

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

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
5 2024-2025 EXECUTIVE BUDGET ON
6 ECONOMIC DEVELOPMENT

7 Hearing Room B
8 Legislative Office Building
9 Albany, New York

10 January 30, 2024
11 9:33 a.m.

12 PRESIDING:

13 Senator Liz Krueger
14 Chair, Senate Finance Committee

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

17 PRESENT:

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

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

22 Senator Sean M. Ryan
23 Chair, Senate Committee on Commerce,
24 Economic Development and Small Business

Assemblyman Al Stirpe
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

1 2024-2025 Executive Budget
2 Economic Development
3 1-30-24

4 PRESENT: (Continued)

5 Assemblywoman Carrie Woerner
6 Chair, Assembly Committee on Small Business

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

10 Senator Kristen Gonzalez
11 Chair, Senate Committee on Internet and
12 Technology

13 Assemblyman Steven Otis
14 Chair, Assembly Committee on Science and
15 Technology

16 Senator Joseph P. Addabbo Jr.
17 Chair, Senate Committee on Racing,
18 Gaming and Wagering

19 Senator John C. Liu

20 Assemblyman Billy Jones

21 Senator Michelle Hinchey

22 Assemblyman Christopher S. Friend

23 Senator George M. Borrello

24 Assemblywoman Patricia Fahy

Assemblywoman Yudelka Tapia

Assemblyman John T. McDonald III

Senator Iwen Chu

Assemblyman Clyde Vanel

Assemblyman Manny De Los Santos

Senator Jessica Ramos

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4 PRESENT: (Continued)

5 Assemblyman Edward C. Braunstein

6 Assemblywoman Jen Lunsford

7 Senator Pamela Helming

8 Assemblyman Jonathan Rivera

9 Senator Dean Murray

10 Assemblywoman Gina L. Sillitti

11 Assemblyman John Zaccaro, Jr.

12 Assemblyman Scott Gray

13 Assemblywoman Mary Beth Walsh

14 Senator James Tedisco

15 Assemblyman Brian Cunningham

16 Assemblywoman Chantel Jackson

17 Assemblywoman Jo Anne Simon

18 Assemblyman Tony Simone

19 Assemblywoman Nikki Lucas

20 Senator Lea Webb

21 Assemblyman Brian Maher

22 Assemblyman Al Taylor

23 Assemblywoman Marianne Buttenschon

24 Assemblyman Robert C. Carroll

Senator Cordell Cleare

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3 PRESENT: (Continued)

- 4 Assemblyman Sam Pirozzolo
- 5 Assemblyman Alex Bores
- 6 Senator Leroy Comrie
- 7 Assemblyman Jarett Gandolfo
- 8 Assemblywoman Taylor Darling
- 9 Senator Jamaal T. Bailey
- 10 Assemblyman John Lemondes
- 11 Assemblyman Jonathan G. Jacobson

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17 Hope Knight
Commissioner
18 NYS Department of Economic
Development
19 President & CEO
Empire State Development
20 -and-
Jeanette Moy
21 Commissioner
NYS Office of General Services
22 (OGS)
-and-
23 Erika Mallin
Executive Director
24 NYS Council on the Arts

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1 CHAIRWOMAN KRUEGER: Good morning,
2 everyone. Hi. It's another week, another
3 group of hearings. Today we are starting --
4 I'm sorry. Hi, I'm Senator Liz Krueger,
5 chair of the Finance Committee, joined by my
6 special guest cochair Gary Pretlow, because
7 Helene Weinstein is still out on medical
8 leave but hopefully will be back with us
9 soon.

10 So again, today is the budget hearing
11 on Economic Development Executive
12 Budget. It's January 30th. Hopefully this
13 hearing will last till around 2 o'clock, and
14 then we'll be starting a second hearing. We
15 do these every once in a while; they never
16 work out timewise, just letting you all know.
17 For anyone watching who thinks they're
18 starting at 2 o'clock, keep your eye on who,
19 what, where, because you're probably not
20 starting at 2 o'clock. But let's be
21 optimistic.

22 Again, this is a joint fiscal
23 committee of Ways and Means in the Assembly,
24 Senate Finance Committee, relating to the

1 Governor's proposed budget for state fiscal
2 year '24-'25. These hearings are conducted
3 pursuant to the New York State
4 Constitution and Legislative Law. Today the
5 Senate Finance Committee and Assembly Ways
6 and Means Committee will hear testimony
7 concerning the Governor's proposed budget for
8 the New York State Empire State Development
9 corporation, the New York State Office of
10 General Services, the New York State Council
11 on the Arts.

12 Following each testimony, there will
13 be some time for questions from the chairs of
14 the relevant committees and the legislators
15 from those committees as well.

16 I will now introduce members of the
17 Senate, and Assemblymember Pretlow will
18 follow up with members of the Assembly. And
19 I will start out introducing my Democratic
20 colleagues and then turn it over to
21 Tom O'Mara, who's the ranker for the Senate
22 Finance Committee, to introduce his members.

23 So let's just pull out my list of
24 who's here already. And additional Senators

1 and Assemblymembers will come in and leave
2 during the day. We will try to make sure to
3 introduce each of them as they arrive.

4 We have Senator Chu, Senator Ramos,
5 Senator Sean Ryan, our chair, and Senator
6 John Liu.

7 And Tom O'Mara, who would you like to
8 introduce?

9 SENATOR O'MARA: Good morning.

10 We have with us Senators Pam Helming,
11 Dean Murray, George Borrello and Jim Tedisco.

12 Thank you.

13 CHAIRWOMAN KRUEGER: Okay.

14 Assembly?

15 ASSEMBLYMAN PRETLOW: Thank you,
16 Senator. Good morning, everyone.

17 I'm Gary Pretlow, the chair of the
18 Assembly's Racing and Wagering Committee and
19 cochair of today's hearing with my good
20 friend Senator Liz Krueger. As she said
21 earlier, I'm filling in for Helene Weinstein,
22 who is still recovering; hopefully she'll be
23 back next week.

24 I just want to introduce the

1 Assemblymembers that are here. We have our
2 chair of Small Business, Carrie --
3 Assemblywoman Woerner; Science and Technology
4 Chair Steve Otis; and newly minted Economic
5 Development Chair Al Stirpe.

6 We also have our Assemblywoman Pat
7 Fahy, Assemblyman Braunstein, Assemblywoman
8 Jackson, Assemblyman -- these are all women.
9 Okay. Assemblywoman Lunsford, Assemblywoman
10 Buttenschon, Assemblywoman Tapia,
11 Assemblyman Simone and Assemblywoman Darling.

12 I'm going to introduce my friend
13 Ed Ra, who will introduce the members of his
14 conference.

15 ASSEMBLYMAN RA: Thank you,
16 Mr. Pretlow.

17 We're currently joined by
18 Assemblyman Maher, Assemblyman Gray,
19 Assemblyman Gandolfo, and
20 Assemblyman Lemondes.

21 CHAIRWOMAN KRUEGER: Great.

22 ASSEMBLYMAN RA: And Assemblyman
23 Friend, I'm sorry, our ranker on
24 Economic Development.

1 ASSEMBLYMAN PRETLOW: Everyone's
2 friend.

3 CHAIRWOMAN KRUEGER: We've also been
4 joined by Senator Webb and Senator Serrano.
5 And -- oh, no, that's all so far.
6 Senator Addabbo, I also believe somebody
7 referenced he's here.

8 Before we start with our presenters,
9 some basic rules of this room. It was redone
10 this year, and it's by and large all
11 radically better than it has been for many
12 years for us. There were some issues with
13 the microphones last week on our first test
14 week, but in fact they were fixed throughout
15 the night and into early morning, so we think
16 they are actually all going to work better
17 for you to be able to be hearing each other
18 and you in the audience be hearing.

19 Please note the microphones in front
20 of you have to be pressed to green when
21 you're talking and pressed to red when you're
22 not talking. Because they're brand-new, some
23 of them are pretty stiff and you have to push
24 really hard, so you'll think, What's wrong

1 with me? It's not you. It's that these are
2 brand-new and they will soften up,
3 supposedly, the more they are pressed on and
4 off.

5 But it's helpful for remembering that
6 you don't want to be saying things on
7 microphone when you didn't mean to say them
8 on microphone, because the whole State of
9 New York is listening.

10 We also have new visuals here and here
11 (indicating). We're thinking of trying to
12 put like really pretty scenes of the outdoors
13 in the back to remind you you're here and not
14 outside.

15 But also we have the language access
16 so that people can read along with anything
17 that's said. Which is actually extremely
18 helpful to people both here in our event and
19 also those watching throughout the State of
20 New York. Because of course this is
21 livestreamed to anyone and everyone on both
22 the Senate website and the Assembly website.

23 We've also improved the WiFi. So for
24 some of you who have spent too much of your

1 lives -- like me -- in this room, it's
2 amazing how much better technology is working
3 because of the new improved system down here.

4 Also for people who don't know -- and
5 this is more for the legislators -- if you
6 are a relevant chair for this -- for whatever
7 panel we're on, you get 10 minutes to ask
8 questions. If you're a ranker, you get
9 five minutes. If you're just a member, not a
10 chair or ranker, or even a chair but not
11 relevant to that panel, you get three
12 minutes.

13 When we finish the government panel
14 and we go on to the public panels, everyone
15 just gets three minutes.

16 The importance of understanding the
17 minutes -- and you have clocks here, and they
18 have green light, red light, yellow light,
19 and there's beeping if you get to red. The
20 total number of minutes is both for the
21 question and the answer. So legislators, if
22 you know you have three minutes, if you spend
23 two minutes and 30 seconds asking your
24 question, the chances of your actually

1 getting an answer -- no fault of the
2 panelist -- is almost impossible.

3 So for testifiers, if you know you
4 can't possibly get through the full answer to
5 the questions, or even if you got a stump-you
6 question and you don't know the answer right
7 away, you can always send us in writing the
8 answers. And that's actually very helpful.

9 And you send it to Senate Finance and
10 Assembly Ways and Means, and we make sure
11 your answers are distributed to all the
12 members, whether or not they were the one to
13 ask the question.

14 I think that's the basic rules of
15 today.

16 So now I would like to introduce --

17 ASSEMBLYMAN PRETLOW: Can I interrupt
18 one second, Senator?

19 CHAIRWOMAN KRUEGER: Of course.
20 Please.

21 ASSEMBLYMAN PRETLOW: Because a few
22 members have come in since I last announced
23 the members of the Assembly that were here,
24 and a few more have come in. So I'm just

1 going to read off their names. We have
2 Assemblypeople Bores, Santos {sic}, Sillitti,
3 Simon, Cunningham, Taylor, De Los Santos,
4 Carroll, Vanel, Jones and Rivera.

5 Thank you.

6 CHAIRWOMAN KRUEGER: Thank you.

7 And we've also been joined by
8 Senator Bailey.

9 ASSEMBLYMAN McDONALD: {Inaudible.}
10 (Laughter.)

11 ASSEMBLYMAN PRETLOW: And a great
12 pharmacist {inaudible} McDonald.

13 CHAIRWOMAN KRUEGER: And just also
14 because -- just to make sure that
15 Assemblymember Pretlow understands that
16 Assemblymembers who want to be put on the
17 list to ask questions should either get his
18 attention or get the attention of the staff
19 right behind him. I see many hands being
20 raised, Rich Ancowitz.

21 And the same for the Senate. If you'd
22 like to be on the list for questions, you
23 should get my attention. And I think you all
24 have my text, so you just text me usually.

1 So with that -- are you seeing the --
2 okay. I think they're working on it. Sorry.

3 And so also one more thing, I'm sorry,
4 before we start. Because we have so many
5 legislators here, some are sitting in this
6 row behind the table. When their names are
7 called to ask you questions, if the people
8 either on the far-right chair or the far-left
9 chair would give up their chair, let the
10 person come forward, ask their questions with
11 a microphone at the table, and then trade
12 back afterwards.

13 Okay? I think we're now ready to go.

14 ASSEMBLYMAN PRETLOW: I'm ready.

15 CHAIRWOMAN KRUEGER: We're ready to
16 go, great.

17 So I want to introduce Hope Knight,
18 the commissioner of the New York State
19 Department of Economic Development and the
20 Empire State Development Corporation;
21 Jeanette Moy, commissioner of the New York
22 State Office of General Services; and
23 Erika Mallin, executive director of the
24 New York State Council on the Arts.

1 Each of you will have 10 minutes to
2 submit -- to read your testimony or, better
3 still, highlight the bullet points of your
4 testimony if you know it's going to be longer
5 than 10 minutes. And then after all three
6 have testified, we will then open up to
7 questions.

8 Thank you. So we'll start with you.
9 Good morning, Hope.

10 COMMISSIONER KNIGHT: Good morning.
11 Good morning, Chairwoman Krueger, Chairman
12 Pretlow, and distinguished members of the
13 Legislature.

14 I'd also like to acknowledge
15 Assemblymembers Stirpe and Woerner as the new
16 Economic Development and Small Business
17 chairs. I look forward to working with you
18 both.

19 Congratulations to Assemblymember
20 Bronson, too, on his new role as Labor chair.
21 Confident that we will continue to work
22 together. Senator Ryan, I look forward to
23 continuing our partnership this year.

24 My name is Hope Knight, and I serve as

1 president and CEO of Empire State Development
2 and commissioner of the New York State
3 Department of Economic Development.

4 I'm joined today by ESD's Chief
5 Operating Officer and Executive Deputy
6 Commissioner Kevin Younis.

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

9 This year has been a great year of
10 momentum for ESD. Our dedication to
11 supporting small businesses is stronger than
12 ever, including our commitment to minority-
13 and women-owned businesses. Thanks to the
14 added investments from the Governor and the
15 Legislature, we have eliminated the
16 longstanding MWBE certification backlog. The
17 state has also exceeded its MWBE utilization
18 goal for state contracts, achieving more than
19 32 percent during the last fiscal year -- the
20 highest utilization rate in the country for
21 the third straight year in a row.

22 In this year's budget, Governor Hochul
23 is proposing to extend the MWBE program for
24 another five years so that we continue to

1 build on these achievements.

2 This year's budget also includes a
3 funding increase for Entrepreneurship
4 Assistance Centers -- the first funding
5 increase in 15 years. These centers do
6 incredible work supporting entrepreneurs
7 across the state, offering services like
8 business training, individual counseling, and
9 access to capital. The majority of their
10 clients are minorities, and more than half of
11 the participants do not have a four-year
12 degree. These centers are typically located
13 in disadvantaged communities, and are a vital
14 resource for those wishing to pursue their
15 dream of running a business.

16 Investments in disadvantaged
17 populations are critical to promoting shared
18 economic growth across the state. In the
19 last fiscal year, over 60 percent of ESD's
20 awards have been to small businesses, and
21 more than half of our projects are in
22 disadvantaged communities.

23 Under Governor Hochul's leadership, we
24 are making historic investments in New York's

1 most valuable asset -- its people. ESD's
2 Office of Strategic Workforce Development
3 focuses on expanding training programs for
4 quality jobs in high-growth industries, and
5 ensuring these opportunities are targeted to
6 historically marginalized communities. To
7 date, the office has supported training for
8 over 11,000 workers, with over 400 business
9 partners.

10 Every award from our office is serving
11 disadvantaged populations and offering
12 wraparound services such as childcare support
13 and transportation vouchers.

14 This year's budget contains an
15 exciting new workforce development proposal:
16 ON-RAMP, or the One Network for Regional
17 Advanced Manufacturing Partnerships. Through
18 this initiative, regional centers will
19 provide training to disadvantaged populations
20 to create an "on-ramp" to promising careers
21 in advanced manufacturing. These centers
22 will offer wraparound services and will
23 leverage local partners and employers for
24 direct job placement in the advanced

1 manufacturing sector.

2 Our targeted investments into creating
3 the workforce of tomorrow serves as a
4 valuable business attraction tool and is one
5 of the many reasons New York is leading the
6 country in reshoring manufacturing. However,
7 our successes have resulted in a shortage of
8 shovel-ready sites for incoming businesses.

9 To address this directly,
10 Governor Hochul has proposed \$100 million for
11 a new round of FAST NY, the state's premier
12 program to create shovel-ready sites. This
13 investment will further the state's business
14 attraction efforts and continue New York's
15 momentum in growing the green economy and
16 semiconductor industry.

17 Site preparation was critical for
18 attracting large companies like
19 GlobalFoundries and Micron, which helped
20 solidify New York's position as a leader in
21 advanced manufacturing.

22 To promote continued growth of the
23 semiconductor investments in New York, the
24 Governor recently announced the state's

1 support for a new EUV lithography tool and
2 related center at the Albany NanoTech
3 Complex. This groundbreaking public-private
4 partnership will put New York at the
5 forefront of semiconductor research and
6 development, ensuring that the next
7 generation of chips are developed here in
8 New York.

9 These chips will also be critical for
10 advancements in artificial intelligence,
11 which will be one of the most important
12 technological advances of our lifetime.
13 Through the Governor's Empire AI initiative,
14 New York will empower its world-class
15 research institutions to pursue ethical
16 advancements in AI to create new jobs and
17 attract investments to our state.

18 Tesla's recent announcement of a
19 \$500 million supercomputer in Buffalo also
20 shows New York's boundless potential for AI
21 and autonomous vehicle developments.

22 As a part of our comprehensive
23 approach to economic development, we support
24 Governor Hochul's commitment to growing the

1 state's housing stock. This is vital,
2 because companies have told me that they
3 cannot consider locating to a state that does
4 not offer ample housing. To address this,
5 the Executive Budget commits \$500 million to
6 support infrastructure upgrades at
7 state-owned properties, which will
8 accommodate thousands of units of housing and
9 encourage the growth of the state's
10 workforce.

11 Throughout all of our work, we remain
12 deeply committed to the principles of
13 transparency, accountability, and data-driven
14 decision making. We continue to work
15 diligently to make the agency more accessible
16 and transparent. Last year we launched a
17 new, user-friendly Database of Economic
18 Incentives, and I appreciate all the
19 engagement with the Legislature to strategize
20 ways we can continue evolving this important
21 resource.

22 I am proud of all that ESD has
23 accomplished this year, and I'm excited about
24 what these new initiatives will achieve for

1 the state. I look forward to continuing to
2 work closely with all of you to deliver
3 results for all New Yorkers.

4 Thank you for the opportunity to speak
5 this morning, and I'm happy to take your
6 questions.

7 CHAIRWOMAN KRUEGER: Thank you very
8 much.

9 Our next testifier is Jeanette Moy,
10 from the Office of General Services.

11 Good morning.

12 OGS COMMISSIONER MOY: Good morning.

13 Greetings, Chairs Krueger and Pretlow,
14 Ranking Members O'Mara and Ra, and
15 distinguished members of the Legislature. My
16 name is Jeanette Moy, and I'm the
17 commissioner of the New York State Office of
18 General Services. I'm joined today by OGS
19 Executive Deputy Commissioner Thomas Nitido.

20 Thank you for the opportunity to share
21 the work of our agency and all that has been
22 accomplished since I last testified before
23 the Legislature, as well as to talk about the
24 impact of the Governor's Executive Budget on

1 this agency.

2 Governor Kathy Hochul's Executive
3 Budget proposes \$1.38 billion for OGS, which
4 will enable our agency to continue to advance
5 her commitment to improving government
6 operations and service for all New Yorkers.
7 The proposed budget will allow OGS and its
8 1,900 employees to continue to provide
9 operational and logistical support services
10 for state agencies so that they can focus on
11 their core missions effectively.

12 Our services are vast. We manage
13 20 million square feet of the state's real
14 property and 468 leases comprising another
15 12 million square feet. We provide shared
16 services, processing transactions for
17 44,000 state employees. We provide
18 \$660 million in annual budget and accounting
19 services for our clients, and directly manage
20 human resources for another 6,300 state
21 workers. We also administer 1,500
22 centralized contracts with award values of up
23 to \$30 billion.

24 Under Governor Hochul's leadership,

1 we've launched a five-year strategic plan
2 this year which outlines how OGS will
3 incorporate transparency, customer service,
4 sustainability, and equity across our
5 operations. The Executive Budget will allow
6 OGS to make demonstrable progress in this
7 agency's plan, as well as our shared goals of
8 making government work better for all
9 New Yorkers.

10 OGS's role as a support agency is to
11 ensure that state government runs effectively
12 and efficiently. We do this by utilizing
13 data to help the state to make informed
14 decisions and by instituting policies,
15 processes and system changes that allow our
16 partner agencies to function. Last year we
17 built out a Project Management Office, and
18 this year we will be standing up a data
19 analytics team. These functions together
20 will support the Governor's ambitious agenda
21 for a more data-driven state government.

22 For example, enhancing the state's
23 property database and ensuring the state is
24 able to use these properties for more

1 strategic and beneficial purposes, such as
2 meeting the Governor's goals of developing
3 more affordable housing.

4 Our real estate portfolio includes
5 over 150 state-owned buildings and structures
6 totaling more than \$7 billion in assets. We
7 serve approximately 30,000 tenants and
8 thousands of visitors. And most of these
9 state office buildings were built between
10 1965 and 1975, with their critical systems
11 reaching the end of their useful life. We
12 are making prudent investments to meet the
13 needs of the state's workforce.

14 With hybrid work a part of the modern
15 workplace, we've launched a pilot for ITS and
16 OGS employees so that we can best learn how
17 to adapt our existing spaces.

18 The proposed budget will also allow us
19 to continue this work, along with a
20 long-awaited Capitol Eastern Approach
21 restoration project, and completing work on
22 the Hawk Street Passage and Capitol
23 Courtyard. These projects will improve our
24 State Capitol's most prominent and historic

1 public spaces.

2 Now, in addition to the significant
3 work on OGS facilities, our agency also
4 provides design, construction, and project
5 permitting services to over 50 state
6 agencies. Our current workload includes
7 \$1.4 billion in active construction projects
8 and another \$2 billion in design development.
9 This year's successes included the completion
10 of the wedge wire screen system at the OGS
11 Hudson River pumping station in Albany,
12 installation of the Ruth Bader Ginsberg
13 portrait in the Capitol's Great Western
14 Staircase, construction of the first phase of
15 the Adirondack Rail Trail for DEC, and making
16 substantial progress on DMNA's facility
17 modernization efforts, from designs for the
18 Lexington Avenue Armory to breaking ground on
19 their Troy field maintenance shop.

20 Now, across this significant footprint
21 we have been laying the foundation to help
22 the state meet Governor Hochul's climate
23 goals. In partnership with NYSERDA and NYPA,
24 we're managing a state program to convert the

1 light-duty-vehicle fleet to zero-emission
2 vehicles by 2035. We are actively planning
3 over 138 ports at 39 state facilities
4 representing 10 agencies, the first tranche
5 of approximately 1400 chargers across the
6 state.

7 OGS also began implementing telematics
8 into our vehicles to improve performance and
9 safety while providing greater insights into
10 vehicle operations that will ultimately
11 facilitate our transition to a carbon-neutral
12 fleet.

13 We've held the first EV Car Show for
14 fleet managers and worked with agencies to
15 craft their EV transition plans.

16 Finally, OGS was integral to
17 implementing first-in-the-nation clean
18 concrete guidelines to reduce greenhouse gas
19 emissions in state construction.

20 OGS will also advance the Governor's
21 call for the state to lead by example, as a
22 member of her Decarbonization Leadership
23 Program. In partnership with NYPA, we are
24 developing plans to decarbonize major state

1 facilities, including right here at the
2 Empire State Plaza. That plan will lay out
3 steps to accomplish an approximately
4 50 percent reduction in carbon emissions at
5 the Plaza complex in the next 10 years, and
6 will examine opportunities to achieve full
7 decarbonization long-term. This will result
8 in a meaningful reduction in emissions in a
9 disadvantaged community right here in Albany,
10 improving air quality and health for local
11 residents.

12 The Governor's Executive Budget
13 includes \$50 million for energy efficiency
14 and emissions reduction projects in support
15 of the implementation of Executive Order 22,
16 and we hope to use a portion of that funding
17 to jump-start this important work.

18 As we restore our facilities and
19 assets, we've also reinvigorated our cultural
20 programming, focusing on community
21 partnerships and adapting our events and
22 exhibits to better reflect the diversity
23 relevant of our state. We've expanded the
24 state's annual in-person tribute to

1 Dr. Martin Luther King, Jr, by partnering
2 with other State agencies, including the
3 Anti-Hate & Bias Campaign from the NYS
4 Division of Human Rights, and curated joint
5 programs with our agency partners, including
6 the Chief Disability Officer, the Office of
7 Mental Health, the Office for Prevention of
8 Domestic Violence, and the Office of
9 Veterans' Affairs, among so many others.
10 These steps help to make New York State more
11 equitable by honoring and celebrating the
12 diversity of our communities.

13 Along with our partner agencies, we
14 are working to improve the customer service
15 experience for all New Yorkers. This year we
16 began the first phase of our e-procurement
17 initiative for centralized contracts,
18 launched an e-procurement solution for our
19 design and construction contracts, and hosted
20 our first GovBuyU, a fully online procurement
21 conference for state agencies, authorities,
22 municipalities and nonprofits.

23 The Executive Budget will enable OGS
24 to continue to make it easier to work and do

1 business with the state. Working with the
2 Executive Chamber and ITS, we will help to
3 establish a statewide customer experience
4 infrastructure for our agency partners. We
5 will also build on the recent expansion of
6 the Digital and Media Services Center,
7 ensuring that agencies have access to
8 user-friendly digital products and services
9 that allow them to better connect with
10 New York businesses and New York residents.

11 And this year, our Office of Language
12 Access celebrated its first anniversary,
13 launched a statewide listening tour and a
14 "Know Your Rights" campaign for limited
15 English-proficient communities. The proposed
16 Executive Budget will help establish a state
17 employee certification program for oral and
18 written language skills.

19 In closing, the Governor's budget will
20 enable OGS to begin addressing our aging
21 infrastructure, modernize and innovate our
22 operations, and support the state response to
23 complex challenges that are facing the state
24 today. I'm proud of our progress in making

1 New York a healthier, stronger, more
2 resilient and more equitable state, and we
3 applaud the Governor's investments and
4 priorities in this year's Executive Budget.

5 I look forward to continuing to work
6 closely with many of you as we deliver for
7 all New Yorkers.

8 Thank you for the opportunity for
9 letting us speak this morning, and I am more
10 than happy to answer your questions.

11 CHAIRWOMAN KRUEGER: Thank you very
12 much.

13 Before we introduce our next
14 testifier, we've also been joined by
15 Senator Hinchey and Senator Cleare. And I
16 think Senator Tedisco.

17 Do you have any Assemblymembers to
18 intro?

19 ASSEMBLYMAN PRETLOW: Yes, I do.
20 Assemblypeople Zaccaro and McDonald have also
21 joined us.

22 CHAIRWOMAN KRUEGER: Okay, thank you.
23 Our next testifier is Executive Director
24 Erika Mallin, New York State Council on the

1 Arts.

2 Good morning.

3 EXECUTIVE DIRECTOR MALLIN: I'm
4 pushing.

5 CHAIRWOMAN KRUEGER: I know. It's
6 very hard. Thank you.

7 EXECUTIVE DIRECTOR MALLIN: Chairs
8 Krueger and Pretlow, chair of our committee,
9 Senator Serrano, other members of our
10 committee, and all of you here today, thank
11 you for the invitation to address you. I'm
12 Erika Mallin, the executive director of the
13 New York State Council on the Arts. My first
14 day at NYSCA was January 18th -- exactly
15 12 days ago -- and I am honored by the
16 opportunity to champion the greatest and most
17 innovative arts and culture sector in the
18 world.

19 It has been my experience -- and I
20 know this to be true of other organizations
21 and artists -- that NYSCA's support has
22 always been the stamp of approval. It spurs
23 growth, leverages additional support, and has
24 always embraced the creation of new work and

1 programs that have influenced artists and
2 audiences around the world.

3 On behalf of our chair, Katherine
4 Nicholls, our council members, staff, and the
5 vast cultural industries of New York, we are
6 immensely grateful to the Governor and to the
7 State Legislature for your vital investments
8 in the arts in FY2024.

9 The state of our sector is that of
10 active and on-going recovery, and this is
11 true for our state and the nation. But it is
12 the funding provided by the Governor and the
13 Legislature that has been instrumental to
14 sustaining the work of artists and
15 organizations and supporting new ways of
16 working in these pivotal times.

17 NYSCA's grant-making wholly supports
18 the diversity of our state, both culturally
19 and geographically. We serve rural areas,
20 small towns, and a major global city. We
21 seed and grow organizations and support
22 individual artists to cultivate their highest
23 creative powers. We partner with others to
24 increase our impact and provide much needed

1 capital investment in all 10 regions.

2 And we overwhelmingly support small
3 and medium-sized organizations. These tend
4 to be organizations that have less access to
5 consistent funding. For FY '24, 50 percent
6 of our grantees have budgets under \$500,000,
7 versus 7 percent having budgets over
8 \$10 million.

9 And relevant to this time of recovery,
10 we have seen a significant expansion in the
11 number of artist applications and first-time
12 grantees. This is truly inspiring at this
13 moment, as many of these grantees make up the
14 next generation of creative thinkers, art
15 makers, and global influencers.

16 And this investment returns real and
17 significant dollars, contributing over
18 \$144 billion back to our state, employing
19 over 450,000 workers, constituting almost
20 8 percent of our state's economy, driving
21 tourism, boosting revenue for local
22 businesses and services.

23 Annually, NYSCA supports over 3,000
24 artists and organizations across all 10

1 regions through its various programs,
2 re-grants, and partnerships. For FY '24, to
3 date NYSCA has awarded 2,400 grants totaling
4 \$81 million.

5 So what does our funding look like?

6 One of the most important ways that NYSCA
7 supports the field is through general
8 operating support, funding the everyday --
9 turning on the lights, opening the doors, and
10 producing world-class art. And often NYSCA
11 is the only source for this kind of support.

12 Secondly, we support New York State
13 artists -- more of them than ever before --
14 who are leaders in their crafts and catalysts
15 for our communities. Some of our grantees
16 include Buffalo String Works, which provides
17 music instruction for marginalized youth, or
18 the Bronx Documentary Center in New York
19 City, whose mission it is to share
20 documentary media to thousands of South Bronx
21 residents.

22 Or filmmakers Michèle Stephenson and
23 Joe Brewster, whose documentary "Going to
24 Mars: The Nikki Giovanni Project," was just

1 shortlisted -- like a week ago -- for an
2 Academy Award.

3 Or it's Catskill-based visual artist
4 Jordan Casteel, who recently was selected as
5 a MacArthur Fellow, one of the highest
6 achievements one can receive.

7 Over our history, NYSCA has helped
8 grow iconic organizations like Alvin Ailey in
9 New York, The Everson Museum in Syracuse,
10 The AKG Museum in Buffalo, The Eastman Museum
11 in Rochester, and the Saratoga Performing
12 Arts Center, to name a few.

13 And our strategic partnerships and
14 re-grants also expand our reach, like Arts in
15 Corrections, in partnership with the
16 Department of Corrections, Arts on Canals, in
17 partnership with NY Power Authority, and
18 A.R.T. NY's Creative Opportunity Fund, which
19 funds small theaters.

20 Our capital projects are also crucial
21 to supporting new construction and facility
22 improvements ranging from new HVAC systems to
23 new ground-up buildings. We are immensely
24 grateful for the significant investments in

1 capital funding the Governor and Legislature
2 have made for arts facilities, and since 2018
3 NYSCA has awarded \$182 million in capital
4 funding supporting 283 projects across all
5 10 regions, with 67 percent of these grants
6 going to organizations with budgets under
7 \$5 million.

8 Our FY '24 capital project opportunity
9 just closed this month, with over 260
10 applications. Those awards will be announced
11 this spring. But some of our recent projects
12 include Artspace Utica Lofts, to support a
13 newly constructed, 40,000-plus-square-foot
14 building with space for low-income artists
15 and their families to live, work, exhibit,
16 and perform in downtown Utica; and
17 Lake Placid Arts Center in the North Country,
18 which will build a new modern LEED-certified
19 arts complex, greatly expanding access to
20 top-tier arts programming as the only
21 year-round arts facility in a 45-mile radius.

22 As NYSCA's reach expands, so do the
23 measurable benefits of the arts. As I said
24 before, our arts and culture sector delivers

1 an astonishing return on our investment. It
2 returns \$144 billion back to our state and
3 employs over 450,000 people.

4 But to zoom in on a local level, here
5 are recent studies. The nonprofit sector in
6 Western New York generated \$380 million in
7 economic activity, including \$189 million in
8 audience spending, and supporting over
9 8,000 jobs.

10 In Westchester County, the nonprofit
11 arts sector generated \$182 million,
12 supporting over 1,500 jobs, with attendees
13 spending an additional \$36 per person in that
14 local community.

15 And in Long Island, where the
16 nonprofit arts sector generated \$330 million,
17 supporting 5,000 jobs, and with attendees
18 spending an additional \$37 in that local
19 community.

20 And in a recent study on the most
21 art-vibrant cities and counties in the
22 nation -- every city, every county measuring
23 state and federal funding, visitor bureaus,
24 private investment, and the number of arts

1 workers -- both Oneonta and Ithaca, in
2 addition to New York City, made the Top 40
3 list.

4 I am grateful for Governor Hochul's
5 continued investment in our arts and our
6 cultural organizations and her
7 forward-thinking initiatives that champion
8 access to the arts for all, the work of
9 artists, and the critical role they play in
10 our society. These initiatives include a
11 focus on public art -- which is always the
12 first point of access for everyone -- and
13 artist fellowships in state agencies to bring
14 creative and humanist approaches to how we
15 serve communities and the state.

16 We know that NYSCA can lead the charge
17 to innovate in this field, develop best
18 practices, and become a bank of ideas to best
19 serve New York and beyond. We want to look
20 at ways that we can support new leaders and
21 our vast workforce; create high-profile
22 convenings that showcase our grantees'
23 artistic excellence; and cultivate new
24 partnerships across our field and in our

1 communities.

2 Finally, I believe artists and
3 cultural leaders are some of our greatest
4 influencers and futurists. And I believe
5 that NYSCA is uniquely poised to influence
6 the field and, with our core programming and
7 new initiatives, inspire the next generation
8 of art makers and cultural leaders.

9 Again, I am extremely excited to have
10 this opportunity to champion arts and culture
11 in our great state. I thank you for your
12 unwavering support and look forward to
13 working with you in the coming months.

14 And I welcome your questions.

15 CHAIRWOMAN KRUEGER: Thank you,
16 everyone. We're now going to start our
17 questioning with Senator Sean Ryan, who is
18 the chair of -- what are you the chair of,
19 Sean? You are the chair of Economic
20 Development and Commerce.

21 SENATOR RYAN: There we go.

22 CHAIRWOMAN KRUEGER: Ten minutes for
23 Sean. Thank you.

24 SENATOR RYAN: Thank you to everybody.

1 To the NYSCA director, welcome. Really happy
2 with the things you're doing all around the
3 state. Happy to hear, you know, the
4 shout-out for Buffalo String Works, which is
5 a very small nonprofit who for years did
6 their thing, had no idea what NYSCA even was,
7 but somehow you are all married together now,
8 in addition to a lot of local funding, state
9 funding coming in from there. So we
10 appreciate that.

11 Commissioner Moy, last year we spoke a
12 little bit about the escalators that were no
13 longer being used in this building, and we
14 see that you're making an effort to sort of
15 box in those redundant escalators. We
16 appreciate that. Looks much better for the
17 public. So thank you for keeping an eye out
18 for that.

19 Commissioner Knight, great to see you
20 again. Last year we talked a little bit
21 about the Database of Deals, and I've noticed
22 that's advancing quickly. We appreciate
23 that. I imagine it's not the final
24 iteration.

1 Last year when we spoke, we spoke of
2 trying to make sure that on that database, if
3 an IDA subsidy was layered in, it would be
4 apparent on the database. That area of the
5 database is still somewhat I think
6 incomplete, where it references "if this
7 includes the IDA subsidies" -- which would
8 give you the inference, if the answer is no,
9 that there are no IDA subsidies.

10 But I notice several projects with IDA
11 subsidies said, you know, doesn't include it.
12 But it doesn't let the taxpayer know that
13 another source of taxpayer money was layered
14 in. So if we can continue working on that
15 part, we'd appreciate it.

16 So most of the questions we all have
17 about economic development is, you know, is
18 it working. So in the 2022-23 budget we
19 called for an independent audit of all the
20 programs. So happy that audit will be
21 completed. And actually, fortuitously, it's
22 being released tomorrow. So we can look at
23 that, and I expect to have further
24 conversations about that.

1 So what we endeavor to find out is,
2 you know, what programs work and which ones
3 don't. And in this year's budget we have a
4 big capital investment going into SUNY
5 Albany, a continuation of money there. I
6 think it's nearly a billion dollars in a
7 two-step program. And then we also see money
8 going into the Artificial Intelligence
9 Consortium.

