billion economic impact, there's an $8 return for every dollar invested in SUNY. CUNY graduates earned a combined $57 billion annually -- $28 billion more than individuals without a college education -- and CUNY graduates paid about $4.2 billion in state income taxes.

SUNY would be one of the top 10 employers in New York State -- employs about 80,000 faculty and staff.

And the most important statistic I think I can impart to you in my few seconds left is that when we talk about outmigration and stemming outmigration, about 78 to 79 percent of students that graduate SUNY and

CUNY remain in New York State and work in New York State full-time.

That is economic development.

CHAIRWOMAN KRUEGER: Thank you.

MS. MARCELLO: Thank you all for the opportunity to testify. I am Elizabeth Marcello. I'm a senior research analyst at Reinvent Albany. We advocate for open, accountable state government.

Reinvent Albany strongly supports broad, fair, evidence-based New York State investments in physical, social, and workforce infrastructure. Think Erie Canal, clean water, MTA capital plan, universal pre-kindergarten, childcare, community colleges, and technical education. These forms of economic development produce a high return on the taxpayer's investment.

We also support state efforts to help bring the private sector by modernizing licensing processes, ensuring regulations are sensible and taxes and fees are fair and reasonable.

Unfortunately, New York State is

spending an estimated $5 billion a year on economic development, mostly in the form of tax breaks for big businesses. The state theory is that wealthy business owners will use state subsidies to hire people to create more wealth for the business owner. This used to be called "trickle down" economics. Baked into this state subsidy logic is that wealthy business owners will not hire more employees or grow their businesses without these subsidies, and this is completely untrue.

New York State's most authoritative study of business subsidies remains the 2013 report to the Governor's Tax Reform and Fairness Commission, which, as Assemblymember Bronson noted, said business incentives violate principles of good tax policies and tenets of good budgeting.

And research conducted since the mid-1950s does not show that they impact net economic gains. And I would add that in fact there is an overwhelming national consensus among independent experts from the left,

right, and center that government subsidies to businesses are a very ineffective use of public funds.

We strongly recommend that New York State moves towards economic development based on facts, fairness, and measurability. Sadly, the Governor's budget doubles down on discredited, politically driven economic spending and bad public policy.

One example among dozens: Community colleges produce a very high return on investment for public funding and house a substantial portion of the state's workforce development programs. Yet the Governor wants to cut funding for community colleges upstate by 8.8 percent, to $735 million, while raising the film tax credit by 55 percent, to $700 million a year.

Regarding the Governor's budget, we urge the Legislature to reject billions of new and expanded state business subsidies. That means no to expansion of film tax credits; no to theatrical tax credits; no to resurrecting START-UP NY as EPIC; no to the

expansion of the Excelsior Tax Program; no state financing for horse-racing facilities; no to state subsidies for sports stadiums, arenas, convention centers; no to the extension of inefficient 421-a tax abatements; freeze existing subsidies; and roll back select subsidies like ending the New York State Opportunity Zone tax abatement program.

Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Mr. Kink.

MR. KINK: Hi. Thanks to the chairs and the members. Appreciate the opportunity to testify.

I'll be the third person on the panel to say we should be investing public funds in public goods, things that benefit all communities -- in education, early education, higher education, in clean energy, in housing, in beautiful public parks. Those are the kinds of things that benefit all communities and all businesses and provide a real payoff.

We've talked about higher ed and childcare and early education. Investments in those public programs have a 12-to-one payoff in the lowest-income communities and an across-the-board eight-to-one payoff, as documented by the studies of the Federal Reserve Bank of Minneapolis.

Commissioner Knight sat here and said that she viewed the cost-benefit analysis as $1 above what they invest? If you can get a 12-to-one payoff investing in low-income children, you should do that.

The problem we have here is a system that doesn't work. And I don't think it's a Commissioner Knight problem, I think it's a systemic structural problem.

Ms. Jackson asked about hiring and workforce for young people and people of color. No answers. Mr. Stirpe asked about clean energy being robbed by Micron. It was clear they're robbing the clean energy. No resolution, no discussion. Mr. Bronson asked about equity and inclusion. No data, no plans. Chair Ryan asked about the details on

data, basic facts. Last year the Senate held like an eight-hour, nine-hour hearing, and it was clear, over and over, they didn't have the basic facts.

When outsiders have established the facts, we've found, you know, total corruption and ripoffs. Yesterday the report was released that IDAs have defunded local school districts to the tune of $1.8 billion. Some districts lose $10,000 per child because of the tax breaks that IDAs are giving out -- to fast-food companies? You know, to a car dealer? It's crazy.

The other thing that's happening is large-scale projects that benefit billionaires. Tesla, the Buffalo Bills stadium, the Penn Station redevelopment, even Belmont and the billionaires' playthings with horses -- all of those benefit Elon Musk, they benefit Steven Roth and Stephen Ross, they benefit the Pegulas. Those are billionaire business leaders. They don't need public money the way that low-income people, homeless people, schoolkids, and

public universities need money.

We should be investing in public goods. And I'll will agree with Ron, we should absolutely press "pause" on any new subsidies while the audit is ongoing. We should pass the Ryan-Bronson bill to crack down on IDAs that defund local school districts. We should look at Ron Kim's bill that would put an across-the-board stop on all economic development programs.

If we took five years and every year we took 20 percent of the giveaways and we invested that in people and communities, we'd get a better payoff and you all would be able to show concrete returns to your constituents.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

A question by Senator Sean Ryan.

SENATOR RYAN: So the 2013 report you referenced seemed to suggest that the billion dollars of economic development money we're spending wasn't working. Is that accurate?

MS. MARCELLO: That is accurate.

SENATOR RYAN: But how could it be -- with all the ribbon cuttings, the groundbreakings, gold shovels -- that this hasn't yielded the strongest economy of any of the 50 states? If we're spending so much on this, why doesn't it work?

MS. MARCELLO: It's hard to believe, isn't it?

SENATOR RYAN: It's hard to believe.

MS. MARCELLO: It's hard to believe.

But every independent analysis -- this is analyses that are not funded by the agencies themselves, not funded by trade groups, not funded by special interests -- has shown that business subsidies do not work.

MR. DEUTSCH: And I think, too -- I mean, I'll quote former Mayor Mike Bloomberg here when he said that, you know, if your business plan is dependent on public subsidies and tax abatements, then it's not a very good business plan.

MR. KINK: The other thing is --

SENATOR RYAN: So where should we -- I'm sorry.

MR. KINK: I think it's fair to look at the fact that some of these things are done to generate headlines. And that's a real problem. It is a problem for members from all over the state, it's a problem for governors from both parties.

You know, you're paying for a ribbon-cutting that gets you a short-term headline rather than the long-term investment in people and communities that really pays off.

That's a real thing, and I think that's an important part of the problem, the message.

SENATOR RYAN: Yeah. So where should we be, you know, putting our resources? I read somewhere -- I don't know if this is all accurate, but that for every dollar we put into SUNY or CUNY we get about $8 back?

MR. KINK: Yes.

SENATOR RYAN: Every dollar we put into economic development, we lose about

50 cents.

(Laughter.)

SENATOR RYAN: Is that right?

MR. DEUTSCH: Yeah, you know, I think the return on investment for things like higher education, for childcare, for home care, these are all things that are necessary in our society and actually create jobs, create investment, create income, provide businesses with the things they need, a skilled workforce. With childcare -- and childcare for their workers, who need childcare to get to work.

