

DEPARTMENT OF ECONOMIC DEVELOPMENT

MISSION

Together with the Empire State Development Corporation, the New York State Department of Economic Development:

- Advises the Governor and Legislature on all major economic development issues and decisions;
- Develops State economic development strategies;
- Provides technical and financial assistance to businesses through a network of regional offices; and
- Coordinates the efforts of other State agencies, authorities and organizations, as well as local governments, on actions which affect the State's economy.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Department of Economic Development working in conjunction with the Empire State Development Corporation. In addition, the Department and Corporation work closely with the Foundation for Science, Technology and Innovation to foster technology-related job creation.

The Department's central office is in Albany, with ten regional offices located in Troy, Buffalo, Rochester, Syracuse, Utica, Binghamton, New Windsor, Plattsburgh, Hauppauge and New York City, and satellite offices in Watertown and Elmira.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$63.3 million All Funds (\$56.9 million General Fund; \$6.4 million other funds)** for the Department of Economic Development. This is an increase of **\$8.5 million All Funds (\$8.5 million General Fund, \$0.0 million other funds)** from the 2007-08 budget. This net change primarily reflects a \$7.5 million increase to the Marketing and Advertising program, and is in recognition of the need to capitalize on the State's existing economic development assets. State tax dollars from the General Fund will finance 90 percent, or \$56.9 million, of the Department of Economic Development's \$63.3 million Budget in 2008-09. The balance of the Department's Executive Budget will be supported by revenues raised through licensing of the "I ♥ NY" logo, and through seminars and programs run by the Department which directly offset the costs of these programs. Also included are Federal dollars used to help defense-dependent industries diversify into new markets, support recycling market development and to help small businesses comply with Clean Air Act mandates.

The Executive Budget recommends a staffing level of **230 FTEs** for the Department of Economic Development, an increase of 15 from the 2007-08 Budget. This primarily reflects actions to expand statewide economic development efforts, including additional staff for the regional office in Buffalo.

The 2008-09 Budget provides:

- **"I ♥ NY" Program:** \$20.0 million for "I ♥ NY" tourism advertising, an increase of \$4.0 million over the 2007-08 budget;

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- **Tourism Matching Grants:** \$5.3 million is provided to assist local tourism promotion agencies;
- **International Trade:** \$3.5 million, an increase of \$2.3 million over the 2007-08 budget, to attract the international investment to New York State, and increase export sales to foreign countries;
- **Business Marketing:** \$3.5 million for a new business marketing program for the promotion of Upstate business successes to increase awareness and encourage more businesses to stay and grow in New York State;
- **Explore NY:** \$1 million to support regional and theme-based tourism promotions; and
- **Visitor Centers:** \$400,000 to support visitor welcome centers in Beekmantown and Binghamton.

PROGRAM HIGHLIGHTS

MARKETING AND ADVERTISING

This program promotes New York State as a premier tourist destination and business location. Major activities include the “I ♥ NY” advertising campaign and local tourism matching grants administered through locally based tourism promotion agencies representing the State’s 62 counties. The Department of Economic Development also manages tourist information services at the Beekmantown and Binghamton Gateway Centers, develops the State’s tourism master plan, targets information to consumers and the travel trade, participates in national and international trade shows, provides technical assistance to tour directors and creates publications for use by the Department and the other economic development agencies. An additional \$7.5 million is being made available in 2008-09 to expand these activities, including an additional \$4 million for expanded and strategic marketing efforts through the “I ♥ NY” tourism advertising program, and \$3.5 million for a new business marketing program to encourage and stimulate business development and economic activity in the Upstate region.

INTERNATIONAL

The International Trade program promotes exports from, and attracts foreign investment to, New York State. Based in New York City, this program manages the Department’s international offices in Montreal, Toronto, London, and Tokyo, and maintaining a contractual presence in several other countries. The program also coordinates State participation in trade shows and missions, compiles and disseminates trade leads and administers grants and seminars designed to encourage increased exporting. An additional \$2.3 million is being made available in 2008-09 to assist Upstate businesses with the export of goods and services to fast growing markets worldwide and to develop a direct foreign investment program to capture New York State’s fair share of cross border investment projects.

