

NEW YORK STATE JOB DEVELOPMENT CORPORATION

MISSION

The 2010-11 Executive Budget proposes the merger of the Urban Development Corporation (d/b/a Empire State Development Corporation) and the Department of Economic Development into the New York State Job Development Corporation (JDC). This new entity will streamline the currently bifurcated economic development delivery structure to promote growth in the State's traditional economic bases and to ensure that New York emerges as a leader in the knowledge, technology, and innovation-based economy.

The Job Development Corporation will maintain the three principal activities of its predecessor corporation: economic and real estate development; State facility financing; and housing portfolio maintenance.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Job Development Corporation will provide financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Job Development Corporation will issue bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds will continue to be paid from State appropriations to the Urban Development Corporation.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center; the Wards Island Fire Training Center; the Monroe County Fairgrounds; the Ten Eyck Plaza in Albany; and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects, which the Job Development Corporation will continue.

ORGANIZATION AND STAFFING

Historically, State economic development programs have been administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. The 2010-11 Executive Budget would consolidate these entities by fully merging the Department and Empire State Development Corporation into the New York State Job Development Corporation. This recommendation will further streamline and improve the delivery of economic development services, eliminate duplicative administrative support and save \$4.7 million in State taxpayer dollars.

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For 2010-11, the Job Development Corporation will be overseen by a chairman who will coordinate statewide operations of the newly created entity. The Corporation will have a **workforce of 406** in 2010-11. This staffing level reflects the transfer of 168 staff from the Department and 238 staff from Empire State Development Corporation. The Corporation will assume the following responsibilities of the Department and Empire State Development Corporation: Tourism, Empire Zones, Minority and Women-owned Business, Linked Deposit, Regulatory Compliance, and International Trade.

OVERSIGHT

The Job Development Corporation will be governed by a eight-member Board of Directors comprising one ex-officio member and seven members appointed by the Governor with the consent of the Senate. The chairman of the Job Development Corporation Board will be selected by the Governor. Board members serve without compensation. Under the Executive Budget proposal, the current Empire State Development Corporation Board will serve as the Job Development Corporation Board.

BUDGET HIGHLIGHTS

The Job Development Corporation will assume responsibility for all economic development programs formerly administered by the Empire State Development Corporation and Department of Economic Development, as well as new initiatives: The Executive Budget recommends **\$103.2 million** for the Job Development Corporation in 2010-11, a decrease of **\$74.6 million** from the affected agencies' comparable funding levels in 2009-10. This net change primarily reflects new funding to support a Small Business Revolving Loan Fund, reduced funding for operations, the transfer of administration of the Centers of Excellence program to the Foundation for Science, Technology and Innovation, and elimination of one-time capital appropriations.

In 2010-11, the Job Development Corporation's activities will be funded through a combination of State General Fund appropriations and corporate revenues generated by corporation-owned residential and non-residential properties and by its financing programs. Major budget actions and initiatives to be overseen by the JDC include:

- **Excelsior Jobs Program:** The 2010-11 Executive Budget would create a new program named the *Excelsior Jobs Program*. This program will offer a package of tax credits for selected firms in targeted industries that create and maintain at least 50 net new jobs in New York for five years. The tax credits, each of which is fully refundable, include the following:
 - Excelsior New Jobs Tax Credit: Firms would be eligible to receive between \$2,500 and \$10,000 per new job to cover a portion of the associated payroll cost.
 - Excelsior Investment Tax Credit (ITC): Firms would be eligible for a two percent return of total qualified investments.
 - Excelsior Research and Development (R&D) Tax Credit: Firms would be eligible for a ten percent credit for new investments based on the Federal R&D credit.

