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

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JOINT LEGISLATIVE HEARING

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

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Hearing Room B
Legislative Office Building
Albany, New York

January 30, 2024
9:33 a.m.

PRESIDING:

Senator Liz Krueger
Chair, Senate Finance Committee

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

PRESENT:

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

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

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

Assemblyman 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

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

PRESENT: (Continued)

Assemblywoman Carrie Woerner
Chair, Assembly Committee on Small Business

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

Senator Kristen Gonzalez
Chair, Senate Committee on Internet and Technology

Assemblyman Steven Otis
Chair, Assembly Committee on Science and Technology

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

Senator John C. Liu

Assemblyman Billy Jones

Senator Michelle Hinchey

Assemblyman Christopher S. Friend

Senator George M. Borrello

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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Assemblyman Edward C. Braunstein

Assemblywoman Jen Lunsford

Senator Pamela Helming

Assemblyman Jonathan Rivera

Senator Dean Murray

Assemblywoman Gina L. Sillitti

Assemblyman John Zaccaro, Jr.

Assemblyman Scott Gray

Assemblywoman Mary Beth Walsh

Senator James Tedisco

Assemblyman Brian Cunningham

Assemblywoman Chantel Jackson

Assemblywoman Jo Anne Simon

Assemblyman Tony Simone

Assemblywoman Nikki Lucas

Senator Lea Webb

Assemblyman Brian Maher

Assemblyman Al Taylor

Assemblywoman Marianne Buttenschon

Assemblyman Robert C. Carroll

Senator Cordell Cleare

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Assemblyman Sam Pirozzolo

Assemblyman Alex Bores

Senator Leroy Comrie

Assemblyman Jarett Gandolfo

Assemblywoman Taylor Darling

Senator Jamaal T. Bailey

Assemblyman John Lemondes

Assemblyman Jonathan G. Jacobson

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

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

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

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

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

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

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

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

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

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

SENATOR O'MARA: Good morning.

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

Thank you.

CHAIRWOMAN KRUEGER: Okay.

Assembly?

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

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

I just want to introduce the

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

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

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

ASSEMBLYMAN RA: Thank you, Mr. Pretlow.

We're currently joined by Assemblyman Maher, Assemblyman Gray, Assemblyman Gandolfo, and Assemblyman Lemondes.

CHAIRWOMAN KRUEGER: Great.

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

ASSEMBLYMAN PRETLOW: Everyone's friend.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I think that's the basic rules of today.

So now I would like to introduce --

ASSEMBLYMAN PRETLOW: Can I interrupt one second, Senator?

CHAIRWOMAN KRUEGER: Of course. Please.

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

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

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

And we've also been joined by Senator Bailey.

ASSEMBLYMAN McDONALD: {Inaudible.}

(Laughter.)

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

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

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

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

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

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

ASSEMBLYMAN PRETLOW: I'm ready.

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

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

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

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

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

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

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

My name is Hope Knight, and I serve as

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

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

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

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

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

build on these achievements.

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

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

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

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

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

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

manufacturing sector.

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you very much.

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

Good morning.

OGS COMMISSIONER MOY: Good morning.

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

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

this agency.

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

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

Under Governor Hochul's leadership,

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

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

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

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

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

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

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

public spaces.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you very much.

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

Do you have any Assemblymembers to intro?

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

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

Arts.

Good morning.

EXECUTIVE DIRECTOR MALLIN: I'm pushing.

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

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

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

programs that have influenced artists and audiences around the world.

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

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

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

capital investment in all 10 regions.

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

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

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

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

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

So what does our funding look like? One of the most important ways that NYSCA supports the field is through general operating support, funding the everyday -- turning on the lights, opening the doors, and producing world-class art. And often NYSCA is the only source for this kind of support.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

communities.

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

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

And I welcome your questions.

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

SENATOR RYAN: There we go.

CHAIRWOMAN KRUEGER: Ten minutes for Sean. Thank you.

SENATOR RYAN: Thank you to everybody.

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

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

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

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

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

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

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

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

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

SENATOR RYAN: Yup.

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

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

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

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

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

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

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

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

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

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

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

working jobs?

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

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

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

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

ESD COO YOUNIS: Yes.

SENATOR RYAN: Excellent.

So and then how about -- what about

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

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

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

COMMISSIONER KNIGHT: We're focused on --

SENATOR RYAN: What's the end game?

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

The public sector, public interest, does not. And we're trying to create this almost like a public utility to be able to influence productive uses of AI.

SENATOR RYAN: Okay. Be happy to continue to observe that as it unfolds.

The New York Redevelopment of Underutilized Sites for Housing -- which does spell NY-RUSH. I've noticed that most of your programs actually spell a word. I think that's remarkable. You probably have people on staff who are grammarians to figure this out --

(Overtalk.)

COMMISSIONER KNIGHT: They're very good with that.

SENATOR RYAN: Yes. Yes.

So housing on state-owned facilities, how is that going to work? And are you folks going to be doing housing programs? Is Kevin Younis going to stop doing digital stuff and get into framing houses? Like what's happening here?

COMMISSIONER KNIGHT: So NY-RUSH is to

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

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

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

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

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

land.

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

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

But thank you very much.

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

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

CHAIRWOMAN KRUEGER: Thank you very much. Appreciate it.

Our next testifier is from the

Assembly.

ASSEMBLYMAN PRETLOW: Thank you, Senator.

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

ASSEMBLYMAN STIRPE: Okay, thank you.

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

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

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

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

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

COMMISSIONER KNIGHT: Well, we always

want to create affordable housing when it's possible. So we would work with HCR to do that.

ASSEMBLYMAN STIRPE: Okay. I'll go back to my normal complaint every year: Centers of Excellence and CATs. You know, we recognize that the return on investment in those programs is very high -- probably higher than any other program we have -- you know, 24 to 1. Why is it every year we have to go through this dance where you don't just maintain what was there last year, you actually cut back all the legislative adds and then we have to sort of fight to get that back to ground zero.

I mean, why haven't we ever attempted to actually increase the funding? Because I know if I were in the private sector and I had something that was wildly successful, I probably would increase the funding in that area, double it or triple it, since these amounts are so small, actually, compared to the rest of the budget.

So what's the philosophy behind doing

this every year?

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

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

ASSEMBLYMAN STIRPE: Okay. Okay.

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

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

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

the program?

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

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

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

ASSEMBLYMAN STIRPE: How many sites were funded?

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

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

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

We have -- we continue work on our

large sites like STAMP.

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

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

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

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

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

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

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

So we thought for those particular

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

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

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

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

ASSEMBLYMAN STIRPE: Okay. The

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

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

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

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

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

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

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

ASSEMBLYMAN STIRPE: Okay, thank you.

CHAIRWOMAN KRUEGER: Thank you.

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

SENATOR SERRANO: That's correct. Thank you very much, Madam Chair, Senator Liz Krueger, all of my colleagues in the Senate and the Assembly, my partner in the Assembly, Assemblymember Danny O'Donnell.

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

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

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

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

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

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

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

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

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

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

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

pre-pandemic.

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

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

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

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

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

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

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

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

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

But again, it's great to hear your

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

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

CHAIRWOMAN KRUEGER: Assemblymember.

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

ASSEMBLYMAN OTIS: Thank you. Mr. Chair, thank you.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Yes.

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

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

My third topic is back to microchips

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

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

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

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

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

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

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

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

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

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

And I'd say one of the things we hear

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

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

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

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

(Laughter.)

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

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

SENATOR GONZALEZ: We're all set.

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

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

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

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

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

COMMISSIONER KNIGHT: So thank you for your question.

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

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

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

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

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

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

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

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

which is a six-times investment of what we're talking about here. And notably compute will happen on the cloud, so Big Tech stands to profit from this program.

But the main difference between this federal program, which mirrors what we're doing with Empire AI, is that aside from funding and planning that's gone into this -- which I don't really see happening here with Empire AI, or being at that point yet -- that there are clear priorities of ethics and that they have an ethics advisory board to push users towards responsible uses.

So I would love to also see us, if we are going to mirror a program like that, do that. And also, perhaps instead of duplicating efforts, work with the federal program, because in order to create a tool on that scale we'll need actually more than seven partners, right? We'll need a larger base of universities, both public and private. So I wanted -- I wanted to call that out as well.

But speaking of those universities,

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

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

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

COMMISSIONER KNIGHT: Right. Right.

SENATOR GONZALEZ: Okay. That's helpful.

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

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

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

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

measuring success of that program.

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

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

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

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

come up in my own district. And during the pandemic I created a digital mutual aid fund, and actually so many of the folks who didn't have access to the internet or didn't have access to hardware, so a phone or a computer, to even access the internet if they had it, also were the same folks, and particularly the most vulnerable folks who were having trouble, you know, keeping the lights on. Yeah.

COMMISSIONER KNIGHT: So thank you for that. And I appreciate that perspective.

We have looked at a number of the affordable connectivity programs. And so in the state, approximately 1.6 million households are taking advantage of the federal Affordable Connectivity Program, which is about $50 million in subsidy per month in supporting that digital divide that you talk about.

SENATOR GONZALEZ: Got it. And I did hear that one of the federal programs is actually going to run out of money --

COMMISSIONER KNIGHT: That's the one.

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

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

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

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

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

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Yes, next we

have Assemblywoman Woerner, chair of Small Business.

ASSEMBLYWOMAN WOERNER: Thank you, Mr. Chairman.

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

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

COMMISSIONER KNIGHT: That is correct.

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

COMMISSIONER KNIGHT: Yes.

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

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

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

COMMISSIONER KNIGHT: So thank you for that question.

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

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

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

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

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

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

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

possible.

ASSEMBLYWOMAN WOERNER: Great, thank you.

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

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

institutional funding.

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

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

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

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

And certainly the Springboard program

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

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

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

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

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

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

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

So I noticed that ESD recently,

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

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

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

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

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

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

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

Thank you.

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

SENATOR RAMOS: Thank you so much, Chair Krueger.

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

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

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

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

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

COMMISSIONER KNIGHT: I believe so. But I will get back to you to be certain.

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

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

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

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

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

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

SENATOR RAMOS: All right. Thank you very much.

COMMISSIONER KNIGHT: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

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

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

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

the utmost respect for.

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

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

(Laughter.)

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

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

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

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

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

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

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

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

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

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

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

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

places where they need the most.

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

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

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

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

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

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

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

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

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

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

ASSEMBLYMAN O'DONNELL: Thank you.

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

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

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

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

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

lot of artists focusing specifically on that thing.

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

And what was the second part of your question?

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

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

EXECUTIVE DIRECTOR MALLIN: Thank you.

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

Thank you very much.

EXECUTIVE DIRECTOR MALLIN: Thank you.

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

CHAIRWOMAN KRUEGER: Thank you very much, Assemblymember.

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

because you've been loyal to this forever.

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

SENATOR TEDISCO: Thank you very much.

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

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

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

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

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

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

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

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

Can you guarantee us today that a

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

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

SENATOR TEDISCO: You're welcome.

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

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

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

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

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

SENATOR TEDISCO: Not a hundred percent.

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

SENATOR TEDISCO: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

Assembly.

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

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

Commissioner Knight, thank you for the

conversation last week about a number of issues.

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

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

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

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

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

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

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

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

ASSEMBLYMAN RA: Okay. Thank you.

One of the other issues I think we've heard a lot about is certification and recertification. My understanding is that the backlog in certifications has been cleared up at this point. Is that correct?

COMMISSIONER KNIGHT: The backlog has been cleared.

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

COMMISSIONER KNIGHT: So thanks to the

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

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

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

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

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

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

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

ASSEMBLYMAN RA: Okay.

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

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

programs in the state a bad name.

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

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

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

ASSEMBLYMAN RA: Thank you.

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

Next up is Senator John Liu.

SENATOR LIU: Thank you, Madam Chair.

Good morning, everybody, and thanks for joining us.

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

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

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

SENATOR LIU: Okay. But ESD was certainly involved.

COMMISSIONER KNIGHT: Excuse me?

SENATOR LIU: ESD was certainly involved.

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

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

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

SENATOR LIU: They have made all their commitments.

COMMISSIONER KNIGHT: They have met all their commitments.

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

What about Micron? Is everything on track with Micron?

COMMISSIONER KNIGHT: Everything is on

track with Micron.

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

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

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

COMMISSIONER KNIGHT: About $5 billion.

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

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

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

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

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

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

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

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

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

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

ESD COO YOUNIS: Hopefully a lot more.

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

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

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

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

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

COMMISSIONER KNIGHT: (No audible response.)

SENATOR LIU: No, okay.

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

Thank you. Thank you, Madam Chair.

CHAIRWOMAN KRUEGER: Thank you,

Senator Liu.

Assembly.

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

ASSEMBLYWOMAN LUNSFORD: I win.

(Laughter.)

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

My question is for the ESD commissioner.

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

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

ASSEMBLYWOMAN LUNSFORD: Correct.

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

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

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

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

that had other uses in the past.

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

COMMISSIONER KNIGHT: New York RUSH --

ASSEMBLYWOMAN LUNSFORD: Yeah, the underused state sites.

COMMISSIONER KNIGHT: Yes.

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

COMMISSIONER KNIGHT: There will be some solicitation process.

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

COMMISSIONER KNIGHT: Right.

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

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

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

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

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

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

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

ASSEMBLYWOMAN LUNSFORD: We are out of

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

COMMISSIONER KNIGHT: I can come back to you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Murray, ranker.

SENATOR MURRAY: Thank you, Madam Chair.

And thank you all for being here today.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

And it will also get -- in getting

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

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

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

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

SENATOR MURRAY: Okay, I appreciate that.

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

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

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

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

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

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

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

(Laughter.)

SENATOR MURRAY: Thank you,

Madam Chair.

(Inaudible exchange; laughter.)

CHAIRWOMAN KRUEGER: Wow. Okay, thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Member Darling.

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

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

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

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

within Nassau County, including those historically underserved?

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

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

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

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

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

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

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

OGS COMMISSIONER MOY: Absolutely.

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

OGS COMMISSIONER MOY: I appreciate

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

ASSEMBLYWOMAN DARLING: Wonderful. Thank you.

COMMISSIONER KNIGHT: And thank you.

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assemblymember -- Senator Lea Webb.

I'm taking your list. So sorry.

ASSEMBLYMAN PRETLOW: Assemblyperson Buttenschon.

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

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

CHAIRWOMAN KRUEGER: No, that was an Assemblymember.

ASSEMBLYMAN PRETLOW: Oh, Member Darling.

CHAIRWOMAN KRUEGER: That was your Assemblymember.

ASSEMBLYMAN PRETLOW: We're getting confused --

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

Senator Lea Webb.

SENATOR WEBB: Thank you all for being here.

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

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

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

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

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

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

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

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

SENATOR WEBB: Okay, thank you very much.

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

So my question is, what is ESD doing

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

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

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

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

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

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

SENATOR WEBB: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Member

Buttenschon.

ASSEMBLYWOMAN BUTTENSCHON: Thank you.

Thank you to all the commissioners. And I thank you for personally coming to my district, as it includes many hardworking, dedicated individuals, and you were able to witness that firsthand. They have many forward-advancement-thinking programs, and you have been a part of that.

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

COMMISSIONER KNIGHT: Thank you for that question, Assemblymember.

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

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

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

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

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

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

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

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

OGS COMMISSIONER MOY: I do not.

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

We're happy to give more information on that.

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

OGS COMMISSIONER MOY: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Cleare.

SENATOR CLEARE: Thank you.

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

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

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

business ownership and entrepreneurs.

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

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

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

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

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

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

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

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

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

SENATOR CLEARE: You can get back to me.

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

SENATOR CLEARE: Thank you.

ASSEMBLYMAN PRETLOW: Member Tapia.

ASSEMBLYWOMAN TAPIA: Sorry.

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

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

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

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

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

COMMISSIONER KNIGHT: Okay, thank you for --

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

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

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

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

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

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

Next we have Senator Helming.

SENATOR HELMING: Thank you very much.

Thank you all for your testimony today; I appreciate it.

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

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

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

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

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

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

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

reforms could possibly be.

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

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

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

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

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

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

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

Thank you.

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

Next?

ASSEMBLYMAN PRETLOW: (Inaudible.)

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

You can try.

ASSEMBLYMAN PRETLOW: Member Simone.

Did he leave? Okay. Chantel Jackson.

ASSEMBLYWOMAN JACKSON: All right.

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

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

COMMISSIONER KNIGHT: Thank you for your question.

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

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

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

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

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

COMMISSIONER KNIGHT: About 650.

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

COMMISSIONER KNIGHT: We do.

ASSEMBLYWOMAN JACKSON: Okay.

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

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

COMMISSIONER KNIGHT: I have to come

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

ASSEMBLYWOMAN JACKSON: All right. And so the money has been spent down?

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

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

COMMISSIONER KNIGHT: Okay.

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

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

CHAIRWOMAN KRUEGER: Sorry, you'll

have to get back to the Assemblywoman.

Next is Senator Comrie.

SENATOR COMRIE: Good afternoon.

Appreciate you all being here.

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

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

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

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

And to also the ESD, I wanted to get an update on where we are with the Commuter Van Stabilization Act, where we are with the Community Electrification Act, both of which have gone nowhere in two years.

