



**NYS Budget Hearing
November 29, 2007
Public Testimony on Empire Zones – Administrative Funding
By East Williamsburg Valley Industrial Development Corporation**

My name is Leah Archibald and I am the Associate Director of EWVIDCO, the administrator of the North Brooklyn/Brooklyn Navy Yard Empire Zone. We support an increase in Empire Zone administrative funding to offset the growing cost of administering this valuable economic development program.

Since its inception in the 1980's, the New York State Empire Zones program has successfully stimulated economic growth. The program achieves its goals of increasing investment and creating jobs in underinvested areas throughout the state through its variety of tax incentives. In recent years, the Empire Zone program has been extended throughout the state, increasing to over 80 zones at present. Sadly, administrative funding has not been increased to match this growth, resulting in less administrative funding for each Zone with every program expansion. Administrative funding is the compensation organizations like ours receives for marketing the program to local businesses, assisting them through the application process, ensuring that quality applications are approved and conducting annual follow up work to ensure the firms comply with program regulations.

Concurrently, administrative requirements for the Empire Zone program have grown exponentially. Zone administrators must conduct more analysis and prepare much more detailed paperwork than ever before. We understand that these improvements are necessary to maintain the integrity of the program, but the end result is much less compensation for a great deal more work, creating a tremendous strain on resources of small non-profit organizations like ours.

EWVIDCO has administered the Empire Zones program in North Brooklyn since 1998, helping over 223 businesses expand and create new jobs. In 2006, Empire Zone certified businesses in our area employed over 9400 residents, and invested over \$51.3 million in their facilities. Despite our local successes, our organization's administrative funding from the State has been cut every year, and now represents much less than half of what it was in 2001. We were recently informed, four months into the current contract year that our funding would be cut another 20%. This amount is far less than I need to pay a full time administrator to manage the program.

In Fiscal Year 2001/2002, the State allocated \$2.5 Million for administration of approximately 60 Empire Zones. Today, \$2.3 Million is allocated to more than 80 Empire Zones. Current legislation authorizes designation of an Empire Zone in every county; 85 zones will be functioning statewide before the end of 2007.

In order to effectively administer this valuable program, we require funding sufficient to cover a full-time professional's salary, benefits and overhead. This program is a full-time job for one of our staff members, but funding currently falls short of what is necessary, forcing us to choose between devoting insufficient staff resources to the program or diverting resources from other funding streams to cover the shortfall. Based on the previous ratio of Zones to administrative dollars available, and a moderate calculation for inflation, 85 zones should trigger at least \$3.85 Million in administrative funding in FY 2007/2008. We ask that you increase total Empire Zone program funding to an amount that allows all zones throughout the state to adequately staff and administer the program, and help us provide the high quality services that this valuable economic development program deserves.