So I think we just -- it's been a systemic problem for decades now, in how we look at economic development in New York. We really need to not be timid anymore and continue this notion of, you know, just because we keep doing the same thing over and over again, it does not make it right and just. Right? We need to rethink this, and we need a real paradigm shift here in the way we think about economic development. Because what we're doing, quite frankly, is not

working.

SENATOR RYAN: My time is expiring, but I thank you, you know, for your work and research and your facts on the subject.

CHAIRWOMAN KRUEGER: Thank you.

Assemblymember.

CHAIRWOMAN WEINSTEIN: Assemblyman Bronson.

ASSEMBLYMAN BRONSON: Thank you.

So we've known that there has been inequities and disparities in our society for a long time. COVID, however, brought that to light pretty significantly, whether you are talking healthcare or otherwise.

We I think are at a moment in time where having experienced the pandemic and seeing what happens to some of our families in our systems, and seeing the racial tension that exists in our streets, and reckoning with that, we're at a moment in time to look at our policy decisions, look at our funding decisions, to see if we're moving closer to equity. Right?

So my question -- I think you touched

on this through your narrative testimony in answering Senator Ryan's questions. Look, you're asking for a transformative change in approach to economic development. And so could you just wrap that around equity and inclusion and fairness and, you know, expand a little bit more on, you know, childcare, education investments, investing in people and communities versus investing in billionaires?

You know, this is for each of you to just take a little bit of time to just expand a little more on that.

MR. DEUTSCH: Yeah, I will say let's look at the facts. Right? If we look at Buffalo, Buffalo has received billions of dollars in economic incentives. But -- and so has Rochester, so has now Syracuse. Right? But what do they have in common? They have the highest child poverty rates in America, pretty much. Right? They're in the top 10 metro areas every year.

So, you know, when we think about businesses locating in an area, we think

about quality-of-life issues. We think about, you know, access to a skilled labor force. So that's why I'm saying we need to rethink how we approach this. Right?

If we want to do tax credits, we should be doing credits like the earned income tax credit and expanding that, the child tax credit and expanding that. Those are tangible things that put money in people's hands who need it and create social mobility and economic mobility for the people who desperately need it.

So the approach we have now is just a failed approach. And, you know, we need to have the courage, quite frankly, to admit that and to move forward in a new way.

MS. MARCELLO: I would -- I appreciate the question. And I would also add that not only do business subsidies not work to create and grow jobs, but they also contribute to increased inequality in communities. So I really appreciate you bringing this up.

MR. KINK: The fact that there's no concentrated attention to that is the biggest

problem. I can go on -- my time is out here -- but the recent federal stimulus money gave us a real opportunity to use money to do that, to coordinate state and local funding, to target the lowest-income communities and communities that have been left out.

There was a perfect opportunity to do that if we had leaders at ESDC to help make that happen. We just don't.

ASSEMBLYMAN BRONSON: Thank you all very much.

CHAIRWOMAN WEINSTEIN: Thank you.

Senate?

CHAIRWOMAN KRUEGER: Thank you.

Senator Walczyk.

SENATOR WALCZYK: Thanks so much, Chairwoman.

So ESD testified this morning and with a straight face said the film tax credit gets a nine-to-one return on investment for New York State taxpayers. You say SUNY gets an eight-to-one return on investment. That's -- okay.

GDP versus government spending. I

would like to hear all three of your answers. What is the right percentage for New Yorkers to be spending compared to our GDP? So how much of a percentage of our GDP should we be spending on overall state budgeting in order to have a good economic growth outlook in New York?

MR. DEUTSCH: You know, I don't have that figure at my fingertips at this point, so I would ask to maybe answer that question later.

MS. MARCELLO: I apologize, I have a Ph.D. but it's in urban planning and not in economics, so I will yield the floor to Mr. Kink.

MR. KINK: You know, I've got the figures on this computer. It might take me a second. But I think we calculated two years ago, when we were in the pandemic crisis, that the percentage of government spending in New York, if we adjusted it to the percentage of government spending in Canada, that we could dramatically increase our investments by about $50 billion a year.

We could build housing to house every homeless person. We could have clean, affordable energy for your constituents and everyone else's. We wouldn't be going to like Soviet Russia-styles of confiscatory taxation, we'd be about where Toronto and Montreal are, where they offer adequate healthcare to everybody, where people can afford their medications.

That kind of society has stronger, more vibrant local economies. There's not this dramatic division between the rich and the poor. And there's a better day-to-day life for small businesses, for families, and everybody.

So I don't know if I'm up here -- I certainly will get it to you, Senator, the percentages.

SENATOR WALCZYK: Yeah, so --

MR. KINK: But that's about what we're talking about, the combination of national and provincial taxes in Canada versus the combination of federal and state taxes here in New York.

SENATOR WALCZYK: For purposes of this conversation, I think Canada spends about 30 percent more than New York State by GDP in total government spending.

MR. KINK: Yeah. So I would argue for that level of increased investment in people and communities.

SENATOR WALCZYK: So you would say over half of New York's GDP should be spent on government.

MR. KINK: No, 30 percent -- let me figure out the number. I'll get it to you. I don't want to be inaccurate.

SENATOR WALCZYK: I can't imagine a New York that has a good economic outlook with that level of government spending. But appreciate the feedback.

MR. KINK: Toronto and Montreal are doing pretty good.

CHAIRWOMAN KRUEGER: (Mic off, inaudible.)

Next, Assembly. No Assembly?

Senator Murray.

SENATOR MURRAY: Thank you very much.

And thank you for being here.

So I'm listening to you, and in principle I agree with what you're saying, in that we should not be providing incentives and taxpayer money to those who really don't need it, to the Buffalo Bills or to, you know, major corporations. I agree with you.

However, I do believe incentives can help. I believe we should refocus them, reimagine what we're doing with them, focus them more on smaller businesses that really do need the help.

But I really would like to jump on what you said about childcare. I think we should lead the nation. I think we should be taking these incentives that we're giving in some forms, and moving it to incentivize childcare and work with us to maybe reduce some of the regulations, to streamline it, to increase that.

We're battling against other states who do have IDAs, who do give out the same things. So how do we balance that -- as was mentioned earlier, at the end of many of the

shows you see, the Georgia peach. And, you know, we're saying, Why aren't they here? The reality is other states are giving out these incentives. How do we compete if we don't?

MR. DEUTSCH: Right. Well, I would suggest that not engaging in this race to the bottom is a good start, right? And I agree with you that we need to start rethinking how we structure these deals, how we structure economic development in New York.

But, you know, I think we're underinvesting, in a lot of ways, in a lot of programs that do in fact work and can make a difference. So for instance, I've been up here, again, 30 times, right? And one of the programs that I've been touting is the Entrepreneurial Assistance Program, which has been around since 1987 and it's been funded at about $1.7 million since then. But it helps women and families of color create jobs, create businesses in their own communities. And --

SENATOR MURRAY: Not to interrupt, is

that the one -- is that through SUNY?

MR. DEUTSCH: No, that's not through SUNY. It's a program operated through Empire State Development.

But it's one of those programs that, again, is grossly underfunded, underappreciated. And it's got a great return on investment, and it's creating businesses throughout New York State. They're microbusinesses, right? Less than five employees. But still, businesses being created in New York State, creating opportunity. A lot of those are home-based childcare businesses, for instance.

So obviously there's a need for childcare. We should be looking at expanding programs like that as well.

So I think there's a lot we can do if we work together and reimagine this system rather than continuing to do everything that doesn't work.

SENATOR MURRAY: No, I agree with you on that.