And then just for the Office of General Services, because I only have a little bit of time, how is the Office of General Services working to make sure that the physical plant is operating in the Capitol? There's still elevators that have been out since I've been here, and there's other physical issues that are happening in and around the Capitol. And how many minority contractors are working in this area?

Those are my general questions. You can take -- we've got a minute if anybody wants to answer any of them.

COMMISSIONER KNIGHT: I'll start on the Commuter Van Stabilization Fund.

You know, we understand the importance of the commuter van industry in your community. You know I know very well how

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

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

SENATOR COMRIE: Thank you.

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

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

CHAIRWOMAN KRUEGER: Thank you, Senator.

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

Assemblymember.

ASSEMBLYMAN PRETLOW: Member Simon.

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

So anyway, Member Simon.

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

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

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

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

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

COMMISSIONER KNIGHT: So good afternoon, Assemblywoman.

ASSEMBLYWOMAN SIMON: Good afternoon.

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

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

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

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

Your next was --

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

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

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

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

COMMISSIONER KNIGHT: I'll come back to you.

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

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

Senator Borrello.

SENATOR BORRELLO: Thank you, Madam Chair.

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

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

number of jobs we create. And that is unfortunately a problem, still. The reality is is that there are thousands upon thousands of open jobs in New York State. And we talked about workforce. But also, you know, there are industries that could benefit from an infusion of capital and support to help them essentially modernize and automate their industry, so that they can -- they're screaming for workers. You know, the food processing industry in particular.

So how do we shift this conversation from measuring everything that ESD does, in success based on the number of jobs that you create, when the reality is that's not the issue. You know, in fact those people that get incentives that come to New York State are poaching employees from our existing employers that are paying the full boat when it comes to their taxes and everything else.

So how do we address that?

COMMISSIONER KNIGHT: Thank you for that.

We look at the impact of how an entity

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

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

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Yes, Member Carroll.

ASSEMBLYMAN CARROLL: Thank you.

Good afternoon, Commissioner Knight. I'm going to pick up where Assemblymember Simon left off, around the Atlantic Yards project and the default of Greenland's debt and the foreclosure that is currently happening.

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

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

What is the plan? Do we actually have

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

COMMISSIONER KNIGHT: So thank you for that question.

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

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

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

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

over those rail yards so this project can continue?

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

ASSEMBLYMAN CARROLL: Do we have a timeline for that?

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

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

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

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

So there will be a default. There

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

COMMISSIONER KNIGHT: Unless Greenland delivers 870 units.

ASSEMBLYMAN CARROLL: How would you deliver 870 --

(Overtalk.)

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

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

COMMISSIONER KNIGHT: Yeah. Yeah. Yeah.

ASSEMBLYMAN CARROLL: Thank you for that.

CHAIRWOMAN KRUEGER: Thank you.

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

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Yes. Yes.

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

COMMISSIONER KNIGHT: Depending on the circumstance, yes.

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

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

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

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

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

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

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

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

COMMISSIONER KNIGHT: Well, in many cases --

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

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

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

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

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

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

But I've been doing some reading

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

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

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

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

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

CHAIRWOMAN KRUEGER: Okay, appreciate it.

Which is sort of an entry to the next

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

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

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

I wanted to read the whole thing.

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

OGS COMMISSIONER MOY: And I appreciate the question.

The Office of General Services, in partnership with a number of other state agencies, are a part of the GreenNY Council. We do look very carefully at the implementation of EO22, and we are a part of some of the crafting of the language in the support of it.

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

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

(Mic issue; off the record.)

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

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

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

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Member Braunstein.

ASSEMBLYMAN BRAUNSTEIN: Thank you.

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

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

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

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

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

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

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

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

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

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

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

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

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

ASSEMBLYMAN BRAUNSTEIN: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Tom O'Mara, five-minute ranker.

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

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

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

OGS COMMISSIONER MOY: Senator, I appreciate the question.

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

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

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

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

SENATOR O'MARA: Offline?

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

SENATOR O'MARA: Okay, thank you.

Commissioner Knight, a big concern of

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

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

Lehigh Cement moving to Indiana.

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

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

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

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

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

SENATOR O'MARA: With incentives?

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

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

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

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

it on their own out of their excessive endowments?

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

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

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

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

ASSEMBLYMAN PRETLOW: The next questioner is Assemblyman Simone.

ASSEMBLYMAN SIMONE: Thank you.

I have two questions for Commissioner Knight. Good to see you.

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

development than even the underlying zoning would allow for.

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

COMMISSIONER KNIGHT: Thank you for your questions, Assemblymember.

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

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

ASSEMBLYMAN SIMONE: Okay, I would hope we would look at, closely, how badly we need affordable housing in that area. And we have so many empty commercial offices now.

My second question is, I was glad to see the Governor proposing $250 million to

repurpose state-owned property towards housing for the RUSH program, as many of my colleagues have mentioned. In my district on the West Side of Manhattan, the local community supports a plan -- Community Board 4, many block associations and leaders -- to develop almost 6,000 housing units on state-owned sites.

How will these funds be distributed, and how much growth can be expected from this allocation?

COMMISSIONER KNIGHT: So we are looking at a number of sites across the state and we're going to use criteria such as, you know, the number of units that can be realized, the readiness of the sites, as well as how the sites would contribute to community revitalization to neighboring communities.

And so we'll use those kinds of guidelines to make a determination which projects get funded.

ASSEMBLYMAN SIMONE: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

For the Senate -- actually, I think it's our last Senator, unless somebody else is waving to me, and it's Senator Ryan for his three-minute chair follow-up.

SENATOR RYAN: So I have to say I agree with Assemblymember Woerner and Senator Tedisco about the ConnectALL program being prioritized for underserved and unserved communities. I would hope that your policies would reflect that.

So we're spending a lot of money on high tech in New York. Right? Everyone's trying to capture the Silicon Valley. If you look back in the eighties, you had Silicon Valley and then the Massachusetts 128 Corridor. It looked like they were both neck and neck about being big high-tech corridors. We had one on the East Coast, one on the West Coast. They were going to become the hubs, which would have been great for our national economy.

But you saw, over time, Silicon Valley took off -- more innovation, more entrepreneurship -- and the 128 Corridor sort

of stagnated, then it kind of fizzled. You know, you really don't really hear about it much.

So people are looking back at those and saying, Why did Silicon Valley take off and why did the 128 fizzle? And there's a surprising culprit. Massachusetts had very strict and enforceable noncompete laws. California had no noncompete laws, which allowed entrepreneurs, innovators to move from company to company.

So have you thought about the negative impact of New York noncompete laws on the high-tech, publicly funded economy we're trying to build?

COMMISSIONER KNIGHT: That's, you know, an interesting walk through history about Silicon Valley and Massachusetts and, you know, some of the factors that led to Massachusetts not reaching its maximization.

You know, we have looked at the noncompete laws and, you know, it's yet to be seen, of course, what will be the result of this. Too early to tell, of course. But we

will be taking a look at it as it --

SENATOR RYAN: I would encourage you to read the reports out of the Federal Reserve from Minnesota. They looked at this issue when Minnesota put in a ban on noncompetes. Minnesota said that "Our state investment in the high tech will become for naught unless we make it so employees can freely go from high-tech company to high-tech company."

And right now in New York, I fear we're going to go down the Massachusetts 128 route. We're going to invest a lot of money, and it's not going to take off. And it's not going to take off of because of the restricted ability of employees to go from sector to sector in the high-tech field. And it really stifles the innovation that we're trying to create, too.

So encourage you to keep thinking about that, and like to talk to you more about that in the future.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: Member Fahy.

ASSEMBLYWOMAN FAHY: Thank you, Chair. Third time was the charm.

Thank you all. I know it's been a long day. I want to thank your teams for your responsiveness on a host of issues.

I want to mention a couple of issues, and then I have three quick questions I hope I can get through.

First of all, I want to -- appreciate the emphasis on housing particularly with SUNY. We've also talked a little bit about Harriman. Would love to make sure we're working with both of you, as the Higher Ed chair on SUNY developments and find all of that promising, given the desperate need for housing.

With regard to OGS, Commissioner, I really appreciate your mentioning the Capitol, the East Fence, as well as the Courtyard and the Capitol efforts external and internal to that, as well as the electric vehicle state fleet. That was a former bill of mine and Senator Metzger. And as well as

the decarbonization of the Empire State Plaza. Very much appreciate that.

With regard to ESD. If you would, could we just get a very brief timeline on when you expect to see -- NY CREATES has come up a few times today, with the billion-dollar investment announced last month. Can you give us a quick timeline on next steps there?

I'm going to -- again, I've got a couple more.

COMMISSIONER KNIGHT: I'm going to give Kevin --

ASSEMBLYWOMAN FAHY: Okay.

ESD COO YOUNIS: Hey, good afternoon. So the groundbreaking started on the High NA EUV Center with completion -- substantial completion by the end of '25 and delivery of the tool around that time.

ASSEMBLYWOMAN FAHY: Thank you so much.

And then I also want to -- while I have you, I want to just put a quick plug in for the Centers of Excellence, which are so critical. As you know, we did the weather

one or the atmospheric one at UAlbany a few years ago. We are now shooting to do RNA. I know it wasn't in the Governor's budget, but want to get that plug in there.

My two other questions -- one, again for ESD, is broadband. Local governments, are we confident that they'll be able to manage the technical aspects of the broadband rollout?

COMMISSIONER KNIGHT: Well, in the cases that we're working with local governments, many of these local governments are already delivering utilities to their customers, residents. And so we're confident that they'll be able to manage that technology.

ASSEMBLYWOMAN FAHY: Okay. Thank you. And look forward to hearing more.

And then my last question is for the arts. I want to echo so much of what Assemblymember O'Donnell mentioned, particularly that multiplier effect with the arts, which is really astounding, especially in our rural cores as well as in our small

towns.

Museums, we have the second oldest museum in the country, the Art & History Institute, as well as we have a children's museum, miSci in Schenectady, really struggling. Is there any flexibility with the funding to also assist with art showcasing, anything that we can do with museums to also assist them?

And I know we need funding right across the board.

Oh, okay, looking forward to following up with you.

EXECUTIVE DIRECTOR MALLIN: We'll get back to you, yes.

ASSEMBLYWOMAN FAHY: But museums are important.

Thank you, Chair.

CHAIRWOMAN KRUEGER: Hi. Because we've taken so long, we're going to let our panelists and anyone else take a five-minute break for stretching legs and other purposes, and then we will come right back and continue.

Thank you.

(A brief recess was taken.)

ASSEMBLYMAN PRETLOW: Assemblymembers, please, the five-minute break has expired.

All right, we're going to try to move along quickly now. Remember, we don't need three minute questions.

So anyway, Member Jones, you're up.

ASSEMBLYMAN JONES: Good morning. I'm ready. I'm ready.

Good morning, all. Thank you for being here and joining us.

I first want to reiterate we do need to get to the unserved communities with our broadband program before we think about, you know, going other places with that unserved, underserved. I have many of them in the North Country, the lovely North Country, the Adirondacks. Which leads me to my next question.

Any of this ConnectALL money eligible for cellphone upgrading? Cellphone service, is that eligible?

COMMISSIONER KNIGHT: So the federal

funding for ConnectALL is not eligible for cellphone service.

Some of this work we're doing, like I talked about for the Municipal Infrastructure Grant Program, provides for being able to leverage fiber for cellphone service, which is one of the reasons why we believe this program is very important.

ASSEMBLYMAN JONES: Okay. So we're having issues practically all over, upstate and probably in the city, with cellphone coverage. Can we marry that or use some of that money to marry this technology to get it on WiFi, to get it on towers -- or to get WiFi on these towers to help these communities out?

I represent a large swath of the Adirondacks in the North Country, and the issue has become more about cellphone service than broadband, believe it or not.

So can we marry those technologies? And can we use this money to do that? There's been a coalition of us upstate that really want to see this happen.

COMMISSIONER KNIGHT: So like I said, we are using the money to leverage the fiber so that we can create open access networks so that these commercial service providers of mobile coverage will expand their service.

ASSEMBLYMAN JONES: So we're working on that?

COMMISSIONER KNIGHT: Yes.

ASSEMBLYMAN JONES: Okay, thank you.

Also, regulation within the Adirondacks. We need help with that, because you -- you can't have a tree that's 50 feet over a cellphone tower, or trees, and expect it to work.

My last question is MWBE. I have been asking the same question for the last seven years now. How is the program working? I know there's put in place for an extension in it. I believe in the program. But if we cannot get our people certified, this is ridiculous. I mean, I have women-owned businesses, minority-owned businesses calling my office time after time, that says they can't get certified, can't get certified.

And people come in and they ask, and I ask this question every time. They go, What else do we need to do? Do we need to get a divorce from a marriage? Do we need to give a blood sample? What do we need to do?

This program needs to run more effectively and smoothly so we can get these women-owned and minority-owned businesses certified.

Thank you.

ASSEMBLYMAN PRETLOW: Member Sillitti.

ASSEMBLYWOMAN SILLITTI: Hi. Good afternoon. So I have a bunch of questions; I'm going to try to talk really, really fast.

The first is for Executive Director Mallin. Thank you, by the way, for your unwavering support of the arts.

We have a lot of organizations on Long Island that, you know, can certainly benefit from, you know, funding from you guys. One of those groups in my district reached out this week, actually, and said that Nassau and Suffolk received about 3.5 percent of the council's funding --

although Long Island, as you know, makes up about almost 15 percent of the state's population.

So my question to you is, do those percentages sound accurate to you? If yes, what can we do to do better for Long Island, get some more funds in? And if you have a breakdown, you don't have to give it to me now, of Nassau and Suffolk on the funding that each get.

EXECUTIVE DIRECTOR MALLIN: I don't have that number off the top of my head. So can we get back to you on that?

ASSEMBLYWOMAN SILLITTI: Absolutely. Thank you so much.

EXECUTIVE DIRECTOR MALLIN: Thank you.

ASSEMBLYWOMAN SILLITTI: Next is for Commissioner Moy. Very quick question.

Are there plans in the works -- nothing to do with my district -- for improved ventilation at the LOB building? The reason why I ask is last year, with the Canadian wildfires, the Capitol was pretty okay, we were able to breathe all right. But

man, you walked into that LOB and it was a plume of smoke. And it sat there for days.

And that's where all of our staff sits. And, you know, we make them sit all day long. I, for one, told me my staff not to come.

So anyways, so, you know, again, you don't have to get back to me now. But it's something that we had talked about last year, and I mentioned it to the leadership, and it's something that I would like you guys to think about going forward. We should be protecting our people that work in this building.

OGS COMMISSIONER MOY: I appreciate the question, Assemblymember. I'll look into the specifics of the projects in the Legislative Office Building.

There are a number of infrastructure projects that are planned, and I'll look specifically around the ventilation and get back to you.

ASSEMBLYWOMAN SILLITTI: Fantastic. And then lastly, Commissioner Knight, how are

you? So nice to see you.

The Long Island Fund, our favorite fund -- my favorite fund. Approximately how much is left that you can tell me in the fund? And I know you probably can't get into proposed projects, but if there's proposed projects in the works, what's left after those?

COMMISSIONER KNIGHT: So I can tell you approximately $200 million is going to be used to launch a housing fund.

ASSEMBLYWOMAN SILLITTI: Out of what's left.

COMMISSIONER KNIGHT: Yes.

ASSEMBLYWOMAN SILLITTI: And is there anything else after that?

COMMISSIONER KNIGHT: Well, we have a number of projects that have been funded, you know. You know, the --

(Overtalk.)

COMMISSIONER KNIGHT: Yeah, exactly. The -- many in your district, yes.

ASSEMBLYWOMAN SILLITTI: All right, thank you so much, Commissioner.

That's it.

ASSEMBLYMAN PRETLOW: Member Cunningham?

Member Bores.

ASSEMBLYMAN BORES: Good afternoon. My first question's for Commissioner Knight. I'm glad you mentioned ethical AI is part of the Empire AI initiative.

There's an initial set of universities that are involved. Is it safe to assume that other universities may be able to join in the future, that this consortium can grow?

COMMISSIONER KNIGHT: That is a possibility.

ASSEMBLYMAN BORES: Great.

And then has there been an analysis of the environmental impact, the GPUs running big calculations can put a big demand on the grid. Have we done any planning on adding new renewable energy or the effects on the grid of this buildout?

COMMISSIONER KNIGHT: We would certainly be looking at how we could mitigate the --

ASSEMBLYMAN BORES: I know it's early days in it.

COMMISSIONER KNIGHT: Yes.

ASSEMBLYMAN BORES: But whatever there's any plan around that, or thoughts about how we're adding, I'd love if you could send that over.

COMMISSIONER KNIGHT: Okay. Very good.

ASSEMBLYMAN BORES: Thank you.

And then Commissioner Moy. You mentioned the Environmental Bond Act in your testimony. I know you have a role in distributing money but you're not primarily deciding where it's going, there's all of these different agencies involved, et cetera.

I am disturbed that, you know, the first quarter of a billion dollars has gone out and none of it was to New York City projects. So my question is from your perspective, are there any challenges or restrictions to New York City getting this money from a contracting perspective, from a procurement perspective? Anything that

you're seeing that would block New York City getting access?

OGS COMMISSIONER MOY: Thank you for that question.

I want to clarify that our role in the bond act was to support the rollout and some of the listening sessions. The decisions around how those funds are going to be allocated don't rest with OGS.

