



Joint Legislative Budget Hearing

Testimony of Empire State Development President and CEO-Designate and Department of Economic Development Acting Commissioner Eric Gertler

9:30 a.m., Tuesday, February 23, 2021

Good morning Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the Legislature. My name is Eric Gertler, and I serve as the Acting Commissioner of the New York State Department of Economic Development, and as President and CEO-designate of Empire State Development (ESD). Thank you for the invitation to participate in today's hearing. I am honored to appear before you virtually to discuss Governor Cuomo's Fiscal Year 2022 Executive Budget.

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

Shortly after I testified, COVID-19 hit New York. None of us could have predicted the pandemic would so fundamentally alter our lives in the way it did – and still does today.

No one could have predicted that the global economy would come to a stand-still, that borders would be shut, and that industries would be closed to prevent the spread of a deadly pandemic.

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

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

To this end, before discussing the proposed budget, I would like to share some of the ways that ESD assisted the State's public health efforts to combat the coronavirus.

First, shutting down a state's economy was unprecedented, and ESD was tasked with developing essential business guidance and working directly with tens of thousands of

New York State businesses to determine whether they could remain open and how to do so safely.

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

Third, beginning in May, ESD was called upon to help implement the State's phased reopening plan. Beyond providing guidance on State policies to the business community, we helped launch the New York Forward Business Reopening Wizard, allowing businesses to instantly determine their reopening status, identify industry-specific health and safety guidance, and complete a business safety plan - generating more than 550,000 business searches.

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

Understanding that small businesses are 98% of all businesses in New York State and employ more than half of our private sector workforce, ESD launched several efforts to help support the survival and growth of small businesses across the state:

- We provided \$7.5 million in grants to nonprofit organizations helping small businesses access Federal assistance;
- We launched the \$100 million New York Forward Loan Fund;
- We provided \$21 million of loan capital to Community Development Financial Institutions to provide Paycheck Protection Program (PPP) loans;
- We launched Empire State Digital, a first-in-the-nation partnership to help small businesses and restaurants to grow their online presence;
- We partnered with Diageo North America for the "Raising the New York State Bar" Restaurant Recovery Fund, awarding more than \$3 million in grants; and
- We announced the New York Forward Small Business Lease Assistance Partnership to help commercial landlords and tenants reach mutually beneficial lease workouts.

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

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

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

As outlined in the Executive Budget, building back better begins with funding additional rounds of the Regional Economic Development Council and Downtown Revitalization Initiatives, flagship programs that will focus on rebuilding communities and supporting impacted industries.

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

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

The COVID-19 pandemic also highlighted how a lack of access to affordable childcare can disrupt families and force caregivers, primarily women, to choose between their career and providing daytime care for their child. To help support working parents, the Executive Budget strengthens child care programs, enacts employer child care credits and improves child care affordability. At ESD, the Excelsior Jobs Program would be enhanced to encourage recipients to invest in childcare facilities and provide childcare services to workers.

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

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

As a State, we have faced remarkable challenges this year, but, together with our legislative partners, we will continue to build our economy back better, stronger and more resilient using a strategy built on four pillars: creating vibrant communities; developing our workforce and small businesses; incentivizing the growth of export-oriented industries; and fostering innovation to create the jobs of the future.

I thank you for your time and the opportunity to speak this morning. I am joined today by Kevin Younis, our Chief Operating Officer and Pravina Raghavan ESD's EVP of Small Business Services and we are happy to take your questions.

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