And trying to piggyback on something

that Ms. Marcello said about businesses don't hire because of incentives -- as a small business owner, businesses hire because that means they're succeeding. If they're hiring, they're growing. If they're growing, they're succeeding. That's a good thing.

We should help them to do this. I feel that we punish success here in New York way too much. But I agree with you, I think we should kind of reinvent the direction we're going. But childcare should be top of the list.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

CHAIRWOMAN WEINSTEIN: No.

CHAIRWOMAN KRUEGER: No? Just me. Thank you very much.

So we keep having this debate about what we're doing and investing in and what we're not investing in. And one argument is that there's a much better use of that money. Another argument is that our taxes are just too high.

So I'm curious, have any of you done any research on other states that actually show having a more even playing field with not giving away so many tax abatements and exemptions to certain kinds of businesses results in a lower base tax for all the businesses in the state that's actually an advantage to that state?

Because I feel like we're having this race to the bottom and that it's not working for us.

MR. KINK: Well, you know, I'll say I'm not suggesting that New York should move to the public policies of Florida and Alabama. But in the press release and the study that was released yesterday about IDAs defunding local school districts -- in Florida and Alabama, you cannot give tax breaks that defund local schools. That's not allowed.

And so, you know, it certainly could be argued that Florida and Alabama have lower taxes than New York. I don't think it's the right approach. I think investing in great

public universities like SUNY and the University of California, University of Illinois, has paid off well for some of the more progressive states over time.

But, you know, if Florida and Alabama can stop gutting local school districts with giveaway tax breaks, maybe New York could too.

CHAIRWOMAN KRUEGER: Anyone else? No? Okay. That was really my question for you today. Thank you.

I think I was the last legislator.

MR. KINK: Can I give Senator Walczyk his number? Is that okay?

CHAIRWOMAN KRUEGER: You can give him what, I'm sorry?

MR. KINK: His number? He was looking for the percentage --

CHAIRWOMAN KRUEGER: Sure.

MR. KINK: So Canada does spend 30 percent of GDP. Here in New York, with the combination of federal, state, and local, we spend about 26. So the recommendation would be to spend 4 percent more of GDP --

it's about $70 billion -- and it would allow those kinds of transformative investments in local communities that could really make a difference.

CHAIRWOMAN KRUEGER: Thank you.

I'm not letting him have more time, sorry. Although he did bring me pretzels and candy.

(Laughter.)

CHAIRWOMAN KRUEGER: In an attempt to bribe me for more time.

But I want to thank you all very much for your attendance today. Thank you.

MR. KINK: Thank you.

MR. DEUTSCH: Thank you.

CHAIRWOMAN KRUEGER: Next panel, John Scheib, from Scheib Associates, and David O'Rourke, CEO and president of New York Racing Association.

I'm also just going to make the point that we in theory thought the Tax hearing would start at 2:00. Clearly it's not going to. But we're estimating probably a maximum of another hour. My colleague is more

optimistic, a half-hour.

So don't go too far if you're here for the Tax hearing. But if you need to grab something, you do have time to go and come back. Thank you.

Okay, good afternoon. Whichever of you would wish to start.

MR. SCHEIB: Thank you for inviting me. I can provide sources for all of my testimony regarding the proposed $455 million state loan for Belmont Park.

So what kind of destination are we building here? If you use the past five-year averages, the new Belmont Park will now be the destination where more horses go to die than any other track in America. And so it can be reasoned, then, that a 30-year loan will fund 1800 more dead horses just during the debt service period.

Horse racing isn't a public works project, it's a gambling business. And our Constitution mandates that the betting on horses make a reasonable revenue for New York State.

New York didn't sign up for years of completely unverified economic impact claims. They demand wagering taxes. Other forms of gambling contribute billions every 12 months. NYRA's wagering taxes round to zero, down almost 80 percent in recent decades. New York's 11 tracks combined pay only $10 million in wagering taxes a year.

As a comparison, that's exactly the same amount racing paid 80 years ago in the middle of the Second World War, in 1942, with only five tracks.

It would take NYRA 83 years to remit what mobile sports betting paid just last year.

NYRA hasn't been profitable enough to pay its franchise fee to New York State in 14 years. Racing's handle numbers may sound impressive, but 80 percent of those bets are made from out of state -- where those states tax the wagering, not New York.

And why on earth would New York loan money to build a luxury new track with such disastrous attendance? Since 1978, Belmont

attendance is down 88 percent and Aqueduct down an astounding 94 percent.

NYRA's franchise ends in 10 years. New York State's about to loan half a billion, with no one signing up for the second half of the debt service.

Remember, job claims are just claims. New York State agencies don't collect, and more importantly they don't verify any data on racing's jobs or economic impact. None. Why would New York support these type of jobs anyway? We have 854 dead horses at Belmont and Aqueduct just since 2009.

On top of that, and importantly, right now in New York courts horse-doping crimes are responsible for the largest criminal sports indictments of any kind in the history of the United States.

Is all this really what taxpayers want you legislators to spend their money on? Are we proud of this mess? If NYRA's seeking a loan, they should contact the Buffalo Bills -- apparently they have just come into a lot of cash recently.

Thank you.

CHAIRWOMAN KRUEGER: Our next testifier, please.

MR. O'ROURKE: To the chairs and members of the Senate and Assembly committees, thank you for allowing me to testify today. This is an honor.

My name is Dave O'Rourke, and I'm the president and CEO of the New York Racing Association, which holds the exclusive franchise to conduct thoroughbred racing at Aqueduct, Belmont Park, and Saratoga Race Course.

Across New York, horse racing is responsible for 19,000 jobs and more than $3 billion in annual economic impact that stretches to every corner of the state. New York thoroughbred racing is growing its fan base and is increasing in popularity, regularly setting new wagering records and dramatically expanding national television coverage of the sport.

With that statewide reach in mind, I would like to focus my testimony on

Belmont Park. Belmont has long been a crown jewel in American horse racing, but it was built over a century ago and has not been renovated since 1968. As a result, the venue lacks amenities that fans expect. It is not ADA-compliant. It is not environmentally friendly. And it is not, most importantly, winterized, limiting Belmont's use to just a few months each year.

In response, NYRA has developed a plan to build a new, modern racing facility at Belmont to reimagine the experience for our fans while creating jobs and securing the future of the sport in New York.

We are pleased that authorization for this project was included in Governor Hochul's budget proposal. And according to an analysis by HR&A Advisors, this construction project alone will create $1 billion in economic activity, sustain 3700 jobs, generate 45 million in tax revenues.

After construction, it will produce 155 million in annual economic impact,

support 740 new full-time jobs, and generate 51 million in labor income and 10 million in new tax revenue annually. It will also allow us to consolidate downstate racing, relinquishing our interest in an over-100-acre parcel of developable land at Aqueduct Racetrack to the state which was recently appraised at over $1 billion.

Unlike other development initiatives, this project comes at no cost to taxpayers. NYRA will pay back every dollar loaned by the state, plus interest. These figures are immense, and while I know this is a budget hearing, these dollars and cents are just part of the story.

Supporting a new Belmont also means supporting thousands of New Yorkers who rely on horse racing for their livelihoods, like the backstretch community of Belmont, who will benefit from the construction of new housing and upgraded facilities throughout the property.

Like the farmhands who work on nearly 300 breeding farms that operate in almost

every county of the state, or the cleaning staff and the servers at hotels and restaurants in Saratoga Springs, or the cooks, the carpenters, security guards, tellers, and more at Belmont.

That's why organized labor, small family-owned farms, and leading business groups, as well as 68 percent of New Yorkers, support this economic development initiative -- because it delivers for New York families.