ASSEMBLYMAN BORES: Totally. And just from like a contracting, procurement -- any issues that you're --

OGS COMMISSIONER MOY: I'm not familiar with any.

ASSEMBLYMAN BORES: Great. Thank you.

And then second of all, as you know, New York is the last large state to have an e-procurement system. The 2023 strategic plan is actually excellent in addressing this. It talks about revising processes as part of the modernization, which is key. It talks about more feedback from users. So I'm really excited about what you're doing there, and I just want to give props on that.

The question is, what metrics will you use to evaluate that new system? Like what should we look for changing as it's rolled out and expanded?

OGS COMMISSIONER MOY: It's a great question. So right now we're actually in design sessions. We've already begun, in our stakeholder analysis, hearing back from vendors what is -- what is most painful, frankly, about using the current systems, where there are opportunities for using digital signatures as opposed to paper forms, where is there repetition.

There's also information that our contract managers would want to have better information on, and frankly the Legislature does ask questions about, in terms of which contracts are being used and what is the level of risk associated with any particular vendor.

So our hope is to make sure that we are improving for businesses, so it's less cumbersome, and that for users of our contracts they can more easily find services

and commodities.

ASSEMBLYMAN BORES: Wonderful. I think those are great goals. If there are metrics underneath that -- you know, how long it takes to get a contract, how easy is it to find, how many bids, things like that that we can just track, that would be very useful.

OGS COMMISSIONER MOY: Absolutely. And happy to hear some feedback from you about the things that would be most helpful. So certainly we can follow up.

ASSEMBLYMAN BORES: Thank you. Appreciate it.

ASSEMBLYMAN PRETLOW: Member Friend.

ASSEMBLYMAN FRIEND: Thank you, Chair Pretlow.

And I'd like to thank all of you for being here today and answering our questions.

Commissioner Knight, thank you for your continued outreach with my office.

I want to start with the ConnectALL project that's come up multiple times -- specifically, the $228 million for the Municipal Infrastructure Grants. If I

understand it correctly, we're looking at that to leverage the possibility of bringing more broadband to communities that are unserved, is that correct?

COMMISSIONER KNIGHT: To leverage that to bring unserved, underserved, as well as leverage that to bring cellphone service to induce providers that can expand their coverage for cellphone because of the open access that we hope to deliver.

ASSEMBLYMAN FRIEND: That's great news. In the area that I live in, it is rural, but really the big problem is just the topography, the hills that we have. We could have somebody live just across the street from somebody that has great coverage, great cellphone service, but they don't have broadband and their cellphone service is nil because they're in the shadow of that hill.

So I think that's a really wise investment going forward, and it's definitely really important that we continue on that.

I'd like to move to RUSH-NY. And is this -- I realize that you're going to be

investing in the infrastructure. But the housing that's going to be going in, what percentage is going to be low-income affordable housing or mixed housing? Do you have any idea of that?

COMMISSIONER KNIGHT: I think the projects are going to be determined on a case-by-case basis in terms of the type of projects they will be.

ASSEMBLYMAN FRIEND: Okay. And will there be an opportunity for public comment after the project comes forward? Or how is that going to work?

COMMISSIONER KNIGHT: Well, if ESD is involved in moving a residential project forward, we're generally going to do a general project plan, which there is tremendous opportunity for public comment.

ASSEMBLYMAN FRIEND: Okay. And then I'd like to move to the Regional Economic Development Councils and the new guideline that they have to be housing-certified.

So in the Southern Tier, again, we're a very mixed community. You have Binghamton

within the Southern Tier -- very dense, great public transport. But then you have Tioga County. And just a few years ago when we changed their reimbursement for public transportation, they no longer have any kind of public transportation. So if you were to locate and try to force them to put housing somewhere out in the community up in Candor or Richford, it could be very difficult for that person to get to a job or to social services or to the hospital -- the things that they might need.

So who's going to decide when they -- how are they going to get that housing designation?

COMMISSIONER KNIGHT: Well, the Governor put out an executive order last year for a pro-housing designation which would be determined through HCR. The municipality would have to apply, provide an authorized letter from official -- their zoning codes, and provide information on housing application approvals for the last five years. And that would provide for the

pro-housing designation.

ASSEMBLYMAN FRIEND: Okay. And just kind of following up with that, is there anything in there to try to help support the public transportation system to get that reinvigorated in a community like Tioga?

COMMISSIONER KNIGHT: I understand that that's a -- you know, an economic development issue for the county, and so we can have that discussion at another time.

ASSEMBLYMAN FRIEND: Okay. I really appreciate that.

And Commissioner Moy, with the charging stations that are being installed, is there any coordination, whether it's school districts -- I mean, we have more than 600 school districts across the state, and especially, again, in the rural upstate portion of our communities, the electric school bus initiative that's going forward starting in 2027 is going to be devastating.

So if -- when you're putting these charging stations in, are you coordinating with the school districts so that they could

have access to them or have them along their routes to be able to use them?

OGS COMMISSIONER MOY: Appreciate the question. In terms of the EV transition, our priority is around the state fleet. We have 17,000 vehicles that are light-duty that need to be transitioned onto all-EV to meet the Governor's goals by 2035.

So certainly happy to have some conversations around where we could partner, but our priorities are making sure that as we start to convert those fleet vehicles from internal-combustion engine to EVs, that we'll be able to service and support the state agencies that leverage them.

ASSEMBLYMAN FRIEND: Okay. Thank you.

OGS COMMISSIONER MOY: Absolutely.

ASSEMBLYMAN FRIEND: And I will turn back my six seconds.

OGS COMMISSIONER MOY: And if I can also mention, we do have a state contract where we do support school districts to help them with the negotiation and some of the technical assistance in their application.

ASSEMBLYMAN FRIEND: Thank you.

ASSEMBLYMAN PRETLOW: Member Gandolfo.

ASSEMBLYMAN GANDOLFO: Thank you, Chairman.

And thank you all for your testimony today.

My question is also going to be directed at ESD over the NY-RUSH program. I'm trying to understand a little better about how the zoning would work if a municipality has a property -- the property would be zoned one way, and -- I'm referring mostly to the -- one of the publicized properties in Babylon Village, which is near the Long Island Rail Road station.

Now, how would the state work in conjunction with that municipality to build housing on that particular property?

COMMISSIONER KNIGHT: So I'm not familiar with the project that you're speaking about. But the state would work with the municipality and the developer to figure out what infrastructure needs would be required to build the property.

And this RUSH fund would probably look at it, you know, on a competitive basis around how many, you know, units can be built, how quickly they can be built, in terms of allocating funding for those projects.

So it depends on the circumstances of the project. And we can talk about the particulars at another time.

ASSEMBLYMAN GANDOLFO: Okay. All right. So just then if a state-owned property was located within a municipality, would the state be beholden to that municipality's local zoning restrictions? Or is it just kind of a --

COMMISSIONER KNIGHT: The state generally undertakes a GPP process. And so that would provide for zoning of the particular project.

ASSEMBLYMAN GANDOLFO: Okay. Now -- and the projects that the state is eyeing on the SUNY campuses for the housing, I assume those are going to be tenant-occupied apartment buildings. Or is there any plans

to do anything owner-occupied with this pot of funding?

COMMISSIONER KNIGHT: There could be some homeownership with this pot of funding. It's just -- like I said, it depends on -- it's a project-by-project basis.

ASSEMBLYMAN GANDOLFO: Okay, thank you. And final question -- well, not really a question, more of a statement. I hope that ESD and the state can figure out a way to really include the local community if they do identify the state properties. Like we heard with my colleague from Queens, they were upset that the Creedmoor proposal came out and they found out via Twitter.

So I just hope that there is a process put in place that the local community could weigh in, and the municipality isn't blindsided by it. So just please take that under consideration.

Thank you.

COMMISSIONER KNIGHT: Absolutely.

ASSEMBLYMAN PRETLOW: (Inaudible.) Lemon-odeez?

ASSEMBLYMAN LEMONDES: Le-mondese.

Thank you, Chair.

Thank you, panelists, for testifying today. I appreciate it.

First, a statement. I want to acknowledge the continued need for rural broadband enhancements. I know there's been some, but I want to make sure that that is communicated for Central New York as well.

I want to read something, and then I'll ask my questions after. Acknowledging that New York's business climate is impeded by thousands of pages of regulations, I want to read to you three rankings. New York State ranks 49th in state business tax climate. New York State additionally ranked 49th, best and worst states for business. New York State received a grade of F by the Thumbtack Small Business Friendliness Survey.

Recognizing where we are, generally on the bottom of the 50 states when it comes to business friendliness, what regulatory burdens affecting small businesses are your top priority to eliminate?

COMMISSIONER KNIGHT: So thank you for that. I understand the need for looking at regulatory reform.

Right now there are no regulatory focus areas that we are looking at. We're really looking at trying to create a healthy and resilient environment for businesses to locate and operate in New York State.

The Reshoring Institute deemed New York number one in reshoring advanced manufacturing jobs. And so more companies are coming to New York to locate for what I believe to be superior access to utilities and power and water and the ingredients that you need for advanced manufacturing.

ASSEMBLYMAN LEMONDES: So thank you for that answer.

How do you think New York State compares to other states when it comes to our regulatory environment? And as was cited previously, lots of businesses leaving, lots of jobs being left behind. Let's just take right in Central New York, Remington Arms factory -- started in 1816, iconic national

company. The last of its 207 jobs are going to be left.

So I'm wondering what we're going to do to bring more people in, to bring more businesses in, in light of what has happened. And I know you can't answer that right now. That's a deep question. I would encourage correspondence, and ask for that.

Thank you. Thank you, Chair.

ASSEMBLYMAN PRETLOW: Member De Los Santos.

ASSEMBLYMAN DE LOS SANTOS: All right. Thank you so much for your time here today.

As you know, a lot of our small businesses, mom-and-pops, have not fully recovered since COVID. So I'm curious to know what's the plan moving forward to ensure that a lot of those businesses that remain in underserved communities receive the assistance and support that they need.

In addition to that, I'm looking at the 2019 Annual Report on the State of Small Businesses. The percentage, 3 percent. And when I look at that, can you please provide

insight into the methodology that was used to calculate the percentage percent in order to better understand the accuracy and the reliability of the data?

COMMISSIONER KNIGHT: So I'll talk first about the state Small Business Credit Initiative that has been provided by the federal government for small businesses. We know small businesses have had a tough time recovering from COVID and just making their way out.

And so this fund, which will be leveraged ten times, it will be a $5 billion fund to provide access to capital to small businesses around a number of products -- loan products, guarantee products, a number of products that small businesses can access.

ASSEMBLYMAN DE LOS SANTOS: How will this information be provided to them? How do they access this information?

COMMISSIONER KNIGHT: So we've worked with community-based organizations that are focused on access to capital. So CDFIs across the state know that we have this

funding and can provide access to many of these programs.

ASSEMBLYMAN DE LOS SANTOS: I'm trying to get, also, clarity on the method that was used as it relates to the 2019 report, the 3 percent. What took place? How do you explain the percentage percent in order for -- to create more accuracy and more reliability on the data that was presented on that report? I think it's a 3 percent, and then the other shows on the summary, in the Executive Summary, shows minus 3.6.

COMMISSIONER KNIGHT: And that -- excuse me, that is in reference to?

ASSEMBLYMAN DE LOS SANTOS: The Small Business Report.

COMMISSIONER KNIGHT: Small Business Report. In what dimension?

ASSEMBLYMAN DE LOS SANTOS: As it relates to the growth in economy trends to small businesses. I'm just trying to get the calculation. How do you get there?

COMMISSIONER KNIGHT: So I need to take a look at that report. It was done

before I was in this seat. And I can get back to you on that.

ASSEMBLYMAN DE LOS SANTOS: All right, thank you.

ASSEMBLYMAN PRETLOW: Member Vanel.

ASSEMBLYMAN VANEL: Good afternoon, Commissioners and Executive Director.

I have three things. I'm going to talk about the RUSH program with -- at Creedmoor, which is -- which I share that, in that district. Then I'll talk about the broadband connectivity program and Empire AI.

First the RUSH program at Creedmoor. I'm really concerned that I also found out about the program on social media. We are from a district and a community of single-family homeowners, low density. Really concerned about the scale and the scope of that project, and really concerned that we participate fully, the lawmakers, the policymakers, and the community. Can we get a commitment to work to figure out this process?

COMMISSIONER KNIGHT: You can

absolutely get a commitment that our team will be working with the local elected community and community stakeholders as we go through the GPP process.

ASSEMBLYMAN VANEL: Okay. So now ConnectALL, the broadband connectivity program. Really important. We were looking at the ACP program to see how it was spent and that money was spent. Concerned that the money is running out. But also concerned about the quality of the services. Right?

So people were getting not good-quality services, right? So the megabits per second were averaging, under 50 megabits per second, which is really slow quality. So concerned about that.

Also concerned about the affordability of data plans. So even for, you know, average-income individuals, the average price of a data plan is over $100. Really concerned about what we're doing with affordability.

So yeah, if you could address those things.

COMMISSIONER KNIGHT: So I'll start with your first point with respect to --

ASSEMBLYMAN VANEL: Wait, let me get one more question in before my time ends. Empire AI. Really concerned about Empire AI. I know it's broad, or what have you. But we're concerned about the broadness of how broad it should be.

So we're concerned about -- you know, with the already wide digital divide and knowledge gap, and especially when, you know, technologies like AI coming, we're really concerned about making sure that we invest in training, we invest in making sure we close the digital divide. We also have to invest in making sure that there's regional diversity, so people across the state are exposed to training in these technologies.

Also concerned that our community colleges aren't participating. So we'd like to see training and access to these technologies, to women and to minorities.

COMMISSIONER KNIGHT: So I'll go back to your question around ConnectALL. When you

talk about underserved, the way we define underserved is being able to get -- not being able to get service of a hundred megabytes per second. And so that's why we're looking at -- well, I can talk to you about that going forward.

ASSEMBLYMAN VANEL: Okay.

ASSEMBLYMAN PRETLOW: Member Lucas.

ASSEMBLYWOMAN LUCAS: Good afternoon, everyone. Thank you so much.

So from the time that I've actually been in office, I've talked about workforce, creating incubators, piloting programs in areas like East New York, specifically East New York.

So I recently watched the Governor speak about the four workforce programs for potential industries that are coming. I specifically spoke about CIMR, which is continuous infectious microbial reduction, which addresses the killing of mold and infections without disturbing infrastructure, which is an emerging technology that's available now that's being contracted through

the National Guard. It does not discriminate in its workforce. And it actually has jobs that will journey with the individuals.

I simply asked for funding when it came to developing a training center, not only just to train for those specific things, but those partners with NYSERDA in areas of such.

I know that ESD has workforce; I heard you talk about home ownership opportunities. And this would be a perfect marriage as it pertains to building a healthy home and developing a strong workforce.

So my question is how do we access some of these workforce dollars in these programs to roll it into CIMR training and business development for contractors in my district?

Additionally, to add to that, I'd be interested in knowing is there any discussion of bringing back or creating a new Empire Zone program, which actually began first in the designated zone of East New York, Spring Creek, Fairfield and

the East Brooklyn BID. And what overall are we planning to do to address underresourced communities downstate? That's my questions.

Thank you.

COMMISSIONER KNIGHT: Thank you, Assemblywoman. I think we had a preliminary discussion about --

ASSEMBLYWOMAN LUCAS: Yes, in all fairness.

COMMISSIONER KNIGHT: Yes. And we would like to continue to have that dialogue around workforce development, training. We'll put you in touch with the Office of Workforce Development to think about how this training could be deployed for members in your district.

ASSEMBLYWOMAN LUCAS: Okay. And it would definitely be an expansion to other districts, because they can be training with other areas.

Thank you.

COMMISSIONER KNIGHT: Thank you.

ASSEMBLYMAN PRETLOW: Thank you.

Member Jon Rivera.

ASSEMBLYMAN RIVERA: Good afternoon. The first question is for Executive Director Mallin.

In your statement you said: "The nonprofit sector in Western New York generated 380 million in economic activity, including 189 million in audience spending, and supporting over 8,000 jobs."

I'm happy that you're touting Western New York, because obviously that's my neck of the woods. But I obviously have to, you know, state something that's pretty glaring, and that is, you know, we're touting the successes of arts funding while we're simultaneously proposing a reduction of tens of millions of dollars in arts funding. So on one hand we're excited about what we're doing, but on the other hand it's almost as if we're penalizing entities for doing good work.

So I know that it's not your call to determine how much funding is in for NYSCA in this budget, but what's your take on organizations that are, like you said,

supporting 8,000 jobs and facing pretty serious cuts?

EXECUTIVE DIRECTOR MALLIN: As I said earlier, we will, you know, absolutely be strategic about the budget that the Governor has put forth -- or is enacted here.

I think, going back to Senator Krueger's point about the multiplier effect, understanding that more directly. And I think that NYSCA does have the opportunity to connect the dots, you know, with ESD and other agencies to, you know, foster the ripple effect of these artists and arts organizations. Because we know they're huge, and we know they revitalize. So --

ASSEMBLYMAN RIVERA: It -- and I don't want to cut you off, but obviously, you know, I'm short on time here. It's a little confusing, obviously, to say that we're going to focus so much on this ripple effect and everything else we're going to be doing, while simultaneously looking at the numbers that we're looking at, so ...

