

Testimony of

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Before the

**Assembly Standing Committee on Economic Development, Job Creation, Commerce, and
Industry**

and

Assembly Standing Committee on Small Business

Hearing on Economic Development Funding for SFY 2024-25

October 8, 2024

Chair Stirpe, Chair Woerner, and members of the committees, thank you for providing me with this opportunity to testify today. I am Tom O'Connor, Vice President, Government Relations for the Capital Region Chamber.

The Capital Region Chamber's roots trace back to 1819 when organized as the Albany Chamber of Commerce and Public Improvement. The Chamber's goal is economic prosperity – for our business members and our community. We represent 2,600 businesses and organizations from throughout the Capital Region – Albany, Saratoga, Schenectady, and Rensselaer Counties and beyond – that employ more than 150,000 area residents. The Chamber helps build a strong community by connecting our members to people, business, and issues important to business success. We provide leadership and resources to grow member businesses and our regional economy. Of importance to your committees, our Chamber is designated as one of Empire State Development's Entrepreneurship Assistance Centers (EAC). Our EAC is an award-winning center that provides one-on-one assistance and a 60-hour intensive Entrepreneur Boot Camp training program twice per year. Annually, we guide 150-200 would-be entrepreneurs and existing businesses in the Capital Region through the step-by-step process of starting, operating and growing a business.

I am also here on behalf of our affiliate, the Center for Economic Growth (CEG). CEG is dedicated to driving economic growth in our eight-county Capital Region. As the nonprofit regional economic development organization, we do this by attracting investment and talent; growing manufacturing and workforce capabilities, leveraging industry clusters, and developing the entrepreneurial ecosystem. CEG serves as a catalyst and works with partners and stakeholders to prepare the region to compete and move high-impact strategies and projects forward. CEG is

supported by investors in business, government, education, and the nonprofit sectors who are committed to sustainable economic growth and shared prosperity. CEG is also the Capital Region's Manufacturing Extension Partnership (MEP) Center.

While the Chamber cannot speak to whether the state's economic development programs are coordinated to support equitable and inclusive policies, the Chamber is committed to cultivating inclusive economic opportunity for all who call our region home. It is the Chamber's belief that when we engage individuals reflective of the full spectrum of our region, we drive innovation, enhance productivity and experience inclusive economic growth.

In terms of the funding included in the SFY 2024-25 State Budget for economic development programs, the Chamber supported the following provisions:

- \$500 million in capital funding for NYCREATES' Albany NanoTech Complex to bring a High NA EUV Lithography Center to the complex;
- \$275 million over 10 years to support Empire AI, a consortium that includes Columbia University, Cornell University, New York University, Rensselaer Polytechnic Institute, the State University of New York, the City University of New York, and the Flatiron Institute. This funding will advance groundbreaking AI research and development;
- \$200 million for four One Network for Regional Advanced Manufacturing Partnerships (ON-RAMP) workforce development centers in Upstate New York to train workers for jobs in advanced manufacturing;
- \$100 million for Focused Attraction Shovel-Ready Tracts New York (FAST-NY) to prepare shovel-ready sites;
- \$50 million for Restore NY, a competitive funding program that supports projects that transform vacant, abandoned, and condemned properties into assets for our communities;
- Raises the grant cap for Entrepreneurial Assistance Centers (EAC) from \$175,000 to \$250,000.

The Capital Region Chamber and CEG also fully supported funding in the budget for the Workforce Development Institute (WDI), and we believe continued funding for WDI is essential to our state's economy. As the Capital Region's MEP, CEG relies on WDI to help support training projects that strengthen and grow the region's manufacturing workforce. These projects have led to increased sales, revenue, job retention, capital investment, and job creation. WDI is Flexible, accessible, and connected to an incredible network of resources that make it possible for employers to work more collaboratively with regional training providers, capitalize on opportunities, and advance workers.

Our Chamber believes that this funding will improve the Upstate economy, and we look forward to working with our partners to ensure the success of these programs.

As you are aware, in 2022, Governor Hochul announced a new investment of \$350 million for workforce development and the creation of the Office of Strategic Workforce Development (OSWD) within ESD. OSWD's mission is to better align workforce development efforts with the needs of today's employers. CEG is supportive of OSWD and its efforts to support employer-driven, highly skilled workforce training programs.

Also in 2022, important legislation was signed into law amending the Excelsior Jobs Tax Credit Program to include Green CHIPS projects. We fully supported the enactment of this law. The Chamber and CEG have been ardent champions of bringing more semiconductor manufacturing back into the United States. Importantly, we have advocated for the state's efforts to attract the research and development hub of the National Semiconductor Technology Center (NSTC). In fact, the Capital Region's very own Albany NanoTech complex is a leading candidate for the NSTC. By including Green CHIPS projects under the Excelsior Jobs Tax Credit Program, New York State has access to Federal CHIPS funding and can attract new semiconductor manufacturing and related material supplier projects to locate in New York State. Our region and state have positioned itself to be the center of the country's semiconductor resurgence.