I urge you to support the Governor's proposal and look forward to working with you during the budget and beyond.

Thank you for your time. I am ready to answer any questions.

CHAIRWOMAN KRUEGER: Thank you.

I am the one Senator with questions.

So you want the state to guarantee the bonds. What happens if we end our franchise with NYRA before you've paid us back?

MR. O'ROURKE: So with this development, the land owns Belmont Park. These monies would be invested into

Belmont Park. And it is an asset that stays, in a business sense, within the balance sheet of the state.

CHAIRWOMAN KRUEGER: Well, we own the land, so that's our asset regardless.

MR. O'ROURKE: That's correct.

CHAIRWOMAN KRUEGER: That we shouldn't have to sell the land to pay back your bonds.

So how would you pay us back?

MR. O'ROURKE: Well, no, the actual asset would increase in value, Senator.

CHAIRWOMAN KRUEGER: Say that one more time?

MR. O'ROURKE: The actual asset would increase in value greatly.

CHAIRWOMAN KRUEGER: Only if someone else wants to take up the horse racing franchise, right?

MR. O'ROURKE: Well, it would also -- the actual building right now is 1.3 million square feet. Part of the project is to create an incredible amount of green space.

One project going on right now at Belmont is to access the infield, which has

never been accessed, and that alone is 45 acres of green space, park-like land.

CHAIRWOMAN KRUEGER: And you would have to pay back -- I believe it was 26 million a year, is that correct?

MR. O'ROURKE: That is correct, Senator.

CHAIRWOMAN KRUEGER: So -- and it's from VLT revenue is that correct?

MR. O'ROURKE: From a specific stream of VLT revenue that is restricted for use on the state properties. It's a capital -- cap-ex stream of VLT revenue, yes.

CHAIRWOMAN KRUEGER: So how much is your annual income from that now?

MR. O'ROURKE: Approximately 35 million.

CHAIRWOMAN KRUEGER: So what won't you be able to pay back anymore or pay for anymore because most of it will now be going to paying back bonds?

MR. O'ROURKE: Well, our objective would be to accelerate the pay-back through a diversification of business lines that we've

been engaged in in the last five years.

CHAIRWOMAN KRUEGER: Can you say that to me one more time? I don't think I understood or heard.

MR. O'ROURKE: Well, over the last five years NYRA was a very specific -- had a very specific business model historically, where it was -- you ran the racetrack. It was very much brick and mortar, wagering at the track.

Over the last five years we've expanded into television coverage, with almost 1,000 hours of media coverage, and the distribution of wagering. The business model has completely changed.

CHAIRWOMAN KRUEGER: And some of your materials propose that you need to do this in order to get the Belmont Stakes at least once at Aqueduct.

Have you talked to anyone from the National Racing Association to know that this is actually going to happen?

MR. O'ROURKE: That's -- that would be the Breeder's Cup. It would allow us to

actually monetize the Belmont Stakes to a much higher degree. But we would also be able to bring the Breeder's Cup, which is in a sense the horse -- the worldwide Super Bowl of horse racing, to Belmont on a rotation, which would be every four to five years.

And yes, we have a commitment from them to do that, absolutely.

CHAIRWOMAN KRUEGER: And it's my understanding that horse-racing revenues are just going down, for a variety of reasons, nationally.

MR. O'ROURKE: It depends --

CHAIRWOMAN KRUEGER: Is there any evidence that other states that have invested significantly in redoing their tracks have actually seen a growth in racing?

MR. O'ROURKE: There are. There's an example in Virginia, Colonial Downs, which was reopened about five years ago.

And Churchill Downs, which has the first leg of the Triple Crown -- Belmont has the last. And they are currently undergoing another project of $200 million investment in

that facility.

CHAIRWOMAN KRUEGER: Thank you. We're out of time.

Assembly.

CHAIRWOMAN WEINSTEIN: We go to the chair of our Racing Committee, Assemblyman Pretlow, three minutes.

ASSEMBLYMAN PRETLOW: Thank you, Madam Chair.

And good afternoon, gentlemen. Your testimonies sound like the yin and the yang. I don't know if you'd ever -- it is up or is it down?

I just have a couple of questions, and the Senator asked a couple of them, so I will be brief.

During the period of construction when operations move to Aqueduct Racetrack, will there be any loss of racing days?

MR. O'ROURKE: No, there will not.

ASSEMBLYMAN PRETLOW: So you'll maintain the same number of racing days.

And on average, how much does NYRA spend a year on capital improvements?

MR. O'ROURKE: On average, 25 to 35 million. A lot of that -- we've been preparing for this, so we have been investing heavily in the infrastructure and the housing conditions specifically on the backside of the operations.

ASSEMBLYMAN PRETLOW: So the money that's going to be used to pay back this loan is about equal to what you've been spending on an annual basis to date, is that correct?

MR. O'ROURKE: That's correct. But that would be with -- for instance, we currently operate 2 million square feet. We will be going down to about half of that when this is complete.

ASSEMBLYMAN PRETLOW: All righty. And NYRA is 100 percent confident that it can repay $25.8 million a year for the next 20 years?

MR. O'ROURKE: Beyond that. Yes, we are.

ASSEMBLYMAN PRETLOW: All righty.

Once Belmont's redevelopment is completed and racing concludes at Aqueduct,

how long do you anticipate until the state is able to use the land that's now hosted by Aqueduct for other purposes?

MR. O'ROURKE: Approximately three years. Some of the building could be used before that. Particularly, we just need the racetrack itself.

ASSEMBLYMAN PRETLOW: Okay. Well, the existing infrastructure has to be torn down. Would that be the state's responsibility or NYRA's responsibility?

MR. O'ROURKE: The primary infrastructure at Aqueduct right now is literally attached to the Resorts World Casino. So I -- that would not --

ASSEMBLYMAN PRETLOW: So there are no grandstands there now, it's --

MR. O'ROURKE: The grandstand is the Resorts World Casino at the moment.

Where we operate out of is the clubhouse, which is a small section.

ASSEMBLYMAN PRETLOW: So you just have the clubhouse there. Okay.

And how many acres will become

available for development?

MR. O'ROURKE: Over 100. Approximately 110.

ASSEMBLYMAN PRETLOW: So 100 acres in the middle of Queens --

MR. O'ROURKE: Correct.

ASSEMBLYMAN PRETLOW: -- close to the airport will become available. And the state would have the ability to lease that land out or sell it for at least a minimum of a billion dollars, if my number's correct.

MR. O'ROURKE: Its value is a billion dollars. I would imagine that it's a multiple of that, the potential.

ASSEMBLYMAN PRETLOW: All righty.

And right now, how many employees does Belmont have?

MR. O'ROURKE: We actually operate as a circuit, so we move -- we never operate two tracks at once.

ASSEMBLYMAN PRETLOW: Right. So the employees that are at Belmont now will all work out of Aqueduct while the construction's going on at Belmont, and then they'll all

come back to Belmont after it's complete.

So there's -- to your knowledge, there will be no loss of jobs of individuals that work at the existing racetracks now, is that correct?

MR. O'ROURKE: That is absolutely correct.

ASSEMBLYMAN PRETLOW: Okay. Thank you.

CHAIRWOMAN KRUEGER: Senator Murray jumped in.

SENATOR MURRAY: Just one quick question.

We've mentioned and we talked about the Buffalo Bills and what they got last year. Is there a difference between what happened last year with that and what Belmont is getting? And if so, what is the difference?

MR. O'ROURKE: I believe that was a grant, there were grants involved. That's not -- that wasn't -- I can't attest to that, but I believe it was grants.