I'm hopeful that something looks

different soon, but I know that there's a lot of entities probably all over the state that are tremendously concerned.

The next question is for Commissioner Moy. And that is earlier this year you visited Lafayette High School in my district -- also Senator Ryan's district -- and you started your feedback session tour around language access, which is an issue that's super-close to my heart. How's that going?

OGS COMMISSIONER MOY: The Office of Language Access just celebrated its one-year anniversary, and it's really been an incredible journey. The team has staffed up. We've identified data analysts. We're starting to work with agencies to help them with their expansion of additional languages beyond those that are mandated. We've also expanded our work to also consider ASL, which is beyond, a little bit, of the scope of the executive order.

It's been a tremendous opportunity to also think about the ways the state can

change the way it offers services. And part of those priorities for the upcoming year, which the Governor has included, is the language access certification process.

Thank you very much. We'll share more.

ASSEMBLYMAN PRETLOW: Thank you.

Member Gray.

ASSEMBLYMAN GRAY: Thank you very much. I appreciate it.

Commissioners, thank you for being here. Patience is a virtue. Look at all the real estate we have up here now --

(Laughter.)

ASSEMBLYMAN GRAY: -- so there's plenty of places to get seats.

So a couple of things I just want to say. Commissioner Moy, thank you very much -- and Commissioner Knight, both. We were here last year, we talked about the St. Lawrence Psychiatric Center property. A year later, we have action on that property now, after many -- much communication. So I appreciate your diligence in that regard.

Also, for the utilization of state buildings, you know -- and a lot of communities will reinstate those other centers of activities for both cultural and festivals and things like that. So the affordability is important to that.

And Commissioner Knight, thank you very much for your attention to Clarkson. I know you've come up for the annual event that we have up in -- it was Lake Placid last year. So it's important, I think, that we're going to connect Clarkson, the R&D at Clarkson, with Micron. You know, I hear the Governor talk about the Thruway corridor. I like to say it's the Route 81 corridor, anchored by Clarkson R&D. We have the workforce development that we're just putting in a significant amount of millions of dollars into developing out at Fort Drum that will support Micron. So I want to continue to emphasize the I-81 corridor.

So a couple of things, one on the ConnectALL. Is there any -- is there going to be any consideration -- we have a lot of

towers that are out there currently for, you know, emergency services. And a lot of those towers are underutilized, and we have vertical space available.

Is there any -- is there consideration for WiFi and/or cellphone coverage on some of the emergency towers that we have already, collocating on some of the -- you know, many of these counties are undergoing multi-million-dollar investments in their emergency tower systems. So is there any consideration for that?

COMMISSIONER KNIGHT: I know that the office is looking at siting guidelines, and so I'm sure that will be a part of the consideration.

ASSEMBLYMAN GRAY: Okay, yup. I would, you know -- it's just -- I think it's imperative that we work with the counties to try to, you know, collocate on there.

Talking a little bit about RUSH-NY. you know, I've been very concerned about our nonperforming assets that we have throughout the state, whether they're on SUNY campuses,

the Psychiatric Center property, the prisons that are decommissioned and vacant. So we have a lot of, you know, underperforming or nonperforming assets.

What -- so I know you talked a little bit about the engagement of the communities. Can you talk a little bit more about that? You know, where are they going to be? Is it going to be a very active approach? Do communities have to come to you folks? Do you have to come to the communities? Or how is that going to play out?

COMMISSIONER KNIGHT: So thank you for that question. As you know, we wrapped up the work of the Prison Redevelopment Commission, which provided for some recommendations related to closures.

And so, you know, our office, ESD, is really focused on the post-closure process, and we'll be engaged with community leaders, elected officials to understand what it is that they want to see in their community and how we can be supportive in repositioning the property for an economic development use.

ASSEMBLYMAN GRAY: Okay. So -- and then I just wanted to touch base a little bit on the nexus for the RUSH program and the requirement on the REDC to be pro-housing communities.

So a community has to develop a pro-housing approach, right, to be eligible for -- you know, to move forward, as well as the DRI. Right? But they also have state-owned property that could be utilized for housing. So there's got to be a nexus somewhere in there between those two programs.

COMMISSIONER KNIGHT: So when we're looking at some of our traditionally very successful programs like REDC and DRI programs, the Governor is looking for a pro-housing certification that HCR will deliver to the municipality, that would provide for -- is a requirement to access some of that funding.

So we certainly look at pro-housing-designated communities, and separately look at the assets that are

available for redevelopment.

ASSEMBLYMAN GRAY: Okay. Thank you very much.

ASSEMBLYMAN PRETLOW: Member Walsh.

ASSEMBLYWOMAN WALSH: Good afternoon.

Commissioner Knight, these questions are for you, and they have to do with unemployment insurance.

At the beginning of the COVID-19 pandemic New York State borrowed $10 billion from the federal government to help pay for unemployment insurance claims through unemployment insurance -- the Unemployment Insurance Trust Fund, the UITF. Which, as you know, is funded by unemployment payroll taxes paid for by all for-profit businesses in the state.

New York State has a $7.3 billion outstanding balance owed to the federal UITF. According to the Citizens Budget Commission, 31 other states use CARES Act funding and ARPA funds to repay some or all of that debt.

Why didn't New York State do that, and wouldn't that have been a prudent thing to

do?

COMMISSIONER KNIGHT: I understand, you know, the impact that this is having on businesses across the state. But it's my understanding that this interest is being paid down.

This is something that is happening through the Department of Labor. I'm in touch with the commissioner, and she's very aware of this item.

ASSEMBLYWOMAN WALSH: Yeah, we're all aware of this item. I mean, this kind of goes into my second question, which I'll ask real quickly.

Due to the unpaid debt, the state owed and will continue to owe in coming years an interest assessment surcharge, an IAS, to the federal government. In 2022, the state passed the interest payment of $160 million on to employers. These businesses have already had to weather through the COVID pandemic and all the restrictions that came with that -- many of whom never reopened, even -- and now they're being crushed by that

IAS surcharge and the FUTA tax.

What is the state's plan? Is it to continue to let New York State businesses suffer, you know, under these taxes? And does the state have any plan to cover the costs of the IAS for employers, as proposed by a bill carried by one of my colleagues, Mr. Ra, Assembly Bill 2982?

COMMISSIONER KNIGHT: Assemblywoman, I understand, you know, like I said, the critical nature of this issue. I know that my colleague, the commissioner of Labor, I think is going to be testifying this afternoon, and I would defer to her to answer that question.

ASSEMBLYWOMAN WALSH: And I would love to be here to ask it again, but I'll be in session. So you got the question instead of -- hopefully someone else will ask that of Commissioner Reardon, because, you know, our small businesses and our businesses are so important to our state. And as has been mentioned by a lot of our colleagues, we have businesses that are finding the climate in

New York State -- not the weather climate, but the business climate -- so unfavorable that they're leaving.

And I think that this type of decision-making at the state level has been a contributing factor.

Thank you for your time.

ASSEMBLYMAN PRETLOW: Thank you.

I'm going to call the absentees {inaudible}.

The Assembly is done. Thank you.

CHAIRWOMAN KRUEGER: And thank you very much. The Senate had been done. So we appreciate all of your many hours with us today.

I think everybody has some questions to respond to in writing. Again, forward them to the Ways and Means staff and to the Senate Finance staff, and we'll make sure everybody gets the answers.

Appreciate your time today. Thank you.

And just for those of you who thought we would never finish Panel A, we are now

inviting Panel B to come down. Some people who might want to grab Panel A members, please do in it the hallway so we can move quickly to the next panel: The Dia Art Foundation, ArtsNYS, and ArtsWestchester.

And for legislators and panel, we now are the stage of the hearing where each panelist has only three minutes to present their testimony, and each legislator has only three minutes to ask and get answered their questions. We refer to these as the lightning rounds.

So I see our Panel B people.

(Off the record.)

CHAIRWOMAN KRUEGER: Good afternoon.

All right. And again, I mentioned it many hours ago, but these microphones are a challenge to push. But you need to push the little button till the green light goes on in order to have your mic on, and then you push that button till you get red to turn the mic off.

And some of us are up here laughing, because some of them just don't work. But

we're going to do our best. It's a test of your physical strength of your index finger, I think.

So with that, why don't we start with Hannah Gompertz, if I said it correctly. If not, she'll correct me.

MS. GOMPERTZ: Yes, that's right.

Hi, my name is Hannah Gompertz. I'm the director of communications and marketing at Dia Art Foundation. And thank you, I'm very happy to provide this testimonial on behalf of Dia about the potential the arts and cultural resources have to enact powerful economic and community change.

Dia was founded in 1974 to help artists achieve visionary projects that might not otherwise be realized because of scale or scope. Today Dia operates sites in New York City, Long Island, and in the Western United States.

We brought our internationally significant program to the Hudson Valley with the opening of Dia Beacon in 2003. Dia Beacon is one of the largest contemporary art

exhibition spaces in the country. When we opened, the City of Beacon was a small community struggling to overcome the loss of local factories and manufacturing jobs. Today, it is a vibrant Hudson Valley destination.

Dia and the museum have played a vital role not just in this transformation, but in the area's ongoing pandemic recovery over the past three years. It's been estimated that the Dutchess County cultural sector has an economic impact of $28.5 million annually and creates more than 1,000 jobs. Dia Beacon alone brings in an estimated $8 million in regional tourism per year, and invests about $6 million in the operation of the museum and its payroll of around 100 employees and 25 teaching artists.

Beyond this revenue, Dia, like the majority of arts organizations, provides a range of critical services to our community. The museum offers school group tours, professional development for local educators, a summer intensive for English

language learners, workshops for people living with dementia, workforce development opportunities for teens and young people, and a range of partnerships with local organizations.

Our work would not be possible without the support of New York State. A relationship with Empire State Development helped us to complete the renovation and opening of Dia Beacon 20 years ago, and annual funding from the New York State Council on the Arts supports our general operations.

Recent gifts have funded projects like a facade restoration, an HVAC replacement, restroom renovations, and the expansion of a daily free admission program which now serves residents of both Beacon and Newburgh. Beginning this summer, state funding will also help realize a major landscaping project.

We rely on our regional electeds to understand these needs, and funding distributed through state agencies is

critical in helping us maintain our sites and core operations without compromising our programming or community services. Your support fuels the creative economy and allows us to continue expanding our impact beyond our museum walls.

The success of Dia Beacon over the past 20 years is itself a testimonial to what can be achieved with these investments.

Thank you very much for allowing me to testify today.

CHAIRWOMAN KRUEGER: Thank you.

Next up we have Elizabeth Reiss, ArtsNYS.

MS. REISS: Hello. Thank you for having us.

On behalf of ArtsNYS, I also want to share with you that I'm the director of the Art Center of the Capital Region in Troy. So I came a long way for this.

We are here today to share our hope that the New York State Council on the Arts budget will continue at $100 million, with an additional $50 million allocated for capital

programming. Furthermore, we request that $10 million be allocated to regional arts councils.

We all have heard today that our communities spark revitalization, that the arts help spark revitalization. Our request for $10 million to be directed to arts councils is grounded in a local decision-making approach that enables the councils to reach deep into their regions to support groups that directly serve and strengthen their own communities.

In 2023, seven arts councils funded 861 projects across 21 counties -- 49.7 percent of those projects engaged diverse, historically marginalized, or underresourced communities; 39 percent reached first-time grant applicants; and 22.8 percent supported Black, indigenous and people of color initiatives.

Given the tremendous success of this model, we advocate for its renewal and expansion to all 62 counties of New York State, especially as we've seen unprecedented

growth of artist populations outside of New York City.

In 2021, in upstate, the artist population increased by 26.5 percent, significantly outpacing total population growth in those areas. Here in Albany, the resident artist population growth surged by 50 percent, compared to 3 percent growth overall. It's clear that focusing in on our regions is the next step in growth for art in New York State.

Echoing Ms. Mallin's and NYSCA's testimony, it's clear that the arts sector is a robust economic engine. We already heard that Western New York's nonprofit arts sector generates $381 million in audience and organizational spending and it supports 8,221 jobs. In the Greater Syracuse area, 47 organizations reported over $148 million in economic activity and supported almost 6,000 jobs. Long Island's non-for-profit sector and audiences contributed 330 million in economic activity, supporting 4,900 jobs. In Rochester, the arts generated 93 million

to the local economy and supported 3,600 jobs.

Locally, here in Troy, state funding was used to create a public art program that revitalized an alley that was in disuse and dangerous. And now we're sparking tourism because we just won USA Today's Best New Festival of the Year.

And so we can see directly how the arts help our community, and we hope that we can continue to depend on the support of New York State.

CHAIRWOMAN KRUEGER: Thank you very much.

Next we have ArtsWestchester, Susan Abbott.

MS. ABBOTT: Good afternoon. My name is Sue Abbott, and I'm the director of grant programs at ArtsWestchester in Westchester County. On behalf of our staff, board, and our CEO, Janet Langsam, it is a pleasure and a privilege to be speaking in front of you today.

Echoing the sentiments of my

colleagues that have already spoken today, I'm here to speak about the impact of the arts, particularly in the Lower Hudson Valley, and also the impact that the New York State Legislature has had in supporting the arts in our area.

ArtsWestchester is one of nine local arts councils around New York State that received significant support in several recent budget cycles. We are so grateful for your leadership and for Majority Leader Stewart-Cousins' support in securing a $10 million appropriation in the State Senate Budget for regional arts councils funding for 2023 and again for 2024. Within that allocation, seven regional councils -- including ArtsWestchester -- each received $1 million, and two others each received 500,000.

With this funding, in the 2023 grant year ArtsWestchester awarded $550,000 in grants to 100 organizations and 64 individual artists between Westchester and Rockland counties. This is light-years away from just

five years ago in the 2018 cycle, when we awarded 105,000 across 45 organizations and just five artists. Within those 164 grantees are 65 who received ArtsWestchester funding for the first time.

The support that you allocated fostered new relationships across all disciplines: Artists created new work, so it furthered their artistic careers; students of all ages experienced arts education programs; and audiences were drawn to performances and events throughout Westchester and Rockland.

In a recent survey of this year's grantees, over 80 percent of respondents said that this awarded funding enabled them to expand their audiences. Like many of our colleagues, ArtsWestchester also participated in the recent Americans for the Arts economic impact survey, and the results showed the arts generated 182.2 million in direct economic activity in Westchester.

It has been said many times today: the arts support the economy. And this funding is vital in the ongoing creative and

economic recovery of the arts industries in Westchester and Rockland. With that in mind, we have submitted our request for the renewal of the $10 million appropriation to the 2025 budget which includes, again, a $1 million allocation for each of seven councils, including ArtsWestchester.

On behalf of the organizations and artists we represent, we thank you for your dedication to the arts. We are eager to continue this partnership and build an even more vibrant, inclusive, and artistically rich New York State.

CHAIRWOMAN KRUEGER: Thank you very much, all of you. Appreciate it.

And Sean Ryan will be our first questioner.

SENATOR RYAN: It's actually more of a thank you. So thanks for the work, you know, that you do in the arts.

I think there's a growing acceptance that the arts, besides enriching communities and changing lives, are also a good economic development program. I've seen in Buffalo

the combination of arts and the historic tax credit has really made downtown Buffalo and different parts of Buffalo a different place.

So we support the arts, whether it's theater or big arts, like our Albright-Knox Art Gallery that recently underwent a major expansion that brings people in. We know that over a 52-week period, more people come into Buffalo to see the arts than they do to come in to see professional sports.

But we do find ourselves continually in this battle where you have to take a real long time to explain why the arts are important to the economy. And it doesn't really necessarily make sense to a lot of people at first.

So, you know, I will endeavor -- if I had a magic wand -- that more Empire State Development funds would be made available to the arts, because your arts organizations often show a much better return on investment than some of the out-of-state corporate entities that we fund.

So I would encourage you to keep up

your good work, but also keep making the link between how arts can help strengthen our economy.

Thank you.

CHAIRWOMAN KRUEGER: Assembly?

ASSEMBLYMAN PRETLOW: There are no questions from this side.

But I also want to echo the Senator's remarks. The arts are very important. And give my regards to Janet.

But just a quick note. When you're asking for something, don't say how much you got the last time. Keep that quiet, you know.

(Laughter.)

ASSEMBLYMAN PRETLOW: Thank you.

CHAIRWOMAN KRUEGER: I also just want to thank you all for testifying and reinforcing what I had said earlier in front of the previous panel about that we don't look at the arts as economic development, when all the data shows it is a direct correlation between supporting the arts and investing in activities that generate

enormous amounts of money at the local level.

I happen to represent an island called Manhattan. We have a little bit of the arts going on there. But we know that it is a huge draw for tourism, for business, for the correlated businesses to live performance of all kinds, and the visual arts.

And we even recognize, many of us, that it's a much better use of our time and money to invest in the arts than, say, have casinos in Manhattan, just as an example of what is economic development and what is not.

So I want to thank you all for being here. I don't think we had any other Senators, so we're going to thank you and move on to the next panel. Thank you very much.

(Off the record.)

CHAIRWOMAN KRUEGER: NYFIRST, Fund for Innovation in Research and Scientific Talent, Columbia University Irving Medical Center; Lake Erie College of Osteopathic Medicine; and the Food Industry Alliance of New York State. Clearly all related to health.