EMPIRE ZONES

The Empire Zones program benefits distressed areas suffering from high unemployment. Businesses located in a designated Zone may qualify for tax incentives and other economic development benefits designed to encourage business expansion and

job creation. There are currently 85 Zones located in the following communities: Albany, Amsterdam, Auburn, Binghamton, Brookhaven, Brooklyn Navy Yard, Buffalo, Dunkirk, East New York, East Harlem, Elmira, Friendship, Fulton, Geneva, Gloversville, Griffiss Air Force Base, Hancock Air Force Base, Hunts Point, Islip, Jamestown, Kingston, Kirkwood, Lackawanna, Lowville/Martinsburg, Moriah/Port Henry, Niagara Falls, North Shore/Staten Island, Norwich, Ogdensburg, Olean/Allegany, Oswego, Plattsburgh, Plattsburgh Air Force Base, Port Morris, Potsdam, Poughkeepsie, Riverhead, Rochester, Rockaway, Rome, Schenectady, South Jamaica, Seneca Army Depot, Stewart Air Force Base, Sunset Park/Red Hook/Southwest Brooklyn, Syracuse, Tioga County, Troy, Utica, Watertown, Watervliet Arsenal, Yonkers, Town of Tonawanda, Monroe County, Columbia County, Staten Island/West Shore, Sullivan County, Cortland County, the City of Hornell, Warren County, Saratoga County, Buffalo, Schuyler County, Mt. Vernon, Franklin County, Otsego County, Madison County, Washington County, Wayne County, Orleans County, Genesee County, Rensselaer County, Delaware, Greene, Livingston, Nassau, Rockland, Schoharie, Tompkins, Wyoming, Putnam, Yates, Hamilton and the Chinatown area of Manhattan.

Currently, each of New York's 62 counties has at least one Empire Zone. In addition, Empire Zone benefits are available to businesses outside a designated zone that offer a "regionally significant impact," by achieving considerable job creation in selected industries such as bio-technology or financial services.

BUSINESS ASSISTANCE PROGRAMS

To improve the competitiveness of New York State companies, the Department of Economic Development provides assistance to businesses for productivity assessments, business-specific skills training for new and existing workers and third-party technical assistance to develop strategies for expanding export markets.

SMALL BUSINESS ASSISTANCE

The Division for Small Business serves as an ombudsman for small businesses and also offers these enterprises training and technical assistance. In addition, the Department provides State and Federal procurement assistance to small businesses. The Division also operates the Clean Air Act Ombudsman Unit, which helps small businesses comply with these environmental regulations.

POLLUTION PREVENTION AND COMPLIANCE ASSISTANCE

Pollution Prevention and Compliance Assistance is a cooperative program between the Department of Economic Development, the Department of Environmental Conservation, and the Environmental Facilities Corporation. The Program coordinates existing funding opportunities and other services of the three agencies to assist businesses in developing environmentally benign operations.

LINKED DEPOSIT PROGRAM

This joint public/private program enables companies to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The

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banks are compensated by deposits of State funds earning interest at comparably reduced rates. Due to overwhelming demand for the program from the business community, an additional \$50 million will be made available in 2008-09.

RECYCLING MARKET DEVELOPMENT PROGRAM

The Department of Economic Development is the lead agency in developing New York's recycling industries and creating programs to help municipalities and businesses develop uses for secondary materials.

MINORITY AND WOMEN'S BUSINESS DEVELOPMENT

The Division of Minority and Women's Business Development was established to increase the participation of minority- and women-owned businesses in State procurement opportunities. The Division identifies and certifies minority- and women-owned business enterprises; publishes a directory of certified firms to market small businesses to public and private sector organizations; and provides technical assistance to minority- and women-owned businesses. This past year, the Governor ordered the creation of two councils of experts, one of leaders from the private sector and one from the public, to critically review the State's procurement policies and make recommendations to reverse past trends and increase minority- and women-owned business enterprise participation in the procurement process. In addition, a disparity study will be completed to provide the data needed to more fully understand minority- and women-owned business enterprise procurement of state contracts in New York.