This is a loan that literally we will

be paying back. So in a sense, since the state owns all these assets, you would think of it as dividend yourself off the Aqueduct property, invest $500 million to improve Belmont. And I think it's accreted from day one.

SENATOR MURRAY: And the loan is not interest-free, correct?

MR. SCHEIB: It is not, no.

SENATOR MURRAY: Okay. Thank you very much.

CHAIRWOMAN WEINSTEIN: Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you, gentlemen.

So, you know, I represent Saratoga Springs, and my colleague reminded me that the Travers is actually the Super Bowl of racing.

(Laughter.)

ASSEMBLYWOMAN WOERNER: But I have to say I experience what the economic impact of racing is, from the farms that grow the hay and the straw to the veterinary practices and

the farriers and the people who work on the breeding farms and the agriculture industry that is -- that is really what racing is all about. I see that, along with the tourism.

So I just have two questions for you. One, what is the importance of having racing throughout the year? What's the importance of the winter racing to support the equine industry in the state?

And then, secondly, we do know that outside of Saratoga Springs that attendance is off at racetracks. So could you reflect for a little while on what are the measures that you use to determine whether you are having a successful year or not.

MR. O'ROURKE: The second question I remembered; I can go back to the first, Assemblywoman Woerner.

The second question would be the metrics used -- the sport has changed. I mean, using 1978 -- actually I think that was the number mentioned earlier, I think that was the year Affirmed won the Triple Crown -- the sports business was a completely

different animal than it is today.

Today it is about media distribution. Experiences at the track have changed. So we need to actually bring the product that the consumer wants. And what they want are media distribution in terms of television -- and we've worked from 80 hours five years ago to over 800 hours today, and that supports the distribution of our wagering.

Sports betting, the expansion of sports betting opens a massive opportunity and a massive customer base that dovetails with exactly what we've been doing in the racing industry for 100 years, almost.

And we measure ourselves on viewership. We have 800 hours, we average 50,000 to 100,000 people on a regular race day watching our program. And then on the Belmont Stakes, if there's a Triple Crown, you're looking at close to 20 million people, five million on a down year. So these numbers are huge.

We look at attendance. You have to really look at audience and how they consume.

And it's different than it was 30, 40 years ago.

ASSEMBLYWOMAN WOERNER: And winter racing, how important is it to have, to be able to race year-round?

MR. O'ROURKE: It's extremely important to specifically the breeding industry in New York. And New York breeds some of the best racehorses in the country and in the world. And to have a continuity of a racing circuit year-round that supports the New York bred, it's part of our core mission.

ASSEMBLYWOMAN WOERNER: And if we didn't have racing at the downstate tracks, if we didn't have racing at Belmont, which is currently crumbling, if we didn't have racing at Aqueduct, would the race meet at Saratoga be as successful?

MR. O'ROURKE: It would be quite different. And that scenario would be likely catastrophic to the breeding industry in New York and the agri-aspect of what we do.

ASSEMBLYWOMAN WOERNER: Thank you very

much.

CHAIRWOMAN WEINSTEIN: Thank you.

We go to Assemblyman Ra for three minutes.

ASSEMBLYMAN RA: Thank you.

Just wondering, Mr. O'Rourke, if you could go just a little bit more into detail about the impact both of construction and afterwards of this. So you said 3700 construction-related jobs. Union shops, correct?

MR. O'ROURKE: Correct. We have 26 unions, I believe.

ASSEMBLYMAN RA: And $45 million in construction-related tax revenues. I don't know if you happen to have a breakdown available in terms of whether town, county, state, of how that breaks out?

MR. O'ROURKE: We could supply that. I do not have that with me, though.

ASSEMBLYMAN RA: Okay. Good. That would be great.

And then the new full-time jobs. So is that solely attributable to, you know, the

expansion and new areas that are going to be -- you know, that the public is going to be utilizing? Or is that part of that, you know, just people that would be moving over that normally would work at those times of year at Aqueduct? How does that shake out?

MR. O'ROURKE: It's incremental. Because these downstate facilities specifically have very low utilization rates. Because they were built, really, on the concept of wagering, accepting, building. So when you look at Belmont, it's almost like a very large warehouse for taking bets.

Going forward -- and now we move as a circuit, so obviously during the summer we're in Saratoga. But there's ancillary uses for Belmont. It's actually quite a beautiful place. So the planned project is to actually utilize that property year-round -- events, weddings. And it just creates new forms of business lines, which equate to jobs.

So I would believe that 740 number that I'm quoting is a conservative number. I think we're going to be a lot higher than

that, because I think there's demand to be outside. And the amount of green space that this will create is phenomenal.

ASSEMBLYMAN RA: Sure. And, you know, as somebody who represents -- I don't quite represent the track property, but I'm pretty close by in Western Nassau, and I know I have plenty of people who work in the industry that are constituents of mine.

And I do think that, you know, the idea of having a world-class, modern racing facility to be on that site, in conjunction with obviously UBS Arena, is certainly, you know, a positive opportunity for year-round use for those types of events.

But since you mentioned other types of events, I'm just going to throw a quick plug out there, because I think the greatest thing would be, if this gets done, to get an Islanders-Rangers winter classic there on the property, sell out the grandstand, have a great celebration of hockey for our two downstate teams, and watch the Islanders beat the Rangers. Thank you.

(Laughter.)

MR. O'ROURKE: I couldn't agree with you more on that one.

(Laughter; discussion off the record.)

CHAIRWOMAN KRUEGER: Okay. I believe the Legislature is finished with our questions for this panel. Thank you very much for being with us today.

MR. SCHEIB: So no discussion about no attendance and no discussion about no tax revenue from a gaming business.

CHAIRWOMAN KRUEGER: Excuse me. No, sorry. Thank you. Thank you very much.

MR. SCHEIB: Okay.

MR. O'ROURKE: Thank you.

MR. SCHEIB: Very productive, folks.

CHAIRWOMAN KRUEGER: Our next panel is actually going to be our last panel because No. 11 had to leave, so we are inviting No. 12, Stephanie Cunningham from Museum Hue, to join the panel with United Scenic Artists, Motion Picture Editors Guild, and Buffalo Niagara Film Office. Because it's all the arts, we'll think about it that way.

So is Stephanie also here? Oh, you're Stephanie. Okay. And the two people with you are not with you.

MS. CUNNINGHAM: Yes, these are my colleagues.

CHAIRWOMAN KRUEGER: Oh, all three are with you?

MS. CUNNINGHAM: Yes.

CHAIRWOMAN KRUEGER: Okay. Well then, let's -- as the others are coming down, we'll ask them to just sit in the front.

And you have three minutes total for all three of you, so -- okay?

MS. CUNNINGHAM: Yeah. Perfect, thank you.

So good afternoon, everyone. My name is Stephanie Johnson Cunningham, and I'm the executive director of Museum Hue. And I'm joined by my colleagues Sylvia Diaz and Martha Aeon.

So Museum Hue is an organization dedicated to the advancement of Black, Indigenous, and all people of color throughout the arts field. We are a

membership- and community-based organization collectively advocating for greater racial equity in arts funding and offerings for arts professionals of color through our Hue Arts New York Initiative.

I join my colleagues working across creative disciplines throughout the state in thanking the committee for your leadership.

Arts and cultural workers are important to New York State's economy. Arts and culture-related industries, also known as creative industries, provide direct economic benefits to the state and communities -- creating jobs, attracting investments, generating tax revenues, and stimulating local economies.

