

# **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 that 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. The Department is headed by a Commissioner, who also serves as President and CEO of the Empire State Development Corporation and is appointed by the Governor subject to Senate confirmation.

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 **\$28.3 million** All Funds (\$23.5 million General Fund; \$4.8 million other funds) for the Department of Economic Development. This reflects a **\$2.3 million decrease (-7.5 percent)** from 2010-11, all associated with a 10 percent year-to-year reduction in General Fund spending on State operations.

The Executive Budget reduces each agency's General Fund State Operations budget by 10 percent. These savings are intended to be achieved through administrative efficiencies in non-personal service and negotiated workforce savings that minimize layoffs to the extent possible.

State tax dollars from the General Fund will finance 83 percent, or \$23.5 million, of the Department of Economic Development's budget in 2011-12. 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 that 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 help small businesses comply with Clean Air Act mandates.

The 2011-12 Budget provides:

- **"I ♥ NY" Program:** \$3.6 million for "I ♥ NY" tourism advertising;
- **Tourism Matching Grants:** \$3.8 million to assist local tourism promotion agencies;
- **International Trade:** \$1.1 million to attract international investment to New York State and increase export sales to foreign countries;

### ***PROGRAM HIGHLIGHTS***

#### ***EXCELSIOR JOBS PROGRAM***

The Excelsior Jobs Program, created as part of the 2010-11 Budget, acts as the State's premier job creating tax incentive program. The Department of Economic Development administers the program and offers a package of tax credits for selected firms in targeted industries that create and maintain new jobs in New York for five years. The tax credits, each of which is fully refundable, include the following: Excelsior Jobs Tax Credit, Excelsior Investment Tax Credit (ITC), Excelsior Research and Development (R&D) Tax Credit, and the Excelsior Real Property Tax Credit (RPTC). The 2011-12 Executive Budget includes legislation that would strengthen the effectiveness of the program by extending the benefit period from five to ten years and offering an enriched package of tax credits designed to further incentivize the creation of new jobs and investments in New York.

#### ***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 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.

#### ***INTERNATIONAL TRADE***

The International Trade program promotes exports from, and attracts foreign investment to, New York State. The program coordinates State participation in trade shows and missions, compiles and disseminates trade leads, and administers grants and seminars designed to encourage increased exporting.

#### ***EMPIRE ZONES***

The Empire Zones Program expired on June 30, 2010 and all existing certified firms – over 7,500 businesses – remain eligible to receive Empire Zone benefits through the remainder of their certification. The Department remains responsible for monitoring performance and compliance, and for obtaining and processing annual reports from these businesses.

#### ***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.

## ***ECONOMIC DEVELOPMENT***

---

### ***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.

### ***LINKED DEPOSIT PROGRAM***

This joint public-private program enables small businesses and companies in targeted investment areas to obtain loans from commercial banks at an interest rate that is 2 percent to 3 percent lower than the prevailing rate. The banks are compensated by deposits of State funds earning interest at comparably reduced rates. There is currently \$560 million in State funding authorized for deposits at a lower interest rate. The 2011-12 Executive Budget will enhance the Linked Deposit program by increasing the maximum linked deposit loan from \$1 million to \$2 million and allowing for a four-year renewal of loans. This enhancement will expand utilization of the program by making more dollars available to help New York's small businesses grow and create new jobs.

### ***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. The 2011-12 Executive Budget will provide the necessary resources to increase minority- and women-owned business participation in State contracts and enhance business development opportunities, consistent with reforms enacted in 2010-11.

### ***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.

## **ECONOMIC DEVELOPMENT**

### **ALL FUNDS APPROPRIATIONS (dollars)**

| <b>Category</b>   | <b>Available<br/>2010-11</b> | <b>Appropriations<br/>Recommended<br/>2011-12</b> | <b>Change</b>      | <b>Reappropriations<br/>Recommended<br/>2011-12</b> |
|-------------------|------------------------------|---------------------------------------------------|--------------------|-----------------------------------------------------|
| State Operations  | 26,706,000                   | 24,512,000                                        | (2,194,000)        | 17,051,000                                          |
| Aid To Localities | 3,962,000                    | 3,815,000                                         | (147,000)          | 8,833,000                                           |
| Capital Projects  | 0                            | 0                                                 | 0                  | 0                                                   |
| <b>Total</b>      | <b>30,668,000</b>            | <b>28,327,000</b>                                 | <b>(2,341,000)</b> | <b>25,884,000</b>                                   |