10 How do we measure success of these
11 state investments? You know, you could
12 either talk about Albany, which I think will
13 have just shy of a billion dollars. I know
14 the verbiage said we hope to attract
15 \$500 million of private investment. So how
16 do we measure success on that program?

17 COMMISSIONER KNIGHT: So thank you for
18 your question. This EUV tool is going to be
19 a cutting-edge piece of equipment that
20 continues to help us solidify our place in
21 the semiconductor industry.

22 SENATOR RYAN: Yup.

23 COMMISSIONER KNIGHT: Kevin Younis has
24 been working on this program with partners,

1 and I'll have him talk a little bit about the
2 partnerships and how we see the return on
3 investment with this tool.

4 ESD COO YOUNIS: Thanks, Hope.
5 Thanks, Senator. Kevin Younis.

6 So with the High NA EUV, which it is,
7 as Hope said, this incredible investment in
8 the -- sort of the future of semiconductors,
9 which as I think you know is really so
10 integral to the future of our economy, of all
11 economies, really.

12 The project specifically, though,
13 leverages \$9 billion in partnership
14 investments. So our \$1 billion will be met
15 with 9 billion direct commitments by the
16 partners --

17 SENATOR RYAN: Those partners have
18 already committed contractually for this
19 money?

20 ESD COO YOUNIS: Yeah, they are --
21 they've -- well, we're still finalizing
22 contracts. But we have terms, MOUs with all
23 of them where they commit to their spend, to
24 leverage.

1 And then there's an additional -- we
2 expect there's -- the CHIPS Act included
3 what's called the National Semiconductor
4 Technology Center, which is 11 -- almost
5 \$12 billion in federal funding, which we
6 expect to see a substantial portion of that
7 invested here. And the High NA EUV tool
8 really positions us in a way that no other
9 state or organization in the nation, if not
10 the world, can --

11 SENATOR RYAN: So play that out. If
12 the \$9 billion comes in, how does it ripple
13 out into the greater economy?

14 ESD COO YOUNIS: So with this industry
15 we see roughly \$16 of leveraged spend against
16 each dollar spent in the industry. So tools
17 are purchased, people come and work in these
18 communities, buy homes in these communities.
19 There is -- there will be tens of billions of
20 dollars, direct and indirect investment, as a
21 result of this one \$1 billion of state
22 investment.

23 SENATOR RYAN: So you mention people.
24 Does that mean there's going to be people

1 working jobs?

2 ESD COO YOUNIS: Yeah. So they're --
3 directly, there is 700 jobs committed by the
4 partners. And again, the multipliers
5 associated with this industry, roughly five
6 jobs indirect for each direct job. It's a
7 very high multiplier. We expect with -- and
8 really, that's just the beginning. The NSTC
9 will bring hundreds of jobs as well.

10 SENATOR RYAN: So with the 700 jobs,
11 when do you think we're going to get those?
12 And do we have an idea of what they pay?

13 ESD COO YOUNIS: Those will be largely
14 realized over the first three -- three or
15 four years, and then maintained for the
16 duration. And they pay very well. I don't
17 have the numbers, but they're -- these are
18 largely Ph.D. researchers, very highly paid.

19 SENATOR RYAN: And will you report out
20 the number of jobs that have occurred based
21 on the state investment?

22 ESD COO YOUNIS: Yes.

23 SENATOR RYAN: Excellent.

24 So and then how about -- what about

1 the AI Consortium? What's -- is that bench
2 research, is it commercialization? What are
3 we doing there?

4 COMMISSIONER KNIGHT: So we have
5 convened seven partners to be involved in
6 this Empire AI Consortium. The Governor has
7 said that whoever dominates the AI industry
8 will dominate the next era of human history.
9 And right now private-sector companies are
10 dominating R&D in AI. And this provides for
11 an opportunity for public and private
12 institutions to be involved in cutting-edge
13 AI R&D.

14 SENATOR RYAN: But what do they do
15 with it? Is this just pure bench research?
16 Are we trying to commercialize this if
17 patents come out of it? Like --

18 COMMISSIONER KNIGHT: We're focused
19 on --

20 SENATOR RYAN: What's the end game?

21 COMMISSIONER KNIGHT: We're focused on
22 ethical output for AI. As I said,
23 private-sector firms do have these super
24 computers that are involved in R&D right now.

1 support the increase in housing supply. And
2 so many of our underutilized, unused state
3 sites need tremendous infrastructure support,
4 and we imagine that this funding would
5 provide the support to deal with the
6 infrastructure. We would --

7 SENATOR RYAN: So you've got a 10-acre
8 site in Stony Brook. Is the state going to
9 come in and be the subdivision developer?
10 We're going to lay streets, put in curbs,
11 sewers?

12 COMMISSIONER KNIGHT: It depends on
13 each site. You know, I can give you an
14 example. In Eastern Queens, Creedmoor, it's
15 a state-owned site. We'll need streets,
16 we'll need utility upgrades. I can imagine
17 that a site like that would be able to access
18 funding from the NY-RUSH program.

19 SENATOR RYAN: And do you plan on
20 keeping that money, or is that going to get
21 pushed out to HCR or another agency?

22 COMMISSIONER KNIGHT: This funding
23 will be shared across a number of agencies
24 that are involved in redeveloping state-owned

1 land.

2 SENATOR RYAN: So when that money goes
3 out, it always then becomes a challenge about
4 who reports on that money and what are the
5 outcomes of the money. So when the money
6 leaves ESD and goes somewhere else, then ESD
7 says we don't really know what happened, then
8 HCR sends it somewhere else.

9 So I would just ask you to keep in
10 mind that, you know, we just really are
11 looking for, you know, transparency. But
12 also we want to go back to our taxpayers and
13 say this was a wonderful program, it yielded
14 benefits for our community. But often it's
15 really hard to figure that out, especially as
16 the money goes from agency to agency.

17 But thank you very much.

18 COMMISSIONER KNIGHT: So we'll make
19 sure that we track the funding.

20 SENATOR RYAN: Yeah. Excellent.
21 Always a challenge. Thank you very much.

22 CHAIRWOMAN KRUEGER: Thank you very
23 much. Appreciate it.

24 Our next testifier is from the

1 Assembly.

2 ASSEMBLYMAN PRETLOW: Thank you,
3 Senator.

4 I think Assemblymember Stirpe, our
5 chair of Economic Development, has a
6 question. You have 10 minutes.

7 ASSEMBLYMAN STIRPE: Okay, thank you.

8 Let's stay on the RUSH program. And
9 how many additional housing units, you know,
10 can really be expected from this program?
11 Any idea?

12 COMMISSIONER KNIGHT: So hard to say
13 right now. You know, the Governor's calling
14 for 15,000 units of housing across these
15 state-owned sites that we have identified.

16 ASSEMBLYMAN STIRPE: Are there any
17 regions in the state with particularly high
18 amounts of underutilized state property?

19 COMMISSIONER KNIGHT: I think it's all
20 across the state.

21 ASSEMBLYMAN STIRPE: Well, would this
22 program prioritize the creation of affordable
23 housing?

24 COMMISSIONER KNIGHT: Well, we always

1 this every year?

2 COMMISSIONER KNIGHT: Well, I think
3 that we understand that the CATs and COEs are
4 very important. We're able to leverage the
5 output that comes from both Centers for other
6 areas of innovation in our economy.

7 But we have provided for what we
8 believe to be the right level of funding. We
9 did not cut the budget from last year. As
10 you said, we have just introduced the same
11 amount that we proposed in the last budget.

12 ASSEMBLYMAN STIRPE: Okay. Okay.

13 You know, the Economic Development
14 Program, you've -- there's 45 million in
15 there for development efforts, Open for
16 Business Program, Global New York, those
17 programs. I mean, how much money spent on
18 each of these programs last year? Any idea?

19 COMMISSIONER KNIGHT: Virtually all of
20 it. But I will come back to you with exact
21 numbers.

22 ASSEMBLYMAN STIRPE: Well, okay.
23 Since it was all spent, do you think the
24 funding is sufficient to realize the goals of

1 the program?

2 COMMISSIONER KNIGHT: We do think it's
3 sufficient to realize the goals of the
4 program.

5 ASSEMBLYMAN STIRPE: All right. Let's
6 talk about FAST NY. Has the entire first
7 round of funding been disbursed already?

8 COMMISSIONER KNIGHT: So almost all of
9 the first round of funding has been spent,
10 About \$249 million of it.

11 ASSEMBLYMAN STIRPE: How many sites
12 were funded?

13 COMMISSIONER KNIGHT: I have to come
14 back to you with the number of sites.

15 ASSEMBLYMAN STIRPE: Okay. Any idea
16 how successful the program's been in
17 attracting large employers to the state?

18 COMMISSIONER KNIGHT: It's been very
19 important in attracting large projects to the
20 state. We have a number of projects -- we
21 have a project in Webster, New York, the
22 Fairlife project, which is going to invest
23 \$650 million to create a plant there.

24 We have -- we continue work on our

1 large sites like STAMP.

2 ASSEMBLYMAN STIRPE: Okay, good.

3 Let's talk a little bit about the ON-RAMP
4 program, okay? So there's \$200 million in
5 the budget for that. One of the questions I
6 get asked in my conference is, is this
7 \$200 million going to be spent to build new
8 centers? Why aren't we utilizing community
9 colleges that already run a lot of these
10 types of workforce-training programs?

11 COMMISSIONER KNIGHT: So the
12 ON-RAMP program is very important for
13 advancing the pipeline of workers for
14 advanced manufacturing. And Syracuse will be
15 the flagship center where a facility would
16 have to be built.

17 But we envision that community
18 colleges will be eligible for this funding
19 because they're a critical part of providing
20 the training for advanced manufacturing.

21 ASSEMBLYMAN STIRPE: How are we
22 doing -- you know, we spent a lot of money on
23 workforce development over the last few
24 years. I mean, what are the results in areas

1 like nursing, new teachers where we've had a
2 teacher shortage, and all that? I mean, are
3 we making a lot of progress? Is it too early
4 to tell, or what?

5 COMMISSIONER KNIGHT: So with respect
6 to areas outside of the innovation sectors,
7 I'd have to connect with my colleagues who
8 are involved on funding training for nurses
9 and teachers, because that's not something
10 that ESD is involved in.

11 ASSEMBLYMAN STIRPE: Okay. Now, we
12 added a program last year where we sort of
13 piggybacked on the back of a couple of
14 federal programs, the SBIR program and the
15 STTR program. And our thoughts were, you
16 know, the federal government has gone through
17 all the due diligence on these companies and
18 felt that the technologies they're trying to
19 develop are really worthwhile, but we knew
20 that along the way a lot of times these
21 companies sort of fall into the valley of
22 death and, you know, there's just not enough
23 funding there.

24 So we thought for those particular

1 companies we would provide state funding.
2 Have we got any results from that? Do we
3 know how many companies we've helped?

4 COMMISSIONER KNIGHT: So we are
5 launching this program just this quarter, and
6 we will be providing matching grants for
7 businesses that have gotten federal funding.
8 And we've crafted the guidelines to focus on
9 companies that are looking at sustainable and
10 the green economy as well as disadvantaged
11 communities. So we can come back to you once
12 we've gone through that round to give you
13 some update.

14 ASSEMBLYMAN STIRPE: Let's talk a
15 little bit about the Downtown Revitalization
16 initiatives, both the DRI and the New York
17 Forward program. Has all the money from last
18 year or however many years we've had the
19 program, been put out already?

20 COMMISSIONER KNIGHT: There is some
21 funding waiting to be drawn down for projects
22 that have not advanced yet. But I can come
23 back to you with that information.

24 ASSEMBLYMAN STIRPE: Okay. The

1 Innovation Venture competition. In '22-'23
2 we allocated \$75 million to be disbursed over
3 five years. Do you know what the status of
4 this funding is?

5 COMMISSIONER KNIGHT: We have been in
6 dialogue with the seven competitions that
7 exist in the state and have been creating new
8 agreements for a five-year contract so that
9 those competitions can continue to exist.

10 ASSEMBLYMAN STIRPE: Do you have any
11 idea what kind of return on investment we've
12 had from any of these --

13 COMMISSIONER KNIGHT: We do have
14 reporting on that, and I can get you that
15 information.

16 ASSEMBLYMAN STIRPE: Okay. Okay, how
17 about the ConnectALL initiative? We've
18 provided \$1.45 billion in '22-'23, and I'm
19 just wondering how much of this funding has
20 been spent.

21 COMMISSIONER KNIGHT: So with respect
22 to the ConnectALL initiative, most of the
23 funding that you reference, about a billion
24 dollars or so, is from the federal

1 government. And we have largely not been
2 able to draw down on that funding. We are in
3 dialogue and working with the federal
4 government to provide the planning documents
5 that give us the ability to draw down the
6 funding. We should be able to draw down that
7 funding in '25.

8 ASSEMBLYMAN STIRPE: Okay, thank you.

9 CHAIRWOMAN KRUEGER: Thank you.

10 Our next questioner is Senator
11 Serrano, chair of the Arts and Tourism
12 Committee -- is that correct?

13 SENATOR SERRANO: That's correct.

14 Thank you very much, Madam Chair, Senator Liz
15 Krueger, all of my colleagues in the Senate
16 and the Assembly, my partner in the Assembly,
17 Assemblymember Danny O'Donnell.

18 Appreciate all the testimony we hear
19 today. My statements and questions will
20 focus on the arts. And Executive Director
21 Erika Mallin, thank you so much for being
22 here and for your testimony. I enjoyed
23 listening to your remarks on the importance
24 of the arts and further diversifying how we

1 fund the arts and reaching every corner of
2 New York State.

3 I enjoyed our conversation the other
4 day where we -- and listening to your
5 impressive background, many years in the arts
6 and the amount of experience that you bring
7 to this role.

8 I've mentioned many times the
9 importance of the arts as something that is
10 foundational, I believe, to our state
11 government. And it's critically important, I
12 think now more than ever, that we support the
13 arts in a meaningful way. I think -- you
14 know, there's always sort of been support for
15 the arts. But when you look at funding for
16 grants over the last 20 years, with the
17 exception of COVID years where there was
18 additional federal dollars, which gave us a
19 bump up, which was wonderful -- but, you
20 know, sort of remaining around 40, 42 million
21 for grants every single year for many, many
22 years, despite the fact that costs have
23 increased, operating has increased. And it
24 just makes it harder and harder, I think, to

1 really show support for the arts in ways that
2 allow them to plan, to grow, to think about
3 their next season.

4 But again, NYSCA I think has done a
5 good job in trying to reach all corners and
6 find new and innovative ways year after year
7 to get funding to these groups.

8 In this year's new budget, I see -- or
9 the proposed Executive Budget -- additional
10 capital funds, which I think is obviously
11 important for organizations and institutions
12 that need to build their space, modernize
13 their space, be able to bring in more patrons
14 for the arts. And I think that is a
15 wonderful step, and I think it's indicative
16 of the real understanding that, you know, the
17 arts provide so much to our state, so much to
18 our economy. They are a proven economic
19 engine. An investment in the arts provides a
20 huge return on investment for our economy.
21 We've seen so many different examples of
22 economic revitalization in towns and
23 communities that were economically depressed,
24 but the arts providing an anchor and a

1 foundation to build upon economic growth for
2 many, many different sectors.

3 And I think it's important that, you
4 know, that we -- and I -- you know, all of my
5 colleagues have been very supportive of the
6 arts over the years -- but that we sort of
7 make the case that in addition to all of the
8 societal benefits that the arts bring, how it
9 is transformational in our lives, provides a
10 vehicle for social justice, for discussions
11 on equality and diversity. And it brings
12 people together in ways that very few other
13 things can do that.

14 Oftentimes we find ourselves
15 stratified, pushed into our respective
16 corners. But the arts brings us together
17 even on the most difficult issues.

18 With all that said, you know,
19 additional funding allows for this wonderful
20 thing to continue to move forward. So again,
21 I was -- just half a step back -- very happy
22 to see over the past few years that operating
23 grant funding has increased. This year the
24 Executive Budget has gone back down to

1 pre-pandemic.

2 And my question, my concern is with
3 this reduction, you know, how does NYSCA plan
4 to move forward, with this reduced funding
5 capability, in planning, in helping to ensure
6 that all of these groups and organizations
7 can plan for their next season?

8 EXECUTIVE DIRECTOR MALLIN: Thank you
9 so much, Senator, for your welcome and for
10 feeling the importance of the arts, as so
11 many of us do.

12 I think, first and foremost, we will
13 be as strategic and as efficient as we can
14 and reach as many, you know, arts
15 organizations and regranting organizations
16 throughout the state whatever budget is
17 enacted here.

18 I do think what you're talking about
19 in terms of our impact is, one, the
20 re-grants, which allow our spread, you know,
21 to -- our impact to like double and triple.
22 But also I think that when we do invest in
23 things like public art or we do invest in
24 things where we have artists embedded in

1 public institutions and when we do champion
2 artists as thought leaders or problem-solvers
3 and convene with them, both as an industry to
4 help solve issues in the industry, but also
5 to, as you alluded to, you know, have
6 conversations about how the arts and, say,
7 criminal justice or, say, technology and AI,
8 you know, can work together and make a
9 difference and, in turn, give back
10 economically but also transform us
11 individually or as a community.

12 So I -- I think it's really a time
13 where NYSCA can really be a leader in the
14 field. One, because we need hope and
15 understanding and empathy. That's the soft
16 power of the arts. But I also think
17 leadership, in terms of our state profile,
18 our national profile, and our global profile.
19 We have the standing and the foundation to do
20 that. We represent rural communities,
21 midsized cities, a global city with -- you
22 know, incredibly diverse culturally, which
23 then puts out artwork and all sorts of
24 innovative first-time groundbreaking work --

1 no matter where you live in the state -- that
2 is important for us to campaign for,
3 achieve -- you know, acknowledge their
4 achievement and speak their names, you know,
5 throughout the state and throughout the
6 nation.

7 What we do here can be a model. You
8 know, right now there is a conference being
9 held in D.C. with the NEA, you know, about --
10 and other funders about what can be done. We
11 need to be part of those bigger
12 conversations. And I think, given the core
13 programs that we do have, as well as our new
14 initiatives, we can do it.

15 SENATOR SERRANO: Thank you. Thank
16 you for that. And again, I don't want to
17 take up too much time; I know we have a lot
18 to do here today. But again, the funding
19 that we did land at last year, my hope was
20 that that would be the new floor and that
21 we'd keep building from there. Because it's
22 been -- funding has been pretty stagnant for
23 so many years.

24 But again, it's great to hear your

1 ideas and your excitement for this. Looking
2 forward to working with you and with the
3 Governor and with all of my colleagues.

4 And with that, I'll yield back any
5 remaining time, Madam Chair. Thank you.

6 CHAIRWOMAN KRUEGER: Assemblymember.

7 ASSEMBLYMAN PRETLOW: Yes, next on our
8 list is Assemblymember Steve Otis, chair of
9 Science and Technologies.

10 ASSEMBLYMAN OTIS: Thank you.

11 Mr. Chair, thank you.

12 Commissioners, I think I'm going to
13 start off with Hope Knight and Empire State
14 Development.

15 On Empire AI, I think there's an
16 interest of everyone in the Legislature to
17 get a little more -- get more specifics in
18 terms of what this is going to look like. We
19 understand it's a collaboration between
20 colleges and universities in the state. I
21 think that one of the questions is are we
22 going to be relying at all -- and maybe the
23 colleges and universities have already done
24 this -- on some of the private-sector players

1 that are already in the AI business, or are
2 we starting from scratch in terms of the
3 consortium.

4 And this may be a topic for further
5 discussions post this hearing, but I think
6 there's a desire to get a picture of what
7 this looks like.

8 COMMISSIONER KNIGHT: So this
9 initiative is very important, as I mentioned,
10 to the, you know, evolution of AI. The
11 partners that we have convened for this
12 initiative are already doing research and
13 development in AI. They don't have this kind
14 of equipment that we seek to purchase.

15 But we will use and leverage their
16 expertise, skills, to develop a framework
17 around what we focus on going forward. This
18 is -- you know, we are early in this process.
19 There's much to be determined. And we will
20 continue to have discussions with you and the
21 Legislature around the progress.

22 ASSEMBLYMAN OTIS: My sense is we've
23 had great success in the semiconductor-
24 microchip world -- Micron, IBM, other

1 initiatives that have been a success. So it
2 seems like we're trying to model that success
3 and grow this into the AI world. Is that a
4 good analogy?

5 COMMISSIONER KNIGHT: So I think it's
6 a little different, in that we're focused on
7 the ethical considerations of AI and really
8 how does it help the public purpose and
9 interest.

10 ASSEMBLYMAN OTIS: Very good. So
11 that's good. And certainly that's an area --
12 a lot of the AI discussion around the
13 country, sometimes they talk about
14 responsible, ethical AI; sometimes there's no
15 mention of it at all. So it's good that
16 that's part of the discussion. We heard that
17 from the Governor in her State of the State
18 message.

19 Let me turn to another topic, which is
20 ConnectALL. And you spoke about we're
21 waiting for some federal money, but some
22 money is flowing now. The ConnectALL office
23 released an RFP for broadband infrastructure
24 just a week ago, and that's a positive step.

1 The piece that -- a lot of folks that
2 I work with around the state in the digital
3 equity/digital inclusion space are wondering
4 when the money is going to start to flow to
5 help fund those local programs that deal with
6 the digital divide. And some of this is
7 wrapped up in the federal funding, and we're
8 following that process closely.

9 But if you could share anything about
10 what the intentions are of the ConnectALL
11 office. Their plan has been released and
12 submitted to the feds and speaks about the
13 workforce programs, the local community
14 programs. But there doesn't seem to be a
15 roadmap of what the plan is to get money to
16 those groups so they can really deliver
17 digital inclusion programs.

18 COMMISSIONER KNIGHT: So as you know,
19 over the last year the ConnectALL office has
20 been engaging with community groups all
21 across the state regarding input into the
22 digital equity program. And we have
23 allocated \$10 million of state funding toward
24 some digital equity activities and will be

1 providing the additional funding as soon as
2 we get that released from the state. So we
3 do have -- from the federal government.

4 We do have some programs that are
5 focused on how do we create more digital
6 literacy, access to devices from a digital
7 equity perspective, but are awaiting, as you
8 say, more funding from the federal government
9 to roll out the entire program.

10 ASSEMBLYMAN OTIS: So that sounds
11 great, and that's probably the money that was
12 in the 2021 State Budget.

13 COMMISSIONER KNIGHT: Yes.

14 ASSEMBLYMAN OTIS: And so it would be
15 great if we can -- that's old federal money
16 that we have. It would be great if we could
17 get that money moving earlier than the new
18 federal money that's coming.

19 That money would go a long way towards
20 getting those programs on the ground. And
21 the practitioners are out there very eager to
22 put people in the seats, give them computers,
23 give them the training. And so that's great.

24 My third topic is back to microchips

1 and the great strides New York has made
2 already. Are there other -- is there other
3 growth in that area that is forecast beyond
4 the agreements that we already have for
5 additional semiconductor manufacturing in
6 New York?

7 COMMISSIONER KNIGHT: So we continue
8 to talk to companies who are interested in
9 locating in New York regarding semiconductor
10 production. We expect that there will be a
11 tremendous number of supply chain companies
12 that will follow on as Micron gets up and
13 going into production. And so that is the
14 expectation that we have.

15 ASSEMBLYMAN OTIS: That's great.
16 Thank you so much.

17 Commissioner Moy, a question for you
18 about OGS and EV charging infrastructure,
19 which you talked about somewhat in your
20 testimony. Very important in terms of OGS's
21 role in state facilities.

22 I'm wondering, are any of the EV
23 charging infrastructure that you're doing for
24 state agencies -- is any of that

1 public-facing? Or is it really more for
2 state agency fleets?

3 OGS COMMISSIONER MOY: Thank you for
4 that question. Our priority right now is
5 ensuring that we have adequate infrastructure
6 that can be used by the state fleet.
7 Certainly visitors and employees have also
8 been able to leverage that technology.

9 We are trying to make sure that we are
10 prioritizing the installations and locations
11 where we know the greatest number of state
12 vehicles are going to be leveraging it. That
13 is OGS's particular role.

14 There are other agencies that are also
15 focused on EV infrastructure relative to the
16 public. Wherever possible and permissible,
17 so long as it doesn't impact our ability to
18 make sure that the fleet functions, we'd love
19 to make sure that others have access to it.
20 But our top priority is the fleet.

21 ASSEMBLYMAN OTIS: That's great. And
22 I know you're working with NYSERDA on that as
23 well.

24 And I'd say one of the things we hear

1 from local government president and school
2 districts is the need for expertise in how to
3 grow that. And I think both NYSERDA and OGS,
4 there's a way for you to provide some of your
5 learned expertise to save the local entities
6 as they try and make the transition as well.

7 So appreciate your help on that, and
8 it's certainly an exciting space to be in.
9 And OGS is moving in a lot of areas that you
10 discussed very well in your testimony in
11 terms of the energy transition. So thank you
12 for your good work.

13 And I am going to yield back the rest
14 of my time, Mr. Chair. Thank you both.

15 CHAIRWOMAN KRUEGER: Thank you.
16 There's the green light. We appreciate
17 everyone yielding the extra time. No one
18 else gets to claim it, just for the record.

19 (Laughter.)

20 CHAIRWOMAN KRUEGER: Senator Kristen
21 Gonzalez, who is the chair of technology and,
22 and, and -- Internet and Technology chair.
23 And I think she's going to take someone's --
24 she's got one? Perfect. Oh, you're there.

1 I thought you were in the back. I'm sorry,
2 Kristen. Thank you.

3 SENATOR GONZALEZ: We're all set.

4 All right, good morning, folks. Thank
5 you so much, Chairwoman. And thank you to
6 everyone for joining the panel this morning.
7 It's been incredibly informative, and I
8 appreciate the deep thought and responses to
9 your questions.

10 Commissioner Knight, I apologize for
11 keeping you in the hot seat, but a lot of my
12 questions are of course directed towards you
13 because of the nature of your work with
14 Empire AI and the work that this committee is
15 doing.

16 So, you know, I saw that you mentioned
17 Empire AI in your written testimony. You
18 mentioned the \$275 million public-dollar
19 investment. You've also mentioned the
20 125 million coming from the private sector.
21 But of course considering the investment of
22 our public dollars and the scale of this,
23 when we talk about ethical use of AI or using
24 this investment for the public good, you

1 know, I -- while I understand you've added
2 some clarity here, I would really love to
3 understand what exactly that means or what
4 you imagine the outputs being so that we can
5 go to New Yorkers and say, This is really
6 what the outcome is that we're, you know,
7 investing towards.

8 And I'd love to better understand how
9 the -- you mentioned there would be a
10 framework that's being put together. Who
11 will be a part of creating that framework?
12 Who are the stakeholders? And then how will
13 you ensure that you are following that
14 framework so whatever is being developed is
15 being done so in an ethical way and whatever
16 is deployed is also being deployed in an
17 ethical way?

18 COMMISSIONER KNIGHT: So thank you for
19 your question.

20 As I mentioned earlier, we have these
21 seven private- and public-sector academic
22 institutions that are involved in this
23 consortium. Those are the entities that will
24 help stand up this framework that we will

1 move forward in looking at how we create
2 ethical applications to AI.

3 When we talk about ethical
4 applications, it's really about how are these
5 applications benefiting the public good, the
6 public interest. You know, it's difficult to
7 talk about what those things may be
8 specifically, because a lot of this work is
9 happening as we speak. A lot of AI
10 innovation is happening on a daily, weekly,
11 monthly basis.

12 And it's difficult to talk about
13 what's happening today, but we know that
14 these applications will be a part of our
15 daily life, and we want to make sure that the
16 public is protected and there's someone who
17 has an interest in developing this research
18 for the public good.

19 SENATOR GONZALEZ: Got it. Right,
20 and I would agree that it's sometimes hard to
21 be very specific. But knowing what the
22 specific-use cases that we're driving towards
23 are, it's actually incredibly important when
24 talking about new technologies like

1 generative AI because they can mean so many
2 things. And, you know, last week we had a
3 chance to speak with, you know, Dru from --
4 the CIO of the state, and he mentioned that
5 generative AI right now is an imperfect
6 system and a system that incorporates a lot
7 of bias.

8 So while we would certainly be
9 supportive of investing and investigating,
10 you know, how we can mitigate that bias and
11 protect the public, if it means deploying new
12 tools that are public-sector funded or that
13 we will also be accountable for as a state
14 government, without a real solution there it
15 actually could be quite dangerous for the
16 state to begin deploying those
17 generative-AI-based tools. Or for us to, you
18 know, define what ethical means if it's
19 inherently imperfect.

20 So I certainly have some concerns
21 there. I'm also aware that the federal
22 National AI Research Resource program was
23 recently created. It took four years of
24 planning. It's a \$2.6 billion investment,

1 you know, you talked a little bit about
2 pipeline building and then monies going to
3 our specific partners. Can you talk about
4 how that breakdown is going to be determined,
5 so which -- within the current set of
6 partners, how much money will be going to
7 each university? And then how you're looking
8 at building a pipeline towards working on
9 jobs, yeah.

10 COMMISSIONER KNIGHT: Back to the
11 funding. We're looking at \$250 million
12 coming from the state and \$125 million coming
13 from the partners. So the allocation, the
14 funding will be towards the machine and
15 equipment. And there will be some sort of
16 access agreement as a part of the framework.

17 SENATOR GONZALEZ: I know that -- so
18 it's more for the infrastructure, less
19 directly to the universities.

20 COMMISSIONER KNIGHT: Right. Right.

21 SENATOR GONZALEZ: Okay. That's
22 helpful.

23 And you also mentioned this might
24 create new jobs. You know, as an office we

1 are deeply concerned with the digital divide
2 and how to shift to more digital government
3 services, right, to help with our government
4 expedience of use of our services. But
5 without closing the divide, how do you see
6 that divide growing if we're going to
7 continue investing in new technologies but
8 then also not address the digital divide on
9 the ground?

10 COMMISSIONER KNIGHT: Well, I think
11 that, you know, we're looking at addressing
12 the digital divide through our digital equity
13 program, the ConnectALL. We are focused on
14 engaging disadvantaged communities in all of
15 the programs that we invest in, particularly
16 on the workforce development side.

17 SENATOR GONZALEZ: That's a perfect
18 segue to the next set of questions, which
19 you've also spoken to today, which is the
20 ConnectALL program. So what are some of the
21 existing challenges with closing the digital
22 divide? And can you provide just some clear
23 metrics around how we are -- you mentioned
24 the digital equity program -- how we're

1 measuring success of that program.

2 COMMISSIONER KNIGHT: So we're looking
3 at a number of tools and resources to focus
4 on the digital divide. As I said, digital
5 literacy, providing training, understanding
6 what the baseline is in users and then being
7 able to assess, you know, the increase in
8 skills. Understanding the availability of
9 resources, devices. Knowing where the gaps
10 are, and then being able to provide devices
11 to secure those gaps.

12 And so we'll be looking at a number of
13 metrics to understand where we came from and
14 what we get to with respect to providing
15 these resources.

16 SENATOR GONZALEZ: Right. I certainly
17 support the idea of creating more digital
18 literacy education, and also looking at
19 hardware. Right? Do folks have actual
20 access to devices.

21 But I'm curious, have you seen that --
22 even the ability to pay for light, for
23 example, or have access to light in a home
24 has been a barrier. It's something that's

1 SENATOR GONZALEZ: Yeah, that's the
2 same. So do we -- the initial state -- or is
3 the state investment looking to close that
4 gap if that happens? Or do we have a plan --

5 COMMISSIONER KNIGHT: So we're, you
6 know, monitoring what's happening in the
7 federal government with respect to this
8 program. As I mentioned, that \$50 million a
9 month is a very, you know, high number with
10 respect to providing subsidy.

11 And so we're exploring ways to think
12 about how we might, you know, look at that
13 program. We don't have enough money to make
14 it sustainable, so we need to think about
15 other ways to provide support.

16 SENATOR GONZALEZ: Yeah, would be
17 happy to work together to talk about planning
18 for that, if and when it does happen.

19 But thank you so much. I can yield
20 the remaining 10 seconds of my time.

21 Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.
23 Assembly.

24 ASSEMBLYMAN PRETLOW: Yes, next we

1 have Assemblywoman Woerner, chair of
2 Small Business.

3 ASSEMBLYWOMAN WOERNER: Thank you,
4 Mr. Chairman.

5 And thank you to the panel. It's
6 wonderful to see all of you in person.

7 I want to start, Hope, with a question
8 about the Global Entrepreneur program. So my
9 understanding, just briefly, is that this is
10 a program to -- directed at students who --
11 international students who have studied in
12 our universities that are here on a visa
13 program to encourage them, if they want to
14 set up a small business based on their
15 research, to do that here in New York State.
16 Is that correct?

17 COMMISSIONER KNIGHT: That is correct.

18 ASSEMBLYWOMAN WOERNER: Great. And
19 this is a \$4 million new program that we're
20 talking about?

21 COMMISSIONER KNIGHT: Yes.

22 ASSEMBLYWOMAN WOERNER: Okay. So I
23 did a -- I asked the Department of Labor for
24 some data on the growth or decline of small

1 businesses over the last five years. And the
2 good news is we've had some great success in
3 growing information-based businesses, I think
4 thanks in large part to the investments we've
5 made in all the CATs and COEs and so forth.

6 But I notice that we have actually
7 lost 5 percent of our small manufacturing
8 businesses. And so I am thinking about what
9 in the budget is directed at trying to
10 address the cause of the decline in our small
11 manufacturing businesses. Do we understand
12 what the root causes are? And while we're
13 setting aside money to attract new
14 businesses, are we also spending money on
15 trying to shore up our existing manufacturing
16 sector?

17 COMMISSIONER KNIGHT: So thank you for
18 that question.

19 And we do have concerns about some of
20 the businesses that we have lost in the
21 manufacturing sector.

22 We have a number of resources around
23 the state. The MEPs, the Manufacturing
24 Extension Partnerships that provide support,

1 technical assistance for manufacturing
2 businesses and look to deploy those more
3 directly for businesses that may be at the
4 brink of, you know, some difficulty.

5 We also have our SSBCI \$500 million
6 fund that provides for access to capital for,
7 you know, anything related to maybe replacing
8 equipment, upgrades, to support businesses in
9 transition.

10 And so we have a number of resources
11 that we can point to to help small
12 businesses, particularly manufacturers, when
13 they are at transition points.

14 ASSEMBLYWOMAN WOERNER: Are we doing
15 anything to address some of the challenges
16 that our existing businesses face, like
17 nation-leading energy costs? And
18 particularly in the manufacturing sector we
19 have a lot of high-intensity energy users and
20 the cost of energy in New York State is not a
21 competitive price point.

22 COMMISSIONER KNIGHT: To the extent
23 possible. You know, we do work with NYPA to
24 try to provide low-cost power when that is

1 possible.

2 ASSEMBLYWOMAN WOERNER: Great, thank
3 you.

4 So MWBE, I'm going to turn my
5 attention there. I was delighted to hear
6 that you feel like you have gotten through
7 all the backlog. Congratulations. As you
8 and I have talked about, I'm still hearing
9 from constituents that are caught in a loop
10 where it's taking too long.

11 But one of the things I wanted to
12 delve into is our incubators and hot spots --
13 a successful model for helping to mature
14 businesses from, you know, early stage to
15 successful growth across all sectors. And
16 I'm wondering if there are any of our
17 incubators or hot spots that are really
18 targeted at minority- and women-owned
19 businesses, whether those are certified MWBE
20 or not -- but minority- and women-owned
21 businesses, to help them get those that have
22 that kind of growth potential to go from
23 being the, you know, in-the-garage kind of
24 business to one that is fundable by

1 institutional funding.

2 COMMISSIONER KNIGHT: So our
3 incubators and hot spots are available to
4 support, you know, all businesses. Not
5 necessarily MWBEs specifically, but all
6 businesses.

7 And we have a number of competitions
8 that support emerging or, you know, MWBE
9 businesses. And we also have our
10 Entrepreneurial Assistance Centers that are
11 generally in disadvantaged communities and
12 support MWBE businesses.

13 We also have our venture programs that
14 provide technical assistance to support MWBE
15 businesses.

16 ASSEMBLYWOMAN WOERNER: I'm sure it's
17 not going to be a surprise to you when I tell
18 you that when you look at the amount of
19 venture money that goes to women-owned
20 business and minority-owned businesses, it is
21 a small fraction of the total amount of
22 venture money that's invested in these
23 start-up businesses.

24 And certainly the Springboard program

1 that is funded -- it is a nationwide program
2 funded by a not-for-profit that has been very
3 successful at helping women in startup
4 businesses to access institutional funding.

5 Is there any intent within ESD to
6 replicate those kinds of specific, focused
7 venture programs through the business plan
8 competitions to enable women- and
9 minority-owned businesses to access equity
10 capital that they may not be otherwise able
11 to access?