In addition, because they enhance quality of life, the arts and culture are an important complement to community and economic development, enriching local amenities and attracting young professionals to an area.

The arts play an essential role in creative and social lifeways across New York.

The art sector generates over 100 billion in economic activity, according to the Comptroller's report on the creative economy. That is one in every $8 churning through the city's economy. It highlights the vastness of the cultural sector, with over 400,000 jobs.

Due to COVID-19, arts venues were forced to close and cancel programs. So in order for the vibrancy that is New York's arts and culture to be revived, we need the support of the New York state government.

Black, Indigenous, and people of color arts organizations specifically have been disproportionately funded and impacted way before the COVID-19 pandemic. Our arts and culture ecosystem needs vital funding to ensure survival.

Museum Hue has identified over 500 of these arts entities, and we believe an implementation and deployment of a new $100 million funding model over five years will help accomplish the following objectives: Re-grant equitable funding to

Black, Indigenous, Latinx, Asian, all people of color arts entities across New York State. Two, provide professional development to strengthen these art entities. Three, advocate for city-state policies and practices to provide support for these arts entities. And four, assist these arts entities in gaining long-term space to operate.

As a lifelong New Yorker and arts professional, I know firsthand the impact of the arts field, especially the arts entities on communities of color. They deserve a commitment to their survival from our government, our elected officials, communities, philanthropists, and businesses. They greatly contribute to the vibrant portrait of New York's cultural landscape, and these arts leaders have also proven to be resourceful and resilient in the face of a long history of chronic underinvestment and limited financial support.

Thank you.

CHAIRWOMAN KRUEGER: Thank you. Thank

you all.

Any questions? Senator Ryan.

SENATOR RYAN: Thanks for coming today.

Could you just take a few minutes and tell us a little bit about your organization or organizations that you represent?

MS. CUNNINGHAM: Sure, absolutely.

So Museum Hue was founded in 2015, so it has been around for eight years now. And its entire emphasis is dedicated to looking at the experience of Black, Indigenous, and people of color specifically working in the arts.

And we have been able to fundraise a little over $1 million within the last year from the New York State Council of the Arts, Mellon Foundation, Ford Foundation, National Endowment for the Arts, New York Community Trust, all to support our research and data to collect information around the arts landscape and looking at the arts inequity funding throughout the state.

CHAIRWOMAN KRUEGER: Assembly.

CHAIRWOMAN WEINSTEIN: Assemblywoman Jackson.

ASSEMBLYWOMAN JACKSON: Thank you for your testimony.

As a mom of an artist, you know, you often hear, like, there is no money in art. And what you are speaking to is what people are talking about. And so I am just wondering what it is like for young Black and brown youth to get funding, government funding, government contracts relating to art.

MS. CUNNINGHAM: That is a good question. We found with the research that we have collected so far, again, there are inequitable funding streams that is provided for individual artists of color and also institutions of color as well.

And so we have found that within even NYSCA and New York City Department of Cultural Affairs, there is no real dedication to real data that kind of nails down how much the city and state give to arts organizations of color and individual artists of color.

ASSEMBLYWOMAN JACKSON: Okay. And do you know if any of these individual artists or groups, are they considered part of the MWBE program? Like, talk to me about that, if you can.

MS. CUNNINGHAM: Good question.

So much of them that we found within the 500 that I mentioned are not a part of MWBE because they're not necessarily companies. Most of them are 501(c)(3)s. And the priority of MWBE is not nonprofits.

ASSEMBLYWOMAN JACKSON: Thank you.

Thank you, Chair.

CHAIRWOMAN KRUEGER: Thank you.

Anyone else?

Then we appreciate all three of you coming to be with us today and making your request and sharing your information. Thank you very much.

MS. CUNNINGHAM: Thank you.

CHAIRWOMAN KRUEGER: And now we're going to call the last panel for this hearing. And after this panel is completed, we're going to take a 15-minute break before

we start the second hearing.

So now I'm inviting United Scenic Artists, Local USA 829, IATSE; the Motion Pictures Editors Guild, Local 700, IATSE; and the Buffalo Niagara Film Office.

Okay, why don't we start with my left, your right, and go down the table.

MS. MYERS: Okay. Good morning, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Legislature.

My name is Jennifer Myers, and I am a field representative of the Motion Picture Editors Guild, IATSE Local 700, and I present this testimony today on behalf of both Local 700, which represents post-production professionals, and the Post New York Alliance, which represents over 60 post-production facilities and individuals working in post-production.

Thank you for your long-standing support for our sector, which is a critical component of the film and television ecosystem, and for this opportunity to provide testimony and support of the

Governor's proposal to enhance and extend the Empire State Film Post Production Tax Credit.

Our credit is a $25 million suballocation of the larger Empire State Film Production Credit, which I have broken down in my written remarks. The success of this program is unparalleled, with posts seeing explosive growth since enactment of the separate post-production incentive.

A little over a decade ago, New York had very little of the nation's editorial work, but we're now the second-largest venue for domestic post-production work, after California.

The credit has even allowed New York to compete with Canada and the UK, with incentives of their own, and has even succeeded in repatriating jobs based in China and India.

For context, Local 700 members in New York logged approximately 299,000 hours worked in 2011. By comparison, our members will have recorded approximately 900,000 hours worked in 2022. This success

translates into serious economic activity.

We can tentatively report that thanks to the incentive, the post-production ecosystem directly employs 14,000 people as of 2022, which indirectly supports 15,000 more jobs, for 29,000 jobs in total. Collectively, this represents $2.43 billion in labor income and $7.24 billion in economic output. And in return, the post-production ecosystem generates approximately $156 million in annual tax revenues.

As a practical matter, jobs in post-production are coveted career tracks. To be clear, anyone entering into picture, sound, music, editorial, VFX or animation work has entered into a world with great salaries and benefits and an opportunity to work with innovative technology.

According to HR&A, post-production workers earn an average of $119,000, which is significantly higher than the average salary for all industries statewide. We are constantly working with our public and private partners to build out a workforce

pipeline that reflects the diversity of New York.

For example, Local 700 engages in outreach to raise awareness of post-production career paths among youth in underrepresented communities. For at least five years we have invited Bronx Community College students to Editors Guild seminars, screenings, and networking events. And in 2022, we formalized that relationship by providing funding with member instructors who are post-production professionals at the top of their field to lead master classes for sophomores.

These and other programs have emphasized creating opportunities for underrepresented communities and assist in diversifying the post-production workforce.

In summation, post-production is an important economic development driver and a home for well paying careers -- and all film and television, regardless of production location --

CHAIRWOMAN KRUEGER: Your time is up.

MS. MYERS: Thank you.

CHAIRWOMAN KRUEGER: (Mic off; inaudible.)

MS. MYERS: Sorry.

MS. GOVAN: Thank you, and good afternoon --

CHAIRWOMAN KRUEGER: Would you mind moving a little closer, please?

MS. GOVAN: Good afternoon, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the New York State Legislature. My name is Deirdra Elizabeth Govan, and I am vice president of the United Scenic Artists Local 829.

Local US 829 is a national labor union and creative community of designers, artists, and coordinators working across the entertainment industry. And I am one of those members, as a costume designer and production designer by trade.

I also present this testimony on behalf of the broader film production labor union community, which represents the vast majority of workers in the highly unionized

field of film and television. We thank you for your long-standing support for our industry.

I would like to say I am the real Made-in-New-York story. Over the span of 25 years I stood along with so many of my colleagues as we have worked from the ground up at our respective artistic professions building what is now our state's renowned, vibrant motion picture industry.

