



Joint Legislative Budget Hearing

Testimony of Empire State Development President and CEO and Department of Economic Development Commissioner Hope Knight

9:30 a.m., Tuesday, January 30, 2024

Good morning, Chairwoman Krueger, Chairman Stirpe and distinguished members of the Legislature. I would 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; I'm confident 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 the President and CEO of Empire State Development, and as 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 has been a year of great 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 this year's budget, Governor Hochul is proposing to extend the MWBE program another five years, so we can 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 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% 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, ensuring these opportunities are targeted to historically marginalized communities. To date, the Office has supported training for over 11,000 workers with more than 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 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 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 dollars 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 super computer in Buffalo also shows New York's boundless potential for AI and autonomous vehicle developments.

As 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 ESD has accomplished in the past year, and I am excited by 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 am happy to take your questions.