12 COMMISSIONER KNIGHT: Virtually all of
13 our venture funding is to support underfunded
14 populations, women and minorities.

15 And so we have a Community Emerging
16 Managers program, which is a fund of funds
17 that supports women- and minority-owned
18 businesses. We do direct investments in
19 women- and minority-owned businesses. We
20 know the data very well that so little
21 private venture goes to those kind of
22 companies, and that's why we're supporting
23 venture to minority- and women-owned
24 businesses.

1 ASSEMBLYWOMAN WOERNER: So back to my
2 original question about the Global
3 Entrepreneurs Fund. Would the money that
4 we're spending to create this new fund to
5 support a whole new population of people
6 coming to New York State, would that money
7 perhaps be better invested in programs that
8 we're already doing, but growing them to
9 support minority- and women-owned businesses,
10 say, or additional manufacturing businesses
11 that need some additional shoring up?

12 COMMISSIONER KNIGHT: Well, we know
13 that so many foreign-born students have
14 business innovation ideas that they want to
15 grow into businesses. And those businesses
16 can, you know, be rooted here in New York
17 State and employ many more people. So I
18 think it's, you know, an augmentation to the
19 work that we're doing, and the ability to
20 create jobs in a new way.

21 ASSEMBLYWOMAN WOERNER: Okay. Thank
22 you. I'm going to move on to the ConnectALL
23 program.

24 So I noticed that ESD recently,

1 through the ConnectALL office, did a --
2 issued an RFP for 228 million in grants to
3 municipalities for publicly owned high-speed
4 broadband networks. My understanding -- and
5 I represent rural communities, and one of
6 our -- you know, and I'm sure there are many
7 people up here that are similarly situated.

8 My understanding is that this funding
9 can be used by municipalities that already
10 enjoy the benefits of high-speed broadband,
11 as opposed to being focused strictly on
12 underserved or unserved regions like the
13 rural communities of upstate New York.

14 And so I just -- given that this is a
15 limited pool of money, my question is
16 shouldn't we be funding -- shouldn't this be
17 funded giving funding priority to the
18 unserved and underserved areas that still
19 exist in the state, as opposed to directing
20 this money to areas where there is already
21 the availability of this service?

22 COMMISSIONER KNIGHT: So a couple of
23 things about that. Thank you for that
24 question.

1 We will be certainly deploying the
2 federal funding for unserved locations
3 throughout the state. The goal of the
4 Municipal Infrastructure Broadband Program is
5 to give municipalities that do provide,
6 potentially provide utilities to their
7 residents -- to leverage that infrastructure
8 for providing competition with respect to
9 broadband service providers.

10 Also, in providing greater access to
11 public access networks, we can leverage that
12 technology to create more mobile coverage.
13 Because we've got to get the mobile coverage
14 providers to expand their networks. And by
15 offering this infrastructure, we can induce
16 them to do so.

17 ASSEMBLYWOMAN WOERNER: Thank you. I
18 would just encourage that priority be given
19 to those communities that don't have any
20 service. There's value in competition,
21 there's no question about that. But we do
22 have a fair of number of communities still
23 unserved.

24 Thank you.

1 CHAIRWOMAN KRUEGER: Thank you very
2 much. Our next is Senator Ramos.

3 SENATOR RAMOS: Thank you so much,
4 Chair Krueger.

5 Good morning. My question is for
6 Ms. Knight. I'm wondering with regard to
7 contract bids, when assessing bids, what is
8 done to ensure you aren't granting contracts
9 to bidders with health and safety violations
10 or even ongoing harassment of Black
11 employees, like Tesla?

12 Do you have access to the DOL
13 debarment list? And do you consult it in
14 your procurement process?

15 COMMISSIONER KNIGHT: Thank you for
16 that question. I appreciate that.

17 We make sure that all of the
18 contractors that we go into contract with are
19 in compliance with all state and federal
20 laws. So we do those searches to make sure
21 that they are in compliance.

22 SENATOR RAMOS: So do you have access
23 to the DOL debarment list or not? Do you
24 consult it in your procurement process?

1 COMMISSIONER KNIGHT: I believe so.

2 But I will get back to you to be certain.

3 SENATOR RAMOS: Okay. How many
4 contracts per year were granted to MWBEs?
5 And what tools and services do you provide to
6 ensure that those MWBEs are not disadvantaged
7 by their lack of access to capital in the
8 bidding process?

9 I also would want to know if we are
10 updating the designation of MWBEs to include
11 Arab-Americans and North Africans who are
12 traditionally left out?

13 COMMISSIONER KNIGHT: So with respect
14 to the number of contracts that MWBEs were --
15 received last year, I will have to get back
16 to you on that.

17 But we do identify race as part of the
18 MWBE process when they are certified.

19 SENATOR RAMOS: So is it going to be
20 updated to include Arab-Americans?

21 COMMISSIONER KNIGHT: We are going
22 through a disparity study right now, and it
23 is due in August. And that will be
24 determined in the disparity study.

1 SENATOR RAMOS: All right. Thank you
2 very much.

3 COMMISSIONER KNIGHT: Thank you.

4 CHAIRWOMAN KRUEGER: Thank you.
5 Assembly.

6 ASSEMBLYMAN PRETLOW: Yes, next we
7 have Chair Daniel O'Donnell, chair of our
8 Tourism, Parks, Arts and Sports Development
9 Committee.

10 ASSEMBLYMAN O'DONNELL: Good morning.
11 Let me begin with a prelude a la a state
12 Senator. This is my 22nd Arts budget
13 hearing -- and final Arts budget hearing.
14 And I do want to share a bit of my
15 perspective, which is that regardless of
16 political party or political philosophy,
17 every year we come here and whoever is
18 running the state says "I love arts more than
19 anything," and then they zero out the funding
20 and then they wonder why we're pissed off.

21 Ms. Mallin, I want to welcome you to
22 the job. And I know it's only been two
23 weeks, so I really can't blame you for
24 anything. Or Ms. Manus before you, who I had

1 the utmost respect for.

2 But it does suggest a problem.
3 Cognitive dissonance, I believe is the
4 psychological term. So you want to know what
5 the dissonance comes from? Do you need an
6 example of how arts provide that funding for
7 the state? I'll tell you where to go. Go to
8 Glens Falls, New York, Carrie Woerner's
9 district. Okay?

10 I was there on Saturday night. You
11 see these lovely pair of reading glasses? I
12 rolled over on mine in bed and I broke them,
13 so I had to buy these. Betty's, from Glen
14 Street. Saturday night, where was I? At a
15 fabulous restaurant called Farmacy. I don't
16 know why it's called Farmacy. Really
17 elevated food. I didn't get here by looking
18 at food, let's be clear.

19 (Laughter.)

20 ASSEMBLYMAN O'DONNELL: Really, really
21 good food. Okay?

22 None of that existed in Glens Falls.
23 None of it existed. Where did it come from?
24 Two young people from New York City, my

1 sister and brother-in-law, founded the
2 Adirondack Theatre Festival. Then they went
3 and bought the Woolworth's on Glen Street and
4 converted it to a year-round theater that now
5 brings people to downtown Glens Falls
6 year-round.

7 On Saturday night the joint was
8 jumpin'. Okay? None of that existed but for
9 the arts.

10 So I don't really understand why every
11 Governor says "I love the arts" but then cuts
12 and cuts and cuts. So I'm going to make some
13 specific questions. One has to do with the
14 Arts Stabilization money. The Adirondack
15 Theatre Festival used that in the beginning.

16 What does that do? It's like a credit
17 card for people who have a business, art
18 business that have a season. So if there's a
19 summer stock or there's a time when they have
20 all this money coming, in the months when
21 there's no money coming in, how do they pay
22 their electric bill, right?

23 So I'd like to tell you that I created
24 it. I didn't. I'd like to tell you that I

1 forced them to put it back in the budget last
2 year, which I did, in order to help those
3 struggling not-year-round companies.

4 And what is in your current proposal
5 again is zeroing that out. Can you bring
6 that back for us, Erika?

7 EXECUTIVE DIRECTOR MALLIN: I want to
8 thank you, Assemblyman O'Donnell, and
9 recognize your cochairship of this committee
10 and your unwavering supports and
11 understanding of the field.

12 It's -- I don't know the exact-ness of
13 the Arts Stabilization program. I know it's
14 doing exactly that. And -- but I do think in
15 the budget that we have, or be enacted, the
16 funding that we do have is some of the most
17 coveted funding that could help companies
18 year-round, which is general operating
19 support.

20 Right now there does seem to be a
21 drift, whether it's philanthropy or corporate
22 support, away from that kind of, you know,
23 support. But this is the bread-and-butter of
24 all arts organizations, that they can put to

1 places where they need the most.

2 Additionally, we have capital funding,
3 which again I know from having led an
4 institution, you know, this is also very key
5 to -- when you're not in production and
6 you're not, you know, doing things -- the
7 time that you take to rebuild your
8 infrastructure. Aging infrastructure is an
9 extraordinarily huge drain on companies,
10 small or big.

11 So that's what we're trying to do.
12 And I think this kind of funding is key to
13 the industry right now.

14 ASSEMBLYMAN O'DONNELL:
15 Editorializing, those numbers in your budget
16 are woefully inadequate for this year, for
17 the 1980s. It's almost an embarrassment, the
18 Governor's proposal, on what they're doing in
19 those two areas.

20 One of my frustrations is that no
21 matter where you live, you believe that
22 you're getting screwed arts-funding-wise.
23 Makes no difference. They come to see me on
24 a regular basis. And what's hard is that

1 anybody can go found a "my hometown" arts
2 organization, and then plop themselves in
3 here and say "We don't get enough. You have
4 to give us more." Even in places where they
5 have more than adequate resources to do that
6 without government funding, right?

7 So could you just help educate us
8 briefly on how -- what the process is to vet
9 the people who get the funding through NYSCA
10 versus organizations that may have no vetting
11 at all?

12 EXECUTIVE DIRECTOR MALLIN: My
13 understanding is that all of our grantees or
14 potential grantees are vetted through a very
15 rigorous process, first by staff and then by
16 a peer review on various panels, and then
17 through, finally, the recommendations of the
18 Arts Council. So that's very stringent.

19 And I would, you know, also say in
20 terms of outreach and reaching all
21 communities -- well, first on the outreach
22 part, I think NYSCA, particularly in this
23 last year, made a huge leap forward in
24 reaching out to people who, you know, we

1 hadn't before. You know, we have over -- I
2 think there was over 4,000 people in direct
3 conversations with NYSCA as well as, you
4 know, just more and more material on the
5 guidelines so that small organizations across
6 the state, you know, could have access. I
7 mean, that's a very important thing for us,
8 you know, to make sure that people know that
9 we're here and that you can access our funds.

10 And then finally, we are serving, I
11 think, more than 95 percent of our state.
12 The remaining percentages are through, you
13 know, local arts councils. So I think we are
14 continually trying to serve and be strategic
15 and efficient in our grant making.

16 ASSEMBLYMAN O'DONNELL: Thank you.

17 I have one last question. I worked
18 very closely with Ms. Manus because a lot of
19 the -- I'll call them silos that existed
20 within NYSCA didn't reflect current-day art.
21 So something that was a video/dance
22 combination were not eligible for dance money
23 or video money because they had something
24 else in it.

1 And so that led to a lot of
2 disgruntlement among certain communities who
3 felt that their emerging art had no place
4 because they weren't in the silo world that
5 you had from when, what's her name, Kitty
6 Carlisle Hart ran the thing. Okay?

7 So could you just address that in
8 terms of trying to make sure that we're not
9 leaving certain ethnic groups or certain
10 minority groups behind?

11 EXECUTIVE DIRECTOR MALLIN: Yes. I
12 think one is we have increased or made
13 categories like multidisciplinary art, you
14 know, that includes all of that as a
15 particular application that you will have a
16 panel of your peers review in that area.

17 And I think you're absolutely right.
18 We have to have, you know, our ear to the
19 ground to make sure that we are reviewing and
20 encouraging arts that we -- you know, may not
21 fit directly into the current categories. I
22 mean, there could be another category, for
23 instance, going forward -- again with
24 technology and AI and, you know, there's a

1 lot of artists focusing specifically on that
2 thing.

3 So I take that point and, you know,
4 absolutely incorporate it in what we do for
5 our grant-making.

6 And what was the second part of your
7 question?

8 ASSEMBLYMAN O'DONNELL: You did fine.
9 Thank you very much.

10 I'd like to say that I welcome you --

11 EXECUTIVE DIRECTOR MALLIN: Thank you.

12 ASSEMBLYMAN O'DONNELL: I have 11
13 months left, and you will have my full
14 support and engagement to make your job
15 easier and to get you the budget that the
16 state actually deserves.

17 Thank you very much.

18 EXECUTIVE DIRECTOR MALLIN: Thank you.

19 ASSEMBLYMAN O'DONNELL: My 15
20 seconds are yours, Senator Krueger.

21 CHAIRWOMAN KRUEGER: Thank you very
22 much, Assemblymember.

23 It's hard to believe it will be your
24 last hearing as the chair of this committee,

1 because you've been loyal to this forever.

2 With that, Senator Tedisco, the
3 ranker -- for five minutes -- on Cultural
4 Affairs.

5 SENATOR TEDISCO: Thank you very much.

6 And thank you all for being here and
7 for your testimony today.

8 I'd like to go back to the -- thank
9 you for being here -- back to the discussion
10 that we've been having with ConnectALL, which
11 is, as you know, we've stated a municipal
12 program which provides infrastructure grants
13 for our communities.

14 Over a billion dollars. That's a lot
15 of money, a billion and a half dollars,
16 that's going to be allocated through that
17 program. But it's not going to cover the
18 over 100,000 homeowners who are not connected
19 right now. But it's an important step to
20 take to utilize that money.

21 And as I look at this and I hear the
22 discussion, I hear the position, they're
23 talking about a preference, a preference for
24 under- and unserved individuals. That's kind

1 of like the basketball player -- there was a
2 great basketball player and he never showed
3 up for practice in the NBA. But when he got
4 to the games, he was fantastic. And they
5 asked him at a press conference, Why don't
6 you show up for practice? All he could say
7 is "Practice? Practice? Practice? Why
8 should I show up for the practice? I score
9 35 points a game when I show up."

10 I think my constituents are saying:
11 Preferences? Preferences? You know what
12 that tells them? That those people who are
13 already served -- and it's been talked about
14 and said, but I want to reinforce that -- are
15 going to receive some of this money.

16 Commissioner, they shouldn't receive
17 one penny, one cent of this money. They're
18 already being served.

19 So I'm going to ask you the question
20 point-blank. It shouldn't be a preference.
21 A hundred percent of this money should be
22 allocated to those individuals who are under-
23 and unserved.

24 Can you guarantee us today that a

1 hundred percent of that money will not go to
2 any of those individuals who have service,
3 but to all those who are under and unserved?
4 Can you guarantee that's going to happen?
5 Because that's a real concern right now.

6 COMMISSIONER KNIGHT: Thank you,
7 Senator, for that question.

8 SENATOR TEDISCO: You're welcome.

9 COMMISSIONER KNIGHT: We have a number
10 of programs in the ConnectALL initiative, and
11 this municipal infrastructure program is just
12 but one of the programs that is supporting
13 underserved locations, locations that are
14 deemed not to be receiving high-speed
15 internet service, by leveraging existing
16 municipal infrastructure.

17 The lion's share of the ConnectALL
18 funding is going to go to those locations
19 that do not have access to broadband. And
20 that money will be released from the federal
21 government, and as soon as it is released we
22 will be working with those underserved
23 regions -- excuse me, those unserved regions
24 to deliver broadband to those locations.

1 SENATOR TEDISCO: Is that a yes or a
2 no to my question?

3 Will a hundred percent go to under-
4 and unserved? Will people who have service
5 get some of that? I know you talked about
6 leverage, but I --

7 COMMISSIONER KNIGHT: We will be
8 supporting locations that are underserved.
9 Through these --

10 SENATOR TEDISCO: Not a hundred
11 percent.

12 COMMISSIONER KNIGHT: We will be
13 leveraging the existing infrastructure in
14 those regions to deliver service.

15 SENATOR TEDISCO: Thank you.

16 CHAIRWOMAN KRUEGER: Thank you very
17 much.

18 Assembly.

19 ASSEMBLYMAN PRETLOW: Yes, we have
20 Ranker Ed Ra from the Ways and Means
21 Committee.

22 ASSEMBLYMAN RA: Thank you, Chair.
23 Good morning, everybody.

24 Commissioner Knight, thank you for the

1 conversation last week about a number of
2 issues.

3 But I wanted to just ask a little bit
4 regarding the proposed MWBE extension in the
5 budget. I know in response to a question
6 earlier you talked about this very briefly,
7 but I'm wondering if you can give us a little
8 more information. I know we have a proposal
9 for a five-year extension, but there's not a
10 disparate study done yet. What's the reason
11 for moving forward without that?

12 And I think you said you believe one's
13 going to be due in August, is that what you
14 said?

15 COMMISSIONER KNIGHT: That is correct.
16 The disparity study will be due in August.

17 As I said, the MWBE program is very
18 important to the state. We have made great
19 strides thanks to the Governor and the
20 Legislature in making operational
21 improvements. And we want to see that
22 continue, that success continue.

23 The Governor wants to ensure that this
24 program continues, which is why she's asking

1 for a simple extension with no modifications
2 so that this program can continue to grow.

3 ASSEMBLYMAN RA: Is there a time
4 period that the disparity study that's
5 ongoing covers?

6 COMMISSIONER KNIGHT: The last -- it's
7 over the past four years. But having a
8 forward look for this five-year period.

9 ASSEMBLYMAN RA: Okay. Thank you.
10 One of the other issues I think we've
11 heard a lot about is certification and
12 recertification. My understanding is that
13 the backlog in certifications has been
14 cleared up at this point. Is that correct?

15 COMMISSIONER KNIGHT: The backlog has
16 been cleared.

17 ASSEMBLYMAN RA: But I know I -- you
18 know, I've read about, last summer, a
19 particular business that took three years to
20 get their certification back. What is being
21 done to try to make that process work a
22 little more quickly when somebody has to
23 appeal a certification?

24 COMMISSIONER KNIGHT: So thanks to the

1 Legislature and the Governor, we were able to
2 secure resources to bolster our appeals unit.
3 So we have hired a number of administrative
4 law judges to support the appeal process, and
5 so that's moving much faster now.

6 ASSEMBLYMAN RA: Okay. Any idea on
7 what the time frame looks like now, going
8 forward, with those changes being made?

9 COMMISSIONER KNIGHT: Well, we have --
10 because we have gone through so many
11 certification applications, we have
12 experienced some denials. So there's a
13 greater throughput in that process. But it's
14 moving much more smoothly than it had been in
15 the past.

16 ASSEMBLYMAN RA: Okay. And ESD right
17 now, as you're dealing with economic
18 development dollars, how can and how is ESD
19 in particular, you know, specifically trying
20 to help our small businesses through economic
21 development funding?

22 COMMISSIONER KNIGHT: So ESD has
23 gotten a \$500 million fund through the
24 federal government for the Small Business

1 Credit Assistance Program. And that program
2 is going to be leveraged 10 times over the
3 next 10 years, for a \$5 billion program.

4 And so we have created over
5 20 programs to support small businesses, a
6 number of access-to-capital programs in
7 different products -- contractor financing,
8 equity products, venture products, and
9 lending products.

10 ASSEMBLYMAN RA: Okay.

11 And then lastly, I know we've recently
12 had -- and there was a lot of news reports,
13 obviously, about this, and we've had other
14 examples over the years -- but the microchip
15 factory that didn't work out.

16 What are we doing -- as I said,
17 there's been other instances like this where
18 we've spent large amounts of money for
19 private business and it just has not worked
20 out. So what are we doing, and maybe what
21 can the Legislature do as well, to stop these
22 types of circumstances from happening?
23 Because I think these are the types of
24 instances that give the economic development

1 programs in the state a bad name.

2 COMMISSIONER KNIGHT: I think you're
3 referring to the NexGen project in Syracuse.

4 So we are in discussions with Nexgen.
5 We will pursue any of the clawbacks in the
6 contract that we have with respect to funding
7 that we provided for that project.

8 In general, the projects that we
9 provide assistance for are
10 pay-for-performance. And I can get back to
11 you with more information on that.

12 ASSEMBLYMAN RA: Thank you.

13 CHAIRWOMAN KRUEGER: Thank you. You
14 can get back to us all in writing, thank you.

15 Next up is Senator John Liu.

16 SENATOR LIU: Thank you, Madam Chair.

17 Good morning, everybody, and thanks
18 for joining us.

19 Speaking of clawbacks, has the state
20 clawed back everything from Tesla for that
21 Western New York project?

22 COMMISSIONER KNIGHT: We have not
23 clawed back funding from Tesla, as we were
24 not -- the contract was actually not with

1 ESD. It was with a SUNY Poly -- former SUNY
2 Poly-affiliated entity.

3 SENATOR LIU: Okay. But ESD was
4 certainly involved.

5 COMMISSIONER KNIGHT: Excuse me?

6 SENATOR LIU: ESD was certainly
7 involved.

8 COMMISSIONER KNIGHT: We were
9 involved. And we haven't --

10 SENATOR LIU: Is there any effort, is
11 there any intent to clawback?

12 COMMISSIONER KNIGHT: Well, based on
13 the contracts, they have met all their
14 commitments.

15 SENATOR LIU: They have made all their
16 commitments.

17 COMMISSIONER KNIGHT: They have met
18 all their commitments.

19 SENATOR LIU: Okay. Well, that's --
20 maybe we can have a further discussion about
21 that.

22 What about Micron? Is everything on
23 track with Micron?

24 COMMISSIONER KNIGHT: Everything is on

1 track with Micron.

2 SENATOR LIU: And how much is New York
3 State's subsidy for that project?

4 COMMISSIONER KNIGHT: Well, we're
5 providing green chip tax credits for that
6 project. And it is a pay-for-performance.

7 SENATOR LIU: Okay. But roughly how
8 much is the subsidy?

9 COMMISSIONER KNIGHT: About
10 \$5 billion.

11 SENATOR LIU: About \$5 billion. And
12 how much is the federal government kicking
13 in? Or they still haven't decided.

14 COMMISSIONER KNIGHT: We don't know
15 what the number is.

16 SENATOR LIU: But there's got to be
17 some idea, right? Because that was the whole
18 point of the huge investment in Micron, was
19 to leverage off federal support.

20 ESD COO YOUNIS: So we know they're
21 eligible for the 25 percent investment tax
22 credit from the federal government, but
23 they're currently negotiating with the
24 federal government on their grant. So we

1 don't -- we don't know what that is. We know
2 it will be something, but we don't know what
3 it is.

4 SENATOR LIU: It should -- is it going
5 to be at least as large as New York State's
6 investment?

7 ESD COO YOUNIS: We don't -- we
8 don't -- it's not our -- it's not our program
9 to -- we don't know.

10 SENATOR LIU: I know. But in the
11 analysis -- ESD I'm sure did some kind of
12 projection as to what the federal grant might
13 be. Or that was completely irrelevant to
14 New York State's decision?

15 ESD COO YOUNIS: We know they're
16 eligible for a minimum of \$3 billion. But I
17 think their hope is to receive substantially
18 more than that. But I don't -- we don't know
19 what that ultimately is.

20 SENATOR LIU: So at least 3 billion,
21 hopefully a lot more.

22 ESD COO YOUNIS: Hopefully a lot more.

23 SENATOR LIU: Okay. I would have
24 expected that ESD -- because when Empire

1 State Development and the Governor announced
2 it, there was talk about how we were
3 leveraging off of federal subsidies or
4 federal support. I would imagine that there
5 would be at least some type of guesstimate as
6 to how much that federal support will be.

7 Let me move on to something else,
8 because I don't get a lot of time here.

9 Yesterday we had a hearing of the
10 Transportation Committee convened by
11 Senator Kennedy, and it appears that
12 State DOT is far behind in their plan to
13 upgrade rails.

14 Has Empire State Development been part
15 of any of that, the rail system?

16 COMMISSIONER KNIGHT: (No audible
17 response.)

18 SENATOR LIU: No, okay.

19 I will say very quickly that the train
20 system needs to be part of the economic
21 development plan for the State of New York.
22 So maybe you can get in touch with State DOT.

23 Thank you. Thank you, Madam Chair.

24 CHAIRWOMAN KRUEGER: Thank you,

1 Senator Liu.

2 Assembly.

3 ASSEMBLYMAN PRETLOW: Yes, Member
4 Buttenschon? She -- okay. Then next we have
5 Member McDonald. Member Tapia. Member
6 Lunsford?

7 ASSEMBLYWOMAN LUNSFORD: I win.

8 (Laughter.)

9 ASSEMBLYWOMAN LUNSFORD: Staying the
10 course plays in my favor here.

11 My question is for the ESD
12 commissioner.

13 We are seeing a \$100 million
14 investment in FAST NY and our shovel-ready
15 projects. And you brought up earlier the
16 great success we saw, particularly in my
17 area, with Fairlife, with STAMP. And I want
18 to know how much of this \$100 million are we
19 going to expect to see in upstate New York,
20 where the dearth of shovel-ready sites is
21 resulting in us losing businesses not just to
22 other regions of the state, but to
23 neighboring states that have a more robust
24 investment in shovel-ready sites.

1 COMMISSIONER KNIGHT: So thank you for
2 that question. You want to know how much of
3 the money do you expect to see in upstate
4 New York?

5 ASSEMBLYWOMAN LUNSFORD: Correct.

6 COMMISSIONER KNIGHT: Well,
7 traditionally a vast majority of the funding
8 goes to upstate sites, because these are
9 where the big sites are for projects of the
10 type that you're talking about.

11 ASSEMBLYWOMAN LUNSFORD: Is there a
12 particular percentage earmarked per region or
13 is this a large statewide pot?

14 COMMISSIONER KNIGHT: It's a large
15 statewide pot. It's a competitive pot.
16 Regions, you know, compete for the funding.

17 ASSEMBLYWOMAN LUNSFORD: I'd like to
18 take this moment to advocate for maybe there
19 being an earmark for a particular upstate
20 section of this, given that much of our
21 development requires bringing in power.
22 We're developing large swaths of truly
23 undeveloped land, as opposed to downstate
24 where we might be revitalizing properties

1 that had other uses in the past.

2 I'd also like to ask about a question
3 about NY-RUSH.

4 COMMISSIONER KNIGHT: New York RUSH --

5 ASSEMBLYWOMAN LUNSFORD: Yeah, the
6 underused state sites.

7 COMMISSIONER KNIGHT: Yes.

8 ASSEMBLYWOMAN LUNSFORD: Presumably
9 there's going to be an RFP for this, for
10 developers. Is that correct?

11 COMMISSIONER KNIGHT: There will be
12 some solicitation process.

13 ASSEMBLYWOMAN LUNSFORD: So you're
14 going to utilize private developers to build
15 housing. We're not doing it as a state,
16 correct?

17 COMMISSIONER KNIGHT: Right.

18 ASSEMBLYWOMAN LUNSFORD: Who is going
19 to be issuing that RFP? Who is going to be
20 making the choices, and who will have
21 oversight of those projects?

22 COMMISSIONER KNIGHT: So I think it
23 depends on what the sites are. You know, ESD
24 has a number of sites that we're looking at.

1 Some of them were correctional facilities,
2 former state facilities. There are other
3 agencies that may be looking at other sites.
4 And I think we'll be looking at this jointly
5 from a selection process.

6 ASSEMBLYWOMAN LUNSFORD: So if there
7 is, say, a correctional site versus a
8 transportation site, the RFPs will actually
9 be issued from different agencies? Is that
10 what you're saying?

11 COMMISSIONER KNIGHT: No, the RFP --
12 the RFPs for the sites for development will
13 be issued by different agencies. The funding
14 for the RUSH will be looked at together in an
15 interagency way.

16 ASSEMBLYWOMAN LUNSFORD: Okay. And
17 then once those sites are developed, who will
18 be overseeing, who will have oversight
19 authority on where the funding for that is
20 coming back to us?

21 COMMISSIONER KNIGHT: So let me try to
22 unpack that. I think, you know -- I'll give
23 you an example for ESD --

24 ASSEMBLYWOMAN LUNSFORD: We are out of

1 time. You can send me an email. Thank you
2 very much.

3 COMMISSIONER KNIGHT: I can come back
4 to you.

5 CHAIRWOMAN KRUEGER: Thank you.

6 Senator Murray, ranker.

7 SENATOR MURRAY: Thank you,
8 Madam Chair.

9 And thank you all for being here
10 today.

11 Commissioner Knight, I was listening
12 to your testimony and I want to touch on an
13 issue that we've talked about before, and
14 that is childcare. In the testimony, under
15 the office of Strategic Workforce Development
16 you had said -- you mentioned wraparound
17 services in regard to childcare.

18 Could you tell me what programs or
19 services are currently available in regard to
20 childcare?

21 COMMISSIONER KNIGHT: So when I talk
22 about childcare with respect to the Office of
23 Strategic Workforce Development, those
24 wraparound services are part of every project

1 that we fund. And so, you know, in some
2 cases it's childcare provided by other
3 providers related to the program. In some
4 cases the program actually provides
5 childcare. So there are a range of
6 configurations that exist for childcare in
7 those training programs.

8 SENATOR MURRAY: But is there a
9 collaboration right now with companies? You
10 and I have had this conversation. We talked
11 about this last year, and I don't know if
12 really we made any progress.

13 I give the Governor a lot of credit.
14 She has been very proactive, and she's been
15 trying to address the problem. The problem
16 is it's not a simple answer. We're not just
17 talking about affordability, we're talking
18 about accessibility. We're also talking
19 about the childcare workforce. It's hard to
20 keep childcare workers with the salaries that
21 they make.

22 So in my district we had a roundtable
23 discussion. We had all the principals there.
24 We had childcare providers, the Childcare

1 Council of Suffolk. We had parents, we had
2 teachers, we had the business community,
3 chambers of commerce, HR directors -- all of
4 that input. First I'd like to share -- I'll
5 email you the link to that so you can see it.
6 But at the end, we came up with a couple of
7 creative ideas. But it will take
8 collaboration, it will take working together.
9 Would that be through the Office of Strategic
10 Workforce Development? Is that how you would
11 recommend we go about this?

12 COMMISSIONER KNIGHT: I would say
13 that, you know, with respect to training,
14 that would be the Office of Strategic
15 Workforce Development.

16 We also have, through our REDC
17 process, the ability to provide funding for
18 childcare. And the REDCs have made a lot of
19 progress in funding childcare projects around
20 the state.

21 SENATOR MURRAY: So in things like --
22 and I'll be quick. Because again, when I
23 talk about collaboration, we're trying to
24 look for win/win all the way around. So

1 we're trying to get parents back in the
2 workforce. And a lot of times now they're
3 sitting down, they're doing the numbers, and
4 it will cost them to go back to work because
5 of the high cost.

6 So we came up with an idea similar to
7 where you have healthcare savings plans --
8 maybe a pretax healthcare savings plan
9 through your payroll at work. And maybe a
10 matching fund, similar to a 401(k), where
11 your employer matches.

12 Maybe we come up with a creative idea
13 where there's a childcare savings plan. The
14 employer can also match what the employee
15 gives in. The government then comes in and
16 says, we'll give that employee a bit of a tax
17 credit to participate in this.

18 This gets more people in the
19 workforce. It helps with the hiring problems
20 the companies are having. And the incentive
21 to the company to do it is by offering these
22 benefits you'll get very good employees and
23 probably save on retention.

24 And it will also get -- in getting

1 people back in the workforce, the government
2 gets taxes through income tax, there's
3 ancillary revenue they spend, they get more
4 sales tax. So it's a win/win all the way
5 around.

6 But we need somewhere, someone, to be
7 the central hub that we can work through.
8 And I think ESD would be a good place to
9 start, considering who you work for.

10 So again, a little guidance. Where
11 should we go with this? How can we work
12 together on this?

13 COMMISSIONER KNIGHT: Well, look
14 forward to getting the information that
15 you'll send, and then we can continue to
16 discuss this further.

17 SENATOR MURRAY: Okay, I appreciate
18 that.

19 And one last thing. So being a
20 Senator from Long Island, I'm looking through
21 the line items here in the proposed budget
22 and I come across one that says "Retention of
23 football in Western New York." And there are
24 two, actually, items here -- so \$5.5 million

1 under Aid to Localities, and then another
2 2.5 million, or almost, under capital
3 funding.

4 Can you tell me what that is? Is that
5 with the Buffalo Bills? And how does that
6 apply?

7 COMMISSIONER KNIGHT: I have to take a
8 look at that. It is for the Buffalo Bills.
9 Okay, it is.

10 SENATOR MURRAY: So we're spending
11 almost 8 million. Is this -- for what,
12 though?

13 ESD COO YOUNIS: So the current --
14 it's a previously existing agreement,
15 probably 2013. So their existing stadium
16 they continue to utilize while they're
17 building the new stadium, so it's in support
18 of that.

19 SENATOR MURRAY: Okay. Might I
20 suggest, if we want to keep the Bills playing
21 a little bit longer, maybe we cancel all
22 flights to and from Kansas City.

23 (Laughter.)

24 SENATOR MURRAY: Thank you,

1 Madam Chair.

2 (Inaudible exchange; laughter.)

3 CHAIRWOMAN KRUEGER: Wow. Okay, thank
4 you.

5 Assembly.

6 ASSEMBLYMAN PRETLOW: Member Darling.

7 ASSEMBLYWOMAN DARLING: Hi,
8 Commissioner and team. Thank you for being
9 here and for all of your work for New York
10 State.

11 New York State currently has
12 96 agencies, and we are now in a space where
13 I've had several discussions with agencies
14 expressing that they're having difficulty
15 finding a workforce. And I've had
16 constituents express they're having
17 difficulty securing employment.

18 So what plan do we have to better
19 advertise and recruit for our workforce and
20 fill these open positions? That's my first
21 question.

22 And then, what measures are being
23 taken to promote equitable economic
24 development across different communities

1 within Nassau County, including those
2 historically underserved?

3 OGS COMMISSIONER MOY: I'm happy to
4 take the first question and pass back for the
5 second.

6 In terms of identifying additional
7 individuals to come into the state workforce,
8 there are two things that I would note.

9 Our colleagues who are not sitting
10 here, Commissioner Tim Hogues and
11 Commissioner Reardon, have been very much at
12 the forefront of looking at ways to bring
13 more individuals into the state system.
14 There is a program that is a part of the
15 Executive Budget around NY HELPS, which
16 Commissioner Hogues can speak to, looking in
17 particular for areas in which there are
18 provisional challenges, where there are ways
19 that we can bring folks to some of the titles
20 in which we have challenges.

21 My own agency has issues in terms of
22 recruitment. We have been all trying to be
23 much more aggressive around going out into
24 communities to speak specifically --

1 particular for those communities where maybe
2 they do not have a tradition of being in the
3 civil service process, they understand what
4 it takes in order to take an exam, what it
5 means to have continuous recruitments -- and
6 prioritizing those titles in which we have
7 the greatest amount of challenges.

8 Both the Office of General Services
9 and the Department of Labor have been
10 increasing our social media and our outreach
11 relative to those titles or challenges. So
12 there's a significant increase in the number
13 of outreach programs and marketing to try to
14 get more folks involved.

15 ASSEMBLYWOMAN DARLING: I would ask if
16 we can just include the members in this -- in
17 whatever campaigns we're doing --

18 OGS COMMISSIONER MOY: Absolutely.

19 ASSEMBLYWOMAN DARLING: -- sending
20 emails so we can post on social media and
21 share. I just hate that New York has so many
22 resources and we just sometimes miss that
23 goal of connecting people to the resources.

24 OGS COMMISSIONER MOY: I appreciate

1 that, Assemblymember. And we all are
2 incented to try to get as many individuals in
3 the state workforce so we can meet the
4 requirements of both our budgets and our
5 priorities. So we will follow up.

6 ASSEMBLYWOMAN DARLING: Wonderful.
7 Thank you.

8 COMMISSIONER KNIGHT: And thank you.

9 With respect to your question around
10 workforce development providers, we work with
11 providers that have community-based-
12 organization relationships that do outreach
13 directly to the community of those impacted
14 for the jobs and opportunities that are under
15 ESD's purview.

16 I have other colleagues -- the
17 Department of Labor, the commissioner of
18 Health -- and I can give you the information
19 later.

20 ASSEMBLYWOMAN DARLING: Thank you,
21 Commissioner. Thank you so much. I
22 appreciate you guys just bringing us into
23 that equation. Thank you.