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

#### **Full-Time Equivalent Positions (FTE)**

| <b>Program</b>                    | <b>2010-11<br/>Estimated FTEs<br/>03/31/11</b> | <b>2011-12<br/>Estimated FTEs<br/>03/31/12</b> | <b>FTE Change</b> |
|-----------------------------------|------------------------------------------------|------------------------------------------------|-------------------|
| Administration                    |                                                |                                                |                   |
| General Fund                      | 25                                             | 25                                             | 0                 |
| Economic Development              |                                                |                                                |                   |
| General Fund                      | 75                                             | 75                                             | 0                 |
| Special Revenue Funds - Other     | 4                                              | 4                                              | 0                 |
| Marketing and Advertising Program |                                                |                                                |                   |
| General Fund                      | 30                                             | 30                                             | 0                 |
| <b>Total</b>                      | <b>134</b>                                     | <b>134</b>                                     | <b>0</b>          |

The above table does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

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

| <b>Fund Type</b>                | <b>Available<br/>2010-11</b> | <b>Recommended<br/>2011-12</b> | <b>Change</b>      |
|---------------------------------|------------------------------|--------------------------------|--------------------|
| General Fund                    | 21,941,000                   | 19,747,000                     | (2,194,000)        |
| Special Revenue Funds - Federal | 1,000,000                    | 1,000,000                      | 0                  |
| Special Revenue Funds - Other   | 3,765,000                    | 3,765,000                      | 0                  |
| <b>Total</b>                    | <b>26,706,000</b>            | <b>24,512,000</b>              | <b>(2,194,000)</b> |

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

| <b>Program</b>                    | <b>Available<br/>2010-11</b> | <b>Recommended<br/>2011-12</b> | <b>Change</b>      |
|-----------------------------------|------------------------------|--------------------------------|--------------------|
| Administration                    |                              |                                |                    |
| General Fund                      | 4,118,000                    | 3,706,000                      | (412,000)          |
| Special Revenue Funds - Other     | 1,078,000                    | 1,078,000                      | 0                  |
| Economic Development              |                              |                                |                    |
| General Fund                      | 11,334,000                   | 10,201,000                     | (1,133,000)        |
| Special Revenue Funds - Federal   | 1,000,000                    | 1,000,000                      | 0                  |
| Special Revenue Funds - Other     | 933,000                      | 933,000                        | 0                  |
| Marketing and Advertising Program |                              |                                |                    |
| General Fund                      | 6,489,000                    | 5,840,000                      | (649,000)          |
| Special Revenue Funds - Other     | 1,754,000                    | 1,754,000                      | 0                  |
| <b>Total</b>                      | <b>26,706,000</b>            | <b>24,512,000</b>              | <b>(2,194,000)</b> |

## **ECONOMIC DEVELOPMENT**

### STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| Program                           | Total      |           | Personal Service Regular<br>(Annual Salaried) |           |
|-----------------------------------|------------|-----------|-----------------------------------------------|-----------|
|                                   | Amount     | Change    | Amount                                        | Change    |
| Administration                    | 1,956,000  | 289,000   | 1,917,000                                     | 292,000   |
| Economic Development              | 7,548,000  | (838,000) | 7,542,000                                     | (838,000) |
| Marketing and Advertising Program | 1,904,000  | (212,000) | 1,845,000                                     | (205,000) |
| Total                             | 11,408,000 | (761,000) | 11,304,000                                    | (751,000) |

  

| Program                           | Temporary Service<br>(Nonannual Salaried) |         | Holiday/Overtime Pay |         |
|-----------------------------------|-------------------------------------------|---------|----------------------|---------|
|                                   | Amount                                    | Change  | Amount               | Change  |
| Administration                    | 0                                         | 0       | 39,000               | (3,000) |
| Economic Development              | 0                                         | 0       | 6,000                | 0       |
| Marketing and Advertising Program | 7,000                                     | (1,000) | 52,000               | (6,000) |
| Total                             | 7,000                                     | (1,000) | 97,000               | (9,000) |

### STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| Program                           | Total     |             | Supplies and Materials |         |
|-----------------------------------|-----------|-------------|------------------------|---------|
|                                   | Amount    | Change      | Amount                 | Change  |
| Administration                    | 1,750,000 | (701,000)   | 39,000                 | 1,000   |
| Economic Development              | 2,653,000 | (295,000)   | 51,000                 | (5,000) |
| Marketing and Advertising Program | 3,936,000 | (437,000)   | 10,000                 | (1,000) |
| Total                             | 8,339,000 | (1,433,000) | 100,000                | (5,000) |

  

| Program                           | Travel  |          | Contractual Services |           |
|-----------------------------------|---------|----------|----------------------|-----------|
|                                   | Amount  | Change   | Amount               | Change    |
| Administration                    | 66,000  | (2,000)  | 1,345,000            | (72,000)  |
| Economic Development              | 86,000  | (10,000) | 1,312,000            | (146,000) |
| Marketing and Advertising Program | 15,000  | (2,000)  | 305,000              | (34,000)  |
| Total                             | 167,000 | (14,000) | 2,962,000            | (252,000) |

  

| Program                           | Equipment |          | General State Charges |         |
|-----------------------------------|-----------|----------|-----------------------|---------|
|                                   | Amount    | Change   | Amount                | Change  |
| Administration                    | 70,000    | (6,000)  | 214,000               | 214,000 |
| Economic Development              | 124,000   | (14,000) | 0                     | 0       |
| Marketing and Advertising Program | 6,000     | 0        | 0                     | 0       |
| Total                             | 200,000   | (20,000) | 214,000               | 214,000 |

  

| Program                           | Special Departmental Charges |        | Maintenance Undistributed |             |
|-----------------------------------|------------------------------|--------|---------------------------|-------------|
|                                   | Amount                       | Change | Amount                    | Change      |
| Administration                    | 16,000                       | 16,000 | 0                         | (852,000)   |
| Economic Development              | 0                            | 0      | 0                         | (120,000)   |
| Marketing and Advertising Program | 0                            | 0      | 0                         | (400,000)   |
| Total                             | 16,000                       | 16,000 | 0                         | (1,372,000) |

## **ECONOMIC DEVELOPMENT**

### STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| <b>Program</b>                    | <b>Total</b>  |               | <b>Personal Service</b> |               |
|-----------------------------------|---------------|---------------|-------------------------|---------------|
|                                   | <b>Amount</b> | <b>Change</b> | <b>Amount</b>           | <b>Change</b> |
| Administration                    | 1,078,000     | 0             | 195,000                 | 0             |
| Economic Development              | 1,933,000     | 0             | 0                       | 0             |
| Marketing and Advertising Program | 1,754,000     | 0             | 84,000                  | 0             |
| Total                             | 4,765,000     | 0             | 279,000                 | 0             |

| <b>Program</b>                    | <b>Nonpersonal Service</b> |               |
|-----------------------------------|----------------------------|---------------|
|                                   | <b>Amount</b>              | <b>Change</b> |
| Administration                    | 883,000                    | 0             |
| Economic Development              | 1,933,000                  | 0             |
| Marketing and Advertising Program | 1,670,000                  | 0             |
| Total                             | 4,486,000                  | 0             |

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

| <b>Fund Type</b> | <b>Available<br/>2010-11</b> | <b>Recommended<br/>2011-12</b> | <b>Change</b> |
|------------------|------------------------------|--------------------------------|---------------|
|                  |                              |                                |               |
| General Fund     | 3,962,000                    | 3,815,000                      | (147,000)     |
| Total            | 3,962,000                    | 3,815,000                      | (147,000)     |

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

| <b>Program</b>                    | <b>Available<br/>2010-11</b> | <b>Recommended<br/>2011-12</b> | <b>Change</b> |
|-----------------------------------|------------------------------|--------------------------------|---------------|
|                                   |                              |                                |               |
| Marketing and Advertising Program |                              |                                |               |
| General Fund                      | 3,962,000                    | 3,815,000                      | (147,000)     |
| Total                             | 3,962,000                    | 3,815,000                      | (147,000)     |