The Chamber appreciates that the grant cap for Empire State Development's Entrepreneurship Assistance Centers was increased in the 2024-25 State Budget. It is important to note that in order to become an EAC, the host organization must be located in an area accessible to minority group members, women, and other target populations. Since 1995, the Capital Region Chamber Foundation has received funding from ESD to serve as the region's EAC. We are committed to serving women and BIPOC-owned businesses and entrepreneurs across all industries. Through our Boot Camp, 1,004 entrepreneurs and small businesses have been served to date, with nearly 70% being female entrepreneurs/business-owners and 47% being BIPOC entrepreneurs/business owners.

The Chamber's EAC has and will continue to target services to SEDI (socially and economically disadvantaged) entrepreneurs and business owners within our MSA, which includes Albany, Rensselaer, Saratoga, Schenectady, and Schoharie counties. The total population is just under 900,000 (U.S. Census Reporter, 2021) and is predominantly non-minority/white with approximately 25% reported as BIPOC (Black, Indigenous and People of Color) other than non-Hispanic white (U.S. Census, American Community Survey, 2021) and 51% as female. Additionally, the Albany-Schenectady-Troy MSA area counts more than 2,000 minority-owned businesses (U.S. Census, Annual Business Survey, 2019) and 3,457 woman-owned businesses (U.S. Census, Annual Business Survey 2020).

The Chamber is the only regional resource organization to provide focused technical assistance and programs specifically targeted for woman and BIPOC entrepreneurs and small business owners. Our Entrepreneur Boot Camp is the only comprehensive business plan development course that is not restricted by industry segment, university affiliation, business formation or revenue status that offers a business plan competition and seed-grant award opportunities to its participating cohort members. The Chamber could not otherwise afford to provide this technical

assistance and training without funding from the state.

Notwithstanding the above, there are holes in the economic development strategies that should be considered and addressed.

State funding for our NY MEP Centers has been essentially flat since 2016. They are in dire need of a true financial commitment from New York State. As you are aware, NY MEP provides invaluable services to small and mid-sized manufacturers, contributing to job creation, innovation, and economic growth. With 98% of New York's manufacturers having fewer than 250 employees, NY MEP is essential to the competitiveness of our small and mid-sized manufacturers.

On behalf of the Capital Region Chamber and CEG, which represent a diverse manufacturing sector, I urgently request increased state funding of \$2.875 million for the New York NY MEP.

This enhanced funding will empower NY MEP centers to:

- Assist more small manufacturers statewide;
- Support legacy manufacturers in adopting new technologies;
- Help businesses become more sustainable;
- Strengthen NY MEP's ability to forge supplier relationships for more resilient supply chains; and
- Develop critical new services in response to market needs.

This investment is not only crucial for our individual enterprises but a strategic move to ensure the long-term competitiveness of New York's entire manufacturing sector.

With increased funding from the state, NY MEP will be able to help secure NYS investments in semiconductors, battery technology, cleantech and related areas by enabling small manufacturers to become part of those supply chains. And NY MEP has a proven record of accomplishment. In FY 2022, the program helped manufacturers create or retain 7,622 jobs and generated \$1.13 billion in economic impact. With additional resources, NY MEP can be expected to annually help over 2,000 companies create or retain over 10,000 jobs and generate over \$1.3 billion in economic impact.

Unfortunately, the 2024-25 State Budget did not address two matters that are having an adverse impact on our employers and our economy. No funding was included to address the state's outstanding federal Unemployment Insurance advance which currently stands at \$7 billion. The state's inaction is leading to the highest possible state UI taxes, an Interest Assessment Surcharge, and increased federal UI taxes that employers will continue to face. The governor and legislature must act on this pressing issue during the 2025 Legislative Session.

The 2024-25 State Budget also did not address the frequency of pay issues created after a recent court decision. The court decision (*Vega v. CM & Associates Construction Management LLC*) determined that payment of wages to manual workers other than on a weekly basis is wage theft and subject to a lawsuit and damages. The result has been that employers are now subject to

significant claims that can total in the hundreds of millions of dollars. Although the governor had submitted a proposal to clarify that paying a manual worker bi-weekly instead of weekly is not subject to liquidated damages, it was rejected by the legislature. The legislature must ensure that these issues are addressed during the next budget cycle.

Thank you for the opportunity to share with you the Capital Region Chamber's and CEG's perspective. I'd be happy to answer your questions at this time.