

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 (ESDC). In addition, the Department and Corporation work closely with the Foundation for Science, Technology and Innovation to foster technology-related job creation.

The Department of Economic Development will have a workforce of 215 in 2007-08. 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. In addition, operations in Buffalo will be expanded to support the new ESDC co-Chair for Upstate economic development.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

State tax dollars from the General Fund will finance 87.5 percent, or \$45.3 million, of the Department of Economic Development's \$ 51.8 million Budget in 2007-08. The balance of the Department's Executive Budget will be supported by revenues raised through licensing of the "I ♥ NY" logo, sale of advertising in the "I ♥ NY" Travel Guide 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 2007-08 Budget provides:

- \$16 million for "I ♥ NY" tourism advertising;
- \$1.2 million to attract international trade to New York State, and increase export sales to foreign countries;
- \$5.3 million for local tourism matching grants; and
- \$400,000 to support visitor welcome centers in Beekmantown and Binghamton.

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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 \$6.6 million is being made available in 2007-08 to expand these activities, including an additional \$5.6 million for expanded and strategic marketing efforts through the “I ♥ NY” advertising and local tourism matching grants and \$1.0 million for the Explore NY program.

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, with contractual presences in several other countries. New funding of \$200,000 would be provided to establish a trade presence in China. 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.

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 82 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 and the Chinatown area of Manhattan.

An additional three Empire Zones, Putnam, Yates and Hamilton counties, are expected to be approved in 2007. This will ensure that each of New York's 62 counties has at least one Empire Zone. Also, 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 business and also offers these enterprises training and technical assistance. In addition, the Department provides State and Federal procurement assistance to small business. The Division also operates the Clean Air Act Ombudsman Unit, which helps small business 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. This new program received \$800,000 in support in 2006-07, and will receive a total of \$1.2 million in 2007-08.

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 banks are compensated by deposits of State funds earning interest at comparably reduced rates. In 2007-08, \$310 million will be available for this program.

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

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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. For 2007-08, the Division will be expanded to provide additional opportunities to the State's minority and women-owned businesses.

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 2006-07	Appropriations Recommended 2007-08	Change	Reappropriations Recommended 2007-08
State Operations	37,126,900	45,083,000	7,956,100	6,939,000
Aid To Localities	10,052,000	6,677,000	(3,375,000)	15,434,000
Capital Projects	0	0	0	0
Total	47,178,900	51,760,000	4,581,100	22,373,000

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

Full-Time Equivalent Positions (FTE)

Program	2006-07 Estimated FTEs 03/31/07	2007-08 Estimated FTEs 03/31/08	FTE Change
Administration			
General Fund	47	47	0
Special Revenue Funds - Other	8	8	0
Clean Air			
Special Revenue Funds - Other	3	3	0
Economic Development			
General Fund	122	122	0
Marketing and Advertising Program			
General Fund	34	34	0
Special Revenue Funds - Other	1	1	0
Total	215	215	0

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

Fund Type	Available 2006-07	Recommended 2007-08	Change
General Fund	30,712,000	38,668,000	7,956,000
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	5,414,900	5,415,000	100
Total	<u>37,126,900</u>	<u>45,083,000</u>	<u>7,956,100</u>
Adjustments:			
Transfer(s) To			
Executive Chamber			
General Fund	201,000		
Appropriated 2006-07	<u>37,327,900</u>		

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

Program	Available 2006-07	Recommended 2007-08	Change
Administration			
General Fund	3,034,000	3,797,000	763,000
Special Revenue Funds - Other	1,739,900	1,740,000	100
Clean Air			
Special Revenue Funds - Other	500,000	500,000	0
Economic Development			
General Fund	13,779,000	15,821,000	2,042,000
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	13,899,000	19,050,000	5,151,000
Special Revenue Funds - Other	2,005,000	2,005,000	0
Total	<u>37,126,900</u>	<u>45,083,000</u>	<u>7,956,100</u>

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2007-08 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	2,327,000	112,000	2,300,000	111,226
Economic Development	9,236,000	612,000	9,230,000	634,470
Marketing and Advertising Program	2,210,000	39,000	2,152,000	(5,682)
Total	<u>13,773,000</u>	<u>763,000</u>	<u>13,682,000</u>	<u>740,014</u>
Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Administration	0	0	27,000	774
Economic Development	0	0	6,000	(22,470)
Marketing and Advertising Program	6,000	6,000	52,000	38,682
Total	<u>6,000</u>	<u>6,000</u>	<u>85,000</u>	<u>16,986</u>

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**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Administration	1,470,000	651,000	60,000	(8,921)
Economic Development	6,585,000	1,430,000	103,000	20,859
Marketing and Advertising Program	16,840,000	5,112,000	5,000	(29,339)
Total	24,895,000	7,193,000	168,000	(17,401)

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Administration	40,000	3,571	1,230,000	529,718
Economic Development	177,000	(59,394)	3,651,000	706,687
Marketing and Advertising Program	28,000	(27,848)	784,000	161,913
Total	245,000	(83,671)	5,665,000	1,398,318

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	140,000	126,632	0	0
Economic Development	254,000	161,848	2,400,000	600,000
Marketing and Advertising Program	8,000	7,274	16,015,000	5,000,000
Total	402,000	295,754	18,415,000	5,600,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	1,740,000	100	487,000	(100)
Clean Air	500,000	0	195,000	0
Economic Development	2,170,000	0	0	0
Marketing and Advertising Program	2,005,000	0	78,000	0
Total	6,415,000	100	760,000	(100)

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	1,253,000	200	0	0
Clean Air	305,000	0	0	0
Economic Development	1,000,000	0	1,170,000	0
Marketing and Advertising Program	1,927,000	0	0	0
Total	4,485,000	200	1,170,000	0

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

Fund Type	Available 2006-07	Recommended 2007-08	Change
General Fund	10,052,000	6,677,000	(3,375,000)
Total	10,052,000	6,677,000	(3,375,000)

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

<u>Program</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
Economic Development			
General Fund	3,350,000	0	(3,350,000)
Marketing and Advertising Program			
General Fund	6,702,000	6,677,000	(25,000)
Total	<u>10,052,000</u>	<u>6,677,000</u>	<u>(3,375,000)</u>