And we have Ross Frommer. We have a replacement for Richard Terry -- I believe John Weston. And we're looking for a third representative.

We only have two on the panel?

ASSEMBLYMAN PRETLOW: I only have two on my list.

CHAIRWOMAN KRUEGER: Oh, just two? Oops. Sorry, one got moved off. Sorry about that.

Okay. Hello, gentlemen. How are you?

MR. FROMMER: Good afternoon.

CHAIRWOMAN KRUEGER: Why don't we start with you.

MR. FROMMER: Good afternoon, and thank you for inviting me to appear before you today. My name is Ross Frommer, vice president for government and community affairs at Columbia University Irving Medical Center.

Columbia is a member of the Associated Medical Schools of New York, on whose behalf I am also appearing. AMSNY represents the interests of New York's 17 medical schools.

I am here today to speak on behalf of the New York Fund for Innovation in Research and Scientific Development {sic} program, or NYFIRST. Senator Ryan, that also spelled out a good -- a nice word.

As it is commonly referred to, NYFIRST is an economic development initiative run by Empire State Development, which provides funds to medical schools across New York State to recruit and retain top scientific talent.

Six billion dollars. That's how much Texas, the State of Texas, has spent on supporting biomedical research out of government funds in Texas. Eight-point-five to $9 billion, that's how much California has spent. Two-point-five, Massachusetts. One billion, Connecticut. And many other states -- although numbers smaller in terms of proportion of their population -- equally as high. New York's numbers are nowhere near this.

Why is biomedical research so important? Well, obviously research leads to

saving lives. But having it in New York also means greater access to clinical trials and it also means jobs. Research brings in money and creates good jobs, good-paying jobs with good benefits.

One point -- if there's one point I hope you will take from my testimony, it is that when looking at biomedical research and especially biomedical research, investment, funding, money, jobs, venture capital follows the talent. If you increase scientific talent in your state, you're going to get more investment in biomedical research. If you lose scientific talent in your state, you're going to get less so.

That's because with NIH, the funding follows the investigator. That's what NYFIRST is meant to address. It helps medical schools recruit and retain top scientific talent.

It is a fairly new program, fairly small. So far the state has invested only $9 million, but the returns are quite astonishing. Of that $9 million, in only

three years it's created 183 new jobs at New York medical schools. Good-paying jobs, the kind that can build strong communities.

The medical schools are required to put up a two-for-one match. Right now we're running at almost a four-to-one match. So the return on investment is twice what was expected, and that's very early on.

And I see I'm running out of time, but I just want to thank you. I have more in my testimony, but I'm happy to answer any questions that you may have.

ASSEMBLYMAN PRETLOW: Thank you. And my second mic is working as badly as my first mic.

I notice we have Lake Erie College of Osteopathic Medicine, John Weston.

DR. WESTON: Yes, sir. Just thank you all for allowing me to speak. I really appreciate it. Dr. Terry was supposed to speak. He's much better looking than I am, and much better at this, so I apologize that you're stuck with me.

I'm a family physician, and I've been

practicing medicine in upstate New York for 23 years. I'm also a regional dean at LECOM.

And so what we really are looking for is for you to appreciate our medical students and what we're trying to do. So right now there's 240 medical students at LECOM Elmira, and they're studying the basic sciences to become physicians.

And out of that 240, about 150 are all New York State residents. We really try to get New York State residents. We want to recruit them, that's our mission.

And then we have 500 medical students that are out with your physicians taking care of your constituents, your friends, your families. They're out there helping them, and they're learning to become physicians. They're taking the medical knowledge they learned in those first two years and then they're translating it and learning the art of medicine.

So you have 740 LECOM students practicing in New York State. Each of them spend about $30,000 a year to live here, so

that translates to about $22 million that they're putting into the local economies.

And 70 percent of them are going into primary care. As you know, we have a primary-care shortage in New York State, and they're here to help us. So I think LECOM's doing a good job of giving us some -- as a native New Yorker, giving New York some money and also helping us with the physician shortage.

We have training sites in Niagara Falls, Buffalo, Rochester, Watertown, Binghamton, Elmira, the Mohawk Valley. We also have St. John's Riverside in Yonkers and St. John's Episcopal in Far Rockaway.

And what we'd like to do is take what we're doing and expand it and make it better. What we want to do is really focus on students -- go to the middle schools, go to the high schools, and really mentor those students that might not think they can be physicians and say, Hey, look, I can do this, you can do this; we want you to become physicians.

So we want you to help partner with us and help us recruit students that are going to stay and become physicians in New York State.

Then we'd like to create a curriculum in the first and second years that really focuses on underserved regions and rural regions and really focuses at doing research and coming up with a curriculum that really focuses on rural and underserved regions. And then help us as we go along.

So we want to recruit, we want to educate, and we want to train them. More residencies -- as you can see, our residencies in those clinical sites are all in rural and underserved regions. And so allow us to do better, to do that -- we want to put one in Dunkirk, New York. Maybe up in Plattsburgh, New York. Let us expand rural residencies.

So let us recruit, let us train and educate, and then let us -- those physicians, wherever they sort of get trained, that's where most likely they're going to live. And

then they're going to stay here. Because right now we're losing more physicians in New York State than we're getting. So let us help with that.

I'm running out of time. Thank you so much for listening, too. I really appreciate you guys. I saw what you did this morning. This is a hard job, but you guys do it.

CHAIRWOMAN KRUEGER: Thank you.

Any questions?

ASSEMBLYMAN PRETLOW: Does the Senate have any questions?

SENATOR RYAN: Sure, I have a question.

CHAIRWOMAN KRUEGER: Sean Ryan.

SENATOR RYAN: To Dr. Frommer --

MR. FROMMER: Mr. Frommer. I work in the medical school; I do not have a medical degree.

SENATOR RYAN: Mr. Frommer. So tell me about the NYFIRST program. A $15 million program last year?

MR. FROMMER: It was passed, I believe, first in 2018. There's been three

rounds -- excuse me, four rounds of funding so far. The fifth round, I believe the applications are due sometime in May; I could be off a little bit. After that, that initial $15 million investment is very likely to have been exhausted.

SENATOR RYAN: And it's for every dollar that you get, you have to show a $2 million match?

MR. FROMMER: That is correct, the $2 million match.

As mentioned so far, the medicals have put up -- so we've generated over $4 million -- excuse me, a four-to-one match so far. We're required two-to-one; we've demonstrated a four-to-one.

SENATOR RYAN: What's the ripple effect of that spending? How does it affect our economy, our healthcare outcomes? What are you aiming to do?

MR. FROMMER: A whole bunch of things.

First of all, science is for the purpose of creating new knowledge that will help us prevent disease, learn about the

human condition, better treatments, better cures.

We will conduct more clinical trials in New York. Greater access of New York residents to the latest developments in biomedical technology.

Venture capital will come to where our faculty are, because our faculty are creating new knowledge. They're turning that knowledge into products, into drugs, into prevention strategies.

But even in the short term, it brings in more federal funding. The way NIH works -- National Institutes of Health, the largest funder of biomedical science in the world -- with minor exceptions, the grants follow the primary investigator. So if we have a scientist from California or Texas with $3 million in NIH funding, if we bring that person to New York, they bring their NIH funding with them. So on day one, they are creating jobs, they are bringing in resources, they are attracting philanthropy, venture capital -- all the good things we

want our scientists to do.

SENATOR RYAN: Which state's a leader in trying to match federal money with state money?

MR. FROMMER: Well, I mentioned Texas and California, the ones who have made the greatest investment in that.

New York has a small NYSTAR -- now ESD -- matching grants funding.

But I will say the Texas program, of that $6 billion, I think close to $1 billion is specifically dedicated towards recruiting out-of-state scientists to come to Texas.

There's a famous story -- and I'm blanking on his name. He used to be at MSK, went there -- Memorial Sloan Kettering, was recruited to Texas, created a whole new cancer program down at M.D. Anderson, a wonderful cancer institution, but it's not in New York.

He later won the Nobel Prize. Okay? They stole one of our Nobel Prize --

SENATOR RYAN: We had him; we let him go.

MR. FROMMER: That is correct.

SENATOR RYAN: So should we put more money into these types of programs?

MR. FROMMER: Absolutely.

SENATOR RYAN: Thank you, Mr. Frommer.

MR. FROMMER: Thank you, Senator Ryan.

SENATOR PRETLOW: Thank you. Maybe the Governor will put them on a bus and send them to New York.

(Laughter.)

ASSEMBLYMAN PRETLOW: Anyway, Carrie Woerner, you had a question?

ASSEMBLYWOMAN WOERNER: Thank you so much.

I'm going to -- I'm going to pick up where my colleague Mr. Ryan ended and ask -- so you've been receiving the NYFIRST funds for a couple of years now.

MR. FROMMER: Yes.

ASSEMBLYWOMAN WOERNER: And you mentioned that the intent here is that that research will eventually result in new products and private-equity funding will

commercialize that.

MR. FROMMER: Hopefully, yes.

ASSEMBLYWOMAN WOERNER: Right? So over -- and it might be that it's just too soon to have this response. But have we -- have you -- have there been patents filed or other sorts of milestones hit on the path towards developing new products and commercializing them and creating new businesses?

MR. FROMMER: Yes. And I can give you some Columbia-specific numbers. So our first NYFIRST recipient -- that's a mouthful -- was Dr. Jordan Orange, who's a pediatrician, does a lot of work in what they call killer cells. He has submitted three invention reports and -- and how many patents -- and filed three patents already since he came to New York in 2019 -- 2018. And he's in the process of creating a start-up company.

Our second NYFIRST recruit was Dr. Simon John, who's a Ph.D. who does a lot of work in eye disease. He has filed -- I have this here -- five invention reports and

four patent applications.

I'll also say that Dr. Orange now has 33 new jobs in his lab, and Dr. John has 15 new jobs in the -- small numbers but, based on a very small investment, a huge return.

ASSEMBLYWOMAN WOERNER: Terrific.

And so the first milestone obviously is filing for a patent application and hopefully getting that done. Have there been any licenses, any license agreements entered into on the basis of those patents?

MR. FROMMER: I am not aware of any. I'd have to check on that.

I will say that there is actually -- although NYFIRST is a new program, there was a precursor to this program, a similar thing which New York State had in the two thousand and aughts, if you will, called the Faculty Development Program. And there was a lot of good data, and I can follow up about recipients of those grants. Again, tremendous return on investment.

We have one gentleman at Columbia

named Rudy Leibel. In 2002, he was set to go to Baltimore. The state gave us a $750,000 grant in order to keep him here. He's created -- I think it's, you know, over $54 million in economic activity. A 75-to-1 return on investment, something like that.

ASSEMBLYWOMAN WOERNER: Fantastic.

In my last 14 seconds, is there any requirement that once the technology has been patented and licensed and is in the process of commercialization, that that commercialization must take place in New York State?

MR. FROMMER: I do not believe it's a requirement. However, New York medical schools are going to look to New York first.

ASSEMBLYWOMAN WOERNER: Great. Thank you so much.

MR. FROMMER: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Senator Tom O'Mara.

SENATOR O'MARA: Thank you.

Dr. Weston, I want to thank you for filling in for Dr. Terry today. I spoke with

him last night, and for the other members here, he's down with COVID. So -- better he's not here.

You did a fine job standing in for him. You actually kept it to three minutes. With his exuberance and enthusiasm, he never would have been able to do that.

So, you know, Lake Erie College of Osteopathic Medicine -- founded in Erie, Pennsylvania, is my understanding. And you now have a standalone medical school in Elmira, New York, correct?

DR. WESTON: Yes, sir. As well as Seton Hill, it's in Pittsburgh. And we also have one in Bradenton, Florida.

SENATOR O'MARA: And your focus and commitment -- I'd like you to describe a little more in your request here in this budget for funding for a Center of Excellence for Rural Health and Underserved Areas.

Can you just talk a little more about your commitment and the college's philosophy towards looking to recruit students from rural New York and underserved communities in

New York and the efforts to working to get to keep them to practice in those communities once they graduate?

DR. WESTON: Yes, sir.

Once we came to Elmira in 2012 -- and we opened the medical school in 2020 -- we established residency and centers of training in Niagara Falls, in -- that would be Niagara Falls Memorial -- and also Sisters Hospital in Buffalo; Samaritan Medical Center in Watertown; Our Lady of Lourdes in Binghamton; Elmira; and we also have one in Yonkers and Far Rockaway, Queens.

So as you can see, all those areas are pretty much rural areas. And they're also areas of need. And so what we're envisioning is we want to keep -- we want to train students and get students from New York.

And how do we do that? A lot of people don't think they can be doctors, they're not smart enough. I just say, if I'm smart enough to make it through, you're smart enough to make it through.

And I just use myself as an example.

I come from a working-class town in Endicott, New York. And I got lucky, and I made it to medical school.

So if we go in and mentor these kids and start in middle school and start in high school and say, You can do this -- and we partner them up with our medical students in those sites, right, so they spend some time with them -- we can bring them to LECOM and show them what we do there and say, This is something that you can do.

We're the largest medical school in America. We give out large -- a lot of scholarships, and we want to do even more of that. So if -- and we have a very -- we're one of the most affordable colleges in the country as well.

SENATOR O'MARA: Now, in the last 30 seconds, for the Centers for Excellence for Rural and Underserved Health, what is your ask, dollar amount, to get this in --

DR. WESTON: We're humbly asking for $250,000. And that's humbly.

SENATOR O'MARA: $250,000.

DR. WESTON: Yes, sir.

SENATOR O'MARA: To recruit doctors.

DR. WESTON: To recruit, educate, train.

SENATOR O'MARA: Within New York State, for serving in underserved and rural parts of New York State.

DR. WESTON: Absolutely, sir. Thank you for leading me in that. I appreciate that.

CHAIRWOMAN KRUEGER: Thank you.

Assembly, anyone?

ASSEMBLYMAN PRETLOW: Yes.

Assemblyman Ra.

ASSEMBLYMAN RA: Thank you.

Thank you both for being here.

Mr. Frommer, you just talked about, you know, what it means when this type of research goes on in New York, and obviously a situation where we lost somebody.

So can you elaborate on how the NYFIRST helps increase and improve New York's research workforce?

MR. FROMMER: Sure. When we are

trying to recruit somebody, a rock star, a scientist who has a tremendous record of scientific achievement but also fundraising, commercialization, all the things that the NYFIRST grant looks for, we have to put together a package. We have to convince that recruit from Texas, California, that they want to bring his or her lab to New York.

And that costs money. And it involves sometimes, you know, physical or capital renovations. It can involve staff. It can involve equipment.

The NYFIRST grant helps us put that package together and to make that package more enticing, more inviting. It gives us a leg up, if you will, on whatever the competition may be. And let me tell you, some of these folks, there is competition for them.

ASSEMBLYMAN RA: Okay. And I know New York has done a lot in recent years to support the life sciences industry. How will NYFIRST compliment that work? And how could it enhance those programs?

MR. FROMMER: So actually NYFIRST is technically a small part of the life sciences initiative, but most of the life sciences initiative tends to be focused on what I call the output -- on building that biotech sector, on the new companies, on the industry, on the things that can build sort of large-scale manufacturing.

We are the input. We are the science, we are the knowledge, we are the hard work that goes into creating those devices, those drugs, those prevention strategies. Output is great, but you can't have output without the input.

I should mention that our ask -- I forgot to mention it -- is $25 million for NYFIRST. I should have mentioned that earlier.

ASSEMBLYMAN RA: And that input, then, you know, I guess to sum it up, is why it's so important to recruit biomedical research here, because they're the input in this.

MR. FROMMER: Absolutely. And that input is good science, it is proximity to

clinical trials. But we are the -- this is the Economic Development Committee. It also is jobs, it is funding, it is mentorship for future generations for science. It is sort of building a long-term biotechnology, bioscience community.

ASSEMBLYMAN RA: Great. Thank you.

MR. FROMMER: Thank you.

CHAIRWOMAN KRUEGER: Any other Senators? Any other Assemblymembers?

I'm looking over there. He had a hand up over there, Gary.

ASSEMBLYMAN PRETLOW: Oh. Member Friend.

ASSEMBLYMAN FRIEND: Thank you, Chairs.

Dr. Weston, I'd like to congratulate you on your upcoming graduation of your first class of DOs.

DR. WESTON: Thank you.

ASSEMBLYMAN FRIEND: That's really exciting for our area and for your college.

Could you elaborate a little more on the impact that the Centers of Excellence for

Rural Health would have on the Southern Tier, Western New York, Central New York, communities like -- that have hospitals like Arnot Ogden?

DR. WESTON: So what we're hoping is by attracting students from these different regions to come to LECOM Elmira, and recruiting them, is that after we train them -- and we have residency sites there -- they can go back to their home and then they can train there and then become physicians in that region.

You know, right now we contribute about 26 million to the New York State economy. And I think as we can keep more and more physicians in New York State and take care of this problem we have, a dearth of physicians, I think that's a huge benefit.

I mean, being in Elmira -- being in Elmira before we had the school and now being in Elmira after, it's amazing. We've got apartments going up, we've got buildings that were dilapidated being rebuilt, we've got coffee shops coming up. It's just amazing

what -- like these little -- these are little centers of economic development.

Each medical student that we have, you know, spending $30,000 over four years and then doing residency in those places, it's just really phenomenal.