- **Small Business Revolving Loan Fund:** \$25 million is provided for capital loans to support the growth of small businesses. The Governor's Small Business Task Force initially proposed the creation of a small businesses revolving loan fund. The fund will target minorities, women and other disadvantaged New Yorkers who have difficulty accessing regular credit markets;
- **New Technology Seed Fund:** \$25 million is provided to help University-based entrepreneurs transform research and innovation to marketable products that generate revenue and employment. This fund will help institutions of higher learning expand their research, strengthen their partnerships with the business community and advance their work toward commercialization. This initiative will put New York on par with states like Pennsylvania, California, Maryland and Texas that directly support entrepreneurial activity to result in job creation.
- **Economic Development Initiatives:** Over \$43 million is provided for economic development initiatives, including: the Empire State Economic Development Fund; Minority- and Women-Owned Business Development and Lending programs; the Urban and Community Development Program; the Entrepreneurial Assistance Program; and the retention of professional football in Western New York. Existing resources will also be made available to support the Manufacturing Legacy Program, a partnership between the State and regional business organizations to re-purpose abandoned industrial facilities. In 2010-11, the operation and development of the Centers of Excellence and other high technology research centers will be transferred to the Foundation for Science, Technology and Innovation;
- **Tourism Promotion Programs:** \$10.6 million is made available for tourism promotion efforts, including "I ♥ NY" tourism advertising, Tourism Matching Grants and Explore New York. State spending will be augmented by securing additional resources and coordinating regional advertising campaigns with private and non-State entities. This is a combined decrease of \$3.5 million from the 2009-10 budget;
- **International Trade:** \$2.7 million, an increase of \$1.2 million from the 2009-10 budget, is provided to attract international investment to New York State, and increase export sales to foreign countries;
- **Economic Development Capital:** The Executive Budget implements a multi-agency Capital Reduction Program that will ensure sufficient debt capacity for future investments and reduce projected growth in the State's debt burden. Economic Development capital programs will achieve \$317 million of projected spending reductions over a five year period as a component of this initiative. The savings actions will include aligning economic development spending to actual project needs, requiring implementing agencies to carefully manage the pace of project commitments and spending, and eliminating funding for dormant projects;
- **Continuing support of specific projects:** The Executive Budget maintains over \$3.8 billion in capital funding from reappropriations for initiatives that are facilitating economic growth in New York: \$1.36 billion is provided for continued support of various economic development and regional initiatives including high technology initiatives, a statewide competitive grant program administered by the Corporation, and specific downstate regional initiatives and upstate city-by-city projects; and over \$2.5 billion is provided for continued support of an international computer chip research and development center, capital improvements at Governor's Island, redevelopment at the Harriman Research and

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Technology Park, and specific economic development, cultural facilities, university development, environmental, and energy projects administered by the Corporation and DASNY, including \$650 million for the construction of the GlobalFoundries facility in Upstate New York and \$300 million for the Restore NY Communities Initiative; and

- **Operations:** \$16.7 million is budgeted to support the Job Development Corporation's operations and administration of State economic development programs.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2009-10	Appropriations Recommended 2010-11	Change	Reappropriations Recommended 2010-11
State Operations	5,570,000	4,765,000	(805,000)	26,040,000
Aid To Localities	72,194,500	73,441,000	1,246,500	355,263,000
Capital Projects	100,000,000	25,000,000	(75,000,000)	3,772,223,000
Total	177,764,500	103,206,000	(74,558,500)	4,153,526,000

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

Fund Type	Available 2009-10	Recommended 2010-11	Change
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	4,570,000	3,765,000	(805,000)
Total	5,570,000	4,765,000	(805,000)

Adjustments:

Transfer(s) From

Economic Development, Department of

Special Revenue Funds - Federal

(1,000,000)

Special Revenue Funds - Other

(4,570,000)

Appropriated 2009-10

0

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

Program	Available 2009-10	Recommended 2010-11	Change
Economic Development			
Special Revenue Funds - Federal	1,000,000	1,000,000	0
Special Revenue Funds - Other	4,570,000	3,765,000	(805,000)
Total	5,570,000	4,765,000	(805,000)

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**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2010-11 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Economic Development	4,765,000	(805,000)	279,000	(6,000)
Total	<u>4,765,000</u>	<u>(805,000)</u>	<u>279,000</u>	<u>(6,000)</u>

<u>Program</u>	<u>Nonpersonal Service</u>	
	<u>Amount</u>	<u>Change</u>
Economic Development	4,486,000	(799,000)
Total	<u>4,486,000</u>	<u>(799,000)</u>

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

<u>Fund Type</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
General Fund	72,194,500	73,441,000	1,246,500
Total	72,194,500	<u>73,441,000</u>	<u>1,246,500</u>

Adjustments:

Transfer(s) From	
Economic Development, Department of	
General Fund (State Operations)	(32,895,000)
General Fund	(6,445,500)
Appropriated 2009-10	<u>32,854,000</u>

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

<u>Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
Economic Development			
General Fund	66,268,000	73,441,000	7,173,000
Community Projects			
General Fund	5,926,500	0	(5,926,500)
Total	<u>72,194,500</u>	<u>73,441,000</u>	<u>1,246,500</u>

**CAPITAL PROJECTS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

<u>Comprehensive Construction Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>	<u>Reappropriations 2010-11</u>
Regional Development				
Capital Projects Fund - Authority Bonds	0	0	0	710,695,000
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	425,000,000
AMD Direct (Direct Auth Bonds)	0	0	0	150,000,000
Economic Development				
Capital Projects Fund - Authority Bonds	100,000,000	25,000,000	(75,000,000)	1,697,973,000
Cap Proj Fund - Stadium (Auth Bonds)	0	0	0	11,533,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	27,022,000
AMD Direct (Direct Auth Bonds)	0	0	0	500,000,000
Misc. Capital Projects	0	0	0	250,000,000
Total	<u>100,000,000</u>	<u>25,000,000</u>	<u>(75,000,000)</u>	<u>3,772,223,000</u>