The film and television tax credit has been extraordinarily successful, turning New York State into a national hub for film and television production. Our success has spurred other jurisdictions, in particular Georgia and now, on our doorstep, New Jersey, to enact highly competitive tax incentive programs which contain many aspects included in Governor Hochul's Executive Budget proposal.

It is important to understand the success of this program. New York State has transformed itself from merely a place to do location shoots and then leave to becoming a

home for over 57,000 direct and indirect workers annually, earning 12 billion in wages per year.

For all of this, it is the tax credit that has made the difference. Numerous states have recently matched and exceeded New York's program, further exacerbating the reasons why so many projects that once came to New York now choose not to do so. The new reality is best captured by the fact that for the first time in years, sound stages in New York are seeing significant vacancy rates.

It is also important to underscore that with the vast growth of New York's film and television industry, there has been a significant increase in diversity within its workforce.

I have personally seen the diversification of the industry over the past 25 years with increasing opportunities for black and indigenous people of color. As the industry has created new jobs in New York, it has opened the door to all New Yorkers, with varied levels of education and experience, to

build a career and to support their families.

Our unions are heavily invested in developing programs that offer opportunities to diversify their talent pools and memberships. For example, IATSE Local 52 Motion Picture Sound Studio Mechanics is working with Bronx Community College to develop a talent pipeline.

My own union continues to provide access to emerging artists. For example, New York State's Scenic Artists Apprentice Program currently has the most diverse group of new workers this program has ever offered. This incentive is driving a new generation of artists to seek out professional opportunities and invest in our industry and talents.

CHAIRWOMAN KRUEGER: Thank you. Sorry to cut you off there.

MS. GOVAN: I thank you for your time.

CHAIRWOMAN KRUEGER: Thank you.

Our last panelist.

MR. CLARK: Ready?

CHAIRWOMAN KRUEGER: Yes.

MR. CLARK: Senator Krueger, Assemblymember Weinstein, Senator Ryan, from my neck of the woods, I travelled from Buffalo today to attest about the economic impact of this New York State film tax credit program and what it's had on Western New York.

I think I can provide a pretty unique perspective as film commissioner in a region that was never a traditional production center, but also as the immediate past chair of the Association of Film Commissioners International, a group that allows me to interact routinely with colleagues around the world.

Film tax incentives absolutely drive where movies and scripted TV shows are made. I hear that from both foreign and domestic film commissioners, studio executives, as well as independent filmmakers. The states and territories without incentives are always ruled out when making decisions on where to shoot.

In fact, before a competitive tax

incentive was instituted here in New York, movies that were set in Buffalo were shot in places like Winnipeg, Manitoba; Toronto, Ontario; and Southern California. Now, Buffalo has doubled for cities such as Los Angeles; Hartford, Connecticut; Clarksdale, Mississippi; and even Martha's Vineyard. I would say that is an amazing reversal of fortune for our town.

We are now a movie-making destination, something even I never envisioned when I became film commissioner some 17 years ago. Motion picture production has become an important component of our new sector economy in Western New York. Hundreds of good-paying jobs have been created. New sound stages and movie-related businesses continue to pop up all over our region, and a prideful community has been able to see our town, our cities, our villages shown worldwide on the silver screen and beyond.

Motion picture union ranks have exploded their membership numbers. When I first started my job, there were about a

dozen members of IATSE -- that's the movie mechanics union. Now there are nearly 200 in Buffalo. Go figure, right?

The Theatrical Teamsters Local 817 have partnered with the Teamsters Local in Buffalo to provide dozens of drivers for the many movie trucks that now dot our landscape. The Screen Actors Guild, the Directors Guild, the Producers Guild -- they're all in Buffalo now. They have increased their numbers dramatically in our region.

While there are some tweaks -- and I must say there should be some that need to be made for upstate areas -- the New York State film tax credit is making a solid and long-lasting impact from Long Island all the way to Lackawanna.

I would like to thank all of you, on behalf of the thousands of Western New Yorkers that have been positively affected by this new industry, for your continued support in strengthening our economy in Buffalo through the state's film tax credit program.

It has been a real distinct privilege and honor to be here today to let you know just what a difference all of you have made, as Hollywood continues to take notice of every single part of this great, of this diverse, and of this unique place that we call the State of New York -- the family of New York.

Thank you.

CHAIRWOMAN KRUEGER: I'm sorry. First up, Senator Sean Ryan.

SENATOR RYAN: Thanks, everyone, for coming today. Thank you to the folks from IATSE. And thanks, Tim, for coming up the Thruway this morning. I tried to accommodate, get you in earlier, but we set a pretty tight schedule.

MR. CLARK: I understand.

SENATOR RYAN: So I have a few questions.

I know I've visited some of the downstate sets. And walking around, I saw IATSE members, carpenters -- it almost seemed, you know, close to wall-to-wall

people with, you know, workforce democracy.

Is that implicit in the statute, in -- when we come out of New York City, are the productions in Buffalo, are they the same way in terms of unionization?

MR. CLARK: In Buffalo, yes, Senator. In fact, there has been this proliferation of IATSE members that have grown there. And it's all really different departments. Scenics is certainly one of them, and so many others.

And we have been really targeting workforce development to really provide a good diverse workforce base in Western New York so when the studios come, or when the independent filmmakers come, they feel very -- you know, it's not a big difference from being in New York or in the Mid-Hudson region or places closer to New York.

So we've been very successful, and it's been really great.

SENATOR RYAN: So before this film credit started, you saw very little film production in the Buffalo area --

MR. CLARK: Almost nothing, yeah.

SENATOR RYAN: You would see it in Toronto, which would often masquerade as other cities.

MR. CLARK: Right.

SENATOR RYAN: And how much has it come into our area of Western New York? And is that coming at the expense of films or studio work that would have been done in New York City?

MR. CLARK: Well, we've lost some things. And I have to tell you, I think this new proposal is looking really good.

I can tell you "The Bros," that Warner Brothers movie -- I think it was Warner Brothers, they -- or no, I'm sorry, it was Universal. They ended up in New Jersey.

We had another movie that scouted a pretty good-size movie that ended up in Ohio. And it really was taken there by these higher incentives and, you know, the inducements that these other states have had. So we've lost some things.

But, you know, as you know all too

well, our architectural assets in Western New York are some of the finest, and I think the creative side of the movie industry seems to notice that. When you get the business side, the incentive folks agreeing that -- with the creative people, it's a recipe for success. And that's what we've had here in Western New York.

SENATOR RYAN: This idea of the 25 to 30 percent, and it's also mixed in with this above-the-line and below-the-line -- could you explain to me the differences on that?

MR. CLARK: Well, I can again anecdotally point to a situation we had with a movie called "White Noise," I think it was. They came in at that 25 percent, and they just couldn't make it work, they just couldn't. So they ended up in Ohio.

SENATOR RYAN: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

CHAIRWOMAN WEINSTEIN: Assemblywoman Woerner.

ASSEMBLYWOMAN WOERNER: Thank you.

Ms. Govan, in your testimony, in your written testimony, you say that the state's exceeded its allocation faster than anticipated, and the consequence of that is that productions are having to wait a period of time after the production concludes to claim their credits. And that that delay is a reason that states look for -- or the productions look to other states rather than stay in New York.

Can you give us some sense of how long that delay is or how much we have exceeded our allocated credits on an annual basis?

MS. GOVAN: Thank you, Assemblywoman Woerner.

To my understanding and research, it's usually anywhere between one to three years after they finish production.

ASSEMBLYWOMAN WOERNER: And that's not true in other states?