I know you guys talk about the arts, and I love going to New York City. I mean, I've loved going to the Frick and the Met, and I love doing that stuff. But I think each medical student we train is a little bit of an economic engine that is -- then we disperse throughout the state, and then we create more of these rural residencies.

As you guys fund us a little bit, we can create more of these and then come up with specific evidence-based plans to really take care of these people that need better healthcare and people that don't believe they can be doctors.

Listen, if I can do it, anyone can do it. Right? That's what I try to tell these students.

Thank you, sir.

ASSEMBLYMAN FRIEND: Thank you.

CHAIRWOMAN KRUEGER: We thank you both very much for joining us today. Appreciate it.

And we're going to ask the next panel to come up and join us. And that is New York State Economic Development Council, Center for Popular Democracy, New Yorkers for Fiscal Fairness, and Reinvent Albany.

Hello. Are we still waiting for one more to come?

ASSEMBLYMAN PRETLOW: Someone's missing.

MR. DEUTSCH: John Kaehny will not be here today.

CHAIRWOMAN KRUEGER: Okay. Thank you for clarifying that.

(Off the record; laughter.)

CHAIRWOMAN KRUEGER: Shall we start with, just in the order they're listed, with Ryan Silva, New York State Economic Development Council.

MR. SILVA: Excellent.

CHAIRWOMAN KRUEGER: Good afternoon.

MR. SILVA: Good afternoon. Thank you, Senator Krueger, Assemblymember Pretlow, Senator Ryan, Assemblymember Stirpe, as well as all members of the Legislature, for the opportunity to testify here today.

While there are several items in the Executive Budget I would like to address, I would like to first spend a few minutes talking about economic development in general and the evolution of the work that we do.

Our 1,000 members represent communities from Suffolk to Erie County and every community in between. They represent urban, suburban and rural areas. They represent a broad cross-section of public, private, academic and nonprofit organizations. Their ultimate mission is to increase the health, wealth and prosperity of the communities they serve.

Job creation and job retention is at the core of what all economic developers do. Our members support and leverage private-sector investments totaling more than $114 billion. Those public-private

partnerships help to create or retain nearly half a million jobs annually and represent $7 billion in annual payroll, according to New York State Comptroller data.

This is one component of what economic developers do, but it is not all that we do. Our members also play a critical role in the revitalization of downtown corridors, removing blight, creating new housing starts, adaptively reusing dilapidated or underutilized buildings, supporting workforce development, and generating thousands of megawatts of new renewable energy.

Economic development isn't about chasing smokestacks. It's about increasing the quality of life and creating opportunities for all New Yorkers. It's building a new nursing school for the local community college in Corning. It's turning unused and vacant land into renewable energy generation and millions in new tax revenue to communities across the North Country.

Economic development is revitalizing Main Street corridors in cities like

Schenectady and Oswego and creating transit-oriented hubs in Ronkonkoma and Wyandanch. It's creating entrepreneurial assistance programs to underserved communities in Babylon and supporting great organizations like Minority Millennials.

It's investing in a Makerspace for the next generation of manufacturer in Troy, New York. It's creating much-needed workforce housing in Westchester County and across Long Island.

And yes, IDAs do have the authority to support commercial housing projects, based on an OSC opinion and multiple court rulings in the New York State Supreme Court authorizing IDAs to support commercial housing.

Finally, it's building out our 21st-century infrastructure to support our state's renewable energy goals, from Plattsburgh down to New York City.

These are but a few examples of the work our members are doing and why we need to update the data we collect and the metrics we use to measure economic success. These

initiatives come together from public-private partnerships and our members, and they come from support from the Legislature and the Governor.

CHAIRWOMAN KRUEGER: Thank you.

MR. SILVA: Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Next up is Charles Khan, Center for Popular Democracy.

MR. KHAN: Hi. A pleasure to be with you all today.

I just want to take a second to talk about how New York State does economic development and then why we should put a pause on how New York State does economic development.

Our economic development program across the state has grown to $11 billion. New York State leads the nation in megadeals over $50 million, and those megadeals are by far the most risky and most likely to fail.

There's been no shortage of headlines over failed deals and lost taxpayer money across New York State. And every year,

school districts across New York State and the children that those school districts serve lose $1.8 billion to IDA tax abatements and economic development deals that are often hidden behind nondisclosure agreements so the public has no opportunity to see them.

Just on that $1.8 billion, localities only have two options. They can try and do more with less, or they can raise property taxes. And I know that any homeowners in this state -- myself being one of them -- have felt, you know, the crisis on property taxes. And that is largely driven by school spending that is necessary, but is often -- the problem is exacerbated by these tax abatements.

I also want to be clear that New York has very little to show to the public on these deals, in part because across our economic development programs there is no transparent standard on what the return on investment should be, on what counts as a job created. There's no standard methodology on economic forecasting. There's no standard of

metrics or evaluations. And that is precisely the problem and why we need to put pauses on those deals.

In this year's budget the Governor said that she wants to protect New Yorkers' hard-earned money. I think that it is only possible to say that and to go out into the public and have them believe that if we do that. And year after year I think it's been shared that there are concerns about the economic development program here in New York State, and year after year we increase the funding to that program without putting in the necessary transparency or guarantees that New York taxpayers' money will be well spent.

As I said, Plug Power, Tesla, NexGen, the Central New York Film Hub, Belmont, the Buffalo Bills Stadium -- there are lots of embarrassments that are to be had. And the question is sort of, why do these deals keep happening, particularly with the megadeals.

This is -- (showing photos) this is why they happen, right? The deals are unaccountable, but they make good press.

Buffalo Bills, Belmont -- over and over again, we've made the same mistake.

This is the year where we can fix that, where we can make a change, save New York taxpayers' money, invest it in the things that work.

CHAIRWOMAN KRUEGER: (Mic off; inaudible.)

MR. DEUTSCH: Hello.

CHAIRWOMAN KRUEGER: How are you, Ron?

MR. DEUTSCH: I'm well.

CHAIRWOMAN KRUEGER: Good.

MR. DEUTSCH: My name is Ron Deutsch. I'm here today as the director of New Yorkers for Fiscal Fairness. I'm also a senior policy fellow with Reinvent Albany.

I thank you for the opportunity to testify here again today. I think this is something like my 27th time before you. So bear with me, I'll be quick. I only have two minutes and 39 seconds left.

So I agree with Charles and what he had to say about hitting the pause button. As you all know, we're waiting for a report

that's supposed to be coming out. It's an independent report that was supposed to look at all the different tax subsidy and abatement programs that the Department of Tax & Finance operates. That report is supposed to be issued this month, oddly enough.

So we're still waiting to see the results of that, but yet we are forging ahead with a myriad of, you know, tax subsidy programs, tax abatement programs, when we don't even have the evidence to show whether or not we get a good return on our investment.

Clearly all the academic research points to the fact that we are not getting a good return on our investment when it comes to economic development programs. We seem to have this addiction to giving billions of dollars to billionaires. That just defies logic to me. Whether it's Elon Musk or Amazon or the Buffalo Bills -- you know, you take your pick -- we're obviously subsidizing billionaires to the tune of billions of

dollars.

So I really do believe that we need to start to redefine what we think of as economic development. And I've said this before. When we look at SUNY and CUNY, to me, that's economic development. That's preparing a skilled workforce, which is one of the things that businesses want more than anything, right, a good, skilled workforce.

We also need to acknowledge that childcare is economic development. It allows people to go to work, and that is essential. And it also has a significant contributing economic contribution to our communities.

And finally, with all due deference and respect to my friend Ryan Silva, I would say IDAs are unaccountable, they are unelected, and they really need to be reined in.

And in particular, one of the things I'm going to be discussing tomorrow at a press conference is to prohibit IDAs from giving away school district tax revenue. This happens all too often, and to the

detriment of our schools, to the detriment of our communities. And we need greater accountability, especially when it comes to IDAs.

So thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Senator Ryan for a question.

SENATOR RYAN: So little time, Senator Krueger.

So let's talk for a second about the problem with IDAs and the school taxes. Could you walk through the linkage a little bit of that for me and why it presents a problem?

MR. DEUTSCH: Sure. In my point of view and in my opinion, what we're seeing happening is these local individual -- these local IDAs are basically giving school district revenue away to businesses, right? They're abating school district revenues, in the form of payment in lieu of taxes such as PILOTs or other means. And as a result of that, you know, our study that was done by Good Jobs First is clearly showing a loss of

about $1.8 billion in 2021 as a result of those abatements to school taxes.

SENATOR RYAN: All coming from the local tax base?

MR. DEUTSCH: Yes.

SENATOR RYAN: And then the local school districts come here?

MR. DEUTSCH: And then, you know -- I mean, we're in a situation right now, obviously, where the Executive Budget proposal is going to be cutting education aid for hundreds of school districts across the state. And at the same time we're also in a position where IDAs are basically telling businesses, You don't have to pay school taxes or you only have to pay a certain percentage of what you would normally have to pay in school taxes, for a period of 10 years or 20 years or what have you.

So that, to me, is significantly problematic. And then actually when IDAs dole out these abatements, they are also getting fees. So they're generating income for the IDA --

SENATOR RYAN: Does that fee go back to the local taxpayers?

MR. DEUTSCH: My understanding is that fee goes to the IDA to spend as they need to spend.

SENATOR RYAN: With no accountability?

MR. DEUTSCH: In my opinion, sure. You know, these are unelected bodies, so --

SENATOR RYAN: Can they take that money and pay lobbyists with that money?

MR. DEUTSCH: I -- you know, perhaps that's the case, yes. Certainly, I think it goes to their associations --

SENATOR RYAN: Do you have any opinion about whether IDAs are authorized to currently do housing in New York State?

MR. DEUTSCH: I don't believe they are, no.

SENATOR RYAN: And if in fact they were able to do housing, what would that effect have on the school tax base?

MR. DEUTSCH: I think that would also have a detrimental impact.

I mean, look, I think we can look at

providing tax credits of some sort for housing or affordable housing. But quite frankly, IDAs are not the mechanism to be engaging in affordable housing development.

SENATOR RYAN: I'm running out of time. But do you know what the "I" stands for in IDA.

MR. DEUTSCH: Industrial.

SENATOR RYAN: Not housing?

MR. DEUTSCH: No.

SENATOR RYAN: Not retail?

MR. DEUTSCH: No.

SENATOR RYAN: Okay. Thank you so much.

MR. DEUTSCH: All right.

CHAIRWOMAN KRUEGER: Thank you.

Assembly.

ASSEMBLYMAN PRETLOW: We were joined by Assemblyman Jacobson a little earlier.

And I have a question from Ms. Woerner. I'm sorry, Member Woerner.

ASSEMBLYWOMAN WOERNER: (Mic issues.) It worked before. There we go.

ASSEMBLYMAN PRETLOW: There you go.

ASSEMBLYWOMAN WOERNER: All right.

Thank you all very much.

Ryan, I wanted to direct my comments to you.

I note in your written testimony that you reflected on issues that manufacturing businesses are experiencing in the state, and this is an area of great interest to me because I'm seeing the numbers of manufacturers in New York State decline even as we make significant investments in trying to attract new manufacturing to the state.

And you mentioned in your testimony that there were -- that businesses are issuing WARN notices to -- which is the step that they have to take to close out their business. I have had three in my district in the last year, so this is a problem that is personally impacting my area.

So can you talk a little bit about what some of those challenges are that you are seeing?

MR. SILVA: Sure, Assemblywoman.

And, you know, Saratoga County is

supposed to be one of the most business-friendly communities in all of New York State. So to see manufacturers either closing up shop or laying off significant members of their staff is very concerning.

As you know, our members are the ones doing the work on the ground. And the feedback that we have gotten is that the cost of doing business is significantly higher. There are real concerns about access to the energy needed for manufacturers to not only maintain their presence here, but to expand their presence here.

I know the New York Independent System Operator has done a number of quarterly reports that do raise some concerns about the state's ability and capacity to hit our renewable energy goals and do that from a standpoint of capacity.

It's one of the reasons why our members are doing what they can in any way possible to support renewable energy projects -- wind solar, offshore wind -- to

try and get as much renewable energy onto the grid so that we can meet those aggressive timelines.

But I think there is a real concern about the timeline as it's set up that we're hearing about, in that we need to make sure that we not only have affordable utilities, gas, electricity, but also make sure we have the capacity. Because we do not need rolling brownouts in this state anytime in the near future.

ASSEMBLYWOMAN WOERNER: And is manufacturing -- I mean, this is sort of a gimme question, but manufacturing is an energy-intensive business.

MR. SILVA: Correct.

ASSEMBLYWOMAN WOERNER: Regardless of what it is you're manufacturing, you need -- you need power and natural gas.

MR. SILVA: That is correct.

You know, there are ways that these businesses are trying to adapt, but the economic realities make it very challenging right now to do those things.

ASSEMBLYWOMAN WOERNER: Thank you.

CHAIRWOMAN KRUEGER: Okay. Senator Murray.

SENATOR MURRAY: There we go. Thank you.

Mr. Silva, we're time-sensitive here. So when we talk about the PILOTs, we talk about the IDAs and the benefits and the school districts losing money, I don't believe we're talking about actual real numbers here, because the starting points aren't exactly correct.

When we talk about these losses, what are we comparing? Are we comparing real numbers or -- or -- in other words, is it what it would be at full value compared to what it is with the PILOT? But isn't there another option?

MR. SILVA: Thank you, Senator.

You know, the number that is being quoted in the Good Jobs First -- while it's being attributed to industrial development agencies, I believe it takes into account every tax abatement program that exists in

New York State. So 421-a, 487-a, 485-a, -b -- whatever, you know, number and letter you want to throw in front of it.

The data that we rely on is the data that we get from the New York State Comptroller. And their data shows that the dollars abated by IDAs towards schools is significantly less than that $1.8 billion number.

Secondly, it's based upon a belief that all these projects are going to occur regardless of whether or not the IDA is supporting this project. And we know that the vast majority of projects that IDAs support need the economic development assistance.

So in almost every case when an IDA supports a project, the dollar amount of new revenue going to school districts is significantly higher than if nothing was occurring at that site to begin with.

SENATOR MURRAY: So, Mr. Silva, wait, let me get this straight.

So if the business doesn't get a break

and they decide they're not going to locate there or they're going to leave, how much does the school district get in tax?

MR. SILVA: I would say they probably get whatever the property was or is generating before --

SENATOR MURRAY: Of a vacant lot or something.

MR. SILVA: It would probably be significantly less than if the PILOT or the project were occurring on the site.

SENATOR MURRAY: So you're telling me they'd actually get more through a PILOT.

Have you had any superintendents reach out to you and complain about this, to say this is unfair?

MR. SILVA: Not directly to me.

We do know that one of our members and board members has actually a very good working relationship with their school superintendent. They happen to sit on the IDA board, and they recognize that the economic development projects that they're supporting bring about net new revenue for

the school district.

And so our encouragement and our hope is that our members will continue to increase communication, work collaboratively where you can. There are several --

SENATOR MURRAY: I'm running out of time, so let me just close with --

MR. SILVA: Yeah.

SENATOR MURRAY: Sorry to cut you off.

But real quick, so the fallacy that if we -- that the companies would stay anyway and wouldn't leave -- according to News 10 in Albany, 158 companies managing almost a trillion dollars in assets have left when they haven't worked out these deals.

CHAIRWOMAN KRUEGER: Thank you. Thank you very much.

Next, Assembly?

ASSEMBLYMAN PRETLOW: I don't believe so.

Oh, Member Stirpe.

ASSEMBLYMAN STIRPE: Thank you.

You know, I think we kind of live in the real world, and things that Ron said and

things Ryan said are both kind of true. I've sat in on meetings where, you know, in front of the IDA the company's asked: Would you be here if it wasn't for a PILOT? And they haven't been given the PILOT yet, and they'd answered yes, it might take us a little bit longer to ramp up to the number of jobs, but we'd still be here -- and still see the IDA give them a PILOT. So that's -- that's a problem.

But on your side, you know, I've seen lots of projects that have happened and the only reason they did happen is because there were significant benefits that were given to them.

The other thing I see that things happen in New York State -- and I'll pick Micron for an example -- is the investment that New York State's made over maybe the last 40 years in higher education. Because one of the keys to getting Micron was that within a two-hour drive of Syracuse there are 7200 engineering students that graduate every year.

So, I mean, there's a lot of blame that can go around for what we think is waste and everything. But, I mean, the state is attacking the problem at many different levels, not just in economic development.

But you're right, SUNY and CUNY, those are great investments. That's the kind of stuff we need to do. But we do need to do a lot of different things, and we all have to sort of acknowledge that. I'm just hoping that we can be a little more careful.

You know, I'll give you an example. In addition to Micron, in my district I have Amazon, the second-largest warehouse in the world, and they have 3600 people working there now, whereas it was a golf course before. And I think the school taxes that were paid were maybe $50,000 or $60,000 a year. And I know in the PILOT they pay a lot more than that.

So, you know, is it better that we gave them a benefit like that in order to have 3600 jobs that start at -- I don't know if it's $20 or $22 an hour now. The only

problem with that is all the rest of the small businesses are hurting, because the workers went for higher pay and instant benefits and everything like that.

So it's not easy, and it's going to be uneven, but we're competing against the rest of the world. That's it.

Okay, thank you.