POLICY AND RESEARCH DIVISION

This Division develops the annual State strategic plan for economic development; collects and disseminates economic and demographic information; performs policy analysis and economic research; monitors and intervenes in State regulatory activities affecting energy supply, telecommunications, transportation, environmental facilities and commercial/industrial site and facility development; and coordinates the development and review of State economic development programs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2007-08	Appropriations Recommended 2008-09	Change	Reappropriations Recommended 2008-09
State Operations	45,083,000	56,607,000	11,524,000	33,780,000
Aid To Localities	14,001,610	6,677,000	(7,324,610)	21,161,000
Capital Projects	0	0	0	0
Total	<u>59,084,610</u>	<u>63,284,000</u>	<u>4,199,390</u>	<u>54,941,000</u>

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ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)			
Program	2007-08 Estimated FTEs 03/31/08	2008-09 Estimated FTEs 03/31/09	FTE Change
Administration			
General Fund	47	47	0
Special Revenue Funds - Other	5	5	0
Clean Air			
Special Revenue Funds - Other	3	3	0
Economic Development			
General Fund	125	140	15
Marketing and Advertising Program			
General Fund	34	34	0
Special Revenue Funds - Other	1	1	0
Total	215	230	15

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2007-08	Recommended 2008-09	Change
General Fund	38,668,000	50,217,000	11,549,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,415,000	5,390,000	(25,000)
Total	45,083,000	56,607,000	11,524,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2007-08	Recommended 2008-09	Change
Administration			
General Fund	3,797,000	5,232,000	1,435,000
Special Revenue Funds - Other	1,740,000	1,720,000	(20,000)
Clean Air			
Special Revenue Funds - Other	500,000	500,000	0
Economic Development			
General Fund	15,821,000	18,497,000	2,676,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	1,170,000	1,170,000	0
Marketing and Advertising Program			
General Fund	19,050,000	26,488,000	7,438,000
Special Revenue Funds - Other	2,005,000	2,000,000	(5,000)
Total	45,083,000	56,607,000	11,524,000

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STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,444,000	117,000	2,400,000	100,000
Economic Development	9,236,000	0	9,230,000	0
Marketing and Advertising Program	2,321,000	111,000	2,252,000	100,000
Total	14,001,000	228,000	13,882,000	200,000

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	44,000	17,000
Economic Development	0	0	6,000	0
Marketing and Advertising Program	8,000	2,000	61,000	9,000
Total	8,000	2,000	111,000	26,000

STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	2,788,000	1,318,000	70,000	10,000
Economic Development	9,261,000	2,676,000	103,000	0
Marketing and Advertising Program	24,167,000	7,327,000	20,000	15,000
Total	36,216,000	11,321,000	193,000	25,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	125,000	85,000	2,453,000	1,223,000
Economic Development	177,000	0	2,527,000	(1,124,000)
Marketing and Advertising Program	30,000	2,000	592,000	(192,000)
Total	332,000	87,000	5,572,000	(93,000)

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	140,000	0	0	0
Economic Development	254,000	0	6,200,000	3,800,000
Marketing and Advertising Program	10,000	2,000	23,515,000	7,500,000
Total	404,000	2,000	29,715,000	11,300,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,720,000	(20,000)	487,000	0
Clean Air	500,000	0	195,000	0
Economic Development	2,170,000	0	0	0
Marketing and Advertising Program	2,000,000	(5,000)	90,000	12,000
Total	6,390,000	(25,000)	772,000	12,000

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,233,000	(20,000)	0	0
Clean Air	305,000	0	0	0
Economic Development	1,000,000	0	1,170,000	0
Marketing and Advertising Program	1,910,000	(17,000)	0	0
Total	4,448,000	(37,000)	1,170,000	0

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**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

<u>Fund Type</u>	<u>Available 2007-08</u>	<u>Recommended 2008-09</u>	<u>Change</u>
General Fund	14,001,610	6,677,000	(7,324,610)
Total	<u>14,001,610</u>	<u>6,677,000</u>	<u>(7,324,610)</u>

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

<u>Program</u>	<u>Available 2007-08</u>	<u>Recommended 2008-09</u>	<u>Change</u>
Economic Development			
General Fund	2,750,000	0	(2,750,000)
Marketing and Advertising Program			
General Fund	6,977,000	6,677,000	(300,000)
Community Projects			
General Fund	4,274,610	0	(4,274,610)
Total	<u>14,001,610</u>	<u>6,677,000</u>	<u>(7,324,610)</u>