24 CHAIRWOMAN KRUEGER: Thank you.

1 Assemblymember -- Senator Lea Webb.

2 I'm taking your list. So sorry.

3 ASSEMBLYMAN PRETLOW: Assemblyperson
4 Buttenschon.

5 CHAIRWOMAN KRUEGER: No, no, we have a
6 Senator next.

7 ASSEMBLYMAN PRETLOW: Didn't we just
8 do a Senator?

9 CHAIRWOMAN KRUEGER: No, that was an
10 Assemblymember.

11 ASSEMBLYMAN PRETLOW: Oh, Member
12 Darling.

13 CHAIRWOMAN KRUEGER: That was your
14 Assemblymember.

15 ASSEMBLYMAN PRETLOW: We're getting
16 confused --

17 CHAIRWOMAN KRUEGER: We haven't
18 decided which party we represent or which
19 activity we're doing.

20 Senator Lea Webb.

21 SENATOR WEBB: Thank you all for being
22 here.

23 My first question is for Commissioner
24 Moy. It's with respect to the Cayuga Salt

1 Mine, which is in my district. I have
2 constituents, myself included, that are very
3 concerned about the continued mining and the
4 concerns around salination. And so I know
5 Cargill is currently seeking to sell the mine
6 to a company that will continue to operate
7 it.

8 And so my question is, does OGS have
9 to provide consent to transfer the mine? And
10 what type of review would OGS perform on the
11 transfer of the state land that has had such
12 an environmental impact?

13 OGS COMMISSIONER MOY: Thank you for
14 that question, Senator Webb.

15 The location of the Cayuga Mine is a
16 lease that OGS oversees. I will have to
17 confirm whether or not we review any aspect
18 of the transfer. I don't believe so, but I
19 will confirm and get back that information to
20 you.

21 The Department of Environmental
22 Conservation is a regulatory entity. They
23 will be looking into those environmental
24 impacts. If there are challenges or issues

1 or higher concern relative to salination,
2 it's something that we will be speaking with
3 them about. And certainly if there are any
4 challenges or changes that take place in that
5 permit status, then we would be acting upon
6 it.

7 So our role, unfortunately, is -- or
8 our role is really very much limited to the
9 leasing of the property. But we'll look into
10 the specifics around the transfer and get
11 back to you.

12 SENATOR WEBB: Okay, thank you very
13 much.

14 And then my next question is for
15 Commissioner Knight, specifically as relates
16 to MWBEs. So I have MWBEs in my district
17 that are in the construction field that have
18 shared challenges around the current process
19 with respect to waivers. And so one of the
20 things that has been flagged is that larger
21 general contractors essentially are able to
22 go around the process and not have to use
23 MWBEs for jobs.

24 So my question is, what is ESD doing

1 to monitor the waiver process to ensure that
2 the waivers are legitimate?

3 COMMISSIONER KNIGHT: So thank you for
4 that question. And we know how important it
5 is to monitor the waiver process.

6 Because we have been able to
7 operationalize, better operationalize some of
8 our systems in the MWBE office, we have been
9 paying particular attention around waivers to
10 make sure that general contractors have been
11 able to demonstrate that they were not able
12 to find an MWBE to do the work.

13 And so we're scrutinizing that very
14 carefully to make sure that MWBEs are getting
15 the work that they should.

16 SENATOR WEBB: And in that same vein,
17 I want to go smaller contractors. What can
18 we -- well, we'll have to follow up.

19 COMMISSIONER KNIGHT: If you can come
20 back to me. Yup. Yup.

21 SENATOR WEBB: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you.

23 Assembly.

24 ASSEMBLYMAN PRETLOW: Member

1 Buttenschon.

2 ASSEMBLYWOMAN BUTTENSCHON: Thank you.

3 Thank you to all the commissioners.

4 And I thank you for personally coming to my
5 district, as it includes many hardworking,
6 dedicated individuals, and you were able to
7 witness that firsthand. They have many
8 forward-advancement-thinking programs, and
9 you have been a part of that.

10 My first question is for Commissioner
11 Knight, following up on the MWBEs. You know
12 the challenges that we face. You testified
13 on the importance of how you're moving
14 forward on that. And clearly, do you feel
15 you have the resources that you need to
16 continue with bringing this program forward,
17 as it has been designed within the Executive
18 Budget, as well as the recertifications that
19 are necessary for many of the great
20 businesses?

21 COMMISSIONER KNIGHT: Thank you for
22 that question, Assemblymember.

23 We do have the resources that we need,
24 thanks to the Legislature and the Governor,

1 for providing those resources for a backlog
2 in the certification process as well as the
3 appeals process.

4 ASSEMBLYWOMAN BUTTENSCHON: Okay. And
5 as you know, workforce housing is so
6 important to -- it's hand in hand with
7 workforce development. Can you just
8 highlight the workforce housing that you're
9 seeing within -- throughout the state and how
10 it's going.

11 COMMISSIONER KNIGHT: Well, as you
12 know, the Governor has made it her mission to
13 increase the housing supply and has charged
14 all of her commissioners to look at
15 state-owned properties. And so many of the
16 programs that ESD is working on do have a
17 workforce housing component. I can mention
18 one downstate where we're looking at an
19 affordable homeownership project that is a
20 workforce housing project.

21 ASSEMBLYWOMAN BUTTENSCHON: And --
22 thank you. And this is open to all the
23 commissioners. I just met with the
24 superintendents in my district. Can you

1 highlight any of the programs you're offering
2 for our high school or our community college
3 students that tie very well with the entities
4 that you oversee?

5 COMMISSIONER KNIGHT: Well, I can talk
6 about some of the community college programs
7 that we are offering. I think you were at
8 one of the graduations of something called
9 the "Real Life Rosies," which focuses on
10 getting women into industrial machining. And
11 we have been working with other community
12 colleges focused on advanced manufacturing
13 programs.

14 ASSEMBLYWOMAN BUTTENSCHON: Any high
15 school programs that anyone's working with?

16 OGS COMMISSIONER MOY: I do not.

17 However, I would note that one of our
18 top priorities has been to partner with SUNY
19 systems as well as with -- as well as with
20 some of the community colleges to talk about
21 pathways into state agencies. We have
22 certainly a number of trades positions and
23 other pathways that don't require that you
24 have a college education.

1 We're happy to give more information
2 on that.

3 ASSEMBLYWOMAN BUTTENSCHON: I'll
4 follow up, thank you.

5 OGS COMMISSIONER MOY: Thank you.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Senator Cleare.

8 SENATOR CLEARE: Thank you.

9 Good morning. Thank you. I'm just
10 going to like blurt out a bunch of questions
11 and hopefully you can answer them.

12 Commissioner Knight, thank you so much
13 for your work, especially in trying to create
14 the Affordability Homeownership Project,
15 which happens to be in my district. I am
16 looking for deeper affordability and even the
17 use of vouchers or the acceptance of vouchers
18 on some of these projects.

19 In general, I just want to know what
20 ESD is doing to increase Black businesses'
21 participation in all aspects, but especially
22 AI, where there's an opportunity to really
23 uplift Black entrepreneurs and individuals in
24 that. Not just workforce, I'm talking about

1 business ownership and entrepreneurs.

2 And for OGS, also, what are we doing
3 to increase community connection and
4 inclusion to employment, somewhat similar to
5 Assemblymember Darling's question. The
6 programming and then the participation, the
7 inclusion of local community members in what
8 OGS is doing as well as elected officials,
9 who can really boost and help what you're
10 trying to accomplish.

11 And for Ms. Mallin, I just want to say
12 to you, welcome. I look forward to working
13 with you. The cuts are going to be very
14 detrimental to the arts community, and
15 especially the Black arts community, which
16 doesn't benefit as much as the rest of the
17 arts community in the first place,
18 historically.

19 We need to increase funding of the
20 arts. And as someone who represents the
21 historic community of Harlem, birthplace of
22 the Harlem Renaissance -- and very much
23 appreciative of the arts -- I want to see how
24 we can increase that funding. That funding

1 is not just about the arts, it is about the
2 legacy, it is about the soul of our
3 community, and we are very much in need of
4 those dollars.

5 And at this time we have organizations
6 and individuals who are just recovering from
7 COVID who have not even recovered from the
8 pandemic. And I'm really urging our Governor
9 and our state to invest in the arts,
10 especially in Harlem, where we have brought
11 in so much tourism to this state. And I
12 think it's very crucial and very important.

13 COMMISSIONER KNIGHT: So I'll start
14 with what we're doing to help Black
15 businesses that are in the innovation space.
16 I don't have much time, but I can tell you
17 that we have a number of venture programs
18 where we're funding Black businesses to be
19 able to have them participate in the
20 innovation sector, emerging technologies,
21 et cetera.

22 And, you know, we're very focused on
23 providing support to minority- and
24 women-owned businesses in that area.

1 OGS COMMISSIONER MOY: For the Office
2 of General Services, DEI has certainly been
3 at the top of some of our priorities relative
4 to hiring, from the leadership level down to
5 the staff level.

6 We've also been expanding our
7 programming. We have brought back the --

8 SENATOR CLEARE: You can get back to
9 me.

10 OGS COMMISSIONER MOY: I'll get you
11 the information later. Thank you.

12 SENATOR CLEARE: Thank you.

13 ASSEMBLYMAN PRETLOW: Member Tapia.

14 ASSEMBLYWOMAN TAPIA: Sorry.

15 Good afternoon. It's already noon.
16 We started in the morning. It's still
17 morning.

18 Thank you. Thank you all for being
19 here, and I appreciate, I have to say, all
20 your time. I know it's a long day.

21 I have two questions for Ms. Knight.
22 You kind of answered some of them already
23 while I was here. But, I mean, of the
24 250 million in capital funding that the state

1 agencies -- to repurpose certain state agency
2 properties into useful housing -- I am from
3 the Boogie-Down Bronx, I represent the
4 Boogie-Down Bronx, so one of the biggest
5 issues that we have is exactly the housing
6 crisis that we have all over the State of
7 New York, but the Bronx is the one that
8 actually suffers the most from it.

9 So did you have some more details on
10 how can you provide -- how you could provide
11 on this funding. And what I mean by that is
12 such as how many units we are looking to
13 build on those properties that are
14 underused -- underutilized. And do you have
15 a list of specific properties? And do you
16 know if it would support any housing in the
17 Bronx?

18 COMMISSIONER KNIGHT: Okay, thank you
19 for --

20 ASSEMBLYWOMAN TAPIA: That's fine.
21 I'm going to have another one, about the
22 100 million, that you'll also say -- you
23 probably cannot answer that question, but I
24 mean one of the biggest issues that we have

1 in the Bronx and especially in my community,
2 during the pandemic, because of the remote
3 schooling and -- schooling that happened,
4 many of our children, especially middle
5 school and high school, dropped out from
6 school.

7 They didn't participate in remote
8 learning. They didn't have, most likely
9 didn't have a computer, a laptop, didn't have
10 connection to the internet. It was a program
11 that was done completely in English, and the
12 majority of those parents don't speak
13 English, so they might not be able to work
14 that out.

15 So many of them dropped out. And it
16 was 180,000 of them in the City of New York,
17 and many of them were in the Bronx. And the
18 majority in middle schools came back when
19 school restored, but many in high school are
20 still out there. They haven't come back.
21 And we have to -- what I'm thinking is how
22 are we going to lure them. Not to come back
23 to school, maybe -- because they might not do
24 it.

1 But how are we going to make sure that
2 they get some type of training, some type of
3 development that actually would help them
4 to -- they're going to have families -- to
5 have families --

6 ASSEMBLYMAN PRETLOW: Thank you,
7 Assemblywoman. Your answer will have to be
8 in writing because you've -- you've exhausted
9 your time, I'm sorry.

10 Next we have Senator Helming.

11 SENATOR HELMING: Thank you very much.
12 Thank you all for your
13 testimony today; I appreciate it.

14 Commissioner Knight, when I speak with
15 businesses, when I meet with them, I go out
16 and tour their facilities, whether it's
17 manufacturing, retail, my Main Street
18 businesses, you know, hospitality industry,
19 the two challenges that they continually
20 bring up about being a business located in
21 New York State are taxes and overregulation.
22 It's a consistent message from everyone.

23 And listening today about, you know,
24 the -- all these incentive programs that are

1 available -- Micron's getting \$5 billion --
2 it just raises the question what are we doing
3 to reduce the tax burden on our businesses,
4 and what are we doing to reduce the
5 regulatory requirements on businesses?

6 Because it seems like, sitting in the
7 Legislature, every day we're creating more
8 requirements for businesses to comply with.
9 And these small businesses, they don't have a
10 compliance officer, necessarily.

11 So my question is, you know, what are
12 we doing to make New York State a more
13 business-friendly state?

14 COMMISSIONER KNIGHT: So thank you for
15 that, Senator. Thank you for that.
16 Understand the concerns around small
17 businesses and, you know, what they confront.

18 You know, with respect to regulations,
19 I think everybody agrees that basic
20 regulations are necessary for public health
21 and safety. And, you know, as an entity
22 looking to grow the economy, we are always
23 talking to businesses to understand what
24 regulatory challenges they have and what some

1 reforms could possibly be.

2 So, you know, would like to talk to
3 you about that.

4 SENATOR HELMING: Yeah, and I'd love
5 to have a response to that. What are you
6 hearing, and what are you considering as
7 regulatory reforms? I'd love some specific
8 information on that.

9 I wanted to real quick, too, talk
10 about the ON-RAMP program. I understand that
11 one of the four sites has already been
12 designated; it will be located in Syracuse.
13 And I understand the selection of the
14 remaining three will be a competitive
15 process. And I know the Governor mentioned
16 that the focus would be on providing
17 opportunities for disadvantaged populations.

18 When will we see the exact outlines
19 for -- you know, what are the requirements?
20 When will we see an application process? How
21 would that look?

22 And because I only have a few seconds
23 left, I want to throw this out there. I
24 suggest that when we're talking about

1 disadvantaged populations, that we look at
2 rural communities, too, as an area that is
3 disadvantaged. Wayne County -- Finger Lakes
4 Community College, located right off the
5 Thruway. Part of -- advanced manufacturing
6 is prominent. We have employers who need
7 employees but who are challenged by
8 transportation, childcare issues, and so much
9 more.

10 So I was thankful to hear community
11 colleges will be eligible, but I'd like to
12 know more about the program.

13 Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.
15 You'll have to get back in writing because
16 there's no time for an answer.

17 Next?

18 ASSEMBLYMAN PRETLOW: (Inaudible.)

19 CHAIRWOMAN KRUEGER: Can you turn on
20 the Assemblymember's mic from upstairs?

21 You can try.

22 ASSEMBLYMAN PRETLOW: Member Simone.

23 Did he leave? Okay. Chantel Jackson.

24 ASSEMBLYWOMAN JACKSON: All right.

1 So today's Bible study came from
2 Proverbs 27:23, where it says "Know the state
3 of your flocks." And that's about knowing,
4 you know, your monies and all, where your
5 state of affairs are. So grateful to have
6 this conversation about the finances here in
7 the State of New York.

8 Now, the Governor's proposing Global
9 Entrepreneurs for \$4 million, we're looking
10 to put \$4 million in it. And 635,000 --
11 635,000 towards MWBE. How do we justify
12 having 4 million for Global Entrepreneurs and
13 635,000 for MWBE? And the removal of
14 1 million from MWBE.

15 COMMISSIONER KNIGHT: Thank you for
16 your question.

17 With respect to what you're
18 referencing to MWBE, that's one program
19 related to MWBE. I can get you the entire
20 total of that budget at a later date.

21 But focused on the Global
22 Entrepreneurs program, really trying to route
23 foreign-born entrepreneurs that are creating
24 innovation enterprises that would hire

1 employees here in New York instead of having
2 them take those businesses outside of the
3 state and outside the country.

4 ASSEMBLYWOMAN JACKSON: Okay, maybe I
5 misunderstood the purpose of the Global
6 Entrepreneurs.

7 But how many full-time and part-time
8 people work for ESD?

9 COMMISSIONER KNIGHT: About 650.

10 ASSEMBLYWOMAN JACKSON: Six-fifty.
11 And do we find that to be a good enough
12 number to execute the day-to-day?

13 COMMISSIONER KNIGHT: We do.

14 ASSEMBLYWOMAN JACKSON: Okay.

15 And then I see that we're in our
16 eighth round of DRI, which is really
17 impressive. But I'm wondering where we are
18 with the first few rounds. In particular,
19 I'm thinking about the Bronx, where I serve,
20 where we started years ago -- I don't even
21 know what number we were in the DRI.

22 But where are they, where are those
23 programs in completion of their DRI?

24 COMMISSIONER KNIGHT: I have to come

1 back to you with a report on that. The
2 Department of State administers the DRI
3 program. But I do have, you know, a
4 tremendous amount of awareness of where, you
5 know, some of those programs are, and I know
6 that the Hub was designated a -- in the early
7 rounds. And a number of those projects have
8 been completed.

9 ASSEMBLYWOMAN JACKSON: All right.

10 And so the money has been spent down?

11 COMMISSIONER KNIGHT: I'm not sure if
12 it's all been spent down, but definitely some
13 of it has been spent down.

14 ASSEMBLYWOMAN JACKSON: Okay. Would
15 love to know where we are with the spending
16 of that.

17 COMMISSIONER KNIGHT: Okay.

18 ASSEMBLYWOMAN JACKSON: And then I see
19 we have 250 for the RUSH program. Are
20 hospitals a part of that, state -- a spot
21 being considered, state hospitals?

22 COMMISSIONER KNIGHT: I'll come back
23 to you with that.

24 CHAIRWOMAN KRUEGER: Sorry, you'll

1 have to get back to the Assemblywoman.

2 Next is Senator Comrie.

3 SENATOR COMRIE: Good afternoon.

4 Appreciate you all being here.

5 I have a question to each person, but
6 I'll just ask in a series of questions.

7 Can you get back to us with your
8 numbers on MWBE participation -- not in
9 contracting but in procurement and services
10 and purchasing and supplies? How well is
11 your agency doing in making sure that
12 MWBEs -- especially in the state -- and also
13 New York businesses are doing well in your
14 procurement and services area?

15 The next question would be, what kind
16 of staffing do you have that reflects MWBE as
17 well, especially in your executive staff?

18 And also for the arts, the issue is to
19 find out what we're doing to make sure that
20 long-term nonprofits in the cultural area,
21 especially in the minority, are doing well
22 with the amount of disbursement in the
23 State Budget to nonprofits and cultural
24 programs in the state.

1 important the van service is. And we have
2 heard your concerns about the vendor, and we
3 continue to have discussions with the vendor
4 and will be back to you about how we move
5 forward. We have not signed a contract.

6 And so we will be able to get back to
7 you in the next coming weeks around that
8 program.

9 SENATOR COMRIE: Thank you.

10 And then just one other question. We
11 need to do something on captive insurance for
12 downstate, not just for all commercial
13 vehicles. They can't afford \$60,000 a year
14 in insurance and try to maintain a vehicle.

15 I have a captive insurance bill that
16 works, it's worked in other parts of the
17 state. The Governor has ordered for bills on
18 captive insurance in other parts of the
19 state. We need to come to an agreement and
20 get this done. We're putting lives at risk.
21 Most of the commercial vehicles in the state
22 are illegal.

23 CHAIRWOMAN KRUEGER: Thank you,
24 Senator.

1 You'll have to get back to us. Thank
2 you.

3 Assemblymember.

4 ASSEMBLYMAN PRETLOW: Member Simon.

5 I'll just remind everyone that we only
6 have three minutes for this round. And so if
7 your question lasts three minutes, there will
8 be no time for an answer. So if the question
9 is short and succinct, you may get the answer
10 that you're looking for.

11 So anyway, Member Simon.

12 ASSEMBLYWOMAN SIMON: I see that my
13 audience knows that I'm their audience --
14 they're my audience.

15 So thank you very much for your
16 testimony, all of you.

17 So I have a question directed around
18 Atlantic Yards, our favorite place, about how
19 ESD plans to collect the liquidated damages
20 from Greenland's failure to meet the 2025
21 affordable housing deadline when it's
22 defaulting on its debt, it's lost control of
23 development rights where the housing is
24 supposed to be built. And how it plans --

1 how do you plan to make up for the affordable
2 housing that hasn't been delivered? That's
3 one question.

4 And then the other question is the
5 Stop Climate Polluters Handout Act -- that I
6 sponsor -- is about eliminating the subsidies
7 that New York State currently gifts to the
8 most harmful parts of the fossil fuel
9 industry. And with New York facing a
10 multi-billion-dollar state budget deficit,
11 alongside the increasing costs of
12 climate-related damages to taxpayers and
13 enormous profits in the fossil fuel
14 industry -- which is the chief instigator of
15 the damages -- isn't it time to cut some of
16 the 1.6 billion in fossil fuel subsidies that
17 New York currently offers?

18 COMMISSIONER KNIGHT: So good
19 afternoon, Assemblywoman.

20 ASSEMBLYWOMAN SIMON: Good afternoon.

21 COMMISSIONER KNIGHT: I'll take your
22 Atlantic Yards questions first.

23 As you know, we've been working with
24 the developer of Atlantic Yards as well as

1 its lender to figure out a way forward.
2 There is a default on the debt, and we're
3 working with the lender to figure out who
4 will step in as the designated developer.
5 ESD has to approve that person or entity as a
6 designated developer, and we are waiting to
7 have those folks step forward.

8 With respect to liquidated damages,
9 that default provision would kick in next
10 year. And so we intend to pursue liquidated
11 damages if those units are not produced at
12 that time.

13 Your next was --

14 ASSEMBLYWOMAN SIMON: So I guess I'd
15 like a follow-up question to that, is the
16 platforms and the likelihood of them being
17 built and how quickly we can replace that
18 affordable housing that may not -- from our
19 perspective, with a developer that can't
20 perform, may not ever be built. So how do we
21 remedy that?

22 COMMISSIONER KNIGHT: Well, we have a
23 lease until 2035. And so we do have to work
24 with the current, you know, developer and the

1 lender to determine if we can get a developer
2 that ESD approves to step in.

3 ASSEMBLYWOMAN SIMON: Okay. And could
4 you address the tax -- okay.

5 COMMISSIONER KNIGHT: I'll come back
6 to you.

7 ASSEMBLYWOMAN SIMON: I didn't get my
8 question out.

9 CHAIRWOMAN KRUEGER: Sorry, you'll
10 have to get back to us on that. Thank you.

11 Senator Borrello.

12 SENATOR BORRELLO: Thank you,
13 Madam Chair.

14 Thank you all for being here. I'll
15 start with you, Commissioner Knight. First
16 of all, I think you know I appreciate what
17 ESD does. I spent 10 years in county
18 government and, you know, you provide us with
19 the tools at the local level to level the
20 playing field when we're competing with other
21 states.

22 That being said, my concern -- I think
23 I've talked about this before with you -- is
24 that we tend to measure success based on the

1 may create economic activity, the amount of
2 taxes into the economy. We look at a number
3 of dimensions when we think about success of
4 projects. But jobs is one major contributor,
5 because that definitely, you know, creates
6 the economic impact, the tax rolls --
7 revenues to the tax rolls, and provides for
8 people to have a place to live and raise a
9 family.

10 SENATOR BORRELLO: Well, yeah, and I
11 understand that that's the theory. Right?
12 But the reality is is there are open
13 positions right now that cannot be filled.
14 you know, that's -- what I'm saying is that
15 there is -- you know, I think we have to
16 figure out a way to bring together the idea
17 that what we need is a well-trained workforce
18 and people that are encouraged to take those
19 positions. And not so much saying we're
20 going to bring a new company to town.

21 Micron, everybody's -- I understand,
22 everybody's very excited about the chip
23 manufacturer coming to town. But they're
24 going to have thousands of open positions,

1 and most of them are probably going to --
2 they're not going to be coming from people
3 moving to New York State; they're going to be
4 poaching employees from other -- you know,
5 skilled workers from other employers that are
6 not getting the tax benefits that Micron is
7 getting.

8 And that's my concern. How do we
9 shift that discussion?

10 COMMISSIONER KNIGHT: Well, I think
11 the Office of Strategic Workforce Development
12 is going a long way to provide these training
13 opportunities that have direct linkages to
14 jobs. And so by getting folks off the
15 sidelines that may have had barriers to
16 employment, we can get those folks into jobs.

17 SENATOR BORRELLO: Okay, great. Well,
18 I only have a few seconds left, so thank you
19 all very much.

20 CHAIRWOMAN KRUEGER: Thank you.
21 Assembly.

22 ASSEMBLYMAN PRETLOW: Yes, Member
23 Carroll.

24 ASSEMBLYMAN CARROLL: Thank you.

1 Good afternoon, Commissioner Knight.

2 I'm going to pick up where Assemblymember
3 Simon left off, around the Atlantic Yards
4 project and the default of Greenland's
5 debt and the foreclosure that is currently
6 happening.

7 As Assemblymember Simon was saying,
8 liquidated damages should kick in in 2025 if
9 871 units of affordable housing are not
10 built. Zero units are built today. It does
11 not seem like there is any possibility that a
12 single unit will be built by 2025.

13 What is EDC's plan? How are we going
14 to build these -- this housing? How are we
15 going to complete this project? How are we
16 going to provide the open space that this
17 community desperately needs? Ninety-five
18 percent of what hasn't been built is in my
19 district. There's a giant hole in my
20 district. There's a platform that's
21 supposedly going to get built over the MTA
22 rail yards. And there's 871 units of
23 affordable housing that needs to be built.

24 What is the plan? Do we actually have

1 a buyer who's going to step into the shoes of
2 Greenland, or are we going to figure some
3 other way out for Greenland to continue on?

4 COMMISSIONER KNIGHT: So thank you for
5 that question.

6 There is an auction that is scheduled
7 for next month, and so we believe that there
8 will be a buyer to step into Greenland's
9 place.

10 With respect to the 870 units, those
11 units have to be built or delivered, and so
12 there could be a situation where Greenland is
13 able to deliver 870 affordable units. Which
14 is why we can't go on the basis of an
15 anticipatory default, we have to wait until
16 2025.

17 And so our plan is to see the outcome
18 of this auction -- we believe that there will
19 be a buyer that steps forward -- and begin to
20 build the housing that this community is
21 looking to see.

22 ASSEMBLYMAN CARROLL: And do you
23 believe that EDC and the MTA are prepared to
24 move on the platform that needs to be built

1 over those rail yards so this project can
2 continue?

3 COMMISSIONER KNIGHT: Well, there's an
4 obligation for that platform to be built,
5 so --

6 ASSEMBLYMAN CARROLL: Do we have a
7 timeline for that?

8 COMMISSIONER KNIGHT: We would work
9 through a timeline with --

10 ASSEMBLYMAN CARROLL: Humor me. Like
11 do we have any idea how long that would take?
12 Do we have any idea what needs to be done
13 between now and then so that if we find a
14 developer who can actually build this
15 project, that we're ready to go with the
16 platform as soon as possible?

17 COMMISSIONER KNIGHT: We know that
18 there are footings in the ground for the
19 platform, so it should take a couple of years
20 to complete the platform.

21 ASSEMBLYMAN CARROLL: And then, of
22 course, the building could start for the 871
23 units.

24 So there will be a default. There

1 will be liquidated damages. Because if it
2 takes a couple of years to build the
3 platform, then we're clearly past the
4 deadline in '25.

5 COMMISSIONER KNIGHT: Unless Greenland
6 delivers 870 units.

7 ASSEMBLYMAN CARROLL: How would you
8 deliver 870 --

9 (Overtalk.)

10 COMMISSIONER KNIGHT: They can convert
11 existing market-rate --

12 ASSEMBLYMAN CARROLL: They're already
13 built at the site.

14 COMMISSIONER KNIGHT: Yeah. Yeah.
15 Yeah.

16 ASSEMBLYMAN CARROLL: Thank you for
17 that.

18 CHAIRWOMAN KRUEGER: Thank you.

19 Is Senator Bailey or Senator Hinchey
20 in the room? Because I know they all had to
21 leave for things. No. Then I'm the next
22 Senator. Thank you.

23 Okay. We talked about affordable
24 housing and using state land before. And I

1 believe the question was asked that -- is
2 there any identification of where these
3 projects might go. And I think you said that
4 they hadn't been decided. But I think the
5 Governor did talk about three very specific
6 sites. So I'm just trying to clarify.

7 Is there actually sites for the money
8 that's in the -- I think it's 250 million per
9 year for two years for affordable housing on
10 state land for specific sites. Am I right
11 or --

12 COMMISSIONER KNIGHT: There are some
13 specific sites, but we're working through
14 other sites to understand if those sites have
15 the ability to be worked on right away, sort
16 of the readiness of delivering the units.

17 CHAIRWOMAN KRUEGER: And she also
18 talked about 150,000 units on state land, and
19 you referenced that also. So is there any
20 money for all of those other units? Or is
21 there just that 250 million per year for two
22 years?

23 COMMISSIONER KNIGHT: So the
24 \$250 million per year for two years is for

1 the infrastructure. We would work with
2 partners like HCR and private developers for
3 developing those specific projects.

4 CHAIRWOMAN KRUEGER: So like
5 one-on-one deals --

6 COMMISSIONER KNIGHT: Yes. Yes.

7 CHAIRWOMAN KRUEGER: -- with the state
8 fronting the land, so to speak, and the
9 developers being able to use the land. Is
10 that my understanding?

11 COMMISSIONER KNIGHT: Depending on the
12 circumstance, yes.

13 CHAIRWOMAN KRUEGER: And do you know,
14 would it be a model of something like a
15 99-year lease, as opposed to the state just
16 giving them the land?

17 COMMISSIONER KNIGHT: I think we would
18 look at these situations on a site-by-site
19 basis.

20 CHAIRWOMAN KRUEGER: And I don't want
21 to re-ask, but I didn't quite understand.
22 You said we all agree it should be affordable
23 housing, but is there any mandate that it
24 actually has to be some formula of affordable

1 housing if we're giving them or leasing them
2 the state land?

3 COMMISSIONER KNIGHT: We look at
4 creating affordable housing in the
5 circumstances where we can to create as much
6 as possible. But it depends on the specific
7 project and transaction.

8 CHAIRWOMAN KRUEGER: And it would be
9 ESDC making that determination, the housing
10 agency, who?

11 COMMISSIONER KNIGHT: I think it's in
12 concert amongst a number of parties. You
13 know, if it's an ESD RFP, you know, we look
14 at the circumstances of the particular
15 project, work with HCR to see if we can use,
16 you know, some of their tools to create the
17 affordable housing.

18 CHAIRWOMAN KRUEGER: And if it's on
19 state land, is the assumption that you still
20 have to follow local zoning requirements?

21 COMMISSIONER KNIGHT: Well, in many
22 cases --

23 CHAIRWOMAN KRUEGER: It would be in
24 some municipality, some county, somewhere.

1 COMMISSIONER KNIGHT: You know, in
2 many cases we use our GPP and, you know, work
3 with the municipality and the community to
4 determine, you know, the zoning for those
5 projects.

6 CHAIRWOMAN KRUEGER: And the Governor
7 has separately at some point said she's
8 interested in having IDAs get involved in
9 building housing. My reading of the law is
10 IDAs cannot build housing. Could you clarify
11 your understanding of the law?

12 COMMISSIONER KNIGHT: I believe that
13 IDAs can finance housing to some degree.
14 It's a little bit of a complication in the
15 law, and so we can come back to you on that.
16 But that's my understanding.

17 CHAIRWOMAN KRUEGER: I'd love to see
18 it in writing why you think that's allowed,
19 because the lawyers I talk to say it's --
20 they're not.

21 So the arts commissioner -- are you a
22 commissioner? No, you're executive director,
23 sorry. And she just got here.

24 But I've been doing some reading

1 around the economic development value of the
2 arts to the economy throughout the State of
3 New York. And it's a pretty dramatic win,
4 without quoting all of these different
5 reports, some that have been put out by your
6 agency, some by others. But the economic
7 development multiplier effect from the arts
8 is -- and for wages, for taxes, for
9 tourism -- is startlingly good.

10 So does economic development recognize
11 arts programs as eligible for any of your
12 programs?

13 COMMISSIONER KNIGHT: Yes. There are
14 times when some arts programs are funded
15 through our REDC process. Sometimes through
16 the DRI process, Market New York.

17 CHAIRWOMAN KRUEGER: Okay. You don't
18 happen to know how much money from that
19 program ends up going into the arts, do you?

20 COMMISSIONER KNIGHT: No, but I can
21 get you that information.

22 CHAIRWOMAN KRUEGER: Okay, appreciate
23 it.

24 Which is sort of an entry to the next

1 question. How are you evaluating the dollar
2 value of returns from each individual
3 decision that ESDC is making on awarding
4 grants or tax exemptions, et cetera, and then
5 holding them up and comparing them and
6 saying, Well, the arts would be a really good
7 investment; this one, not so much?

8 How are we doing that? I know we've
9 improved the database, there was a discussion
10 about that, and we're all looking forward to
11 using that and even adding to that. But is
12 there a standard form that you use for
13 actually evaluating the wins and the loses?

14 COMMISSIONER KNIGHT: You know, we
15 look at our projects individually to see what
16 kind of economic impact they have, the
17 output, the contribution to taxes. You know,
18 building on the work that is being done by
19 the Department of Tax and Finance, my
20 office -- we are issuing an RFP to evaluate
21 non-tax credit programs. So we can do some
22 of that work and looking at some of the
23 individual programs and how they are
24 performing relative to others.

1 CHAIRWOMAN KRUEGER: Thank you.

2 Commissioner Moy, I don't want you to
3 feel left alone all this time.

4 So in the Governor's Executive Order
5 22, "Leading by Example," she's calling for
6 advancing environmental justice,
7 sustainability and decarbonization through
8 our administrative operations and
9 procurement. "To support the implementation
10 of Executive Order 22, investments will be
11 made directly, helping bolster the state
12 facilities' decarbonization efforts and
13 providing the resources necessary to initiate
14 procurement practices that prioritize
15 sustainable and climate-resilient design
16 practices, greening our infrastructure while
17 reducing emissions associated with state
18 operations."

19 I wanted to read the whole thing.

20 So you and I, we now have been talking
21 about the importance, in my opinion, of
22 deforestation in our procurement. So tell me
23 what else OGS is doing to meet Executive
24 Order 22's responsibilities.

1 OGS COMMISSIONER MOY: And I
2 appreciate the question.

3 The Office of General Services, in
4 partnership with a number of other state
5 agencies, are a part of the GreenNY Council.
6 We do look very carefully at the
7 implementation of E022, and we are a part of
8 some of the crafting of the language in the
9 support of it.

10 We are looking at it relative to
11 decarbonizing our facilities, making sure
12 that the supply chain opportunities that
13 exist, that we focus on them.

14 So as an example, this past year we
15 worked through the implementation guidelines
16 relative to Clean Concrete, certainly an area
17 in which the creation of concrete, which
18 happens right here in New York, that we are
19 looking at opportunities to reduce the
20 emissions throughout that process, institute
21 a timeline that allows for the industry
22 within New York to be able to adapt to those
23 changes, providing technical assistance to
24 those that create concrete here in New York.

1 And certainly it is something where it
2 will impact both projects that are
3 transportation-oriented -- sort of the
4 horizontal construction build -- as well as
5 vertical, as we start to look at some of the
6 retrofits.

7 We are also working with a number of
8 entities, whether it is GSA in other states,
9 to identify opportunities for us to be able
10 to address ways to reduce greenhouse gas
11 emissions.

12 CHAIRWOMAN KRUEGER: Thank you.

13 So back to you, Ms. Knight. So given
14 the description of the Executive Order and
15 now what OGS is doing, do you think that any
16 time you give out a grant or a tax exemption
17 you also ought to be evaluating the proposal
18 in the context of it targeting and meeting
19 our state commitments to decarbonizing and
20 improving, particularly with procurement and
21 other new investments that we're making?

22 (Mic issue; off the record.)

23 COMMISSIONER KNIGHT: When we look at
24 evaluating projects, we're starting to look

1 at how these projects are contributing, you
2 know, to a sustainable green economy. And in
3 some of our programs we're providing, you
4 know, additional credit for projects that are
5 meeting or going beyond those standards.

6 CHAIRWOMAN KRUEGER: (Mic off;
7 inaudible.) Oh, I'm sorry.

8 So you can actually reject a proposal
9 because it doesn't meet these standards.

10 COMMISSIONER KNIGHT: Yes. We're
11 looking at projects that are contributing to
12 the green economy or, you know, have
13 significant sustainability factors.

14 CHAIRWOMAN KRUEGER: Thank you.
15 Assembly.

16 ASSEMBLYMAN PRETLOW: Member
17 Braunstein.

18 ASSEMBLYMAN BRAUNSTEIN: Thank you.

19 My question is for Commissioner
20 Knight. And thank you for being here.

21 My question is going to be about the
22 RUSH program. I represent the Creedmoor
23 Campus in Eastern Queens. And throughout the
24 course of the last year, ESDC has been having

1 community forums to talk about the proposal.
2 And one of the things the community asked
3 was -- they were receptive to housing, but
4 one of the things the community asked was
5 that it be somewhat commensurate with the
6 density of the surrounding community. The
7 community suggested four-story buildings,
8 maybe a thousand units.