MR. DEUTSCH: I would just say, with the few seconds left, that the School Boards Association, the New York State Council of School Superintendents, and the New York State PTA will be coming out against IDAs giving away school district money tomorrow as well.

CHAIRWOMAN KRUEGER: Thank you.

I guess I'll jump in next with a follow-up question.

Do you know how many states outlaw giving away tax credit --

MR. DEUTSCH: There are a number --

CHAIRWOMAN KRUEGER: -- tax money of schools?

MR. DEUTSCH: Yeah, there are a number

of states. We are currently behind Florida, Louisiana and Alabama, if that makes you feel any better.

CHAIRWOMAN KRUEGER: Thank you.

Ryan, you referenced that you have used IDAs for commercial housing. I've never heard the term "commercial housing." What does that mean?

MR. SILVA: Well, I have certainly not done that myself. Industrial development agencies support commercial housing projects which are apartments, adaptive reuse, and have been doing so probably since that 1985 OSC opinion.

CHAIRWOMAN KRUEGER: So you used the term "commercial housing" for what we all call multifamily housing, apartment buildings?

MR. SILVA: It's defined as commercial housing. And it's --

CHAIRWOMAN KRUEGER: Okay, that's a term I've really not ever heard before. I was thinking you were talking about hotels.

Again, I've asked EDC from the

previous panel to -- ESDC, sorry, to give me information about why they think it actually is legal, because I don't agree. I don't believe the statute does allow for it.

And do you know, since we're on this topic, in the commercial housing that IDAs have been involved in, do they follow all the housing laws? Are these affordable units? Do these meet housing code? What are these units?

MR. SILVA: Well, these units have to pass all local planning and zoning laws that are required of the community of which they're being placed in. So without being able to look at specific data, I would say they have to, otherwise they wouldn't be allowed to come to market.

The data that we have and the data that we've generated from survey activity -- which is limited -- shows about 27 percent of the units that are generated over at least the last five years are considered affordable housing units.

CHAIRWOMAN KRUEGER: So I'd love to

see any materials you have on that.

MR. SILVA: I would like to, honestly --

CHAIRWOMAN KRUEGER: Yes.

MR. SILVA: -- if I may, put in a plug for updating the existing Public Authorities Reporting Information System, which is something we've asked for for a variety of years, to generate the type of data that we need to really examine the IDAs' roles in a variety of goals that frankly the state has put forth -- renewable energy, again, being another one of those.

Are we seeing a difference? Are we moving the needle, so to speak?

CHAIRWOMAN KRUEGER: And you raise another issue. So thank you. I was -- I asked the agencies that were here before what they were doing to evaluate meeting the Governor's executive order on decarbonizing and meeting green standards in any projects we are supporting with tax money.

Do you think that IDAs should also have to hold to that same level of green

decarbonization in your projects?

You might have to tell me in writing afterwards, because my time's up.

MR. SILVA: I will.

CHAIRWOMAN KRUEGER: Thank you.

MR. SILVA: Thank you.

CHAIRWOMAN KRUEGER: Senator Borrello.

SENATOR BORRELLO: Thank you, Madam Chair.

To you, Ryan -- I'll just direct this towards you. So I want to dig in a little deeper to what was brought up before, because we talked about school districts losing money.

So if you have a vacant building and that building is paying -- you know, it's been reassessed lower because it's vacant. And now you bring in and offer a PILOT on that vacant building, and a new development goes in there. Does the school district lose any money?

MR. SILVA: I don't believe they would lose any revenue from what that building was paying --

SENATOR BORRELLO: Right. Because the base is what the vacant building was paying, right?

MR. SILVA: Correct.

SENATOR BORRELLO: And then typically in a PILOT, you know, over the course of, say, a 10-year PILOT, that escalates, right?

MR. SILVA: It does. It escalates and expires eventually.

SENATOR BORRELLO: Right. So it eventually expires.

So how does a school district lose money when a vacant building, which probably could be foreclosed upon and then revalued again to an even lower amount, which would actually cause real loss to a school district -- how could a new building or a new, say, manufacturing facility cause a school district to lose money?

MR. SILVA: The belief would have to be that that project was going to happen regardless of whether or not the IDA supported it.

The reality is is that New York is a

challenging place to do economic development.

SENATOR BORRELLO: Amen.

I live on the border of Pennsylvania and, you know, we use every tool in our economic development toolbox. All it does is level the playing field when Pennsylvania does nothing. And that's a problem.

But I want to direct my remaining questions to the two gentlemen next to you.

We talked a lot about loss to our -- billions of dollars lost for our school districts. I agree with you.

New York City remains a sanctuary city -- $2.4 billion in the budget this year, $2 billion last year. That's a lot of money. Would you support New York City rescinding its sanctuary status? And if not, why not?

MR. KAHN: I wouldn't support that.

As we said, New York State has a $230 billion, $233 billion budget, and we have to prioritize how to spend that money. A budget is a moral document. We spend it on the things that we believe. And I think people that are seeking asylum, they are

legally able to be here and --

SENATOR BORRELLO: Ninety percent don't qualify for asylum -- 90 percent don't qualify, so --

MR. KAHN: -- we should be able to support them --

SENATOR BORRELLO: Four-point-four billion dollars just in this year and last year, you don't think that could help our schools, if all we did was take away -- roll up the welcome mat that's out in front of New York City and New York State? You don't think that -- I'm just trying to understand the practical applications of beating up economic development when we have -- when we're spending billions of dollars because New York City is a sanctuary city.

MR. KAHN: Absolutely. So, I mean, the goal of economic development, the goal of government is to help people. I can show you here that economic development is losing money. Right? We spent $4 million per job on Plug Power. That was a waste of public money. We --

SENATOR BORRELLO: I understand that.

MR. KAHN: Just let me finish. We sold the Tesla factory equipment at a loss, right? That didn't help anybody.

SENATOR BORRELLO: I want to say that I agree with --

(Overtalk.)

MR. KAHN: When we help migrants, we're actually helping people. And that's what should matter the most.

SENATOR BORRELLO: They're throwing out 8,000 meals a day, courtesy of the taxpayer.

(Overtalk.)

MR. DEUTSCH: Immigrants are economic development.

CHAIRWOMAN KRUEGER: Thank you, Senator Borrello. Thank you.

Any other people have -- oh, Senator O'Mara, you were on the list.

SENATOR O'MARA: Thank you.

Mr. Silva, as it comes to housing and industrial development, do employees and workers at a plant that's incentivized to be

there, an industry, do they live at the plant?

MR. SILVA: I don't believe so.

SENATOR O'MARA: I think they need housing in the community to be able to support the working families, correct?

MR. SILVA: Housing is where jobs go after 5 p.m., or 7 p.m., depending -- or 9 p.m., depending upon the shift you work.

SENATOR O'MARA: Now, with respect to the loss of tax dollars, taking away from them, if there is a dilapidated or vacant industrial site that's paying $10,000 a year in property taxes, as it's vacant, and it gets developed in part with incentivizing by a PILOT and it ends up paying $100,000 in taxes, even under a PILOT, that seems to me to be a net benefit to the school district and other taxing entities of $90,000. Not a loss of tax dollars. I mean, that's the way I look at these.

MR. SILVA: That's the way we view it as well, you know, that these are net new gains.

I do want to address Alabama and Florida, because they were brought up.

Alabama spends $10,000 a year per student, or $7.6 billion annually. They rank 46th in the country in education. Florida spends $9,800 a year per student, or $28 billion annually, and Florida ranks 42nd in the nation for education.

New York State spends $37,000 per year per student, and New York ranks sixth in education.

I don't think we want to be like Florida and Alabama when it comes to education. And frankly, when we talk about them not abating those programs, you can't abate when you don't spend. And they don't spend on K through 12 education the way New York State does.

SENATOR O'MARA: Thank you.

Just in the last minute, I went over with ESD Commissioner Knight on the seeming trend in losing manufacturers from New York State, particularly manufacturers that have operations in other states. When they're

making decisions to downsize, they're closing New York and going to lower-cost states.

What data or information do you have on that? And is anybody doing exit interviews with these companies? Because, you know, seemingly you wake up and get notice that 400 jobs are leaving and nobody knew about it, nobody did anything. And I don't see the companies really making a statement on that.

So who's doing the exit interviews on these?

MR. SILVA: That's a great question.

I don't know that there's a specific individual, organization or entity that's appointed to do that. You know, ESD may collect information or ask companies about why they're leaving. I know our members try to do that as well. So there's work to be done.

SENATOR O'MARA: Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

So I'm going to end this panel and

thank all the gentlemen for their presentations.

MR. SILVA: Thank you.

CHAIRWOMAN KRUEGER: You're welcome to follow up on questions in writing to us.

Before I call the last panel of this hearing, I want to remind everyone it is the last panel of this hearing. So when this panel's done, we're going to take a 10-minute break. Then we're going to come back as a brand-new hearing.

So anybody out there listening, if you're going -- if you think you're coming to the Workforce Hearing that in theory should have started at 2:00 -- but I warned everyone we're never on time, that it's more likely would be starting at around 3:00. And so hopefully the people on the first panel of Workforce will be here and ready to start.

With that, last panel: Student Borrower Protection Center, New York Law School Advanced Communications Law and Policy Institute, National Federation of Independent Business, and Wireless Infrastructure

Association.

If any of these folks are still with us, waiting, I want you to come on down for the panel.

Good afternoon, everyone. So let's start with the Student Borrower Protection Center. And remember you have to press hard so the green light's on. Okay. Hi.

MR. BERKMAN-BREEN: Hi.

Good afternoon, Chairs, ranking members, and members of the Legislature. My name is Winston Berkman-Breen. I'm the legal director at the Student Borrower Protection Center, a national policy nonprofit focused on eliminating the burden of student debt across America, including for over 2.5 million New Yorkers.

In this role I regularly work with consumer protection laws across the country. Prior to joining the SBPC, I was the director of consumer advocacy and student loan ombudsman at New York Department of Financial Services, and a legal services attorney before that.

Thank you for the chance to testify about the Governor's proposed Consumer Protection Act, Part JJ of the TED Article VII bill in the budget. I submitted more detailed written testimony, so I'll use my time today to emphasize one point: New York's basic consumer protection law, New York Business Law 349, lags far behind the rest of the country, fails to protect New York households and small businesses, and was called toothless by the National Consumer Law Center.

The national standard for consumer protection at both the state and federal levels are so-called UDAP laws -- bans against unfair, deceptive, and abusive acts and practices. These terms are well-defined by statute and courts and are generally applicable to all aspects of the economy and already applied in New York through federal law.

New York, often considered a bastion of consumer protection, is one of only eight states without a true UDAP. Our law

prohibits only deceptive acts and practices and has several outdated provisions and judicially imposed limitations. This leaves New York open to all manner of unfair and abusive economic conduct that is unlawful elsewhere and puts honest companies at a competitive disadvantage.

This affects student loan borrowers, homeowners, nursing home residents, car owners, and mom-and-pop shops, among others. This vacuum also allows bad actors to target and extract wealth from communities of color. New York is overdue to modernize its consumer protection laws.

As proposed in her initial Article VII bill, Governor Hochul's Consumer Protection Act would address some of the issues with the current consumer protection law, such as prohibiting unfair and abusive acts and practices alongside deceptive conduct. These are meaningful changes, but advocates were deeply troubled to see that the proposed text omits critical fixes to existing law that ultimately undermine its effectiveness.

Senator Comrie and Assemblymember Weinstein have already introduced legislation that would bring New York's consumer protection law into parity with the rest of the country: The Consumer and Small Business Protection Act. This bill is similar to the Governor's Consumer Protection Act, but includes the key provisions that are missing in the budget language.

My written testimony compares the existing law, the budget text, and the legislation, but today I'll say that the Comrie/Weinstein bill reflects best practices from across the country and incorporates New Yorkers' lived experiences and is the gold standard for consumer protection.

For this reason, I urge the Legislature to adopt the Consumer and Small Business Protection Act in their one-house budget proposals and to engage with the Executive to improve New York's existing law as part of the budget process. With a true UDAP in place, honest businesses will thrive and consumers will navigate the

marketplace without fear of being taken advantage of.

Thank you, and I'd be happy to answer questions.

CHAIRWOMAN KRUEGER: Thank you very much. Next is New York Law School, Advanced Communications Law and Policy Institute, Michael Santorelli.

MR. SANTORELLI: Good afternoon, distinguished members. Thank you for the opportunity to testify today.

My name is Michael Santorelli. I'm a director of the ACLP at New York Law School.

My written testimony touches on a number of issues related to the efforts of the state's ConnectALL office to distribute more than $1 billion in grants to close New York's digital divide.

I'd like to focus my remarks now on the state's recently announced Municipal Infrastructure Program, which will allocate about $228 million in support of municipal broadband projects.

It was eye-opening to hear ESD earlier

admit that the program will, in fact, waste once-in-a-lifetime funding on projects that will create duplicate broadband networks in served areas.

Make no mistake, ConnectALL is poised to support construction of additional broadband networks in served areas at a time when that funding could be used to facilitate broadband expansion into areas that lack even a single provider.

We have written extensively on the topic of municipal broadband. These projects are incredibly risky because, in almost every case, they're built in markets that are already served, placing them in direct competition with private internet service providers that are much nimbler and more experienced when it comes to running a business.

Many public networks struggle or fail to sustain themselves financially. Oftentimes localities must prop up these networks with taxpayer funds to offset financial losses. In dozens of cases,

networks have failed and been sold to private entities at a steep loss.

And respectfully, contrary to what the commissioner stated earlier, broadband is significantly different than electricity or water utility service. Water and electricity are monopoly services that do not compete with others. Broadband services, broadband providers are in a competitive marketplace.

Given these facts, we have argued that all available broadband funding should focus first and foremost on serving unserved areas. Only after that critical policy objective is achieved, the state should carefully study whether subsidizing municipal broadband overbuilding makes sense.

If the state chooses to subsidize municipal broadband overbuilding, then it should do so with the understanding that its financial support will lead to the assumption of many risks by a city or town once it enters the broadband market. It does not appear from publicly available information that ConnectALL has taken these reasonable

steps.

Also left unaddressed is what happens when these networks struggle -- and there will be struggles. Will the state subsidize struggling projects? How will the state deal with failed networks? Is the Legislature willing to allocate additional taxpayer funds to prop up these networks in perpetuity?

We recently published a profile of broadband in New York, and among many other things we analyzed the history of municipal broadband and its potential fate in New York. I submitted a copy of that with my testimony and commend it to the committees for review.

So in closing, the ACLP respectfully submits that all available funding for broadband should be focused on closing the digital divide.

Thank you.

CHAIRWOMAN KRUEGER: Thank you.

Our next speaker is from NFIB, Ashley Ranslow.

MS. RANSLOW: Thank you very much. Thank you very much for allowing me to

testify today.

NFIB, the National Federation of Independent Business, is a member-driven organization representing over 11,000 small businesses across the state of New York. NFIB members are the businesses that we all think about when we think of small business.

Local hardware stores, independent restaurants, florists, barbers, retailers, dry cleaners, convenience stores -- whatever you could think of, those are NFIB members.

There are close to 500,000 small businesses with employees in New York. These small businesses employ 40 percent of the state's private-sector workforce, and that's over 3 million New Yorkers. And their production accounts for nearly half of the state's GDP.

A strong, vibrant small business ecosystem supports local tax bases, governments and schools. Sixty-seven cents of every dollar that you spend at a small business is recirculated in a local economy.

Small businesses are local job creators and the bedrock of our state and local economies, but they continue to face significant financial challenges, from inflation to elevated gas and energy prices, the highest possible state unemployment insurance taxes, and the exodus of workers from the labor force.

Post-pandemic financial challenges and New York's difficult business environment have taken a toll on small businesses. According to Empire State Development, since 2018 New York has lost more than 17,000 small businesses.

Supporting pro-small-business priorities, as proposed in the Governor's budget, addressing the state's outstanding unemployment insurance debt, and overhauling the state's economic development strategy are the best ways to spur economic growth in communities across our state.

There are four provisions -- which I lay out in my testimony -- that we support. First and foremost, sunsetting the state's

outdated COVID sick leave law as proposed in the Governor's budget, the ELFA Part M.

Also in ELFA, Part K, which makes clarifications to Labor Law 191 that prevents businesses from further harm by clarifying in the Labor Law that it does not entitle a manual worker to receive liquidated damages if they were paid at least biweekly or semimonthly. Small businesses have been victims of these lawsuits, and it has put businesses out of business or in very dire situations.

Thirdly, we encourage the state to tackle the $7.3 billion unemployment insurance debt, which is leading to the highest possible state UI taxes, interest assessment surcharges, and increased federal UI taxes.

And lastly, the state must rethink its economic development strategy that benefits Main Street businesses that have been here for generations and, year after year, paying taxes to the State of New York. We have to make sure that money is invested and is

benefiting local independent small businesses.

We thank you for the time and consideration in working together to create an environment that helps small businesses for the betterment of their employees, local communities, the economy and all New Yorkers.

Thank you.

CHAIRWOMAN KRUEGER: Thank you very much.

And our last testifier is Karmen Rajamani -- close?

MS. RAJAMANI: Yes.

CHAIRWOMAN KRUEGER: Okay.

-- Wireless Infrastructure Association.

MS. RAJAMANI: Yes. A gold star for you, Chairwoman.