MS. GOVAN: I can't quote on those statistics. But what we have on data is for our state, that is the time.

ASSEMBLYWOMAN WOERNER: Okay. Do you

have any sense of what the backlog is of -- in terms of number of productions that are awaiting their credits?

MS. GOVAN: What I do understand, Assemblywoman Woerner, is that there is a rollover period. So once that 430 million is exhausted, there's a rollover period going into that next round, and it's also exhausting that. So it's a continuation of rolling over, never catching up. So we are consistently behind.

ASSEMBLYWOMAN WOERNER: Okay. Thank you.

And I would just say that as a designer, could you please come up with something that's better than the peach for us?

(Laughter.)

ASSEMBLYWOMAN WOERNER: Every time I see that peach on the credits, I just -- it makes my teeth ache.

Thank you.

CHAIRWOMAN KRUEGER: Senator Walczyk.

SENATOR WALCZYK: Thanks, Chairwoman.

So the Governor's invested, at least in her budget proposal here, $700 million in post-production tax credits. It's a $280 million increase over last year, which is pretty significant.

And budgets are about priorities. At the same time, she's borrowed $2.5 million, a million-dollar cut over last year, but a $2.5 million cut over previous years in local tourism matching grants.

Would your industry survive if you only had a $697.5 million post-production tax credit available at the end of all of these budget negotiations?

MR. CLARK: Me? I would say the problem that has -- and this is my reference to a little tweaking upstate -- is that a lot of these -- a lot of these incentives get gobbled up pretty quickly down in the city, down in New York City.

And so we often hear from -- and sometimes we get a little lower budget independent films that come through, and those folks are waiting two, three -- I've

heard even longer. And if they're -- they're seeing those kinds of wait times, they're going to New Jersey.

And we just -- there's a guy whose wife is from Buffalo -- again, this is anecdotal -- but he's vowed to not return. He's kind of shifted everything to New Jersey, you know, and he says that he'll come back if the wait time ends.

So we predict -- or at least I think that this higher cap might -- you know, according that a little bit in a way that makes it that that money comes back quicker. We're hoping that's the case.

The other thing, too, is the above-the-line. I mean, I'll tell you, we lose a lot of movies, you know, to states that have above-the-line, and New Jersey in particular. And that's troubling, you know, because they set themselves in New York but then end up shooting in New Jersey.

SENATOR WALCZYK: But if we were to just restore for the counties that depend on those tourism dollars the local matching

grant program, could you survive without the $2.5 million?

MR. CLARK: Well, we don't do that, I don't believe, in Buffalo. I think there's some sort of matching grant thing up in Syracuse, but I'm not aware of anything in Buffalo. That's -- that's not something I know about.

SENATOR WALCZYK: There's tourism agencies across New York State that avail themselves of this. It's local advertising dollars that really have compounding interests when they're applied. So we get it back in sales tax and bed tax and all of the different ways that tourism is great.

Well, I appreciate it.

MR. CLARK: Yes.

SENATOR WALCZYK: I think I've made my point for the record, that I think this group -- while, you know, I appreciate the Governor wanting to invest in post-production tax credits, I think they'd do just fine with 697.5 million rather than 700.

Thanks for your time.

MR. CLARK: Thank you.

CHAIRWOMAN KRUEGER: Assembly?

CHAIRWOMAN WEINSTEIN: Assemblyman Otis.

ASSEMBLYMAN OTIS: I have a question for Tim Clark.

MR. CLARK: Sure.

ASSEMBLYMAN OTIS: My wife is from Buffalo. So we were watching a 2007 film the other day that partially took place in Buffalo. And for authenticity, she's looking, but we found out, we looked it up, it was filmed in Winnipeg, as you testified.

MR. CLARK: Yes. Yes.

ASSEMBLYMAN OTIS: So the fact that we're doing things to bring these filmings back to authentic locations like Buffalo is a great thing.

MR. CLARK: Well, thank you, Assemblymember. And I -- it's always irked me for years, you know, especially as a guy charged with the responsibility of bringing movies to Buffalo, when I'm watching movies that are set there but not shot there.

So -- and, you know, there is this component of community pride, too, that I think people from Buffalo -- and I'm sure your wife would attest to this -- they know the difference. And Winnipeg ain't Buffalo.

(Laughter.)

ASSEMBLYMAN OTIS: Thank you very much. Thank you all.

MR. CLARK: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

I think I'm last. Well, do you have more?

CHAIRWOMAN WEINSTEIN: No.

CHAIRWOMAN KRUEGER: Okay. So following up on the growth in the tax credit proposed by the Governor, at least in earlier years there seemed to be agreement with your unions that these credits should only go towards the workers on movies who were below the -- what are they called, the line.

MR. CLARK: Below the line, yes.

CHAIRWOMAN KRUEGER: And now they're talking about the directors, the movie stars, people who don't live here in New York

getting credits -- for jobs that pay up to $500,000.

I would much rather see a commitment by these companies to actually have to move to New York and be here with us full-time, and even make sure that they are filming and producing things that take place in New York, and encourage tourism -- following up on my colleague's point that we want people to come to New York, so we want them to watch movies and TV that highlight all the things that are so unique about our state. And that those should be given points, so to speak, when the storylines are New York-based.

And I'm just curious what anybody thinks about these changes by the Governor. Because it's not just new money being proposed, it's new money for a different universe.

MS. MYERS: I'll take that.

I think it's a multipronged approach. And what I mean is many actors above-the-line are also New York residents. They live here. So most of the times when productions are

coming here and they're interested in being in New York, those actors who are a part of that production, they look for the convenience. They look for the ability to be able to see their families, to be able to go home at the end of a long shoot day.

So I don't necessarily feel that it is something that's not needed. I do feel that it's a one-to-one comparison with what our competitors are doing. And that is New Jersey and Georgia, which have the same incentive that is proposed in Governor Hochul's budget.

CHAIRWOMAN KRUEGER: So I have some famous actors living in my district in Manhattan. I suspect they'd get hired anyway. Like, they're big famous people.

So I just don't see why we should actually be giving up our tax revenues for, with all respect, them. They've been working and doing very well in their careers up to now. And I just don't quite see that this changes the story. It just moves more of our money into subsidizing an industry that

doesn't always need that much subsidizing.

MS. MYERS: Well, I can't really speak to that, Senator. But what I can speak to is the below-the-line experience and having productions relocate. As a working costume designer and officer of a union, I recently experienced that. The production decided to relocate to Georgia, and in relocating to Georgia, I lost a job. So -- purely based upon the fact that they did not want to pay the accommodation fee for that. So it really wasn't about talent, it was about the money.

And so I personally feel keeping the tax incentive and doing a one-to-one or a comparison with what other states are doing, is necessary to keep production here as a whole.

CHAIRWOMAN KRUEGER: My time is up. Thank you very much.

MS. MYERS: Thank you.

CHAIRWOMAN KRUEGER: Assembly?

CHAIRWOMAN WEINSTEIN: No.

CHAIRWOMAN KRUEGER: Any other Senators?

Well, then I'm going to thank you very much for being with us today --

MR. CLARK: Thank you.

CHAIRWOMAN KRUEGER: -- for being our last panel on this hearing.

MS. GOVAN: Thank you.

MS. MYERS: Thank you.

CHAIRWOMAN KRUEGER: And I'm going to declare that this hearing is done.

We're going to take a 15-minute break -- around a 13-minute break. At 3:15, we will return here for the Tax Hearing.

Thank you, everyone.

(Whereupon, the budget hearing concluded at 3:02 p.m.)