9 And in early December, ESDC, without
10 informing the local legislators -- I found
11 out on Twitter -- announced that they're
12 moving forward with 2800 units, eight-story
13 buildings. Right? Much different than what
14 the community was proposing.

15 And I thought the community was being
16 reasonable. This is a single-family-home
17 neighborhood. This is garden apartments, two
18 stories. Eight-story buildings is -- is just
19 much different than the surrounding
20 community.

21 First off, I was frustrated to find
22 out on Twitter that this was the final
23 proposal. And not just myself, but State
24 Senator Stavisky, Councilmember Lee -- I know

1 my colleague Assemblymember Vanel, who is
2 here -- we found out on Twitter.

3 And I guess my question is with this,
4 if the administration knew at the time that a
5 month later they were going to put in the
6 budget the funding for the infrastructure for
7 this project, why wouldn't you reach out to
8 the state officials at the time and try to
9 reach an agreement that everybody's
10 comfortable with?

11 And I -- the other question is if my
12 colleagues vote on this RUSH funding with
13 unspecified properties, can they expect to be
14 part of the process? Or is this -- a similar
15 circumstance going to happen to them?

16 COMMISSIONER KNIGHT: So thank you,
17 Assemblymember, for your work on, you know,
18 this engagement process with the community on
19 Creedmoor.

20 ASSEMBLYMAN BRAUNSTEIN: Can I -- I
21 just need to interrupt one moment. Mind you,
22 during all of this, we are managing a
23 thousand-person tent shelter that the
24 administration has put there.

1 So while we're trying to, you know,
2 handle that situation, simultaneously we're
3 told, right after that, they're going to be
4 starting construction on 2800 units. I'm
5 sorry to interrupt.

6 COMMISSIONER KNIGHT: So the Creedmoor
7 plan was released in December, with a goal to
8 maximize the number of housing units. Going
9 forward, we will definitely be working with
10 the electeds around this engagement process
11 as we release the GPP and begin the
12 environmental -- we can talk more about this.

13 ASSEMBLYMAN BRAUNSTEIN: Thank you.

14 CHAIRWOMAN KRUEGER: Thank you.

15 Senator Tom O'Mara, five-minute
16 ranker.

17 SENATOR O'MARA: Good afternoon
18 already. Thank you all for your testimony.
19 It's a pleasure to have you here.

20 Commissioner Moy, one quick question
21 for you. I see there is an item in the
22 Aid to Localities for \$15 million for the
23 state to pay the federal government for the
24 rent of Floyd Bennett Field to house

1 migrants. Why are we paying the federal
2 government to use their property to house
3 migrants that they have allowed to come here?

4 OGS COMMISSIONER MOY: Senator, I
5 appreciate the question.

6 It is a requirement of the federal
7 government that some payment is made, and
8 that was part of the negotiation and
9 conversation with the federal government.

10 SENATOR O'MARA: So you actually
11 negotiated with the federal government and
12 we're still paying them \$15 million?

13 OGS COMMISSIONER MOY: There are
14 services that are being provided. There is
15 access. But these were part of the
16 conversations with the federal government.

17 Happy to provide more information
18 about some of the details to you.

19 SENATOR O'MARA: Offline?

20 OGS COMMISSIONER MOY: No, we can do
21 so in the record. We'll respond and give
22 information to the full Legislature.

23 SENATOR O'MARA: Okay, thank you.

24 Commissioner Knight, a big concern of

1 mine is manufacturing firms leaving New York
2 State. You know, we just saw a pretty
3 significant article in the Times Union just
4 last week about Quad/Graphics leaving
5 Saratoga, and mentioning that there -- these
6 are manufacturing firms that -- they're not
7 going out of business. They have operations
8 in other states. And when they are
9 downsizing, consolidating, they're choosing
10 to leave their New York operations for other
11 states, typically those that are more
12 business-friendly from a cost perspective.

13 Quad/Graphics, for example, also
14 closed a facility in Illinois, another very
15 high tax state. So we're seeing this trend.
16 The Times Union article mentioned Essity bath
17 tissue, which moved their operations to
18 Wisconsin, Kentucky, Ohio and Alabama where
19 they have operations, closing down in
20 New York.

21 Lehigh Cement moving to Indiana.

22 What are you hearing from these
23 companies when they're making these decisions
24 to leave? And what are we doing from an

1 economic development perspective in New York
2 State to do all we can to retain
3 manufacturers and in fact grow them? Because
4 I think manufacturing should be the base of
5 our economy, and a lot of other industries
6 will grow off of that.

7 So why are we seeing this very
8 disturbing trend of companies, when they
9 downsize, choosing to exit New York for
10 lower-tax states?

11 COMMISSIONER KNIGHT: So, Senator,
12 understand your concern about some companies
13 leaving New York and moving to lower-tax
14 states. And we have seen those examples that
15 you point out.

16 But we also are having more companies
17 move to New York State in the last couple of
18 years. Reshoring Institute named New York
19 the number-one state in reshoring. And so by
20 providing, you know, shovel-ready sites and
21 access to power and utilities and the things
22 that manufacturers need, we're seeing many
23 companies move and expand in New York State.

24 SENATOR O'MARA: With incentives?

1 COMMISSIONER KNIGHT: In some cases,
2 incentives. Providing tax credits that are
3 pay-for-performance, yes.

4 SENATOR O'MARA: So it's -- those
5 companies that are leaving are those that are
6 not getting the incentives. So the chosen
7 ones are able to make it in New York, but
8 those that aren't getting significant breaks
9 are exiting New York.

10 Just to move on to the AI Consortium,
11 \$250 million, plus 125 coming from some
12 universities that are going to be part of
13 this. There's absolutely no detail
14 whatsoever on a timeline, a location, how
15 this is going to be set up.

16 At a time when we have significant
17 deficits -- in fact, looking at a \$20 billion
18 deficit over the next two years -- in looking
19 at these universities, the top 10 endowments
20 of New York universities exceed \$31 billion.
21 Yet we're contributing, as a state, twice as
22 much as we're asking these universities to
23 contribute towards this? Why shouldn't that
24 be reversed? Or why shouldn't they be doing

1 it on their own out of their excessive
2 endowments?

3 COMMISSIONER KNIGHT: We have put
4 together a consortium of private and public
5 academic institutions to be able to leverage
6 their expertise in the work that they're
7 doing so that we can, as I mentioned, provide
8 ethical applications to AI.

9 SENATOR O'MARA: Okay, thank you. I'm
10 out of time.

11 CHAIRWOMAN KRUEGER: Thank you.
12 Assembly.

13 ASSEMBLYMAN RA: I just want to
14 acknowledge we were joined earlier by
15 Assemblyman Pirozzolo, and we've been joined
16 by Assemblywoman Walsh.

17 ASSEMBLYMAN PRETLOW: The next
18 questioner is Assemblyman Simone.

19 ASSEMBLYMAN SIMONE: Thank you.
20 I have two questions for Commissioner
21 Knight. Good to see you.

22 My first is the Penn Station GPP
23 remains heavily slanted towards commercial
24 development, requiring less residential

1 development than even the underlying zoning
2 would allow for.

3 With the collapse of Vornado's
4 commercial plans for the area, why does the
5 state not utilize the GPP to tackle the
6 housing crisis, particularly on two current
7 vacant lots in the planned area of the
8 Hotel Penn and Duane Reade site?

9 COMMISSIONER KNIGHT: Thank you for
10 your questions, Assemblymember.

11 We will leave the flexibility for the
12 GPP to create commercial office, as we know
13 that there will be a need for commercial
14 office space, particularly over the
15 significant transit center.

16 We are looking at housing for the
17 Penn site and continue to discuss that with
18 the property owner.

19 ASSEMBLYMAN SIMONE: Okay, I would
20 hope we would look at, closely, how badly we
21 need affordable housing in that area. And we
22 have so many empty commercial offices now.

23 My second question is, I was glad to
24 see the Governor proposing \$250 million to

1 repurpose state-owned property towards
2 housing for the RUSH program, as many of my
3 colleagues have mentioned. In my district on
4 the West Side of Manhattan, the local
5 community supports a plan -- Community
6 Board 4, many block associations and
7 leaders -- to develop almost 6,000 housing
8 units on state-owned sites.

9 How will these funds be distributed,
10 and how much growth can be expected from this
11 allocation?

12 COMMISSIONER KNIGHT: So we are
13 looking at a number of sites across the state
14 and we're going to use criteria such as, you
15 know, the number of units that can be
16 realized, the readiness of the sites, as well
17 as how the sites would contribute to
18 community revitalization to neighboring
19 communities.

20 And so we'll use those kinds of
21 guidelines to make a determination which
22 projects get funded.

23 ASSEMBLYMAN SIMONE: Thank you.

24 CHAIRWOMAN KRUEGER: Thank you.

1 For the Senate -- actually, I think
2 it's our last Senator, unless somebody else
3 is waving to me, and it's Senator Ryan for
4 his three-minute chair follow-up.

5 SENATOR RYAN: So I have to say I
6 agree with Assemblymember Woerner and
7 Senator Tedisco about the ConnectALL program
8 being prioritized for underserved and
9 unserved communities. I would hope that your
10 policies would reflect that.

11 So we're spending a lot of money on
12 high tech in New York. Right? Everyone's
13 trying to capture the Silicon Valley. If you
14 look back in the eighties, you had Silicon
15 Valley and then the Massachusetts 128
16 Corridor. It looked like they were both neck
17 and neck about being big high-tech corridors.
18 We had one on the East Coast, one on the
19 West Coast. They were going to become the
20 hubs, which would have been great for our
21 national economy.

22 But you saw, over time, Silicon Valley
23 took off -- more innovation, more
24 entrepreneurship -- and the 128 Corridor sort

1 of stagnated, then it kind of fizzled. You
2 know, you really don't really hear about it
3 much.

4 So people are looking back at those
5 and saying, Why did Silicon Valley take off
6 and why did the 128 fizzle? And there's a
7 surprising culprit. Massachusetts had very
8 strict and enforceable noncompete laws.
9 California had no noncompete laws, which
10 allowed entrepreneurs, innovators to move
11 from company to company.

12 So have you thought about the negative
13 impact of New York noncompete laws on the
14 high-tech, publicly funded economy we're
15 trying to build?

16 COMMISSIONER KNIGHT: That's, you
17 know, an interesting walk through history
18 about Silicon Valley and Massachusetts and,
19 you know, some of the factors that led to
20 Massachusetts not reaching its maximization.

21 You know, we have looked at the
22 noncompete laws and, you know, it's yet to be
23 seen, of course, what will be the result of
24 this. Too early to tell, of course. But we

1 will be taking a look at it as it --

2 SENATOR RYAN: I would encourage you
3 to read the reports out of the Federal
4 Reserve from Minnesota. They looked at this
5 issue when Minnesota put in a ban on
6 noncompetes. Minnesota said that "Our state
7 investment in the high tech will become for
8 naught unless we make it so employees can
9 freely go from high-tech company to high-tech
10 company."

11 And right now in New York, I fear
12 we're going to go down the Massachusetts 128
13 route. We're going to invest a lot of money,
14 and it's not going to take off. And it's not
15 going to take off of because of the
16 restricted ability of employees to go from
17 sector to sector in the high-tech field. And
18 it really stifles the innovation that we're
19 trying to create, too.

20 So encourage you to keep thinking
21 about that, and like to talk to you more
22 about that in the future.

23 CHAIRWOMAN KRUEGER: Thank you.

24 Assembly.

1 ASSEMBLYMAN PRETLOW: Member Fahy.

2 ASSEMBLYWOMAN FAHY: Thank you, Chair.

3 Third time was the charm.

4 Thank you all. I know it's been a
5 long day. I want to thank your teams for
6 your responsiveness on a host of issues.

7 I want to mention a couple of issues,
8 and then I have three quick questions I hope
9 I can get through.

10 First of all, I want to -- appreciate
11 the emphasis on housing particularly with
12 SUNY. We've also talked a little bit about
13 Harriman. Would love to make sure we're
14 working with both of you, as the Higher Ed
15 chair on SUNY developments and find all of
16 that promising, given the desperate need for
17 housing.

18 With regard to OGS, Commissioner, I
19 really appreciate your mentioning the
20 Capitol, the East Fence, as well as the
21 Courtyard and the Capitol efforts external
22 and internal to that, as well as the electric
23 vehicle state fleet. That was a former bill
24 of mine and Senator Metzger. And as well as

1 the decarbonization of the Empire State
2 Plaza. Very much appreciate that.

3 With regard to ESD. If you would,
4 could we just get a very brief timeline on
5 when you expect to see -- NY CREATES has come
6 up a few times today, with the billion-dollar
7 investment announced last month. Can you
8 give us a quick timeline on next steps there?

9 I'm going to -- again, I've got a
10 couple more.

11 COMMISSIONER KNIGHT: I'm going to
12 give Kevin --

13 ASSEMBLYWOMAN FAHY: Okay.

14 ESD COO YOUNIS: Hey, good afternoon.
15 So the groundbreaking started on the High NA
16 EUV Center with completion -- substantial
17 completion by the end of '25 and delivery of
18 the tool around that time.

19 ASSEMBLYWOMAN FAHY: Thank you so
20 much.

21 And then I also want to -- while I
22 have you, I want to just put a quick plug in
23 for the Centers of Excellence, which are so
24 critical. As you know, we did the weather

1 one or the atmospheric one at UAlbany a few
2 years ago. We are now shooting to do RNA. I
3 know it wasn't in the Governor's budget, but
4 want to get that plug in there.

5 My two other questions -- one, again
6 for ESD, is broadband. Local governments,
7 are we confident that they'll be able to
8 manage the technical aspects of the broadband
9 rollout?

10 COMMISSIONER KNIGHT: Well, in the
11 cases that we're working with local
12 governments, many of these local governments
13 are already delivering utilities to their
14 customers, residents. And so we're confident
15 that they'll be able to manage that
16 technology.

17 ASSEMBLYWOMAN FAHY: Okay. Thank you.
18 And look forward to hearing more.

19 And then my last question is for the
20 arts. I want to echo so much of what
21 Assemblymember O'Donnell mentioned,
22 particularly that multiplier effect with the
23 arts, which is really astounding, especially
24 in our rural cores as well as in our small

1 towns.

2 Museums, we have the second oldest
3 museum in the country, the Art & History
4 Institute, as well as we have a children's
5 museum, miSci in Schenectady, really
6 struggling. Is there any flexibility with
7 the funding to also assist with art
8 showcasing, anything that we can do with
9 museums to also assist them?

10 And I know we need funding right
11 across the board.

12 Oh, okay, looking forward to following
13 up with you.

14 EXECUTIVE DIRECTOR MALLIN: We'll get
15 back to you, yes.

16 ASSEMBLYWOMAN FAHY: But museums are
17 important.

18 Thank you, Chair.

19 CHAIRWOMAN KRUEGER: Hi. Because
20 we've taken so long, we're going to let our
21 panelists and anyone else take a five-minute
22 break for stretching legs and other purposes,
23 and then we will come right back and
24 continue.

1 Thank you.

2 (A brief recess was taken.)

3 ASSEMBLYMAN PRETLOW: Assemblymembers,
4 please, the five-minute break has expired.

5 All right, we're going to try to move
6 along quickly now. Remember, we don't need
7 three minute questions.

8 So anyway, Member Jones, you're up.

9 ASSEMBLYMAN JONES: Good morning. I'm
10 ready. I'm ready.

11 Good morning, all. Thank you for
12 being here and joining us.

13 I first want to reiterate we do need
14 to get to the unserved communities with our
15 broadband program before we think about, you
16 know, going other places with that unserved,
17 underserved. I have many of them in the
18 North Country, the lovely North Country, the
19 Adirondacks. Which leads me to my next
20 question.

21 Any of this ConnectALL money eligible
22 for cellphone upgrading? Cellphone service,
23 is that eligible?

24 COMMISSIONER KNIGHT: So the federal

1 funding for ConnectALL is not eligible for
2 cellphone service.

3 Some of this work we're doing, like I
4 talked about for the Municipal Infrastructure
5 Grant Program, provides for being able to
6 leverage fiber for cellphone service, which
7 is one of the reasons why we believe this
8 program is very important.

9 ASSEMBLYMAN JONES: Okay. So we're
10 having issues practically all over, upstate
11 and probably in the city, with cellphone
12 coverage. Can we marry that or use some of
13 that money to marry this technology to get it
14 on WiFi, to get it on towers -- or to get
15 WiFi on these towers to help these
16 communities out?

17 I represent a large swath of the
18 Adirondacks in the North Country, and the
19 issue has become more about cellphone service
20 than broadband, believe it or not.

21 So can we marry those technologies?
22 And can we use this money to do that?
23 There's been a coalition of us upstate that
24 really want to see this happen.

1 COMMISSIONER KNIGHT: So like I said,
2 we are using the money to leverage the fiber
3 so that we can create open access networks so
4 that these commercial service providers of
5 mobile coverage will expand their service.

6 ASSEMBLYMAN JONES: So we're working
7 on that?

8 COMMISSIONER KNIGHT: Yes.

9 ASSEMBLYMAN JONES: Okay, thank you.
10 Also, regulation within the
11 Adirondacks. We need help with that, because
12 you -- you can't have a tree that's 50 feet
13 over a cellphone tower, or trees, and expect
14 it to work.

15 My last question is MWBE. I have been
16 asking the same question for the last seven
17 years now. How is the program working? I
18 know there's put in place for an extension in
19 it. I believe in the program. But if we
20 cannot get our people certified, this is
21 ridiculous. I mean, I have women-owned
22 businesses, minority-owned businesses calling
23 my office time after time, that says they
24 can't get certified, can't get certified.

1 And people come in and they ask, and I ask
2 this question every time. They go, What else
3 do we need to do? Do we need to get a
4 divorce from a marriage? Do we need to give
5 a blood sample? What do we need to do?

6 This program needs to run more
7 effectively and smoothly so we can get these
8 women-owned and minority-owned businesses
9 certified.

10 Thank you.

11 ASSEMBLYMAN PRETLOW: Member Sillitti.

12 ASSEMBLYWOMAN SILLITTI: Hi. Good
13 afternoon. So I have a bunch of questions;
14 I'm going to try to talk really, really fast.

15 The first is for Executive Director
16 Mallin. Thank you, by the way, for your
17 unwavering support of the arts.

18 We have a lot of organizations on
19 Long Island that, you know, can certainly
20 benefit from, you know, funding from you
21 guys. One of those groups in my district
22 reached out this week, actually, and said
23 that Nassau and Suffolk received about
24 3.5 percent of the council's funding --

1 although Long Island, as you know, makes up
2 about almost 15 percent of the state's
3 population.

4 So my question to you is, do those
5 percentages sound accurate to you? If yes,
6 what can we do to do better for Long Island,
7 get some more funds in? And if you have a
8 breakdown, you don't have to give it to me
9 now, of Nassau and Suffolk on the funding
10 that each get.

11 EXECUTIVE DIRECTOR MALLIN: I don't
12 have that number off the top of my head. So
13 can we get back to you on that?

14 ASSEMBLYWOMAN SILLITTI: Absolutely.
15 Thank you so much.

16 EXECUTIVE DIRECTOR MALLIN: Thank you.

17 ASSEMBLYWOMAN SILLITTI: Next is for
18 Commissioner Moy. Very quick question.

19 Are there plans in the works --
20 nothing to do with my district -- for
21 improved ventilation at the LOB building?
22 The reason why I ask is last year, with the
23 Canadian wildfires, the Capitol was pretty
24 okay, we were able to breathe all right. But

1 man, you walked into that LOB and it was a
2 plume of smoke. And it sat there for days.

3 And that's where all of our staff
4 sits. And, you know, we make them sit all
5 day long. I, for one, told me my staff not
6 to come.

7 So anyways, so, you know, again, you
8 don't have to get back to me now. But it's
9 something that we had talked about last year,
10 and I mentioned it to the leadership, and
11 it's something that I would like you guys to
12 think about going forward. We should be
13 protecting our people that work in this
14 building.

15 OGS COMMISSIONER MOY: I appreciate
16 the question, Assemblymember. I'll look into
17 the specifics of the projects in the
18 Legislative Office Building.

19 There are a number of infrastructure
20 projects that are planned, and I'll look
21 specifically around the ventilation and get
22 back to you.

23 ASSEMBLYWOMAN SILLITTI: Fantastic.
24 And then lastly, Commissioner Knight, how are

1 you? So nice to see you.

2 The Long Island Fund, our favorite
3 fund -- my favorite fund. Approximately how
4 much is left that you can tell me in the
5 fund? And I know you probably can't get into
6 proposed projects, but if there's proposed
7 projects in the works, what's left after
8 those?

9 COMMISSIONER KNIGHT: So I can tell
10 you approximately \$200 million is going to be
11 used to launch a housing fund.

12 ASSEMBLYWOMAN SILLITTI: Out of what's
13 left.

14 COMMISSIONER KNIGHT: Yes.

15 ASSEMBLYWOMAN SILLITTI: And is there
16 anything else after that?

17 COMMISSIONER KNIGHT: Well, we have a
18 number of projects that have been funded, you
19 know. You know, the --

20 (Overtalk.)

21 COMMISSIONER KNIGHT: Yeah, exactly.
22 The -- many in your district, yes.

23 ASSEMBLYWOMAN SILLITTI: All right,
24 thank you so much, Commissioner.

1 That's it.

2 ASSEMBLYMAN PRETLOW: Member
3 Cunningham?

4 Member Bores.

5 ASSEMBLYMAN BORES: Good afternoon.
6 My first question's for Commissioner Knight.
7 I'm glad you mentioned ethical AI is part of
8 the Empire AI initiative.

9 There's an initial set of universities
10 that are involved. Is it safe to assume that
11 other universities may be able to join in the
12 future, that this consortium can grow?

13 COMMISSIONER KNIGHT: That is a
14 possibility.

15 ASSEMBLYMAN BORES: Great.

16 And then has there been an analysis of
17 the environmental impact, the GPUs running
18 big calculations can put a big demand on the
19 grid. Have we done any planning on adding
20 new renewable energy or the effects on the
21 grid of this buildout?

22 COMMISSIONER KNIGHT: We would
23 certainly be looking at how we could mitigate
24 the --

1 ASSEMBLYMAN BORES: I know it's early
2 days in it.

3 COMMISSIONER KNIGHT: Yes.

4 ASSEMBLYMAN BORES: But whatever
5 there's any plan around that, or thoughts
6 about how we're adding, I'd love if you could
7 send that over.

8 COMMISSIONER KNIGHT: Okay. Very
9 good.

10 ASSEMBLYMAN BORES: Thank you.

11 And then Commissioner Moy. You
12 mentioned the Environmental Bond Act in your
13 testimony. I know you have a role in
14 distributing money but you're not primarily
15 deciding where it's going, there's all of
16 these different agencies involved, et cetera.

17 I am disturbed that, you know, the
18 first quarter of a billion dollars has gone
19 out and none of it was to New York City
20 projects. So my question is from your
21 perspective, are there any challenges or
22 restrictions to New York City getting this
23 money from a contracting perspective, from a
24 procurement perspective? Anything that

1 you're seeing that would block New York City
2 getting access?

3 OGS COMMISSIONER MOY: Thank you for
4 that question.

5 I want to clarify that our role in the
6 bond act was to support the rollout and some
7 of the listening sessions. The decisions
8 around how those funds are going to be
9 allocated don't rest with OGS.

10 ASSEMBLYMAN BORES: Totally. And just
11 from like a contracting, procurement -- any
12 issues that you're --

13 OGS COMMISSIONER MOY: I'm not
14 familiar with any.

15 ASSEMBLYMAN BORES: Great. Thank you.
16 And then second of all, as you know,
17 New York is the last large state to have an
18 e-procurement system. The 2023 strategic
19 plan is actually excellent in addressing
20 this. It talks about revising processes as
21 part of the modernization, which is key. It
22 talks about more feedback from users. So I'm
23 really excited about what you're doing there,
24 and I just want to give props on that.

1 The question is, what metrics will you
2 use to evaluate that new system? Like what
3 should we look for changing as it's rolled
4 out and expanded?

5 OGS COMMISSIONER MOY: It's a great
6 question. So right now we're actually in
7 design sessions. We've already begun, in our
8 stakeholder analysis, hearing back from
9 vendors what is -- what is most painful,
10 frankly, about using the current systems,
11 where there are opportunities for using
12 digital signatures as opposed to paper forms,
13 where is there repetition.

14 There's also information that our
15 contract managers would want to have better
16 information on, and frankly the Legislature
17 does ask questions about, in terms of which
18 contracts are being used and what is the
19 level of risk associated with any particular
20 vendor.

21 So our hope is to make sure that we
22 are improving for businesses, so it's less
23 cumbersome, and that for users of our
24 contracts they can more easily find services

1 and commodities.

2 ASSEMBLYMAN BORES: Wonderful. I
3 think those are great goals. If there are
4 metrics underneath that -- you know, how long
5 it takes to get a contract, how easy is it to
6 find, how many bids, things like that that we
7 can just track, that would be very useful.

8 OGS COMMISSIONER MOY: Absolutely.
9 And happy to hear some feedback from you
10 about the things that would be most helpful.
11 So certainly we can follow up.

12 ASSEMBLYMAN BORES: Thank you.
13 Appreciate it.

14 ASSEMBLYMAN PRETLOW: Member Friend.

15 ASSEMBLYMAN FRIEND: Thank you,
16 Chair Pretlow.

17 And I'd like to thank all of you for
18 being here today and answering our questions.

19 Commissioner Knight, thank you for
20 your continued outreach with my office.

21 I want to start with the ConnectALL
22 project that's come up multiple times --
23 specifically, the \$228 million for the
24 Municipal Infrastructure Grants. If I

1 understand it correctly, we're looking at
2 that to leverage the possibility of bringing
3 more broadband to communities that are
4 unserved, is that correct?

5 COMMISSIONER KNIGHT: To leverage that
6 to bring unserved, underserved, as well as
7 leverage that to bring cellphone service to
8 induce providers that can expand their
9 coverage for cellphone because of the open
10 access that we hope to deliver.

11 ASSEMBLYMAN FRIEND: That's great
12 news. In the area that I live in, it is
13 rural, but really the big problem is just the
14 topography, the hills that we have. We could
15 have somebody live just across the street
16 from somebody that has great coverage, great
17 cellphone service, but they don't have
18 broadband and their cellphone service is nil
19 because they're in the shadow of that hill.

20 So I think that's a really wise
21 investment going forward, and it's definitely
22 really important that we continue on that.

23 I'd like to move to RUSH-NY. And is
24 this -- I realize that you're going to be

1 investing in the infrastructure. But the
2 housing that's going to be going in, what
3 percentage is going to be low-income
4 affordable housing or mixed housing? Do you
5 have any idea of that?

6 COMMISSIONER KNIGHT: I think the
7 projects are going to be determined on a
8 case-by-case basis in terms of the type of
9 projects they will be.

10 ASSEMBLYMAN FRIEND: Okay. And will
11 there be an opportunity for public comment
12 after the project comes forward? Or how is
13 that going to work?

14 COMMISSIONER KNIGHT: Well, if ESD is
15 involved in moving a residential project
16 forward, we're generally going to do a
17 general project plan, which there is
18 tremendous opportunity for public comment.

19 ASSEMBLYMAN FRIEND: Okay. And then
20 I'd like to move to the Regional Economic
21 Development Councils and the new guideline
22 that they have to be housing-certified.

23 So in the Southern Tier, again, we're
24 a very mixed community. You have Binghamton

1 within the Southern Tier -- very dense, great
2 public transport. But then you have
3 Tioga County. And just a few years ago when
4 we changed their reimbursement for public
5 transportation, they no longer have any kind
6 of public transportation. So if you were to
7 locate and try to force them to put housing
8 somewhere out in the community up in Candor
9 or Richford, it could be very difficult for
10 that person to get to a job or to social
11 services or to the hospital -- the things
12 that they might need.

13 So who's going to decide when they --
14 how are they going to get that housing
15 designation?

16 COMMISSIONER KNIGHT: Well, the
17 Governor put out an executive order last year
18 for a pro-housing designation which would be
19 determined through HCR. The municipality
20 would have to apply, provide an authorized
21 letter from official -- their zoning codes,
22 and provide information on housing
23 application approvals for the last five
24 years. And that would provide for the

1 pro-housing designation.

2 ASSEMBLYMAN FRIEND: Okay. And just
3 kind of following up with that, is there
4 anything in there to try to help support the
5 public transportation system to get that
6 reinvigorated in a community like Tioga?

7 COMMISSIONER KNIGHT: I understand
8 that that's a -- you know, an economic
9 development issue for the county, and so we
10 can have that discussion at another time.

11 ASSEMBLYMAN FRIEND: Okay. I really
12 appreciate that.

13 And Commissioner Moy, with the
14 charging stations that are being installed,
15 is there any coordination, whether it's
16 school districts -- I mean, we have more than
17 600 school districts across the state, and
18 especially, again, in the rural upstate
19 portion of our communities, the electric
20 school bus initiative that's going forward
21 starting in 2027 is going to be devastating.

22 So if -- when you're putting these
23 charging stations in, are you coordinating
24 with the school districts so that they could

1 have access to them or have them along their
2 routes to be able to use them?

3 OGS COMMISSIONER MOY: Appreciate the
4 question. In terms of the EV transition, our
5 priority is around the state fleet. We have
6 17,000 vehicles that are light-duty that need
7 to be transitioned onto all-EV to meet the
8 Governor's goals by 2035.

9 So certainly happy to have some
10 conversations around where we could partner,
11 but our priorities are making sure that as we
12 start to convert those fleet vehicles from
13 internal-combustion engine to EVs, that we'll
14 be able to service and support the state
15 agencies that leverage them.

16 ASSEMBLYMAN FRIEND: Okay. Thank you.

17 OGS COMMISSIONER MOY: Absolutely.

18 ASSEMBLYMAN FRIEND: And I will turn
19 back my six seconds.

20 OGS COMMISSIONER MOY: And if I can
21 also mention, we do have a state contract
22 where we do support school districts to help
23 them with the negotiation and some of the
24 technical assistance in their application.

1 ASSEMBLYMAN FRIEND: Thank you.

2 ASSEMBLYMAN PRETLOW: Member Gandolfo.

3 ASSEMBLYMAN GANDOLFO: Thank you,
4 Chairman.

5 And thank you all for your testimony
6 today.

7 My question is also going to be
8 directed at ESD over the NY-RUSH program.
9 I'm trying to understand a little better
10 about how the zoning would work if a
11 municipality has a property -- the property
12 would be zoned one way, and -- I'm referring
13 mostly to the -- one of the publicized
14 properties in Babylon Village, which is near
15 the Long Island Rail Road station.

16 Now, how would the state work in
17 conjunction with that municipality to build
18 housing on that particular property?

19 COMMISSIONER KNIGHT: So I'm not
20 familiar with the project that you're
21 speaking about. But the state would work
22 with the municipality and the developer to
23 figure out what infrastructure needs would be
24 required to build the property.

1 And this RUSH fund would probably look
2 at it, you know, on a competitive basis
3 around how many, you know, units can be
4 built, how quickly they can be built, in
5 terms of allocating funding for those
6 projects.

7 So it depends on the circumstances of
8 the project. And we can talk about the
9 particulars at another time.

10 ASSEMBLYMAN GANDOLFO: Okay. All
11 right. So just then if a state-owned
12 property was located within a municipality,
13 would the state be beholden to that
14 municipality's local zoning restrictions? Or
15 is it just kind of a --

16 COMMISSIONER KNIGHT: The state
17 generally undertakes a GPP process. And so
18 that would provide for zoning of the
19 particular project.

20 ASSEMBLYMAN GANDOLFO: Okay. Now --
21 and the projects that the state is eyeing on
22 the SUNY campuses for the housing, I assume
23 those are going to be tenant-occupied
24 apartment buildings. Or is there any plans

1 to do anything owner-occupied with this pot
2 of funding?

3 COMMISSIONER KNIGHT: There could be
4 some homeownership with this pot of funding.
5 It's just -- like I said, it depends on --
6 it's a project-by-project basis.

7 ASSEMBLYMAN GANDOLFO: Okay, thank
8 you. And final question -- well, not really
9 a question, more of a statement. I hope that
10 ESD and the state can figure out a way to
11 really include the local community if they do
12 identify the state properties. Like we heard
13 with my colleague from Queens, they were
14 upset that the Creedmoor proposal came out
15 and they found out via Twitter.

16 So I just hope that there is a process
17 put in place that the local community could
18 weigh in, and the municipality isn't
19 blindsided by it. So just please take that
20 under consideration.

21 Thank you.

22 COMMISSIONER KNIGHT: Absolutely.

23 ASSEMBLYMAN PRETLOW: (Inaudible.)

24 Lemon-odeez?

1 ASSEMBLYMAN LEMONDES: Le-mondese.

2 Thank you, Chair.

3 Thank you, panelists, for testifying
4 today. I appreciate it.

5 First, a statement. I want to
6 acknowledge the continued need for rural
7 broadband enhancements. I know there's been
8 some, but I want to make sure that that is
9 communicated for Central New York as well.

10 I want to read something, and then
11 I'll ask my questions after. Acknowledging
12 that New York's business climate is impeded
13 by thousands of pages of regulations, I want
14 to read to you three rankings. New York
15 State ranks 49th in state business tax
16 climate. New York State additionally ranked
17 49th, best and worst states for business.
18 New York State received a grade of F by the
19 Thumbtack Small Business Friendliness Survey.

20 Recognizing where we are, generally on
21 the bottom of the 50 states when it comes to
22 business friendliness, what regulatory
23 burdens affecting small businesses are your
24 top priority to eliminate?

1 COMMISSIONER KNIGHT: So thank you for
2 that. I understand the need for looking at
3 regulatory reform.

4 Right now there are no regulatory
5 focus areas that we are looking at. We're
6 really looking at trying to create a healthy
7 and resilient environment for businesses to
8 locate and operate in New York State.

9 The Reshoring Institute deemed
10 New York number one in reshoring advanced
11 manufacturing jobs. And so more companies
12 are coming to New York to locate for what I
13 believe to be superior access to utilities
14 and power and water and the ingredients that
15 you need for advanced manufacturing.

16 ASSEMBLYMAN LEMONDES: So thank you
17 for that answer.

18 How do you think New York State
19 compares to other states when it comes to our
20 regulatory environment? And as was cited
21 previously, lots of businesses leaving, lots
22 of jobs being left behind. Let's just take
23 right in Central New York, Remington Arms
24 factory -- started in 1816, iconic national

1 company. The last of its 207 jobs are going
2 to be left.

3 So I'm wondering what we're going to
4 do to bring more people in, to bring more
5 businesses in, in light of what has happened.
6 And I know you can't answer that right now.
7 That's a deep question. I would encourage
8 correspondence, and ask for that.

9 Thank you. Thank you, Chair.

10 ASSEMBLYMAN PRETLOW: Member De Los
11 Santos.

12 ASSEMBLYMAN DE LOS SANTOS: All right.
13 Thank you so much for your time here today.

14 As you know, a lot of our small
15 businesses, mom-and-pops, have not fully
16 recovered since COVID. So I'm curious to
17 know what's the plan moving forward to ensure
18 that a lot of those businesses that remain in
19 underserved communities receive the
20 assistance and support that they need.

21 In addition to that, I'm looking at
22 the 2019 Annual Report on the State of Small
23 Businesses. The percentage, 3 percent. And
24 when I look at that, can you please provide

1 insight into the methodology that was used to
2 calculate the percentage percent in order to
3 better understand the accuracy and the
4 reliability of the data?

5 COMMISSIONER KNIGHT: So I'll talk
6 first about the state Small Business Credit
7 Initiative that has been provided by the
8 federal government for small businesses. We
9 know small businesses have had a tough time
10 recovering from COVID and just making their
11 way out.

12 And so this fund, which will be
13 leveraged ten times, it will be a \$5 billion
14 fund to provide access to capital to small
15 businesses around a number of products --
16 loan products, guarantee products, a number
17 of products that small businesses can access.

18 ASSEMBLYMAN DE LOS SANTOS: How will
19 this information be provided to them? How do
20 they access this information?

21 COMMISSIONER KNIGHT: So we've worked
22 with community-based organizations that are
23 focused on access to capital. So CDFIs
24 across the state know that we have this

1 funding and can provide access to many of
2 these programs.

3 ASSEMBLYMAN DE LOS SANTOS: I'm trying
4 to get, also, clarity on the method that was
5 used as it relates to the 2019 report, the
6 3 percent. What took place? How do you
7 explain the percentage percent in order
8 for -- to create more accuracy and more
9 reliability on the data that was presented on
10 that report? I think it's a 3 percent, and
11 then the other shows on the summary, in the
12 Executive Summary, shows minus 3.6.