(Laughter.)

MS. RAJAMANI: I am Karmen Rajamani. I am the VP of government affairs with the Wireless Infrastructure Association. And thank you for the invitation to testify today.

We advocate for the widespread, responsible deployment of wireless infrastructure to enable connectivity everywhere and ultimately to close the digital divide. More than 132,000 households in the State of New York lack broadband access, a fact that we cannot accept in 2024.

Despite substantial state and federal investment, there are barriers to universal connectivity. One of these is the sluggish and inconsistent nature of municipal permit review.

In a recent report by Hudson Valley Pattern for Progress entitled "Making it Mesh: How the Hudson Valley Can Prepare for Next-Gen Wireless," it analyzed the different jurisdictional permitting processes across the state. These variations led to delays and even the derailing of critical projects designed to bring that next-generation wireless connectivity to communities statewide.

The report emphasized the impracticality of the current application

process for all stakeholders involved. This piecemeal application process imposes a substantial administrative burden on municipal staff as well as service providers. In the end, it's citizens who pay the price as they are deprived of the high-speed, reliable online access they need.

While federal regulations aim to tackle inefficiencies in permitting review, it is important to note that New York can maintain its status as a home-rule state while improving its processes. Legislation is critical to streamline the permitting review for wireless telecommunications applications, bringing predictability, proportionality, and transparency to the permitting process for communities and service providers, resulting in faster broadband deployment.

I urge the committee to prioritize this crucial issue for the benefit of all New Yorkers. And I thank you for the time, and I'm happy to answer any questions.

CHAIRWOMAN KRUEGER: Thank you very

much.

And Senators -- hello. Senator Borrello.

SENATOR BORRELLO: (Inaudible.)

CHAIRWOMAN KRUEGER: You're the only hand I see at the moment.

SENATOR BORRELLO: Thank you. Thank you, Chair Krueger.

First of all, I wish I could say something for all of you, but I'm going to have to focus on NFIB, because I'm a proud member. And I want to just ask a question.

You brought up the unemployment insurance that -- it's very timely, because I literally got an email this morning from my wife, which she forwarded to me from our payroll company, about the amount of money they're going to impound in order for New York State -- New York State's failure to do anything with the unemployment insurance debt. And she lists the thousands of dollars that our little companies are going to pay in order to satisfy the penalties and interest, on top of paying the highest unemployment

insurance rates now every business in New York State is paying.

Can you please explain to the panel what this is doing to small businesses and what they are actually paying for because of New York State failing to apply any money whatsoever from the federal COVID relief money to the unemployment insurance debt. Please explain that.

MS. RANSLOW: Sure.

So there's -- they're really being hit on multiple fronts. So when the solvency of the fund hit zero -- which New York's is at because it's still in debt -- it triggers the highest possible state UI tax rates. So you're automatically in the highest sort of bucket.

So that averages about an extra $250 per employee per year. Right? And we've been doing this now for a few years. But you also have to pay the interest on the state's debt. So every summer, businesses are hit with what we called an interest assessment surcharge, which is $20 to $25 -- it depends

on the interest level -- per employee.

But also the federal government has a tool to try and get state governments to pay back their debt by offsetting the federal UI taxes. So New York, because it's been in debt after a couple of years now, our FUTA, what they call the FUTA adjustment, has been offset.

So we're paying the highest possible state UI taxes, plus the interest assessment surcharge, plus extra federal UI taxes. All in all, you're talking north of $300 per employee that businesses are paying per year.

And again, we've been doing this now for a couple of years. So you're -- these are thousands of dollars. This is a lot for small businesses. That's a lot of money.

SENATOR BORRELLO: Absolutely.

And we never got an answer from the Department of Labor as to how much fraud was experienced, but the Comptroller estimated about $11 billion, which is about the same amount of money that we were in debt.

So essentially the debt that every

small business, every business in New York State is paying off now, is a result of fraud, unchecked fraud in the unemployment insurance system, wouldn't you say?

MS. RANSLOW: So it's -- you know, I think the Department of Labor has one set of numbers, the Comptroller obviously has another set of numbers. It's unclear sort of whose numbers --

SENATOR BORRELLO: I don't think the Department of Labor gave us any numbers. They didn't give us any numbers as to what the fraud was experienced --

MS. RANSLOW: Yeah. So, I mean, fraud was certainly -- it's something that should have been addressed, needed to be addressed, wasn't addressed. And that certainly led to a significant flow of dollars out of the system that unfortunately we haven't gotten back.

SENATOR BORRELLO: Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Assembly?

ASSEMBLYMAN PRETLOW: Member Woerner.

ASSEMBLYWOMAN WOERNER: Thank you so much.

Ashley, I want to start with you. So we -- in the last panel when you were here, I saw, there was a lot of conversation about the role of IDAs in economic development. And there are some IDAs that have, through application fees that they have collected, they have generated reserves, cash reserves that they really can't do much with.

When you think about reforming our economic development process, could you imagine a role for those IDAs in making investments and stabilizing Main Street businesses and the communities that they represent?

MS. RANSLOW: Absolutely. I think any -- so whether it's IDA or, you know, state economic development dollars coming through ESD through various programs, I think what we have seen -- if you look at these programs, you know, good or bad, they're highly specific to, you know, innovation or

technology or life sciences, et cetera, et cetera.

That's not your typical small business, you know, that's lining your Main Street. But those are the ones who've been there year after year, who are paying taxes to the state, who, you know, are creating the local jobs, et cetera.

I think any time we can look at how -- a way to sort of redirect some of those economic development dollars to those Main Street businesses is a win-win for New York State. You know, we've certainly -- I mean, losing 17,000 small businesses since 2018, we need to reverse that trend. Right? So we need to come up with a way of using our economic development dollars so we're not picking winners and losers.

ASSEMBLYWOMAN WOERNER: Great. Thank you very much.

Ms. Rajamani, so I want to just follow up on something you were saying about how challenging it is to get through local review processes when the processes are different --

different lengths of time.

Wireless companies have choices as to where they spend their money, where they make investments.

MS. RAJAMANI: Yes.

ASSEMBLYWOMAN WOERNER: To what extent have you seen companies choosing to put their money in other states where the review process is more streamlined and predictable across localities?

MS. RAJAMANI: Yes. That's a great question, Assemblywoman.

That we do see that -- as a trade organization, we have a wide variety of members, and we work with them on their challenges. But we do see that, that from a wireless carrier, if they have a dollar to spend, that deployment dollar they would rather spend in actually deploying the steel, the antennas to make the connectivity work, bring it into new areas or provide coverage or capacity -- gaps.

They would rather spend the dollars there. Frankly, from a business and I think

from your community and residents, they'd rather it do that too.

But yes, those dollars go to other states where it's easier and faster to deploy and spend that dollar.

ASSEMBLYWOMAN WOERNER: Thank you very much.

CHAIRWOMAN KRUEGER: Thank you.

Senator Sean Ryan.

SENATOR RYAN: Thank you.

Thank you, Ashley, for your testimony. It's always good to see and work with you.

Michael, I have a question about the broadband. So where I live we don't really have a free market. It's a -- the city signs a franchise agreement with the cable company, and then no one else could come into the market. And there's another fiber company trying to come in.

Do you think we should use the reconnect money -- or the ConnectALL money to assist that second company?

MR. SANTORELLI: Well, first of all, thank you for the question.

Well, I mean, it is a free market. Anyone can enter the market if the finances work for the ISPs.

SENATOR RYAN: Well, you can't. Once you -- I mean, the city's signed a franchise agreement with the cable provider --

MR. SANTORELLI: Anyone else can come in. Yes, I mean --

SENATOR RYAN: You can get on-the-pole access if --

MR. SANTORELLI: I mean, if you can negotiate it and come to an agreement, anyone can connect --

SENATOR RYAN: With the city.

MR. SANTORELLI: Right.

SENATOR RYAN: Yeah. But they're not going to sign more than one.

MR. SANTORELLI: Well, they could.

SENATOR RYAN: Well, usually their agreements say you can't.

MR. SANTORELLI: Right.

SENATOR RYAN: There's exclusivity.

MR. SANTORELLI: But, I mean, so regardless -- I mean, I would argue that --

SENATOR RYAN: I don't have an opinion here about -- but I was just --

MR. SANTORELLI: Well, I would argue that any ISP could explore and potentially enter the market. But your market is already technically served, so arguably -- and what we think and what many others think is that available broadband subsidies should go to the areas that are not served first.

SENATOR RYAN: So they should go to the unserved --

MR. SANTORELLI: Right.

SENATOR RYAN: -- before the underserved.

MR. SANTORELLI: Yes.

SENATOR RYAN: So I have pretty slow -- and I see the wheel (gesturing; grinding noise).

MR. SANTORELLI: Right.

SENATOR RYAN: But it's way better than people a few miles away who have nothing.

MR. SANTORELLI: Right. Right, yeah.

SENATOR RYAN: Doesn't a lot this just

go back to the fact that we don't regulate internet like we do other utilities -- water, gas, you know, electric?

You know, we allowed Verizon to build a statewide FIOS fiber optic network almost 20 years ago, and we gave them permission to skip Buffalo, Rochester, Syracuse and Albany.

MR. SANTORELLI: Right. So as I mentioned before, broadband is completely different from the national monopoly services of electricity and water. And rightly so, because it can be delivered in various different ways -- cable, fiber, wirelessly, fixed wireless, mobile wireless.

Electricity and water, you get through one pipe. And the regulatory systems are completely different for that reason alone. You don't want to regulate broadband like a monopoly service and then close the door to all other providers and stop innovation in the delivery of services, because over --

SENATOR RYAN: Have we really seen innovation in this?

MR. SANTORELLI: Sure. Fixed wireless

has exploded in recent years in many of these rural, underserved areas through T-Mobile, Verizon --

SENATOR RYAN: I hope the innovation comes to my area soon, because, you know --

MR. SANTORELLI: Sure. I mean, the localities can probably work with their --

SENATOR RYAN: It's still taking a long time to download a Netflix movie.

(Laughter.)

CHAIRWOMAN KRUEGER: (Mic off; inaudible.)

SENATOR RYAN: Yeah. Thank you very much.

CHAIRWOMAN KRUEGER: All right. Thank you all for -- oh, do you have any other Assemblymembers?

ASSEMBLYMAN PRETLOW: Yes.

CHAIRWOMAN KRUEGER: Sorry.

ASSEMBLYMAN PRETLOW: Member Otis.

ASSEMBLYMAN OTIS: Thank you, Chairs.

And thank you all for your testimony. You all have little different silos of this, all very interesting, and good work on all of

your parts.

I have a question for Mr. Santorelli. Interested in knowing more about your institute, but curious whether your institute has a position and done reports on local digital inclusion programs. You know, most of the federal money and a lot of the state money is on the macro-broadband infrastructure. And we need to do that, but there's also a need to make sure that we're sending a share of the big funding to these local programs that close the digital divide, people that have been excluded.

So tell me about your work, if any, in that silo.

MR. SANTORELLI: Absolutely. And That's actually been a personal passion of mine. And for many years we've always argued that what we call the demand side of issues -- the digital literacy, the adoption -- has been completely overlooked by the state.

Now it's being forced to come up with a plan as a result of receiving I think

twenty or $30 million in federal funding, digital equity funding -- they have to come up with a plan to finally address these issues on a statewide level.

Over the years we've seen pockets of -- New York City has a digital equity plan, and other parts of the state have that, but there's never been a comprehensive look at these issues. And that's been a true failing of the state, frankly, and a frustration of mine, again, because regardless of -- you know, experiences with services notwithstanding, the state is incredibly well served when you look at the data, and adoption rates are actually pretty high. But it still lags in certain communities: Low-income households, older adults, and some others.

And there's been very few studies or looks at digital literacy skills, which is increasingly important now in the age of AI and with everything being online. There's no curriculum for digital literacy, there's no standards for digital literacy, there's no

data for digital literacy.

So it's been a failing. Hopefully the state will come around and, through the implementation of its digital equity plan, finally get the state on the right track on these issues.

ASSEMBLYMAN OTIS: So -- and ConnectALL has done their -- two reports that they've submitted to the federal government. I think the focus -- and maybe you'll share in the advocacy of this -- is to make sure that we're getting a healthy amount of money to use local practitioners.

Because, you know, you can build the infrastructure, but if people still don't have the digital literacy skills, you're not providing the access that we desire.

So thank you, and eager to learn more about your institute. Thank you.

MR. SANTORELLI: Thank you.

ASSEMBLYMAN PRETLOW: Member Ra.

ASSEMBLYMAN RA: Thank you, Mr. Chair.

Ms. Ranslow, can you -- well, I guess this is general in terms of what we've been

talking about all day today. But first a question -- and I think I know what your answer is -- and then if you can elaborate on how we can do better.

But, you know, we've talked about $11 billion in economic development in this state. Many people, myself included, would say that it spends too much for what return we get. So, A, are these programs designed in the best way they can be to benefit our small businesses in New York State?

MS. RANSLOW: No.

ASSEMBLYMAN RA: Okay. And how can we make them better benefit our small businesses so that we can reverse that loss of 17,000 small businesses since 2018 that you spoke about earlier?

MS. RANSLOW: I think we need to look at -- you know, we have a lot of different programs, for example, that offer tax credits or certain, you know, tax-advantageous benefits to certain types of companies or programs, et cetera.

We need to look at opening those up.

Right? We've put -- to small businesses. Right? Because you look at it -- and I had this conversation with Senator Ryan not too long ago. You know, we're giving out money to larger businesses or bigger corporations who arguably might have the resources to do X, Y or Z.

Small businesses don't necessarily have the access or resources to do the same thing. And for example, wouldn't it be great for an independent bookstore on your Main Street to be able to use a grant or use a tax-credit program to invest in additional point-of-sale software or website development so that it could sell goods online like Amazon can, right, or whoever.

So, you know, how do we look at the way we spend economic development dollars and reimagine them so that small businesses can take advantage of some of these tax credit and different related programs that we offer to other types of businesses.

ASSEMBLYMAN RA: Thank you.

CHAIRWOMAN KRUEGER: Assemblymembers?

ASSEMBLYMAN PRETLOW: Member Stirpe.

ASSEMBLYMAN STIRPE: Thank you.

And as chair of Small Business once upon a time, I'm sure Ashley remembers how many press conferences we did trying to get some assistance on the unemployment insurance issue.

What you might not know is we came very close. Because in conference we got to the point where we were going to pay all the interest and we were going to refinance a bunch of it at a lower interest rate; then the labor came in and said, Well, if we're giving business that, you've got to give us this. And that blew up the whole deal. So we came close, but not quite.

But one thing -- I'd like to clear up maybe a misperception. We've lost 17,000 small businesses, but there's not a week that goes by that I don't send out letters to 12 new small businesses in my district, and I think you can spread that across the state.

Most businesses fail within the first five years, and most of them are small

businesses. So there's a lot of swirl basically as far as businesses starting and businesses ending. So I don't think we're quite as bad as maybe some of the numbers might make us look.

And Ms. Rajamani, do you have a prototype of a process that we could standardize that, you know, would make it easier to go through the permitting process?

MS. RAJAMANI: Yes, actually.

ASSEMBLYMAN STIRPE: You do.

MS. RAJAMANI: And that with our association, that we championed one earlier -- I forget, I'm -- is it a new year? But at the end of last year, we worked with the Adirondack Park Agency, that they were going through a code rewrite. That they're a rural area, they need connectivity.

They have been very innovative -- we've been talking about where is the innovation. They've been very innovative and understand that there is a push/pull on the aesthetics, perhaps, of these infrastructures, but everyone understands the

necessity for them. So how do we get it with -- in a way that the community will accept?

And so we were able to work with the agency very successfully, that they came up with a code rewrite. It wasn't perfect. Of course from an industry perspective, we'd like a little something else, but we left that for another day. And it does a lot to address community, aesthetic concerns, siting.

And -- but it was technology-agnostic, so it allows for all the different sorts of technologies to help close the digital divide. It took the community involvement -- it's part of the process at the beginning of frankly where to site it. But after that, it's a permit.

ASSEMBLYMAN STIRPE: Would you be willing to send me whatever you have --

MS. RAJAMANI: Oh, absolutely.

ASSEMBLYMAN STIRPE: -- as a prototype? I'd appreciate it.

MS. RAJAMANI: Sure.

CHAIRWOMAN KRUEGER: Thank you.

And I'm not going to use the time, but for NFIB, I would love if you could help us understand -- even though we talk about the numbers of small businesses closing, based on the previous question -- what is the normal churn, so to speak, of businesses going out of business or starting up?

And since you're national, is New York's rate in fact dramatically different than other states?

I understand, lots of businesses close, but I actually don't know whether we're out of the norm. And of course you have to look at, I guess, pre-COVID, current -- pre-COVID, during COVID, and post-COVID, because we know that had an enormous impact on the business community for everyone.

So I would love that as follow-up.

MS. RANSLOW: Sure.

CHAIRWOMAN KRUEGER: Thank you.

And with that -- I'm just double-checking -- we're going to thank the

last panel of this hearing. I'm going to officially gavel us out of this hearing.

I'm going to give everybody who's going to come for the first time, or come back, 10 minutes, and at 3:30 we'll start the next hearing.

Thank you so much.

(Whereupon, the budget hearing concluded at 3:20 p.m.)