13 COMMISSIONER KNIGHT: And that --
14 excuse me, that is in reference to?

15 ASSEMBLYMAN DE LOS SANTOS: The Small
16 Business Report.

17 COMMISSIONER KNIGHT: Small Business
18 Report. In what dimension?

19 ASSEMBLYMAN DE LOS SANTOS: As it
20 relates to the growth in economy trends to
21 small businesses. I'm just trying to get the
22 calculation. How do you get there?

23 COMMISSIONER KNIGHT: So I need to
24 take a look at that report. It was done

1 before I was in this seat. And I can get
2 back to you on that.

3 ASSEMBLYMAN DE LOS SANTOS: All right,
4 thank you.

5 ASSEMBLYMAN PRETLOW: Member Vanel.

6 ASSEMBLYMAN VANEL: Good afternoon,
7 Commissioners and Executive Director.

8 I have three things. I'm going to
9 talk about the RUSH program with -- at
10 Creedmoor, which is -- which I share that, in
11 that district. Then I'll talk about the
12 broadband connectivity program and Empire AI.

13 First the RUSH program at Creedmoor.
14 I'm really concerned that I also found out
15 about the program on social media. We are
16 from a district and a community of
17 single-family homeowners, low density.
18 Really concerned about the scale and the
19 scope of that project, and really concerned
20 that we participate fully, the lawmakers, the
21 policymakers, and the community. Can we get
22 a commitment to work to figure out this
23 process?

24 COMMISSIONER KNIGHT: You can

1 absolutely get a commitment that our team
2 will be working with the local elected
3 community and community stakeholders as we go
4 through the GPP process.

5 ASSEMBLYMAN VANEL: Okay. So now
6 ConnectALL, the broadband connectivity
7 program. Really important. We were looking
8 at the ACP program to see how it was spent
9 and that money was spent. Concerned that the
10 money is running out. But also concerned
11 about the quality of the services. Right?

12 So people were getting not
13 good-quality services, right? So the
14 megabits per second were averaging, under
15 50 megabits per second, which is really slow
16 quality. So concerned about that.

17 Also concerned about the affordability
18 of data plans. So even for, you know,
19 average-income individuals, the average price
20 of a data plan is over \$100. Really
21 concerned about what we're doing with
22 affordability.

23 So yeah, if you could address those
24 things.

1 COMMISSIONER KNIGHT: So I'll start
2 with your first point with respect to --

3 ASSEMBLYMAN VANEL: Wait, let me get
4 one more question in before my time ends.
5 Empire AI. Really concerned about Empire AI.
6 I know it's broad, or what have you. But
7 we're concerned about the broadness of how
8 broad it should be.

9 So we're concerned about -- you know,
10 with the already wide digital divide and
11 knowledge gap, and especially when, you know,
12 technologies like AI coming, we're really
13 concerned about making sure that we invest in
14 training, we invest in making sure we close
15 the digital divide. We also have to invest
16 in making sure that there's regional
17 diversity, so people across the state are
18 exposed to training in these technologies.

19 Also concerned that our community
20 colleges aren't participating. So we'd like
21 to see training and access to these
22 technologies, to women and to minorities.

23 COMMISSIONER KNIGHT: So I'll go back
24 to your question around ConnectALL. When you

1 talk about underserved, the way we define
2 underserved is being able to get -- not being
3 able to get service of a hundred megabytes
4 per second. And so that's why we're looking
5 at -- well, I can talk to you about that
6 going forward.

7 ASSEMBLYMAN VANEL: Okay.

8 ASSEMBLYMAN PRETLOW: Member Lucas.

9 ASSEMBLYWOMAN LUCAS: Good afternoon,
10 everyone. Thank you so much.

11 So from the time that I've actually
12 been in office, I've talked about workforce,
13 creating incubators, piloting programs in
14 areas like East New York, specifically
15 East New York.

16 So I recently watched the Governor
17 speak about the four workforce programs for
18 potential industries that are coming. I
19 specifically spoke about CIMR, which is
20 continuous infectious microbial reduction,
21 which addresses the killing of mold and
22 infections without disturbing infrastructure,
23 which is an emerging technology that's
24 available now that's being contracted through

1 the National Guard. It does not discriminate
2 in its workforce. And it actually has jobs
3 that will journey with the individuals.

4 I simply asked for funding when it
5 came to developing a training center, not
6 only just to train for those specific things,
7 but those partners with NYSERDA in areas of
8 such.

9 I know that ESD has workforce; I heard
10 you talk about home ownership opportunities.
11 And this would be a perfect marriage as it
12 pertains to building a healthy home and
13 developing a strong workforce.

14 So my question is how do we access
15 some of these workforce dollars in these
16 programs to roll it into CIMR training and
17 business development for contractors in my
18 district?

19 Additionally, to add to that, I'd be
20 interested in knowing is there any discussion
21 of bringing back or creating a new
22 Empire Zone program, which actually began
23 first in the designated zone of
24 East New York, Spring Creek, Fairfield and

1 the East Brooklyn BID. And what overall are
2 we planning to do to address underresourced
3 communities downstate? That's my questions.

4 Thank you.

5 COMMISSIONER KNIGHT: Thank you,
6 Assemblywoman. I think we had a preliminary
7 discussion about --

8 ASSEMBLYWOMAN LUCAS: Yes, in all
9 fairness.

10 COMMISSIONER KNIGHT: Yes. And we
11 would like to continue to have that dialogue
12 around workforce development, training.
13 We'll put you in touch with the Office of
14 Workforce Development to think about how this
15 training could be deployed for members in
16 your district.

17 ASSEMBLYWOMAN LUCAS: Okay. And it
18 would definitely be an expansion to other
19 districts, because they can be training with
20 other areas.

21 Thank you.

22 COMMISSIONER KNIGHT: Thank you.

23 ASSEMBLYMAN PRETLOW: Thank you.

24 Member Jon Rivera.

1 ASSEMBLYMAN RIVERA: Good afternoon.
2 The first question is for Executive Director
3 Mallin.

4 In your statement you said: "The
5 nonprofit sector in Western New York
6 generated 380 million in economic activity,
7 including 189 million in audience spending,
8 and supporting over 8,000 jobs."

9 I'm happy that you're touting Western
10 New York, because obviously that's my neck of
11 the woods. But I obviously have to, you
12 know, state something that's pretty glaring,
13 and that is, you know, we're touting the
14 successes of arts funding while we're
15 simultaneously proposing a reduction of tens
16 of millions of dollars in arts funding. So
17 on one hand we're excited about what we're
18 doing, but on the other hand it's almost as
19 if we're penalizing entities for doing good
20 work.

21 So I know that it's not your call to
22 determine how much funding is in for NYSCA in
23 this budget, but what's your take on
24 organizations that are, like you said,

1 supporting 8,000 jobs and facing pretty
2 serious cuts?

3 EXECUTIVE DIRECTOR MALLIN: As I said
4 earlier, we will, you know, absolutely be
5 strategic about the budget that the Governor
6 has put forth -- or is enacted here.

7 I think, going back to
8 Senator Krueger's point about the multiplier
9 effect, understanding that more directly.
10 And I think that NYSCA does have the
11 opportunity to connect the dots, you know,
12 with ESD and other agencies to, you know,
13 foster the ripple effect of these artists and
14 arts organizations. Because we know they're
15 huge, and we know they revitalize. So --

16 ASSEMBLYMAN RIVERA: It -- and I don't
17 want to cut you off, but obviously, you know,
18 I'm short on time here. It's a little
19 confusing, obviously, to say that we're going
20 to focus so much on this ripple effect and
21 everything else we're going to be doing,
22 while simultaneously looking at the numbers
23 that we're looking at, so ...

24 I'm hopeful that something looks

1 different soon, but I know that there's a lot
2 of entities probably all over the state that
3 are tremendously concerned.

4 The next question is for
5 Commissioner Moy. And that is earlier this
6 year you visited Lafayette High School in my
7 district -- also Senator Ryan's district --
8 and you started your feedback session tour
9 around language access, which is an issue
10 that's super-close to my heart. How's that
11 going?

12 OGS COMMISSIONER MOY: The Office of
13 Language Access just celebrated its one-year
14 anniversary, and it's really been an
15 incredible journey. The team has staffed up.
16 We've identified data analysts. We're
17 starting to work with agencies to help them
18 with their expansion of additional languages
19 beyond those that are mandated. We've also
20 expanded our work to also consider ASL, which
21 is beyond, a little bit, of the scope of the
22 executive order.

23 It's been a tremendous opportunity to
24 also think about the ways the state can

1 change the way it offers services. And part
2 of those priorities for the upcoming year,
3 which the Governor has included, is the
4 language access certification process.

5 Thank you very much. We'll share
6 more.

7 ASSEMBLYMAN PRETLOW: Thank you.
8 Member Gray.

9 ASSEMBLYMAN GRAY: Thank you very
10 much. I appreciate it.

11 Commissioners, thank you for being
12 here. Patience is a virtue. Look at all the
13 real estate we have up here now --

14 (Laughter.)

15 ASSEMBLYMAN GRAY: -- so there's
16 plenty of places to get seats.

17 So a couple of things I just want to
18 say. Commissioner Moy, thank you very
19 much -- and Commissioner Knight, both. We
20 were here last year, we talked about the
21 St. Lawrence Psychiatric Center property. A
22 year later, we have action on that property
23 now, after many -- much communication. So I
24 appreciate your diligence in that regard.

1 Also, for the utilization of state
2 buildings, you know -- and a lot of
3 communities will reinstate those other
4 centers of activities for both cultural and
5 festivals and things like that. So the
6 affordability is important to that.

7 And Commissioner Knight, thank you
8 very much for your attention to Clarkson. I
9 know you've come up for the annual event that
10 we have up in -- it was Lake Placid last
11 year. So it's important, I think, that we're
12 going to connect Clarkson, the R&D at
13 Clarkson, with Micron. You know, I hear the
14 Governor talk about the Thruway corridor. I
15 like to say it's the Route 81 corridor,
16 anchored by Clarkson R&D. We have the
17 workforce development that we're just putting
18 in a significant amount of millions of
19 dollars into developing out at Fort Drum that
20 will support Micron. So I want to continue
21 to emphasize the I-81 corridor.

22 So a couple of things, one on the
23 ConnectALL. Is there any -- is there going
24 to be any consideration -- we have a lot of

1 towers that are out there currently for, you
2 know, emergency services. And a lot of those
3 towers are underutilized, and we have
4 vertical space available.

5 Is there any -- is there consideration
6 for WiFi and/or cellphone coverage on some of
7 the emergency towers that we have already,
8 collocating on some of the -- you know, many
9 of these counties are undergoing
10 multi-million-dollar investments in their
11 emergency tower systems. So is there any
12 consideration for that?

13 COMMISSIONER KNIGHT: I know that the
14 office is looking at siting guidelines, and
15 so I'm sure that will be a part of the
16 consideration.

17 ASSEMBLYMAN GRAY: Okay, yup. I
18 would, you know -- it's just -- I think it's
19 imperative that we work with the counties to
20 try to, you know, collocate on there.

21 Talking a little bit about RUSH-NY.
22 you know, I've been very concerned about our
23 nonperforming assets that we have throughout
24 the state, whether they're on SUNY campuses,

1 the Psychiatric Center property, the prisons
2 that are decommissioned and vacant. So we
3 have a lot of, you know, underperforming or
4 nonperforming assets.

5 What -- so I know you talked a little
6 bit about the engagement of the communities.
7 Can you talk a little bit more about that?
8 You know, where are they going to be? Is it
9 going to be a very active approach? Do
10 communities have to come to you folks? Do
11 you have to come to the communities? Or how
12 is that going to play out?

13 COMMISSIONER KNIGHT: So thank you for
14 that question. As you know, we wrapped up
15 the work of the Prison Redevelopment
16 Commission, which provided for some
17 recommendations related to closures.

18 And so, you know, our office, ESD, is
19 really focused on the post-closure process,
20 and we'll be engaged with community leaders,
21 elected officials to understand what it is
22 that they want to see in their community and
23 how we can be supportive in repositioning the
24 property for an economic development use.

1 ASSEMBLYMAN GRAY: Okay. So -- and
2 then I just wanted to touch base a little bit
3 on the nexus for the RUSH program and the
4 requirement on the REDC to be pro-housing
5 communities.

6 So a community has to develop a
7 pro-housing approach, right, to be eligible
8 for -- you know, to move forward, as well as
9 the DRI. Right? But they also have
10 state-owned property that could be utilized
11 for housing. So there's got to be a nexus
12 somewhere in there between those two
13 programs.

14 COMMISSIONER KNIGHT: So when we're
15 looking at some of our traditionally very
16 successful programs like REDC and DRI
17 programs, the Governor is looking for a
18 pro-housing certification that HCR will
19 deliver to the municipality, that would
20 provide for -- is a requirement to access
21 some of that funding.

22 So we certainly look at
23 pro-housing-designated communities, and
24 separately look at the assets that are

1 available for redevelopment.

2 ASSEMBLYMAN GRAY: Okay. Thank you
3 very much.

4 ASSEMBLYMAN PRETLOW: Member Walsh.

5 ASSEMBLYWOMAN WALSH: Good afternoon.

6 Commissioner Knight, these questions
7 are for you, and they have to do with
8 unemployment insurance.

9 At the beginning of the COVID-19
10 pandemic New York State borrowed \$10 billion
11 from the federal government to help pay for
12 unemployment insurance claims through
13 unemployment insurance -- the Unemployment
14 Insurance Trust Fund, the UITF. Which, as
15 you know, is funded by unemployment payroll
16 taxes paid for by all for-profit businesses
17 in the state.

18 New York State has a \$7.3 billion
19 outstanding balance owed to the federal UITF.
20 According to the Citizens Budget Commission,
21 31 other states use CARES Act funding and
22 ARPA funds to repay some or all of that debt.

23 Why didn't New York State do that, and
24 wouldn't that have been a prudent thing to

1 do?

2 COMMISSIONER KNIGHT: I understand,
3 you know, the impact that this is having on
4 businesses across the state. But it's my
5 understanding that this interest is being
6 paid down.

7 This is something that is happening
8 through the Department of Labor. I'm in
9 touch with the commissioner, and she's very
10 aware of this item.

11 ASSEMBLYWOMAN WALSH: Yeah, we're all
12 aware of this item. I mean, this kind of
13 goes into my second question, which I'll ask
14 real quickly.

15 Due to the unpaid debt, the state owed
16 and will continue to owe in coming years an
17 interest assessment surcharge, an IAS, to the
18 federal government. In 2022, the state
19 passed the interest payment of \$160 million
20 on to employers. These businesses have
21 already had to weather through the COVID
22 pandemic and all the restrictions that came
23 with that -- many of whom never reopened,
24 even -- and now they're being crushed by that

1 IAS surcharge and the FUTA tax.

2 What is the state's plan? Is it to
3 continue to let New York State businesses
4 suffer, you know, under these taxes? And
5 does the state have any plan to cover the
6 costs of the IAS for employers, as proposed
7 by a bill carried by one of my colleagues,
8 Mr. Ra, Assembly Bill 2982?

9 COMMISSIONER KNIGHT: Assemblywoman, I
10 understand, you know, like I said, the
11 critical nature of this issue. I know that
12 my colleague, the commissioner of Labor, I
13 think is going to be testifying this
14 afternoon, and I would defer to her to answer
15 that question.

16 ASSEMBLYWOMAN WALSH: And I would love
17 to be here to ask it again, but I'll be in
18 session. So you got the question instead
19 of -- hopefully someone else will ask that of
20 Commissioner Reardon, because, you know, our
21 small businesses and our businesses are so
22 important to our state. And as has been
23 mentioned by a lot of our colleagues, we have
24 businesses that are finding the climate in

1 New York State -- not the weather climate,
2 but the business climate -- so unfavorable
3 that they're leaving.

4 And I think that this type of
5 decision-making at the state level has been a
6 contributing factor.

7 Thank you for your time.

8 ASSEMBLYMAN PRETLOW: Thank you.

9 I'm going to call the absentees
10 {inaudible}.

11 The Assembly is done. Thank you.

12 CHAIRWOMAN KRUEGER: And thank you
13 very much. The Senate had been done. So we
14 appreciate all of your many hours with us
15 today.

16 I think everybody has some questions
17 to respond to in writing. Again, forward
18 them to the Ways and Means staff and to the
19 Senate Finance staff, and we'll make sure
20 everybody gets the answers.

21 Appreciate your time today. Thank
22 you.

23 And just for those of you who thought
24 we would never finish Panel A, we are now

1 inviting Panel B to come down. Some people
2 who might want to grab Panel A members,
3 please do in it the hallway so we can move
4 quickly to the next panel: The Dia Art
5 Foundation, ArtsNYS, and ArtsWestchester.

6 And for legislators and panel, we now
7 are the stage of the hearing where each
8 panelist has only three minutes to present
9 their testimony, and each legislator has only
10 three minutes to ask and get answered their
11 questions. We refer to these as the
12 lightning rounds.

13 So I see our Panel B people.

14 (Off the record.)

15 CHAIRWOMAN KRUEGER: Good afternoon.

16 All right. And again, I mentioned it
17 many hours ago, but these microphones are a
18 challenge to push. But you need to push the
19 little button till the green light goes on in
20 order to have your mic on, and then you push
21 that button till you get red to turn the mic
22 off.

23 And some of us are up here laughing,
24 because some of them just don't work. But

1 we're going to do our best. It's a test of
2 your physical strength of your index finger,
3 I think.

4 So with that, why don't we start with
5 Hannah Gompertz, if I said it correctly. If
6 not, she'll correct me.

7 MS. GOMPERTZ: Yes, that's right.

8 Hi, my name is Hannah Gompertz. I'm
9 the director of communications and marketing
10 at Dia Art Foundation. And thank you, I'm
11 very happy to provide this testimonial on
12 behalf of Dia about the potential the arts
13 and cultural resources have to enact powerful
14 economic and community change.

15 Dia was founded in 1974 to help
16 artists achieve visionary projects that might
17 not otherwise be realized because of scale or
18 scope. Today Dia operates sites in New York
19 City, Long Island, and in the Western
20 United States.

21 We brought our internationally
22 significant program to the Hudson Valley with
23 the opening of Dia Beacon in 2003. Dia
24 Beacon is one of the largest contemporary art

1 exhibition spaces in the country. When we
2 opened, the City of Beacon was a small
3 community struggling to overcome the loss of
4 local factories and manufacturing jobs.
5 Today, it is a vibrant Hudson Valley
6 destination.

7 Dia and the museum have played a vital
8 role not just in this transformation, but in
9 the area's ongoing pandemic recovery over the
10 past three years. It's been estimated that
11 the Dutchess County cultural sector has an
12 economic impact of \$28.5 million annually and
13 creates more than 1,000 jobs. Dia Beacon
14 alone brings in an estimated \$8 million in
15 regional tourism per year, and invests about
16 \$6 million in the operation of the museum and
17 its payroll of around 100 employees and
18 25 teaching artists.

19 Beyond this revenue, Dia, like
20 the majority of arts organizations, provides
21 a range of critical services to our
22 community. The museum offers school group
23 tours, professional development for local
24 educators, a summer intensive for English

1 language learners, workshops for people
2 living with dementia, workforce development
3 opportunities for teens and young people, and
4 a range of partnerships with local
5 organizations.

6 Our work would not be possible without
7 the support of New York State. A
8 relationship with Empire State Development
9 helped us to complete the renovation and
10 opening of Dia Beacon 20 years ago, and
11 annual funding from the New York State
12 Council on the Arts supports our general
13 operations.

14 Recent gifts have funded projects like
15 a facade restoration, an HVAC replacement,
16 restroom renovations, and the expansion of a
17 daily free admission program which now serves
18 residents of both Beacon and Newburgh.
19 Beginning this summer, state funding will
20 also help realize a major landscaping
21 project.

22 We rely on our regional electeds to
23 understand these needs, and funding
24 distributed through state agencies is

1 critical in helping us maintain our sites and
2 core operations without compromising our
3 programming or community services. Your
4 support fuels the creative economy and allows
5 us to continue expanding our impact beyond
6 our museum walls.

7 The success of Dia Beacon over the
8 past 20 years is itself a testimonial to what
9 can be achieved with these investments.

10 Thank you very much for allowing me to
11 testify today.

12 CHAIRWOMAN KRUEGER: Thank you.

13 Next up we have Elizabeth Reiss,
14 ArtsNYS.

15 MS. REISS: Hello. Thank you for
16 having us.

17 On behalf of ArtsNYS, I also want to
18 share with you that I'm the director of the
19 Art Center of the Capital Region in Troy. So
20 I came a long way for this.

21 We are here today to share our hope
22 that the New York State Council on the Arts
23 budget will continue at \$100 million, with an
24 additional \$50 million allocated for capital

1 programming. Furthermore, we request that
2 \$10 million be allocated to regional arts
3 councils.

4 We all have heard today that our
5 communities spark revitalization, that the
6 arts help spark revitalization. Our request
7 for \$10 million to be directed to arts
8 councils is grounded in a local
9 decision-making approach that enables the
10 councils to reach deep into their regions to
11 support groups that directly serve and
12 strengthen their own communities.

13 In 2023, seven arts councils funded
14 861 projects across 21 counties --
15 49.7 percent of those projects engaged
16 diverse, historically marginalized, or
17 underresourced communities; 39 percent
18 reached first-time grant applicants; and
19 22.8 percent supported Black, indigenous and
20 people of color initiatives.

21 Given the tremendous success of this
22 model, we advocate for its renewal and
23 expansion to all 62 counties of New York
24 State, especially as we've seen unprecedented

1 growth of artist populations outside of
2 New York City.

3 In 2021, in upstate, the artist
4 population increased by 26.5 percent,
5 significantly outpacing total population
6 growth in those areas. Here in Albany, the
7 resident artist population growth surged by
8 50 percent, compared to 3 percent growth
9 overall. It's clear that focusing in on our
10 regions is the next step in growth for art in
11 New York State.

12 Echoing Ms. Mallin's and NYSCA's
13 testimony, it's clear that the arts sector is
14 a robust economic engine. We already heard
15 that Western New York's nonprofit arts sector
16 generates \$381 million in audience and
17 organizational spending and it supports 8,221
18 jobs. In the Greater Syracuse area,
19 47 organizations reported over \$148 million
20 in economic activity and supported almost
21 6,000 jobs. Long Island's non-for-profit
22 sector and audiences contributed 330 million
23 in economic activity, supporting 4,900 jobs.
24 In Rochester, the arts generated 93 million

1 to the local economy and supported 3,600
2 jobs.

3 Locally, here in Troy, state funding
4 was used to create a public art program that
5 revitalized an alley that was in disuse and
6 dangerous. And now we're sparking tourism
7 because we just won USA Today's Best
8 New Festival of the Year.

9 And so we can see directly how the
10 arts help our community, and we hope that we
11 can continue to depend on the support of
12 New York State.

13 CHAIRWOMAN KRUEGER: Thank you very
14 much.

15 Next we have ArtsWestchester,
16 Susan Abbott.

17 MS. ABBOTT: Good afternoon. My name
18 is Sue Abbott, and I'm the director of
19 grant programs at ArtsWestchester in
20 Westchester County. On behalf of our staff,
21 board, and our CEO, Janet Langsam, it is a
22 pleasure and a privilege to be speaking in
23 front of you today.

24 Echoing the sentiments of my

1 colleagues that have already spoken today,
2 I'm here to speak about the impact of the
3 arts, particularly in the Lower Hudson
4 Valley, and also the impact that the New York
5 State Legislature has had in supporting the
6 arts in our area.

7 ArtsWestchester is one of nine local
8 arts councils around New York State that
9 received significant support in several
10 recent budget cycles. We are so grateful for
11 your leadership and for Majority Leader
12 Stewart-Cousins' support in securing a
13 \$10 million appropriation in the State Senate
14 Budget for regional arts councils funding for
15 2023 and again for 2024. Within that
16 allocation, seven regional councils --
17 including ArtsWestchester -- each received
18 \$1 million, and two others each received
19 500,000.

20 With this funding, in the 2023 grant
21 year ArtsWestchester awarded \$550,000 in
22 grants to 100 organizations and 64 individual
23 artists between Westchester and Rockland
24 counties. This is light-years away from just

1 five years ago in the 2018 cycle, when we
2 awarded 105,000 across 45 organizations and
3 just five artists. Within those 164 grantees
4 are 65 who received ArtsWestchester funding
5 for the first time.

6 The support that you allocated
7 fostered new relationships across all
8 disciplines: Artists created new work, so it
9 furthered their artistic careers; students of
10 all ages experienced arts education programs;
11 and audiences were drawn to performances and
12 events throughout Westchester and Rockland.

13 In a recent survey of this year's
14 grantees, over 80 percent of respondents said
15 that this awarded funding enabled them to
16 expand their audiences. Like many of our
17 colleagues, ArtsWestchester also participated
18 in the recent Americans for the Arts economic
19 impact survey, and the results showed the
20 arts generated 182.2 million in direct
21 economic activity in Westchester.

22 It has been said many times today:
23 the arts support the economy. And this
24 funding is vital in the ongoing creative and

1 economic recovery of the arts industries in
2 Westchester and Rockland. With that in mind,
3 we have submitted our request for the renewal
4 of the \$10 million appropriation to the 2025
5 budget which includes, again, a \$1 million
6 allocation for each of seven councils,
7 including ArtsWestchester.

8 On behalf of the organizations and
9 artists we represent, we thank you for your
10 dedication to the arts. We are eager to
11 continue this partnership and build an even
12 more vibrant, inclusive, and artistically
13 rich New York State.

14 CHAIRWOMAN KRUEGER: Thank you very
15 much, all of you. Appreciate it.

16 And Sean Ryan will be our first
17 questioner.

18 SENATOR RYAN: It's actually more of a
19 thank you. So thanks for the work, you know,
20 that you do in the arts.

21 I think there's a growing acceptance
22 that the arts, besides enriching communities
23 and changing lives, are also a good economic
24 development program. I've seen in Buffalo

1 the combination of arts and the historic tax
2 credit has really made downtown Buffalo and
3 different parts of Buffalo a different place.

4 So we support the arts, whether it's
5 theater or big arts, like our Albright-Knox
6 Art Gallery that recently underwent a major
7 expansion that brings people in. We know
8 that over a 52-week period, more people come
9 into Buffalo to see the arts than they do to
10 come in to see professional sports.

11 But we do find ourselves continually
12 in this battle where you have to take a real
13 long time to explain why the arts are
14 important to the economy. And it doesn't
15 really necessarily make sense to a lot of
16 people at first.

17 So, you know, I will endeavor -- if I
18 had a magic wand -- that more Empire State
19 Development funds would be made available to
20 the arts, because your arts organizations
21 often show a much better return on investment
22 than some of the out-of-state corporate
23 entities that we fund.

24 So I would encourage you to keep up

1 your good work, but also keep making the link
2 between how arts can help strengthen our
3 economy.

4 Thank you.

5 CHAIRWOMAN KRUEGER: Assembly?

6 ASSEMBLYMAN PRETLOW: There are no
7 questions from this side.

8 But I also want to echo the Senator's
9 remarks. The arts are very important. And
10 give my regards to Janet.

11 But just a quick note. When you're
12 asking for something, don't say how much you
13 got the last time. Keep that quiet, you
14 know.

15 (Laughter.)

16 ASSEMBLYMAN PRETLOW: Thank you.

17 CHAIRWOMAN KRUEGER: I also just want
18 to thank you all for testifying and
19 reinforcing what I had said earlier in front
20 of the previous panel about that we don't
21 look at the arts as economic development,
22 when all the data shows it is a direct
23 correlation between supporting the arts and
24 investing in activities that generate

1 enormous amounts of money at the local level.

2 I happen to represent an island called
3 Manhattan. We have a little bit of the arts
4 going on there. But we know that it is a
5 huge draw for tourism, for business, for the
6 correlated businesses to live performance of
7 all kinds, and the visual arts.

8 And we even recognize, many of us,
9 that it's a much better use of our time and
10 money to invest in the arts than, say, have
11 casinos in Manhattan, just as an example of
12 what is economic development and what is not.

13 So I want to thank you all for being
14 here. I don't think we had any other
15 Senators, so we're going to thank you and
16 move on to the next panel. Thank you very
17 much.

18 (Off the record.)

19 CHAIRWOMAN KRUEGER: NYFIRST, Fund for
20 Innovation in Research and Scientific Talent,
21 Columbia University Irving Medical Center;
22 Lake Erie College of Osteopathic Medicine;
23 and the Food Industry Alliance of New York
24 State. Clearly all related to health.

1 And we have Ross Frommer. We have a
2 replacement for Richard Terry -- I believe
3 John Weston. And we're looking for a third
4 representative.

5 We only have two on the panel?

6 ASSEMBLYMAN PRETLOW: I only have two
7 on my list.

8 CHAIRWOMAN KRUEGER: Oh, just two?
9 Oops. Sorry, one got moved off. Sorry about
10 that.

11 Okay. Hello, gentlemen. How are you?

12 MR. FROMMER: Good afternoon.

13 CHAIRWOMAN KRUEGER: Why don't we
14 start with you.

15 MR. FROMMER: Good afternoon, and
16 thank you for inviting me to appear before
17 you today. My name is Ross Frommer, vice
18 president for government and community
19 affairs at Columbia University Irving Medical
20 Center.

21 Columbia is a member of the Associated
22 Medical Schools of New York, on whose behalf
23 I am also appearing. AMSNY represents the
24 interests of New York's 17 medical schools.

1 I am here today to speak on behalf of
2 the New York Fund for Innovation in Research
3 and Scientific Development {sic} program, or
4 NYFIRST. Senator Ryan, that also spelled out
5 a good -- a nice word.

6 As it is commonly referred to, NYFIRST
7 is an economic development initiative run by
8 Empire State Development, which provides
9 funds to medical schools across New York
10 State to recruit and retain top scientific
11 talent.

12 Six billion dollars. That's how much
13 Texas, the State of Texas, has spent on
14 supporting biomedical research out of
15 government funds in Texas. Eight-point-five
16 to \$9 billion, that's how much California has
17 spent. Two-point-five, Massachusetts. One
18 billion, Connecticut. And many other
19 states -- although numbers smaller in terms
20 of proportion of their population -- equally
21 as high. New York's numbers are nowhere near
22 this.

23 Why is biomedical research so
24 important? Well, obviously research leads to

1 saving lives. But having it in New York also
2 means greater access to clinical trials and
3 it also means jobs. Research brings in money
4 and creates good jobs, good-paying jobs with
5 good benefits.

6 One point -- if there's one point I
7 hope you will take from my testimony, it is
8 that when looking at biomedical research and
9 especially biomedical research, investment,
10 funding, money, jobs, venture capital follows
11 the talent. If you increase scientific
12 talent in your state, you're going to get
13 more investment in biomedical research. If
14 you lose scientific talent in your state,
15 you're going to get less so.

16 That's because with NIH, the funding
17 follows the investigator. That's what
18 NYFIRST is meant to address. It helps
19 medical schools recruit and retain top
20 scientific talent.

21 It is a fairly new program, fairly
22 small. So far the state has invested only
23 \$9 million, but the returns are quite
24 astonishing. Of that \$9 million, in only

1 three years it's created 183 new jobs at
2 New York medical schools. Good-paying jobs,
3 the kind that can build strong communities.

4 The medical schools are required to
5 put up a two-for-one match. Right now we're
6 running at almost a four-to-one match. So
7 the return on investment is twice what was
8 expected, and that's very early on.

9 And I see I'm running out of time, but
10 I just want to thank you. I have more in my
11 testimony, but I'm happy to answer any
12 questions that you may have.

13 ASSEMBLYMAN PRETLOW: Thank you. And
14 my second mic is working as badly as my first
15 mic.

16 I notice we have Lake Erie College of
17 Osteopathic Medicine, John Weston.

18 DR. WESTON: Yes, sir. Just thank you
19 all for allowing me to speak. I really
20 appreciate it. Dr. Terry was supposed to
21 speak. He's much better looking than I am,
22 and much better at this, so I apologize that
23 you're stuck with me.

24 I'm a family physician, and I've been

1 practicing medicine in upstate New York for
2 23 years. I'm also a regional dean at LECOM.

3 And so what we really are looking for
4 is for you to appreciate our medical students
5 and what we're trying to do. So right now
6 there's 240 medical students at LECOM Elmira,
7 and they're studying the basic sciences to
8 become physicians.

9 And out of that 240, about 150 are all
10 New York State residents. We really try to
11 get New York State residents. We want to
12 recruit them, that's our mission.

13 And then we have 500 medical students
14 that are out with your physicians taking care
15 of your constituents, your friends, your
16 families. They're out there helping them,
17 and they're learning to become physicians.
18 They're taking the medical knowledge they
19 learned in those first two years and then
20 they're translating it and learning the art
21 of medicine.

22 So you have 740 LECOM students
23 practicing in New York State. Each of them
24 spend about \$30,000 a year to live here, so

1 that translates to about \$22 million that
2 they're putting into the local economies.

3 And 70 percent of them are going into
4 primary care. As you know, we have a
5 primary-care shortage in New York State, and
6 they're here to help us. So I think LECOM's
7 doing a good job of giving us some -- as a
8 native New Yorker, giving New York some money
9 and also helping us with the physician
10 shortage.

11 We have training sites in
12 Niagara Falls, Buffalo, Rochester, Watertown,
13 Binghamton, Elmira, the Mohawk Valley. We
14 also have St. John's Riverside in Yonkers and
15 St. John's Episcopal in Far Rockaway.

16 And what we'd like to do is take what
17 we're doing and expand it and make it better.
18 What we want to do is really focus on
19 students -- go to the middle schools, go to
20 the high schools, and really mentor those
21 students that might not think they can be
22 physicians and say, Hey, look, I can do this,
23 you can do this; we want you to become
24 physicians.

1 So we want you to help partner with us
2 and help us recruit students that are going
3 to stay and become physicians in New York
4 State.

5 Then we'd like to create a curriculum
6 in the first and second years that really
7 focuses on underserved regions and rural
8 regions and really focuses at doing research
9 and coming up with a curriculum that really
10 focuses on rural and underserved regions.
11 And then help us as we go along.

12 So we want to recruit, we want to
13 educate, and we want to train them. More
14 residencies -- as you can see, our
15 residencies in those clinical sites are all
16 in rural and underserved regions. And so
17 allow us to do better, to do that -- we want
18 to put one in Dunkirk, New York. Maybe up in
19 Plattsburgh, New York. Let us expand rural
20 residencies.

21 So let us recruit, let us train and
22 educate, and then let us -- those physicians,
23 wherever they sort of get trained, that's
24 where most likely they're going to live. And

1 then they're going to stay here. Because
2 right now we're losing more physicians in
3 New York State than we're getting. So let us
4 help with that.

5 I'm running out of time. Thank you so
6 much for listening, too. I really appreciate
7 you guys. I saw what you did this morning.
8 This is a hard job, but you guys do it.

9 CHAIRWOMAN KRUEGER: Thank you.

10 Any questions?

11 ASSEMBLYMAN PRETLOW: Does the Senate
12 have any questions?

13 SENATOR RYAN: Sure, I have a
14 question.

15 CHAIRWOMAN KRUEGER: Sean Ryan.

16 SENATOR RYAN: To Dr. Frommer --

17 MR. FROMMER: Mr. Frommer. I work in
18 the medical school; I do not have a medical
19 degree.

20 SENATOR RYAN: Mr. Frommer. So tell
21 me about the NYFIRST program. A \$15 million
22 program last year?

23 MR. FROMMER: It was passed, I
24 believe, first in 2018. There's been three

1 rounds -- excuse me, four rounds of funding
2 so far. The fifth round, I believe the
3 applications are due sometime in May; I could
4 be off a little bit. After that, that
5 initial \$15 million investment is very likely
6 to have been exhausted.

7 SENATOR RYAN: And it's for every
8 dollar that you get, you have to show a
9 \$2 million match?

10 MR. FROMMER: That is correct, the
11 \$2 million match.

12 As mentioned so far, the medicals have
13 put up -- so we've generated over
14 \$4 million -- excuse me, a four-to-one match
15 so far. We're required two-to-one; we've
16 demonstrated a four-to-one.

17 SENATOR RYAN: What's the ripple
18 effect of that spending? How does it affect
19 our economy, our healthcare outcomes? What
20 are you aiming to do?

21 MR. FROMMER: A whole bunch of things.
22 First of all, science is for the
23 purpose of creating new knowledge that will
24 help us prevent disease, learn about the

1 human condition, better treatments, better
2 cures.

3 We will conduct more clinical trials
4 in New York. Greater access of New York
5 residents to the latest developments in
6 biomedical technology.

7 Venture capital will come to where our
8 faculty are, because our faculty are creating
9 new knowledge. They're turning that
10 knowledge into products, into drugs, into
11 prevention strategies.

12 But even in the short term, it brings
13 in more federal funding. The way NIH
14 works -- National Institutes of Health, the
15 largest funder of biomedical science in the
16 world -- with minor exceptions, the grants
17 follow the primary investigator. So if we
18 have a scientist from California or Texas
19 with \$3 million in NIH funding, if we bring
20 that person to New York, they bring their
21 NIH funding with them. So on day one, they
22 are creating jobs, they are bringing in
23 resources, they are attracting philanthropy,
24 venture capital -- all the good things we

1 want our scientists to do.

2 SENATOR RYAN: Which state's a leader
3 in trying to match federal money with state
4 money?

5 MR. FROMMER: Well, I mentioned Texas
6 and California, the ones who have made the
7 greatest investment in that.

8 New York has a small NYSTAR -- now
9 ESD -- matching grants funding.

10 But I will say the Texas program, of
11 that \$6 billion, I think close to \$1 billion
12 is specifically dedicated towards recruiting
13 out-of-state scientists to come to Texas.

14 There's a famous story -- and I'm
15 blanking on his name. He used to be at MSK,
16 went there -- Memorial Sloan Kettering, was
17 recruited to Texas, created a whole new
18 cancer program down at M.D. Anderson, a
19 wonderful cancer institution, but it's not in
20 New York.

21 He later won the Nobel Prize. Okay?
22 They stole one of our Nobel Prize --

23 SENATOR RYAN: We had him; we let him
24 go.

1 MR. FROMMER: That is correct.

2 SENATOR RYAN: So should we put more
3 money into these types of programs?

4 MR. FROMMER: Absolutely.

5 SENATOR RYAN: Thank you,
6 Mr. Frommer.

7 MR. FROMMER: Thank you, Senator Ryan.

8 SENATOR PRETLOW: Thank you. Maybe
9 the Governor will put them on a bus and send
10 them to New York.

11 (Laughter.)

12 ASSEMBLYMAN PRETLOW: Anyway, Carrie
13 Woerner, you had a question?

14 ASSEMBLYWOMAN WOERNER: Thank you so
15 much.

16 I'm going to -- I'm going to pick up
17 where my colleague Mr. Ryan ended and ask --
18 so you've been receiving the NYFIRST funds
19 for a couple of years now.

20 MR. FROMMER: Yes.

21 ASSEMBLYWOMAN WOERNER: And you
22 mentioned that the intent here is that that
23 research will eventually result in new
24 products and private-equity funding will

1 commercialize that.

2 MR. FROMMER: Hopefully, yes.

3 ASSEMBLYWOMAN WOERNER: Right? So
4 over -- and it might be that it's just too
5 soon to have this response. But have we --
6 have you -- have there been patents filed or
7 other sorts of milestones hit on the path
8 towards developing new products and
9 commercializing them and creating new
10 businesses?

11 MR. FROMMER: Yes. And I can give you
12 some Columbia-specific numbers. So our first
13 NYFIRST recipient -- that's a mouthful -- was
14 Dr. Jordan Orange, who's a pediatrician, does
15 a lot of work in what they call killer cells.
16 He has submitted three invention reports
17 and -- and how many patents -- and filed
18 three patents already since he came to
19 New York in 2019 -- 2018. And he's in the
20 process of creating a start-up company.

21 Our second NYFIRST recruit was
22 Dr. Simon John, who's a Ph.D. who does a lot
23 of work in eye disease. He has filed -- I
24 have this here -- five invention reports and

1 four patent applications.

2 I'll also say that Dr. Orange now has
3 33 new jobs in his lab, and Dr. John has
4 15 new jobs in the -- small numbers but,
5 based on a very small investment, a huge
6 return.

7 ASSEMBLYWOMAN WOERNER: Terrific.

8 And so the first milestone obviously
9 is filing for a patent application and
10 hopefully getting that done. Have there been
11 any licenses, any license agreements entered
12 into on the basis of those patents?

13 MR. FROMMER: I am not aware of any.
14 I'd have to check on that.

15 I will say that there is actually --
16 although NYFIRST is a new program, there was
17 a precursor to this program, a similar thing
18 which New York State had in the two thousand
19 and aughts, if you will, called the Faculty
20 Development Program. And there was a lot of
21 good data, and I can follow up about
22 recipients of those grants. Again,
23 tremendous return on investment.

24 We have one gentleman at Columbia

1 named Rudy Leibel. In 2002, he was set to go
2 to Baltimore. The state gave us a \$750,000
3 grant in order to keep him here. He's
4 created -- I think it's, you know, over
5 \$54 million in economic activity. A 75-to-1
6 return on investment, something like that.

7 ASSEMBLYWOMAN WOERNER: Fantastic.

8 In my last 14 seconds, is there any
9 requirement that once the technology has been
10 patented and licensed and is in the process
11 of commercialization, that that
12 commercialization must take place in New York
13 State?

14 MR. FROMMER: I do not believe it's a
15 requirement. However, New York medical
16 schools are going to look to New York first.

17 ASSEMBLYWOMAN WOERNER: Great. Thank
18 you so much.

19 MR. FROMMER: Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Senator Tom O'Mara.

22 SENATOR O'MARA: Thank you.

23 Dr. Weston, I want to thank you for
24 filling in for Dr. Terry today. I spoke with

1 him last night, and for the other members
2 here, he's down with COVID. So -- better
3 he's not here.

4 You did a fine job standing in for
5 him. You actually kept it to three minutes.
6 With his exuberance and enthusiasm, he never
7 would have been able to do that.

8 So, you know, Lake Erie College of
9 Osteopathic Medicine -- founded in Erie,
10 Pennsylvania, is my understanding. And you
11 now have a standalone medical school in
12 Elmira, New York, correct?

13 DR. WESTON: Yes, sir. As well as
14 Seton Hill, it's in Pittsburgh. And we also
15 have one in Bradenton, Florida.

16 SENATOR O'MARA: And your focus and
17 commitment -- I'd like you to describe a
18 little more in your request here in this
19 budget for funding for a Center of Excellence
20 for Rural Health and Underserved Areas.

21 Can you just talk a little more about
22 your commitment and the college's philosophy
23 towards looking to recruit students from
24 rural New York and underserved communities in

1 New York and the efforts to working to get to
2 keep them to practice in those communities
3 once they graduate?

4 DR. WESTON: Yes, sir.

5 Once we came to Elmira in 2012 -- and
6 we opened the medical school in 2020 -- we
7 established residency and centers of training
8 in Niagara Falls, in -- that would be
9 Niagara Falls Memorial -- and also
10 Sisters Hospital in Buffalo; Samaritan
11 Medical Center in Watertown; Our Lady of
12 Lourdes in Binghamton; Elmira; and we also
13 have one in Yonkers and Far Rockaway, Queens.

14 So as you can see, all those areas are
15 pretty much rural areas. And they're also
16 areas of need. And so what we're envisioning
17 is we want to keep -- we want to train
18 students and get students from New York.

19 And how do we do that? A lot of
20 people don't think they can be doctors,
21 they're not smart enough. I just say, if I'm
22 smart enough to make it through, you're smart
23 enough to make it through.

24 And I just use myself as an example.

1 I come from a working-class town in Endicott,
2 New York. And I got lucky, and I made it to
3 medical school.

4 So if we go in and mentor these kids
5 and start in middle school and start in high
6 school and say, You can do this -- and we
7 partner them up with our medical students in
8 those sites, right, so they spend some time
9 with them -- we can bring them to LECOM and
10 show them what we do there and say, This is
11 something that you can do.

12 We're the largest medical school in
13 America. We give out large -- a lot of
14 scholarships, and we want to do even more of
15 that. So if -- and we have a very -- we're
16 one of the most affordable colleges in the
17 country as well.

18 SENATOR O'MARA: Now, in the last
19 30 seconds, for the Centers for Excellence
20 for Rural and Underserved Health, what is
21 your ask, dollar amount, to get this in --

22 DR. WESTON: We're humbly asking for
23 \$250,000. And that's humbly.

24 SENATOR O'MARA: \$250,000.

1 DR. WESTON: Yes, sir.

2 SENATOR O'MARA: To recruit doctors.

3 DR. WESTON: To recruit, educate,
4 train.

5 SENATOR O'MARA: Within New York
6 State, for serving in underserved and rural
7 parts of New York State.

8 DR. WESTON: Absolutely, sir. Thank
9 you for leading me in that. I appreciate
10 that.

11 CHAIRWOMAN KRUEGER: Thank you.
12 Assembly, anyone?

13 ASSEMBLYMAN PRETLOW: Yes.
14 Assemblyman Ra.

15 ASSEMBLYMAN RA: Thank you.
16 Thank you both for being here.

17 Mr. Frommer, you just talked about,
18 you know, what it means when this type of
19 research goes on in New York, and obviously a
20 situation where we lost somebody.

21 So can you elaborate on how the
22 NYFIRST helps increase and improve New York's
23 research workforce?

24 MR. FROMMER: Sure. When we are

1 trying to recruit somebody, a rock star, a
2 scientist who has a tremendous record of
3 scientific achievement but also fundraising,
4 commercialization, all the things that the
5 NYFIRST grant looks for, we have to put
6 together a package. We have to convince that
7 recruit from Texas, California, that they
8 want to bring his or her lab to New York.

9 And that costs money. And it involves
10 sometimes, you know, physical or capital
11 renovations. It can involve staff. It can
12 involve equipment.

13 The NYFIRST grant helps us put that
14 package together and to make that package
15 more enticing, more inviting. It gives us a
16 leg up, if you will, on whatever the
17 competition may be. And let me tell you,
18 some of these folks, there is competition for
19 them.

20 ASSEMBLYMAN RA: Okay. And I know
21 New York has done a lot in recent years to
22 support the life sciences industry. How will
23 NYFIRST compliment that work? And how could
24 it enhance those programs?

1 MR. FROMMER: So actually NYFIRST is
2 technically a small part of the life sciences
3 initiative, but most of the life sciences
4 initiative tends to be focused on what I call
5 the output -- on building that biotech
6 sector, on the new companies, on the
7 industry, on the things that can build sort
8 of large-scale manufacturing.

9 We are the input. We are the science,
10 we are the knowledge, we are the hard work
11 that goes into creating those devices, those
12 drugs, those prevention strategies. Output
13 is great, but you can't have output without
14 the input.

15 I should mention that our ask -- I
16 forgot to mention it -- is \$25 million for
17 NYFIRST. I should have mentioned that
18 earlier.

19 ASSEMBLYMAN RA: And that input, then,
20 you know, I guess to sum it up, is why it's
21 so important to recruit biomedical research
22 here, because they're the input in this.

23 MR. FROMMER: Absolutely. And that
24 input is good science, it is proximity to

1 clinical trials. But we are the -- this is
2 the Economic Development Committee. It also
3 is jobs, it is funding, it is mentorship for
4 future generations for science. It is sort
5 of building a long-term biotechnology,
6 bioscience community.

7 ASSEMBLYMAN RA: Great. Thank you.

8 MR. FROMMER: Thank you.

9 CHAIRWOMAN KRUEGER: Any other
10 Senators? Any other Assemblymembers?

11 I'm looking over there. He had a hand
12 up over there, Gary.

13 ASSEMBLYMAN PRETLOW: Oh. Member
14 Friend.

15 ASSEMBLYMAN FRIEND: Thank you,
16 Chairs.

17 Dr. Weston, I'd like to congratulate
18 you on your upcoming graduation of your first
19 class of DOs.

20 DR. WESTON: Thank you.

21 ASSEMBLYMAN FRIEND: That's really
22 exciting for our area and for your college.

23 Could you elaborate a little more on
24 the impact that the Centers of Excellence for

1 Rural Health would have on the Southern Tier,
2 Western New York, Central New York,
3 communities like -- that have hospitals like
4 Arnot Ogden?

5 DR. WESTON: So what we're hoping is
6 by attracting students from these different
7 regions to come to LECOM Elmira, and
8 recruiting them, is that after we train
9 them -- and we have residency sites there --
10 they can go back to their home and then they
11 can train there and then become physicians in
12 that region.

13 You know, right now we contribute
14 about 26 million to the New York State
15 economy. And I think as we can keep more and
16 more physicians in New York State and take
17 care of this problem we have, a dearth of
18 physicians, I think that's a huge benefit.

19 I mean, being in Elmira -- being in
20 Elmira before we had the school and now being
21 in Elmira after, it's amazing. We've got
22 apartments going up, we've got buildings that
23 were dilapidated being rebuilt, we've got
24 coffee shops coming up. It's just amazing

1 what -- like these little -- these are little
2 centers of economic development.

3 Each medical student that we have, you
4 know, spending \$30,000 over four years and
5 then doing residency in those places, it's
6 just really phenomenal.

7 I know you guys talk about the arts,
8 and I love going to New York City. I mean,
9 I've loved going to the Frick and the Met,
10 and I love doing that stuff. But I think
11 each medical student we train is a little bit
12 of an economic engine that is -- then we
13 disperse throughout the state, and then we
14 create more of these rural residencies.

15 As you guys fund us a little bit, we
16 can create more of these and then come up
17 with specific evidence-based plans to really
18 take care of these people that need better
19 healthcare and people that don't believe they
20 can be doctors.

21 Listen, if I can do it, anyone can do
22 it. Right? That's what I try to tell these
23 students.

24 Thank you, sir.

1 ASSEMBLYMAN FRIEND: Thank you.

2 CHAIRWOMAN KRUEGER: We thank you both
3 very much for joining us today. Appreciate
4 it.

5 And we're going to ask the next panel
6 to come up and join us. And that is New York
7 State Economic Development Council, Center
8 for Popular Democracy, New Yorkers for Fiscal
9 Fairness, and Reinvent Albany.

10 Hello. Are we still waiting for one
11 more to come?

12 ASSEMBLYMAN PRETLOW: Someone's
13 missing.

14 MR. DEUTSCH: John Kaehny will not be
15 here today.

16 CHAIRWOMAN KRUEGER: Okay. Thank you
17 for clarifying that.

18 (Off the record; laughter.)

19 CHAIRWOMAN KRUEGER: Shall we start
20 with, just in the order they're listed, with
21 Ryan Silva, New York State Economic
22 Development Council.

23 MR. SILVA: Excellent.

24 CHAIRWOMAN KRUEGER: Good afternoon.

1 MR. SILVA: Good afternoon. Thank
2 you, Senator Krueger, Assemblymember Pretlow,
3 Senator Ryan, Assemblymember Stirpe, as well
4 as all members of the Legislature, for the
5 opportunity to testify here today.

6 While there are several items in the
7 Executive Budget I would like to address, I
8 would like to first spend a few minutes
9 talking about economic development in general
10 and the evolution of the work that we do.

11 Our 1,000 members represent
12 communities from Suffolk to Erie County and
13 every community in between. They represent
14 urban, suburban and rural areas. They
15 represent a broad cross-section of public,
16 private, academic and nonprofit
17 organizations. Their ultimate mission is to
18 increase the health, wealth and prosperity of
19 the communities they serve.

20 Job creation and job retention is at
21 the core of what all economic developers do.
22 Our members support and leverage
23 private-sector investments totaling more than
24 \$114 billion. Those public-private

1 partnerships help to create or retain nearly
2 half a million jobs annually and represent
3 \$7 billion in annual payroll, according to
4 New York State Comptroller data.

5 This is one component of what economic
6 developers do, but it is not all that we do.
7 Our members also play a critical role in the
8 revitalization of downtown corridors,
9 removing blight, creating new housing starts,
10 adaptively reusing dilapidated or
11 underutilized buildings, supporting workforce
12 development, and generating thousands of
13 megawatts of new renewable energy.

14 Economic development isn't about
15 chasing smokestacks. It's about increasing
16 the quality of life and creating
17 opportunities for all New Yorkers. It's
18 building a new nursing school for the local
19 community college in Corning. It's turning
20 unused and vacant land into renewable energy
21 generation and millions in new tax revenue to
22 communities across the North Country.

23 Economic development is revitalizing
24 Main Street corridors in cities like

1 Schenectady and Oswego and creating
2 transit-oriented hubs in Ronkonkoma and
3 Wyandanch. It's creating entrepreneurial
4 assistance programs to underserved
5 communities in Babylon and supporting great
6 organizations like Minority Millennials.

7 It's investing in a Makerspace for the
8 next generation of manufacturer in Troy,
9 New York. It's creating much-needed
10 workforce housing in Westchester County and
11 across Long Island.

12 And yes, IDAs do have the authority to
13 support commercial housing projects, based on
14 an OSC opinion and multiple court rulings in
15 the New York State Supreme Court authorizing
16 IDAs to support commercial housing.

17 Finally, it's building out our
18 21st-century infrastructure to support our
19 state's renewable energy goals, from
20 Plattsburgh down to New York City.

21 These are but a few examples of the
22 work our members are doing and why we need to
23 update the data we collect and the metrics we
24 use to measure economic success. These

1 initiatives come together from public-private
2 partnerships and our members, and they come
3 from support from the Legislature and the
4 Governor.

5 CHAIRWOMAN KRUEGER: Thank you.

6 MR. SILVA: Thank you.

7 CHAIRWOMAN KRUEGER: Thank you.

8 Next up is Charles Khan, Center for
9 Popular Democracy.

10 MR. KHAN: Hi. A pleasure to be with
11 you all today.

12 I just want to take a second to talk
13 about how New York State does economic
14 development and then why we should put a
15 pause on how New York State does economic
16 development.

17 Our economic development program
18 across the state has grown to \$11 billion.
19 New York State leads the nation in megadeals
20 over \$50 million, and those megadeals are by
21 far the most risky and most likely to fail.

22 There's been no shortage of headlines
23 over failed deals and lost taxpayer money
24 across New York State. And every year,

1 school districts across New York State and
2 the children that those school districts
3 serve lose \$1.8 billion to IDA tax abatements
4 and economic development deals that are often
5 hidden behind nondisclosure agreements so the
6 public has no opportunity to see them.

7 Just on that \$1.8 billion, localities
8 only have two options. They can try and do
9 more with less, or they can raise property
10 taxes. And I know that any homeowners in
11 this state -- myself being one of them --
12 have felt, you know, the crisis on property
13 taxes. And that is largely driven by school
14 spending that is necessary, but is often --
15 the problem is exacerbated by these tax
16 abatements.

17 I also want to be clear that New York
18 has very little to show to the public on
19 these deals, in part because across our
20 economic development programs there is no
21 transparent standard on what the return on
22 investment should be, on what counts as a job
23 created. There's no standard methodology on
24 economic forecasting. There's no standard of

1 metrics or evaluations. And that is
2 precisely the problem and why we need to put
3 pauses on those deals.

4 In this year's budget the Governor
5 said that she wants to protect New Yorkers'
6 hard-earned money. I think that it is only
7 possible to say that and to go out into the
8 public and have them believe that if we do
9 that. And year after year I think it's been
10 shared that there are concerns about the
11 economic development program here in New York
12 State, and year after year we increase the
13 funding to that program without putting in
14 the necessary transparency or guarantees that
15 New York taxpayers' money will be well spent.

16 As I said, Plug Power, Tesla, NexGen,
17 the Central New York Film Hub, Belmont, the
18 Buffalo Bills Stadium -- there are lots of
19 embarrassments that are to be had. And the
20 question is sort of, why do these deals keep
21 happening, particularly with the megadeals.

22 This is -- (showing photos) this is
23 why they happen, right? The deals are
24 unaccountable, but they make good press.

1 Buffalo Bills, Belmont -- over and over
2 again, we've made the same mistake.

3 This is the year where we can fix
4 that, where we can make a change, save
5 New York taxpayers' money, invest it in the
6 things that work.

7 CHAIRWOMAN KRUEGER: (Mic off;
8 inaudible.)

9 MR. DEUTSCH: Hello.

10 CHAIRWOMAN KRUEGER: How are you, Ron?

11 MR. DEUTSCH: I'm well.

12 CHAIRWOMAN KRUEGER: Good.

13 MR. DEUTSCH: My name is Ron Deutsch.
14 I'm here today as the director of New Yorkers
15 for Fiscal Fairness. I'm also a senior
16 policy fellow with Reinvent Albany.

17 I thank you for the opportunity to
18 testify here again today. I think this is
19 something like my 27th time before you. So
20 bear with me, I'll be quick. I only have
21 two minutes and 39 seconds left.

22 So I agree with Charles and what he
23 had to say about hitting the pause button.
24 As you all know, we're waiting for a report

1 that's supposed to be coming out. It's an
2 independent report that was supposed to look
3 at all the different tax subsidy and
4 abatement programs that the Department of
5 Tax & Finance operates. That report is
6 supposed to be issued this month, oddly
7 enough.

8 So we're still waiting to see the
9 results of that, but yet we are forging ahead
10 with a myriad of, you know, tax subsidy
11 programs, tax abatement programs, when we
12 don't even have the evidence to show whether
13 or not we get a good return on our
14 investment.

15 Clearly all the academic research
16 points to the fact that we are not getting a
17 good return on our investment when it comes
18 to economic development programs. We seem to
19 have this addiction to giving billions of
20 dollars to billionaires. That just defies
21 logic to me. Whether it's Elon Musk or
22 Amazon or the Buffalo Bills -- you know, you
23 take your pick -- we're obviously subsidizing
24 billionaires to the tune of billions of

1 dollars.

2 So I really do believe that we need to
3 start to redefine what we think of as
4 economic development. And I've said this
5 before. When we look at SUNY and CUNY, to
6 me, that's economic development. That's
7 preparing a skilled workforce, which is one
8 of the things that businesses want more than
9 anything, right, a good, skilled workforce.

10 We also need to acknowledge that
11 childcare is economic development. It allows
12 people to go to work, and that is essential.
13 And it also has a significant contributing
14 economic contribution to our communities.

15 And finally, with all due deference
16 and respect to my friend Ryan Silva, I would
17 say IDAs are unaccountable, they are
18 unelected, and they really need to be reined
19 in.

20 And in particular, one of the things
21 I'm going to be discussing tomorrow at a
22 press conference is to prohibit IDAs from
23 giving away school district tax revenue.
24 This happens all too often, and to the

1 detriment of our schools, to the detriment of
2 our communities. And we need greater
3 accountability, especially when it comes to
4 IDAs.

5 So thank you very much.

6 CHAIRWOMAN KRUEGER: Thank you.

7 Senator Ryan for a question.

8 SENATOR RYAN: So little time,
9 Senator Krueger.

10 So let's talk for a second about the
11 problem with IDAs and the school taxes.
12 Could you walk through the linkage a little
13 bit of that for me and why it presents a
14 problem?

15 MR. DEUTSCH: Sure. In my point of
16 view and in my opinion, what we're seeing
17 happening is these local individual -- these
18 local IDAs are basically giving school
19 district revenue away to businesses, right?
20 They're abating school district revenues, in
21 the form of payment in lieu of taxes such as
22 PILOTs or other means. And as a result of
23 that, you know, our study that was done by
24 Good Jobs First is clearly showing a loss of

1 about \$1.8 billion in 2021 as a result of
2 those abatements to school taxes.

3 SENATOR RYAN: All coming from the
4 local tax base?

5 MR. DEUTSCH: Yes.

6 SENATOR RYAN: And then the local
7 school districts come here?

8 MR. DEUTSCH: And then, you know -- I
9 mean, we're in a situation right now,
10 obviously, where the Executive Budget
11 proposal is going to be cutting education aid
12 for hundreds of school districts across the
13 state. And at the same time we're also in a
14 position where IDAs are basically telling
15 businesses, You don't have to pay school
16 taxes or you only have to pay a certain
17 percentage of what you would normally have to
18 pay in school taxes, for a period of 10 years
19 or 20 years or what have you.

20 So that, to me, is significantly
21 problematic. And then actually when IDAs
22 dole out these abatements, they are also
23 getting fees. So they're generating income
24 for the IDA --

1 SENATOR RYAN: Does that fee go back
2 to the local taxpayers?

3 MR. DEUTSCH: My understanding is that
4 fee goes to the IDA to spend as they need to
5 spend.

6 SENATOR RYAN: With no accountability?

7 MR. DEUTSCH: In my opinion, sure.
8 You know, these are unelected bodies, so --

9 SENATOR RYAN: Can they take that
10 money and pay lobbyists with that money?

11 MR. DEUTSCH: I -- you know, perhaps
12 that's the case, yes. Certainly, I think it
13 goes to their associations --

14 SENATOR RYAN: Do you have any opinion
15 about whether IDAs are authorized to
16 currently do housing in New York State?

17 MR. DEUTSCH: I don't believe they
18 are, no.

19 SENATOR RYAN: And if in fact they
20 were able to do housing, what would that
21 effect have on the school tax base?

22 MR. DEUTSCH: I think that would also
23 have a detrimental impact.

24 I mean, look, I think we can look at

1 providing tax credits of some sort for
2 housing or affordable housing. But quite
3 frankly, IDAs are not the mechanism to be
4 engaging in affordable housing development.

5 SENATOR RYAN: I'm running out of
6 time. But do you know what the "I" stands
7 for in IDA.

8 MR. DEUTSCH: Industrial.

9 SENATOR RYAN: Not housing?

10 MR. DEUTSCH: No.

11 SENATOR RYAN: Not retail?

12 MR. DEUTSCH: No.

13 SENATOR RYAN: Okay. Thank you so
14 much.

15 MR. DEUTSCH: All right.

16 CHAIRWOMAN KRUEGER: Thank you.
17 Assembly.

18 ASSEMBLYMAN PRETLOW: We were joined
19 by Assemblyman Jacobson a little earlier.

20 And I have a question from
21 Ms. Woerner. I'm sorry, Member Woerner.

22 ASSEMBLYWOMAN WOERNER: (Mic issues.)
23 It worked before. There we go.

24 ASSEMBLYMAN PRETLOW: There you go.

1 ASSEMBLYWOMAN WOERNER: All right.

2 Thank you all very much.

3 Ryan, I wanted to direct my comments
4 to you.

5 I note in your written testimony that
6 you reflected on issues that manufacturing
7 businesses are experiencing in the state, and
8 this is an area of great interest to me
9 because I'm seeing the numbers of
10 manufacturers in New York State decline even
11 as we make significant investments in trying
12 to attract new manufacturing to the state.

13 And you mentioned in your testimony
14 that there were -- that businesses are
15 issuing WARN notices to -- which is the step
16 that they have to take to close out their
17 business. I have had three in my district in
18 the last year, so this is a problem that is
19 personally impacting my area.

20 So can you talk a little bit about
21 what some of those challenges are that you
22 are seeing?

23 MR. SILVA: Sure, Assemblywoman.

24 And, you know, Saratoga County is

1 supposed to be one of the most
2 business-friendly communities in all of
3 New York State. So to see manufacturers
4 either closing up shop or laying off
5 significant members of their staff is very
6 concerning.

7 As you know, our members are the ones
8 doing the work on the ground. And the
9 feedback that we have gotten is that the cost
10 of doing business is significantly higher.
11 There are real concerns about access to the
12 energy needed for manufacturers to not only
13 maintain their presence here, but to expand
14 their presence here.

15 I know the New York Independent System
16 Operator has done a number of quarterly
17 reports that do raise some concerns about the
18 state's ability and capacity to hit our
19 renewable energy goals and do that from a
20 standpoint of capacity.

21 It's one of the reasons why our
22 members are doing what they can in any way
23 possible to support renewable energy
24 projects -- wind solar, offshore wind -- to

1 try and get as much renewable energy onto the
2 grid so that we can meet those aggressive
3 timelines.

4 But I think there is a real concern
5 about the timeline as it's set up that we're
6 hearing about, in that we need to make sure
7 that we not only have affordable utilities,
8 gas, electricity, but also make sure we have
9 the capacity. Because we do not need rolling
10 brownouts in this state anytime in the near
11 future.

12 ASSEMBLYWOMAN WOERNER: And is
13 manufacturing -- I mean, this is sort of a
14 gimme question, but manufacturing is an
15 energy-intensive business.

16 MR. SILVA: Correct.

17 ASSEMBLYWOMAN WOERNER: Regardless of
18 what it is you're manufacturing, you need --
19 you need power and natural gas.

20 MR. SILVA: That is correct.

21 You know, there are ways that these
22 businesses are trying to adapt, but the
23 economic realities make it very challenging
24 right now to do those things.

1 ASSEMBLYWOMAN WOERNER: Thank you.

2 CHAIRWOMAN KRUEGER: Okay. Senator
3 Murray.

4 SENATOR MURRAY: There we go. Thank
5 you.

6 Mr. Silva, we're time-sensitive here.
7 So when we talk about the PILOTS, we talk
8 about the IDAs and the benefits and the
9 school districts losing money, I don't
10 believe we're talking about actual real
11 numbers here, because the starting points
12 aren't exactly correct.

13 When we talk about these losses, what
14 are we comparing? Are we comparing real
15 numbers or -- or -- in other words, is it
16 what it would be at full value compared to
17 what it is with the PILOT? But isn't there
18 another option?

19 MR. SILVA: Thank you, Senator.

20 You know, the number that is being
21 quoted in the Good Jobs First -- while it's
22 being attributed to industrial development
23 agencies, I believe it takes into account
24 every tax abatement program that exists in

1 New York State. So 421-a, 487-a,
2 485-a, -b -- whatever, you know, number and
3 letter you want to throw in front of it.

4 The data that we rely on is the data
5 that we get from the New York State
6 Comptroller. And their data shows that the
7 dollars abated by IDAs towards schools is
8 significantly less than that \$1.8 billion
9 number.

10 Secondly, it's based upon a belief
11 that all these projects are going to occur
12 regardless of whether or not the IDA is
13 supporting this project. And we know that
14 the vast majority of projects that IDAs
15 support need the economic development
16 assistance.

17 So in almost every case when an IDA
18 supports a project, the dollar amount of new
19 revenue going to school districts is
20 significantly higher than if nothing was
21 occurring at that site to begin with.

22 SENATOR MURRAY: So, Mr. Silva, wait,
23 let me get this straight.

24 So if the business doesn't get a break

1 and they decide they're not going to locate
2 there or they're going to leave, how much
3 does the school district get in tax?

4 MR. SILVA: I would say they probably
5 get whatever the property was or is
6 generating before --

7 SENATOR MURRAY: Of a vacant lot or
8 something.

9 MR. SILVA: It would probably be
10 significantly less than if the PILOT or the
11 project were occurring on the site.

12 SENATOR MURRAY: So you're telling me
13 they'd actually get more through a PILOT.

14 Have you had any superintendents reach
15 out to you and complain about this, to say
16 this is unfair?

17 MR. SILVA: Not directly to me.

18 We do know that one of our members and
19 board members has actually a very good
20 working relationship with their school
21 superintendent. They happen to sit on the
22 IDA board, and they recognize that the
23 economic development projects that they're
24 supporting bring about net new revenue for

1 the school district.

2 And so our encouragement and our hope
3 is that our members will continue to increase
4 communication, work collaboratively where you
5 can. There are several --

6 SENATOR MURRAY: I'm running out of
7 time, so let me just close with --

8 MR. SILVA: Yeah.

9 SENATOR MURRAY: Sorry to cut you off.

10 But real quick, so the fallacy that if
11 we -- that the companies would stay anyway
12 and wouldn't leave -- according to News 10 in
13 Albany, 158 companies managing almost a
14 trillion dollars in assets have left when
15 they haven't worked out these deals.

16 CHAIRWOMAN KRUEGER: Thank you. Thank
17 you very much.

18 Next, Assembly?

19 ASSEMBLYMAN PRETLOW: I don't believe
20 so.

21 Oh, Member Stirpe.

22 ASSEMBLYMAN STIRPE: Thank you.

23 You know, I think we kind of live in
24 the real world, and things that Ron said and

1 things Ryan said are both kind of true. I've
2 sat in on meetings where, you know, in front
3 of the IDA the company's asked: Would you be
4 here if it wasn't for a PILOT? And they
5 haven't been given the PILOT yet, and they'd
6 answered yes, it might take us a little bit
7 longer to ramp up to the number of jobs, but
8 we'd still be here -- and still see the IDA
9 give them a PILOT. So that's -- that's a
10 problem.

11 But on your side, you know, I've seen
12 lots of projects that have happened and the
13 only reason they did happen is because there
14 were significant benefits that were given to
15 them.

16 The other thing I see that things
17 happen in New York State -- and I'll pick
18 Micron for an example -- is the investment
19 that New York State's made over maybe the
20 last 40 years in higher education. Because
21 one of the keys to getting Micron was that
22 within a two-hour drive of Syracuse there are
23 7200 engineering students that graduate every
24 year.

1 of states. We are currently behind Florida,
2 Louisiana and Alabama, if that makes you feel
3 any better.

4 CHAIRWOMAN KRUEGER: Thank you.

5 Ryan, you referenced that you have
6 used IDAs for commercial housing. I've never
7 heard the term "commercial housing." What
8 does that mean?

9 MR. SILVA: Well, I have certainly not
10 done that myself. Industrial development
11 agencies support commercial housing projects
12 which are apartments, adaptive reuse, and
13 have been doing so probably since that 1985
14 OSC opinion.

15 CHAIRWOMAN KRUEGER: So you used the
16 term "commercial housing" for what we all
17 call multifamily housing, apartment
18 buildings?

19 MR. SILVA: It's defined as commercial
20 housing. And it's --

21 CHAIRWOMAN KRUEGER: Okay, that's a
22 term I've really not ever heard before. I
23 was thinking you were talking about hotels.

24 Again, I've asked EDC from the

1 previous panel to -- ESDC, sorry, to give me
2 information about why they think it actually
3 is legal, because I don't agree. I don't
4 believe the statute does allow for it.

5 And do you know, since we're on this
6 topic, in the commercial housing that IDAs
7 have been involved in, do they follow all the
8 housing laws? Are these affordable units?
9 Do these meet housing code? What are these
10 units?

11 MR. SILVA: Well, these units have to
12 pass all local planning and zoning laws that
13 are required of the community of which
14 they're being placed in. So without being
15 able to look at specific data, I would say
16 they have to, otherwise they wouldn't be
17 allowed to come to market.

18 The data that we have and the data
19 that we've generated from survey activity --
20 which is limited -- shows about 27 percent of
21 the units that are generated over at least
22 the last five years are considered affordable
23 housing units.

24 CHAIRWOMAN KRUEGER: So I'd love to

1 see any materials you have on that.

2 MR. SILVA: I would like to,
3 honestly --

4 CHAIRWOMAN KRUEGER: Yes.

5 MR. SILVA: -- if I may, put in a plug
6 for updating the existing Public Authorities
7 Reporting Information System, which is
8 something we've asked for for a variety of
9 years, to generate the type of data that we
10 need to really examine the IDAs' roles in a
11 variety of goals that frankly the state has
12 put forth -- renewable energy, again, being
13 another one of those.

14 Are we seeing a difference? Are we
15 moving the needle, so to speak?

16 CHAIRWOMAN KRUEGER: And you raise
17 another issue. So thank you. I was -- I
18 asked the agencies that were here before what
19 they were doing to evaluate meeting the
20 Governor's executive order on decarbonizing
21 and meeting green standards in any projects
22 we are supporting with tax money.

23 Do you think that IDAs should also
24 have to hold to that same level of green

1 decarbonization in your projects?

2 You might have to tell me in writing
3 afterwards, because my time's up.

4 MR. SILVA: I will.

5 CHAIRWOMAN KRUEGER: Thank you.

6 MR. SILVA: Thank you.

7 CHAIRWOMAN KRUEGER: Senator Borrello.

8 SENATOR BORRELLO: Thank you,
9 Madam Chair.

10 To you, Ryan -- I'll just direct this
11 towards you. So I want to dig in a little
12 deeper to what was brought up before, because
13 we talked about school districts losing
14 money.

15 So if you have a vacant building and
16 that building is paying -- you know, it's
17 been reassessed lower because it's vacant.
18 And now you bring in and offer a PILOT on
19 that vacant building, and a new development
20 goes in there. Does the school district lose
21 any money?

22 MR. SILVA: I don't believe they would
23 lose any revenue from what that building was
24 paying --

1 SENATOR BORRELLO: Right. Because the
2 base is what the vacant building was paying,
3 right?

4 MR. SILVA: Correct.

5 SENATOR BORRELLO: And then typically
6 in a PILOT, you know, over the course of,
7 say, a 10-year PILOT, that escalates, right?

8 MR. SILVA: It does. It escalates and
9 expires eventually.

10 SENATOR BORRELLO: Right. So it
11 eventually expires.

12 So how does a school district lose
13 money when a vacant building, which probably
14 could be foreclosed upon and then revalued
15 again to an even lower amount, which would
16 actually cause real loss to a school
17 district -- how could a new building or a
18 new, say, manufacturing facility cause a
19 school district to lose money?

20 MR. SILVA: The belief would have to
21 be that that project was going to happen
22 regardless of whether or not the IDA
23 supported it.

24 The reality is is that New York is a

1 challenging place to do economic development.

2 SENATOR BORRELLO: Amen.

3 I live on the border of Pennsylvania
4 and, you know, we use every tool in our
5 economic development toolbox. All it does is
6 level the playing field when Pennsylvania
7 does nothing. And that's a problem.

8 But I want to direct my remaining
9 questions to the two gentlemen next to you.

10 We talked a lot about loss to our --
11 billions of dollars lost for our school
12 districts. I agree with you.

13 New York City remains a sanctuary
14 city -- \$2.4 billion in the budget this year,
15 \$2 billion last year. That's a lot of money.
16 Would you support New York City rescinding
17 its sanctuary status? And if not, why not?

18 MR. KAHN: I wouldn't support that.

19 As we said, New York State has a
20 \$230 billion, \$233 billion budget, and we
21 have to prioritize how to spend that money.
22 A budget is a moral document. We spend it on
23 the things that we believe. And I think
24 people that are seeking asylum, they are

1 legally able to be here and --

2 SENATOR BORRELLO: Ninety percent
3 don't qualify for asylum -- 90 percent don't
4 qualify, so --

5 MR. KAHN: -- we should be able to
6 support them --

7 SENATOR BORRELLO: Four-point-four
8 billion dollars just in this year and last
9 year, you don't think that could help our
10 schools, if all we did was take away -- roll
11 up the welcome mat that's out in front of
12 New York City and New York State? You don't
13 think that -- I'm just trying to understand
14 the practical applications of beating up
15 economic development when we have -- when
16 we're spending billions of dollars because
17 New York City is a sanctuary city.

18 MR. KAHN: Absolutely. So, I mean,
19 the goal of economic development, the goal of
20 government is to help people. I can show you
21 here that economic development is losing
22 money. Right? We spent \$4 million per job
23 on Plug Power. That was a waste of public
24 money. We --

1 SENATOR BORRELLO: I understand that.

2 MR. KAHN: Just let me finish. We
3 sold the Tesla factory equipment at a loss,
4 right? That didn't help anybody.

5 SENATOR BORRELLO: I want to say that
6 I agree with --

7 (Overtalk.)

8 MR. KAHN: When we help migrants,
9 we're actually helping people. And that's
10 what should matter the most.

11 SENATOR BORRELLO: They're throwing
12 out 8,000 meals a day, courtesy of the
13 taxpayer.

14 (Overtalk.)

15 MR. DEUTSCH: Immigrants are economic
16 development.

17 CHAIRWOMAN KRUEGER: Thank you,
18 Senator Borrello. Thank you.

19 Any other people have -- oh,
20 Senator O'Mara, you were on the list.

21 SENATOR O'MARA: Thank you.

22 Mr. Silva, as it comes to housing and
23 industrial development, do employees and
24 workers at a plant that's incentivized to be

1 there, an industry, do they live at the
2 plant?

3 MR. SILVA: I don't believe so.

4 SENATOR O'MARA: I think they need
5 housing in the community to be able to
6 support the working families, correct?

7 MR. SILVA: Housing is where jobs go
8 after 5 p.m., or 7 p.m., depending -- or
9 9 p.m., depending upon the shift you work.

10 SENATOR O'MARA: Now, with respect to
11 the loss of tax dollars, taking away from
12 them, if there is a dilapidated or vacant
13 industrial site that's paying \$10,000 a year
14 in property taxes, as it's vacant, and it
15 gets developed in part with incentivizing by
16 a PILOT and it ends up paying \$100,000 in
17 taxes, even under a PILOT, that seems to me
18 to be a net benefit to the school district
19 and other taxing entities of \$90,000. Not a
20 loss of tax dollars. I mean, that's the way
21 I look at these.

22 MR. SILVA: That's the way we view it
23 as well, you know, that these are net new
24 gains.

1 I do want to address Alabama and
2 Florida, because they were brought up.

3 Alabama spends \$10,000 a year per
4 student, or \$7.6 billion annually. They rank
5 46th in the country in education. Florida
6 spends \$9,800 a year per student, or
7 \$28 billion annually, and Florida ranks 42nd
8 in the nation for education.

9 New York State spends \$37,000 per year
10 per student, and New York ranks sixth in
11 education.

12 I don't think we want to be like
13 Florida and Alabama when it comes to
14 education. And frankly, when we talk about
15 them not abating those programs, you can't
16 abate when you don't spend. And they don't
17 spend on K through 12 education the way
18 New York State does.

19 SENATOR O'MARA: Thank you.

20 Just in the last minute, I went over
21 with ESD Commissioner Knight on the seeming
22 trend in losing manufacturers from New York
23 State, particularly manufacturers that have
24 operations in other states. When they're

1 making decisions to downsize, they're closing
2 New York and going to lower-cost states.

3 What data or information do you have
4 on that? And is anybody doing exit
5 interviews with these companies? Because,
6 you know, seemingly you wake up and get
7 notice that 400 jobs are leaving and nobody
8 knew about it, nobody did anything. And I
9 don't see the companies really making a
10 statement on that.

11 So who's doing the exit interviews on
12 these?

13 MR. SILVA: That's a great question.

14 I don't know that there's a specific
15 individual, organization or entity that's
16 appointed to do that. You know, ESD may
17 collect information or ask companies about
18 why they're leaving. I know our members try
19 to do that as well. So there's work to be
20 done.

21 SENATOR O'MARA: Thank you.

22 CHAIRWOMAN KRUEGER: Thank you very
23 much.

24 So I'm going to end this panel and

1 thank all the gentlemen for their
2 presentations.

3 MR. SILVA: Thank you.

4 CHAIRWOMAN KRUEGER: You're welcome to
5 follow up on questions in writing to us.

6 Before I call the last panel of this
7 hearing, I want to remind everyone it is the
8 last panel of this hearing. So when this
9 panel's done, we're going to take a 10-minute
10 break. Then we're going to come back as a
11 brand-new hearing.

12 So anybody out there listening, if
13 you're going -- if you think you're coming to
14 the Workforce Hearing that in theory should
15 have started at 2:00 -- but I warned everyone
16 we're never on time, that it's more likely
17 would be starting at around 3:00. And so
18 hopefully the people on the first panel of
19 Workforce will be here and ready to start.

20 With that, last panel: Student
21 Borrower Protection Center, New York Law
22 School Advanced Communications Law and Policy
23 Institute, National Federation of Independent
24 Business, and Wireless Infrastructure

1 Association.

2 If any of these folks are still with
3 us, waiting, I want you to come on down for
4 the panel.

5 Good afternoon, everyone. So let's
6 start with the Student Borrower Protection
7 Center. And remember you have to press hard
8 so the green light's on. Okay. Hi.

9 MR. BERKMAN-BREEN: Hi.

10 Good afternoon, Chairs, ranking
11 members, and members of the Legislature. My
12 name is Winston Berkman-Breen. I'm the legal
13 director at the Student Borrower Protection
14 Center, a national policy nonprofit focused
15 on eliminating the burden of student debt
16 across America, including for over
17 2.5 million New Yorkers.

18 In this role I regularly work with
19 consumer protection laws across the country.
20 Prior to joining the SBPC, I was the director
21 of consumer advocacy and student loan
22 ombudsman at New York Department of
23 Financial Services, and a legal services
24 attorney before that.

1 Thank you for the chance to testify
2 about the Governor's proposed Consumer
3 Protection Act, Part JJ of the TED
4 Article VII bill in the budget. I submitted
5 more detailed written testimony, so I'll use
6 my time today to emphasize one point: New
7 York's basic consumer protection law,
8 New York Business Law 349, lags far behind
9 the rest of the country, fails to protect
10 New York households and small businesses, and
11 was called toothless by the National Consumer
12 Law Center.

13 The national standard for consumer
14 protection at both the state and federal
15 levels are so-called UDAP laws -- bans
16 against unfair, deceptive, and abusive acts
17 and practices. These terms are well-defined
18 by statute and courts and are generally
19 applicable to all aspects of the economy and
20 already applied in New York through federal
21 law.

22 New York, often considered a bastion
23 of consumer protection, is one of only eight
24 states without a true UDAP. Our law

1 prohibits only deceptive acts and practices
2 and has several outdated provisions and
3 judicially imposed limitations. This leaves
4 New York open to all manner of unfair and
5 abusive economic conduct that is unlawful
6 elsewhere and puts honest companies at a
7 competitive disadvantage.

8 This affects student loan borrowers,
9 homeowners, nursing home residents,
10 car owners, and mom-and-pop shops, among
11 others. This vacuum also allows bad actors
12 to target and extract wealth from communities
13 of color. New York is overdue to modernize
14 its consumer protection laws.

15 As proposed in her initial Article VII
16 bill, Governor Hochul's Consumer Protection
17 Act would address some of the issues with the
18 current consumer protection law, such as
19 prohibiting unfair and abusive acts and
20 practices alongside deceptive conduct. These
21 are meaningful changes, but advocates were
22 deeply troubled to see that the proposed text
23 omits critical fixes to existing law that
24 ultimately undermine its effectiveness.

1 Senator Comrie and Assemblymember
2 Weinstein have already introduced legislation
3 that would bring New York's consumer
4 protection law into parity with the rest of
5 the country: The Consumer and Small Business
6 Protection Act. This bill is similar to the
7 Governor's Consumer Protection Act, but
8 includes the key provisions that are missing
9 in the budget language.

10 My written testimony compares the
11 existing law, the budget text, and the
12 legislation, but today I'll say that the
13 Comrie/Weinstein bill reflects best practices
14 from across the country and incorporates
15 New Yorkers' lived experiences and is the
16 gold standard for consumer protection.

17 For this reason, I urge the
18 Legislature to adopt the Consumer and
19 Small Business Protection Act in their
20 one-house budget proposals and to engage with
21 the Executive to improve New York's existing
22 law as part of the budget process. With a
23 true UDAP in place, honest businesses will
24 thrive and consumers will navigate the

1 marketplace without fear of being taken
2 advantage of.

3 Thank you, and I'd be happy to answer
4 questions.

5 CHAIRWOMAN KRUEGER: Thank you very
6 much. Next is New York Law School, Advanced
7 Communications Law and Policy Institute,
8 Michael Santorelli.

9 MR. SANTORELLI: Good afternoon,
10 distinguished members. Thank you for the
11 opportunity to testify today.

12 My name is Michael Santorelli. I'm a
13 director of the ACLP at New York Law School.

14 My written testimony touches on a
15 number of issues related to the efforts of
16 the state's ConnectALL office to distribute
17 more than \$1 billion in grants to close
18 New York's digital divide.

19 I'd like to focus my remarks now on
20 the state's recently announced Municipal
21 Infrastructure Program, which will allocate
22 about \$228 million in support of municipal
23 broadband projects.

24 It was eye-opening to hear ESD earlier

1 admit that the program will, in fact, waste
2 once-in-a-lifetime funding on projects that
3 will create duplicate broadband networks in
4 served areas.

5 Make no mistake, ConnectALL is poised
6 to support construction of additional
7 broadband networks in served areas at a time
8 when that funding could be used to facilitate
9 broadband expansion into areas that lack even
10 a single provider.

11 We have written extensively on the
12 topic of municipal broadband. These projects
13 are incredibly risky because, in almost every
14 case, they're built in markets that are
15 already served, placing them in direct
16 competition with private internet service
17 providers that are much nimbler and more
18 experienced when it comes to running a
19 business.

20 Many public networks struggle or fail
21 to sustain themselves financially.
22 Oftentimes localities must prop up these
23 networks with taxpayer funds to offset
24 financial losses. In dozens of cases,

1 networks have failed and been sold to private
2 entities at a steep loss.

3 And respectfully, contrary to what the
4 commissioner stated earlier, broadband is
5 significantly different than electricity or
6 water utility service. Water and electricity
7 are monopoly services that do not compete
8 with others. Broadband services, broadband
9 providers are in a competitive marketplace.

10 Given these facts, we have argued that
11 all available broadband funding should focus
12 first and foremost on serving unserved areas.
13 Only after that critical policy objective is
14 achieved, the state should carefully study
15 whether subsidizing municipal broadband
16 overbuilding makes sense.

17 If the state chooses to subsidize
18 municipal broadband overbuilding, then it
19 should do so with the understanding that its
20 financial support will lead to the assumption
21 of many risks by a city or town once it
22 enters the broadband market. It does not
23 appear from publicly available information
24 that ConnectALL has taken these reasonable

1 steps.

2 Also left unaddressed is what happens
3 when these networks struggle -- and there
4 will be struggles. Will the state subsidize
5 struggling projects? How will the state deal
6 with failed networks? Is the Legislature
7 willing to allocate additional taxpayer funds
8 to prop up these networks in perpetuity?

9 We recently published a profile of
10 broadband in New York, and among many other
11 things we analyzed the history of municipal
12 broadband and its potential fate in New York.
13 I submitted a copy of that with my testimony
14 and commend it to the committees for review.

15 So in closing, the ACLP respectfully
16 submits that all available funding for
17 broadband should be focused on closing the
18 digital divide.

19 Thank you.

20 CHAIRWOMAN KRUEGER: Thank you.

21 Our next speaker is from NFIB,
22 Ashley Ranslow.

23 MS. RANSLOW: Thank you very much.

24 Thank you very much for allowing me to

1 testify today.

2 NFIB, the National Federation of
3 Independent Business, is a member-driven
4 organization representing over 11,000 small
5 businesses across the state of New York.
6 NFIB members are the businesses that we all
7 think about when we think of small business.

8 Local hardware stores, independent
9 restaurants, florists, barbers, retailers,
10 dry cleaners, convenience stores -- whatever
11 you could think of, those are NFIB members.

12 There are close to 500,000 small
13 businesses with employees in New York. These
14 small businesses employ 40 percent of the
15 state's private-sector workforce, and that's
16 over 3 million New Yorkers. And their
17 production accounts for nearly half of the
18 state's GDP.

19 A strong, vibrant small business
20 ecosystem supports local tax bases,
21 governments and schools. Sixty-seven cents
22 of every dollar that you spend at a
23 small business is recirculated in a local
24 economy.

1 Small businesses are local job
2 creators and the bedrock of our state and
3 local economies, but they continue to face
4 significant financial challenges, from
5 inflation to elevated gas and energy prices,
6 the highest possible state unemployment
7 insurance taxes, and the exodus of workers
8 from the labor force.

9 Post-pandemic financial challenges and
10 New York's difficult business environment
11 have taken a toll on small businesses.
12 According to Empire State Development, since
13 2018 New York has lost more than 17,000 small
14 businesses.

15 Supporting pro-small-business
16 priorities, as proposed in the Governor's
17 budget, addressing the state's outstanding
18 unemployment insurance debt, and overhauling
19 the state's economic development strategy are
20 the best ways to spur economic growth in
21 communities across our state.

22 There are four provisions -- which I
23 lay out in my testimony -- that we support.
24 First and foremost, sunseting the state's

1 outdated COVID sick leave law as proposed in
2 the Governor's budget, the ELFA Part M.

3 Also in ELFA, Part K, which makes
4 clarifications to Labor Law 191 that prevents
5 businesses from further harm by clarifying in
6 the Labor Law that it does not entitle a
7 manual worker to receive liquidated damages
8 if they were paid at least biweekly or
9 semimonthly. Small businesses have been
10 victims of these lawsuits, and it has put
11 businesses out of business or in very dire
12 situations.

13 Thirdly, we encourage the state to
14 tackle the \$7.3 billion unemployment
15 insurance debt, which is leading to the
16 highest possible state UI taxes, interest
17 assessment surcharges, and increased federal
18 UI taxes.

19 And lastly, the state must rethink its
20 economic development strategy that benefits
21 Main Street businesses that have been here
22 for generations and, year after year, paying
23 taxes to the State of New York. We have to
24 make sure that money is invested and is

1 benefiting local independent small
2 businesses.

3 We thank you for the time and
4 consideration in working together to create
5 an environment that helps small businesses
6 for the betterment of their employees, local
7 communities, the economy and all New Yorkers.

8 Thank you.

9 CHAIRWOMAN KRUEGER: Thank you very
10 much.

11 And our last testifier is Karmen
12 Rajamani -- close?

13 MS. RAJAMANI: Yes.

14 CHAIRWOMAN KRUEGER: Okay.

15 -- Wireless Infrastructure
16 Association.

17 MS. RAJAMANI: Yes. A gold star for
18 you, Chairwoman.

19 (Laughter.)

20 MS. RAJAMANI: I am Karmen Rajamani.
21 I am the VP of government affairs with the
22 Wireless Infrastructure Association. And
23 thank you for the invitation to testify
24 today.

1 We advocate for the widespread,
2 responsible deployment of wireless
3 infrastructure to enable connectivity
4 everywhere and ultimately to close the
5 digital divide. More than 132,000 households
6 in the State of New York lack broadband
7 access, a fact that we cannot accept in 2024.

8 Despite substantial state and federal
9 investment, there are barriers to universal
10 connectivity. One of these is the sluggish
11 and inconsistent nature of municipal permit
12 review.

13 In a recent report by Hudson Valley
14 Pattern for Progress entitled "Making it
15 Mesh: How the Hudson Valley Can Prepare for
16 Next-Gen Wireless," it analyzed the different
17 jurisdictional permitting processes across
18 the state. These variations led to delays
19 and even the derailing of critical projects
20 designed to bring that next-generation
21 wireless connectivity to communities
22 statewide.

23 The report emphasized the
24 impracticality of the current application

1 process for all stakeholders involved. This
2 piecemeal application process imposes a
3 substantial administrative burden on
4 municipal staff as well as service providers.
5 In the end, it's citizens who pay the price
6 as they are deprived of the high-speed,
7 reliable online access they need.

8 While federal regulations aim to
9 tackle inefficiencies in permitting review,
10 it is important to note that New York can
11 maintain its status as a home-rule state
12 while improving its processes. Legislation
13 is critical to streamline the permitting
14 review for wireless telecommunications
15 applications, bringing predictability,
16 proportionality, and transparency to the
17 permitting process for communities and
18 service providers, resulting in faster
19 broadband deployment.

20 I urge the committee to prioritize
21 this crucial issue for the benefit of all
22 New Yorkers. And I thank you for the time,
23 and I'm happy to answer any questions.

24 CHAIRWOMAN KRUEGER: Thank you very

1 much.

2 And Senators -- hello. Senator
3 Borrello.

4 SENATOR BORRELLO: (Inaudible.)

5 CHAIRWOMAN KRUEGER: You're the only
6 hand I see at the moment.

7 SENATOR BORRELLO: Thank you. Thank
8 you, Chair Krueger.

9 First of all, I wish I could say
10 something for all of you, but I'm going to
11 have to focus on NFIB, because I'm a proud
12 member. And I want to just ask a question.

13 You brought up the unemployment
14 insurance that -- it's very timely, because I
15 literally got an email this morning from my
16 wife, which she forwarded to me from our
17 payroll company, about the amount of money
18 they're going to impound in order for
19 New York State -- New York State's failure to
20 do anything with the unemployment insurance
21 debt. And she lists the thousands of dollars
22 that our little companies are going to pay in
23 order to satisfy the penalties and interest,
24 on top of paying the highest unemployment

1 insurance rates now every business in
2 New York State is paying.

3 Can you please explain to the panel
4 what this is doing to small businesses and
5 what they are actually paying for because of
6 New York State failing to apply any money
7 whatsoever from the federal COVID relief
8 money to the unemployment insurance debt.
9 Please explain that.

10 MS. RANSLOW: Sure.

11 So there's -- they're really being hit
12 on multiple fronts. So when the solvency of
13 the fund hit zero -- which New York's is at
14 because it's still in debt -- it triggers the
15 highest possible state UI tax rates. So
16 you're automatically in the highest sort of
17 bucket.

18 So that averages about an extra \$250
19 per employee per year. Right? And we've
20 been doing this now for a few years. But you
21 also have to pay the interest on the state's
22 debt. So every summer, businesses are hit
23 with what we called an interest assessment
24 surcharge, which is \$20 to \$25 -- it depends

1 on the interest level -- per employee.

2 But also the federal government has a
3 tool to try and get state governments to pay
4 back their debt by offsetting the federal UI
5 taxes. So New York, because it's been in
6 debt after a couple of years now, our FUTA,
7 what they call the FUTA adjustment, has been
8 offset.

9 So we're paying the highest possible
10 state UI taxes, plus the interest assessment
11 surcharge, plus extra federal UI taxes. All
12 in all, you're talking north of \$300 per
13 employee that businesses are paying per year.

14 And again, we've been doing this now
15 for a couple of years. So you're -- these
16 are thousands of dollars. This is a lot for
17 small businesses. That's a lot of money.

18 SENATOR BORRELLO: Absolutely.

19 And we never got an answer from the
20 Department of Labor as to how much fraud was
21 experienced, but the Comptroller estimated
22 about \$11 billion, which is about the same
23 amount of money that we were in debt.

24 So essentially the debt that every

1 small business, every business in New York
2 State is paying off now, is a result of
3 fraud, unchecked fraud in the unemployment
4 insurance system, wouldn't you say?

5 MS. RANSLOW: So it's -- you know, I
6 think the Department of Labor has one set of
7 numbers, the Comptroller obviously has
8 another set of numbers. It's unclear sort of
9 whose numbers --

10 SENATOR BORRELLO: I don't think the
11 Department of Labor gave us any numbers.
12 They didn't give us any numbers as to what
13 the fraud was experienced --

14 MS. RANSLOW: Yeah. So, I mean, fraud
15 was certainly -- it's something that should
16 have been addressed, needed to be addressed,
17 wasn't addressed. And that certainly led to
18 a significant flow of dollars out of the
19 system that unfortunately we haven't gotten
20 back.

21 SENATOR BORRELLO: Thank you very
22 much.

23 CHAIRWOMAN KRUEGER: Thank you.
24 Assembly?

1 ASSEMBLYMAN PRETLOW: Member Woerner.

2 ASSEMBLYWOMAN WOERNER: Thank you so
3 much.

4 Ashley, I want to start with you. So
5 we -- in the last panel when you were here, I
6 saw, there was a lot of conversation about
7 the role of IDAs in economic development.
8 And there are some IDAs that have, through
9 application fees that they have collected,
10 they have generated reserves, cash reserves
11 that they really can't do much with.

12 When you think about reforming our
13 economic development process, could you
14 imagine a role for those IDAs in making
15 investments and stabilizing Main Street
16 businesses and the communities that they
17 represent?

18 MS. RANSLOW: Absolutely. I think
19 any -- so whether it's IDA or, you know,
20 state economic development dollars coming
21 through ESD through various programs, I think
22 what we have seen -- if you look at these
23 programs, you know, good or bad, they're
24 highly specific to, you know, innovation or

1 technology or life sciences, et cetera,
2 et cetera.

3 That's not your typical small
4 business, you know, that's lining your
5 Main Street. But those are the ones who've
6 been there year after year, who are paying
7 taxes to the state, who, you know, are
8 creating the local jobs, et cetera.

9 I think any time we can look at how --
10 a way to sort of redirect some of those
11 economic development dollars to those
12 Main Street businesses is a win-win for
13 New York State. You know, we've certainly --
14 I mean, losing 17,000 small businesses since
15 2018, we need to reverse that trend. Right?
16 So we need to come up with a way of using our
17 economic development dollars so we're not
18 picking winners and losers.

19 ASSEMBLYWOMAN WOERNER: Great. Thank
20 you very much.

21 Ms. Rajamani, so I want to just follow
22 up on something you were saying about how
23 challenging it is to get through local review
24 processes when the processes are different --

1 different lengths of time.

2 Wireless companies have choices as to
3 where they spend their money, where they make
4 investments.

5 MS. RAJAMANI: Yes.

6 ASSEMBLYWOMAN WOERNER: To what extent
7 have you seen companies choosing to put their
8 money in other states where the review
9 process is more streamlined and predictable
10 across localities?

11 MS. RAJAMANI: Yes. That's a great
12 question, Assemblywoman.

13 That we do see that -- as a trade
14 organization, we have a wide variety of
15 members, and we work with them on their
16 challenges. But we do see that, that from a
17 wireless carrier, if they have a dollar to
18 spend, that deployment dollar they would
19 rather spend in actually deploying the steel,
20 the antennas to make the connectivity work,
21 bring it into new areas or provide coverage
22 or capacity -- gaps.

23 They would rather spend the dollars
24 there. Frankly, from a business and I think

1 from your community and residents, they'd
2 rather it do that too.

3 But yes, those dollars go to other
4 states where it's easier and faster to deploy
5 and spend that dollar.

6 ASSEMBLYWOMAN WOERNER: Thank you very
7 much.

8 CHAIRWOMAN KRUEGER: Thank you.

9 Senator Sean Ryan.

10 SENATOR RYAN: Thank you.

11 Thank you, Ashley, for your testimony.
12 It's always good to see and work with you.

13 Michael, I have a question about the
14 broadband. So where I live we don't really
15 have a free market. It's a -- the city signs
16 a franchise agreement with the cable company,
17 and then no one else could come into the
18 market. And there's another fiber company
19 trying to come in.

20 Do you think we should use the
21 reconnect money -- or the ConnectALL money to
22 assist that second company?

23 MR. SANTORELLI: Well, first of all,
24 thank you for the question.

1 Well, I mean, it is a free market.

2 Anyone can enter the market if the finances
3 work for the ISPs.

4 SENATOR RYAN: Well, you can't. Once
5 you -- I mean, the city's signed a franchise
6 agreement with the cable provider --

7 MR. SANTORELLI: Anyone else can come
8 in. Yes, I mean --

9 SENATOR RYAN: You can get on-the-pole
10 access if --

11 MR. SANTORELLI: I mean, if you can
12 negotiate it and come to an agreement, anyone
13 can connect --

14 SENATOR RYAN: With the city.

15 MR. SANTORELLI: Right.

16 SENATOR RYAN: Yeah. But they're not
17 going to sign more than one.

18 MR. SANTORELLI: Well, they could.

19 SENATOR RYAN: Well, usually their
20 agreements say you can't.

21 MR. SANTORELLI: Right.

22 SENATOR RYAN: There's exclusivity.

23 MR. SANTORELLI: But, I mean, so
24 regardless -- I mean, I would argue that --

1 SENATOR RYAN: I don't have an opinion
2 here about -- but I was just --

3 MR. SANTORELLI: Well, I would argue
4 that any ISP could explore and potentially
5 enter the market. But your market is already
6 technically served, so arguably -- and what
7 we think and what many others think is that
8 available broadband subsidies should go to
9 the areas that are not served first.

10 SENATOR RYAN: So they should go to
11 the unserved --

12 MR. SANTORELLI: Right.

13 SENATOR RYAN: -- before the
14 underserved.

15 MR. SANTORELLI: Yes.

16 SENATOR RYAN: So I have pretty
17 slow -- and I see the wheel (gesturing;
18 grinding noise).

19 MR. SANTORELLI: Right.

20 SENATOR RYAN: But it's way better
21 than people a few miles away who have
22 nothing.

23 MR. SANTORELLI: Right. Right, yeah.

24 SENATOR RYAN: Doesn't a lot this just

1 go back to the fact that we don't regulate
2 internet like we do other utilities -- water,
3 gas, you know, electric?

4 You know, we allowed Verizon to build
5 a statewide FIOS fiber optic network almost
6 20 years ago, and we gave them permission to
7 skip Buffalo, Rochester, Syracuse and Albany.

8 MR. SANTORELLI: Right. So as I
9 mentioned before, broadband is completely
10 different from the national monopoly services
11 of electricity and water. And rightly so,
12 because it can be delivered in various
13 different ways -- cable, fiber, wirelessly,
14 fixed wireless, mobile wireless.

15 Electricity and water, you get through
16 one pipe. And the regulatory systems are
17 completely different for that reason alone.
18 You don't want to regulate broadband like a
19 monopoly service and then close the door to
20 all other providers and stop innovation in
21 the delivery of services, because over --

22 SENATOR RYAN: Have we really seen
23 innovation in this?

24 MR. SANTORELLI: Sure. Fixed wireless

1 has exploded in recent years in many of these
2 rural, underserved areas through T-Mobile,
3 Verizon --

4 SENATOR RYAN: I hope the innovation
5 comes to my area soon, because, you know --

6 MR. SANTORELLI: Sure. I mean, the
7 localities can probably work with their --

8 SENATOR RYAN: It's still taking a
9 long time to download a Netflix movie.

10 (Laughter.)

11 CHAIRWOMAN KRUEGER: (Mic off;
12 inaudible.)

13 SENATOR RYAN: Yeah. Thank you very
14 much.

15 CHAIRWOMAN KRUEGER: All right. Thank
16 you all for -- oh, do you have any other
17 Assemblymembers?

18 ASSEMBLYMAN PRETLOW: Yes.

19 CHAIRWOMAN KRUEGER: Sorry.

20 ASSEMBLYMAN PRETLOW: Member Otis.

21 ASSEMBLYMAN OTIS: Thank you, Chairs.

22 And thank you all for your testimony.
23 You all have little different silos of this,
24 all very interesting, and good work on all of

1 your parts.

2 I have a question for Mr. Santorelli.
3 Interested in knowing more about your
4 institute, but curious whether your institute
5 has a position and done reports on local
6 digital inclusion programs. You know, most
7 of the federal money and a lot of the state
8 money is on the macro-broadband
9 infrastructure. And we need to do that, but
10 there's also a need to make sure that we're
11 sending a share of the big funding to these
12 local programs that close the digital divide,
13 people that have been excluded.

14 So tell me about your work, if any, in
15 that silo.

16 MR. SANTORELLI: Absolutely. And
17 That's actually been a personal passion of
18 mine. And for many years we've always argued
19 that what we call the demand side of
20 issues -- the digital literacy, the
21 adoption -- has been completely overlooked by
22 the state.

23 Now it's being forced to come up with
24 a plan as a result of receiving I think

1 twenty or \$30 million in federal funding,
2 digital equity funding -- they have to come
3 up with a plan to finally address these
4 issues on a statewide level.

5 Over the years we've seen pockets
6 of -- New York City has a digital equity
7 plan, and other parts of the state have that,
8 but there's never been a comprehensive look
9 at these issues. And that's been a true
10 failing of the state, frankly, and a
11 frustration of mine, again, because
12 regardless of -- you know, experiences with
13 services notwithstanding, the state is
14 incredibly well served when you look at the
15 data, and adoption rates are actually pretty
16 high. But it still lags in certain
17 communities: Low-income households, older
18 adults, and some others.

19 And there's been very few studies or
20 looks at digital literacy skills, which is
21 increasingly important now in the age of AI
22 and with everything being online. There's no
23 curriculum for digital literacy, there's no
24 standards for digital literacy, there's no

1 data for digital literacy.

2 So it's been a failing. Hopefully the
3 state will come around and, through the
4 implementation of its digital equity plan,
5 finally get the state on the right track on
6 these issues.

7 ASSEMBLYMAN OTIS: So -- and
8 ConnectALL has done their -- two reports that
9 they've submitted to the federal government.
10 I think the focus -- and maybe you'll share
11 in the advocacy of this -- is to make sure
12 that we're getting a healthy amount of money
13 to use local practitioners.

14 Because, you know, you can build the
15 infrastructure, but if people still don't
16 have the digital literacy skills, you're not
17 providing the access that we desire.

18 So thank you, and eager to learn more
19 about your institute. Thank you.

20 MR. SANTORELLI: Thank you.

21 ASSEMBLYMAN PRETLOW: Member Ra.

22 ASSEMBLYMAN RA: Thank you, Mr. Chair.

23 Ms. Ranslow, can you -- well, I guess
24 this is general in terms of what we've been

1 talking about all day today. But first a
2 question -- and I think I know what your
3 answer is -- and then if you can elaborate on
4 how we can do better.

5 But, you know, we've talked about
6 \$11 billion in economic development in this
7 state. Many people, myself included, would
8 say that it spends too much for what return
9 we get. So, A, are these programs designed
10 in the best way they can be to benefit our
11 small businesses in New York State?

12 MS. RANSLOW: No.

13 ASSEMBLYMAN RA: Okay. And how can we
14 make them better benefit our small businesses
15 so that we can reverse that loss of
16 17,000 small businesses since 2018 that you
17 spoke about earlier?

18 MS. RANSLOW: I think we need to look
19 at -- you know, we have a lot of different
20 programs, for example, that offer tax credits
21 or certain, you know, tax-advantageous
22 benefits to certain types of companies or
23 programs, et cetera.

24 We need to look at opening those up.

1 Right? We've put -- to small businesses.
2 Right? Because you look at it -- and I had
3 this conversation with Senator Ryan not too
4 long ago. You know, we're giving out money
5 to larger businesses or bigger corporations
6 who arguably might have the resources to do
7 X, Y or Z.

8 Small businesses don't necessarily
9 have the access or resources to do the same
10 thing. And for example, wouldn't it be great
11 for an independent bookstore on your
12 Main Street to be able to use a grant or use
13 a tax-credit program to invest in additional
14 point-of-sale software or website development
15 so that it could sell goods online like
16 Amazon can, right, or whoever.

17 So, you know, how do we look at the
18 way we spend economic development dollars and
19 reimagine them so that small businesses can
20 take advantage of some of these tax credit
21 and different related programs that we offer
22 to other types of businesses.

23 ASSEMBLYMAN RA: Thank you.

24 CHAIRWOMAN KRUEGER: Assemblymembers?

1 ASSEMBLYMAN PRETLOW: Member Stirpe.

2 ASSEMBLYMAN STIRPE: Thank you.

3 And as chair of Small Business once
4 upon a time, I'm sure Ashley remembers how
5 many press conferences we did trying to get
6 some assistance on the unemployment insurance
7 issue.

8 What you might not know is we came
9 very close. Because in conference we got to
10 the point where we were going to pay all the
11 interest and we were going to refinance a
12 bunch of it at a lower interest rate; then
13 the labor came in and said, Well, if we're
14 giving business that, you've got to give us
15 this. And that blew up the whole deal. So
16 we came close, but not quite.

17 But one thing -- I'd like to clear up
18 maybe a misperception. We've lost 17,000
19 small businesses, but there's not a week that
20 goes by that I don't send out letters to
21 12 new small businesses in my district, and I
22 think you can spread that across the state.

23 Most businesses fail within the first
24 five years, and most of them are small

1 businesses. So there's a lot of swirl
2 basically as far as businesses starting and
3 businesses ending. So I don't think we're
4 quite as bad as maybe some of the numbers
5 might make us look.

6 And Ms. Rajamani, do you have a
7 prototype of a process that we could
8 standardize that, you know, would make it
9 easier to go through the permitting process?

10 MS. RAJAMANI: Yes, actually.

11 ASSEMBLYMAN STIRPE: You do.

12 MS. RAJAMANI: And that with our
13 association, that we championed one
14 earlier -- I forget, I'm -- is it a new year?
15 But at the end of last year, we worked with
16 the Adirondack Park Agency, that they were
17 going through a code rewrite. That they're a
18 rural area, they need connectivity.

19 They have been very innovative --
20 we've been talking about where is the
21 innovation. They've been very innovative and
22 understand that there is a push/pull on the
23 aesthetics, perhaps, of these
24 infrastructures, but everyone understands the

1 necessity for them. So how do we get it
2 with -- in a way that the community will
3 accept?

4 And so we were able to work with the
5 agency very successfully, that they came up
6 with a code rewrite. It wasn't perfect. Of
7 course from an industry perspective, we'd
8 like a little something else, but we left
9 that for another day. And it does a lot to
10 address community, aesthetic concerns,
11 siting.

12 And -- but it was technology-agnostic,
13 so it allows for all the different sorts of
14 technologies to help close the digital
15 divide. It took the community involvement --
16 it's part of the process at the beginning of
17 frankly where to site it. But after that,
18 it's a permit.

19 ASSEMBLYMAN STIRPE: Would you be
20 willing to send me whatever you have --

21 MS. RAJAMANI: Oh, absolutely.

22 ASSEMBLYMAN STIRPE: -- as a
23 prototype? I'd appreciate it.

24 MS. RAJAMANI: Sure.

1 CHAIRWOMAN KRUEGER: Thank you.

2 And I'm not going to use the time, but
3 for NFIB, I would love if you could help us
4 understand -- even though we talk about the
5 numbers of small businesses closing, based on
6 the previous question -- what is the normal
7 churn, so to speak, of businesses going out
8 of business or starting up?

9 And since you're national, is
10 New York's rate in fact dramatically
11 different than other states?

12 I understand, lots of businesses
13 close, but I actually don't know whether
14 we're out of the norm. And of course you
15 have to look at, I guess, pre-COVID,
16 current -- pre-COVID, during COVID, and
17 post-COVID, because we know that had an
18 enormous impact on the business community for
19 everyone.

20 So I would love that as follow-up.

21 MS. RANSLOW: Sure.

22 CHAIRWOMAN KRUEGER: Thank you.

23 And with that -- I'm just
24 double-checking -- we're going to thank the

1 last panel of this hearing. I'm going to
2 officially gavel us out of this hearing.

3 I'm going to give everybody who's
4 going to come for the first time, or come
5 back, 10 minutes, and at 3:30 we'll start the
6 next hearing.

7 Thank you so much.

8 (Whereupon, the budget hearing
9 concluded at 3:20 p.m.)

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