

New York City Economic Development Corporation Testimony

NYCEDC's Preliminary Budget Hearing FY22

March 19, 2021

Good morning, Chair Vallone and members of the Economic Development Committee. My name is James Katz, and I have the pleasure of serving as Chief of Staff of the New York City Economic Development Corporation. I am joined by my colleagues Elizabeth Verostek, our Deputy CFO, and Jennifer Montalvo, Vice President of Government and Community Relations.

I am pleased to be here to discuss EDC's Fiscal Year-2022 budget allocation, our COVID-19 response efforts, and some of our projects over the course of this past year.

EDC has traditionally served the City through its management of city property, real estate transactions, mission-driven financing, and initiatives to promote equitable growth in key industries.

On behalf of the City, we manage nearly \$7 billion in capital projects as part of the 10-year capital plan. This includes larger EDC-led initiatives, such as the *Made in New York Campus* at Bush Terminal in Brooklyn, to smaller but just as important ones, like the renovation of the *Arthur Avenue Market* in the Bronx to increase accessibility. We are proud to manage projects on behalf of our City agency partners, such as rebuilding *H+H's Coney Island Hospital*, to the recently completed *Atlantic Avenue Extension* in Queens that brought much needed open space to Jamaica. Further, we are pleased to be able to contribute nearly \$70 million to the City through programs and other revenues this fiscal year.

Just like other City agencies and small businesses across the city, 2020 was a challenging year for EDC. As a self-sustaining non-profit, EDC relies on revenue from rent payments and other sources that were particularly hard-hit this year.

Recognizing the pandemic's deep impact on many of our tenants, we were quick to offer rental assistance to help them stay afloat. This relief was necessary, but it came at a cost to EDC's bottom line.

With a bit of belt-tightening, we have been able to work through the worst of the pandemic while keeping EDC solvent.

I would like to take a moment to thank everyone at EDC, who throughout this pandemic, has exemplified the best of public service. I will share more about our efforts in response to COVID throughout my testimony today.

At the start of 2020, EDC had a long list of projects moving forward in every borough. We were working on the transformation of the *Bedford Union Armory* in Brooklyn and the *Spofford Juvenile Detention Center* in the Bronx, both to include affordable housing and recreational space for residents. In Far Rockaway Queens, the *Beach 21st Street* project was continuing in its promise to bring more affordable housing and activity to the peninsula's historic downtown. In Manhattan, the Union Square Tech Training Center had broken ground—to include a hub for digital skills training, step-up office space for growing businesses, and programs for start-ups. And on Staten Island, we had started construction on the new Charleston Library in partnership with our New York Public Library colleagues. The NYC Ferry system was moving forward with a planned expansion and growing ridership.

On these projects and so many others, our partnership with members of the council continues to be critical in realizing the best outcomes for our neighborhoods.

But then in March, the world turned upside down. We took on new and more urgent work in addition to our traditional projects. As New York City found itself the epicenter of a global pandemic, in a matter of days, we dramatically pivoted to address *this* unprecedented health crisis. EDC became a bio-tech startup and a medical equipment manufacturing corporation. We transformed warehouses into testing centers and reconfigured armories for food distribution.

With our help, garment district designers and manufacturers switched their focus from the runway to hospital hallways. Even Broadway costume shops pitched in. We partnered with more than 70 local businesses to manufacture and deliver over 4 million medical gowns and 8.4 million face shields.

If it were not for this effort, there were many days in the depths of the crisis when hospital workers would have run out of this essential protection. This work created or preserved over 2,000 jobs.

In a matter of weeks, after consulting with experts across the country, we built a new supply chain with local biotech companies and small manufacturers to make COVID-19 testing kits. Medical professionals and City agencies reviewed designs and processes. Then, together, we began producing 50,000 testing kits per week—eventually totaling over 1.25 million kits. These kits have been delivered to H+H hospitals and clinics, nursing homes, and community testing sites across the city.

The ongoing production of test kits would not be possible in New York without having innovative companies and the capacity to make things here. *Print Parts* in Manhattan, a 3-D manufacturer, began making swabs. The *Albert Einstein College of Medicine* in the Bronx produced the liquid transport medium, which preserves samples until tested. And in Brooklyn, we converted a coworking space, *Collab*, into a test-kit production facility.

I share these stories, not just because of what they say about our work, but because of what they say about how New Yorkers valiantly come together in times of crisis. We are ever mindful of the terrible losses of life to the coronavirus, but as a city, we have seen the best from ordinary people and our front-line medical workers alike. Now, as we slowly move on from this crisis, we are pursuing the Mayor's recovery agenda, which puts a focus on public health and social justice.

Here at EDC, we are creating a *Pandemic Response Institute* to address health disparities across New York City's communities and prepare for future pandemics. We are committing significant funds and will release an RFP later this Spring, seeking partners to operate the institute. We expect to begin operations later this year.

Our experience with COVID-19 only amplifies New York City's need to double-down on LifeSci NYC—the Mayor's 10-year, \$500-million program to establish the city as a public health destination. Over the next decade, the City will invest in 3-million-plus square feet of additional

space for expanding biotech companies; and pave the way for 100 startups to develop lifesaving technologies.

Already in 2021, we have awarded R&D grants totaling \$38 million to four of New York City's leading scientific research institutions: Columbia University, *Montefiore-Einstein Medical Center*, the *New York Stem Cell Foundation*, and Rockefeller University. These awards will fund applied research and development facilities and will foster partnerships among leading academic scientists, and biotech and pharmaceutical companies. and the jobs that follow. This commitment will position New York City as a global leader in life sciences, and lead to the creation of thousands of new jobs, with the goal of the development of new cures and medical breakthroughs.

As we continue to support the City's pandemic response and develop new projects that will help New York City recover, we remain committed to delivering on our other pre-pandemic projects across the five boroughs—all focused on strengthening communities, creating good jobs, and helping New York City prepare for a fairer, stronger, and healthier future. We are looking forward to cutting ribbons on new industrial spaces at the former Spofford site in Hunts Point, the *Tech Training Center* in Union Square, and a new recreation center at the *Bedford Union Armory*, which we were proud to rename the *Major R. Owens Health and Wellness Community Center* in honor of the late Congressman.

We continue to prepare for the future of renewable energy and green jobs with a major offshore wind project off Sunset Park in Brooklyn. And we remain committed to the *Lower Manhattan Coastal Resiliency* portfolio to prepare New York's Financial District, *its* businesses, neighborhoods, and vital transportation infrastructure from climate change, sea rise, and future storms.

In Queens, a few weeks ago, we joined the Mayor and Borough President Richards to celebrate the topping off of the Beach 21st St. affordable housing development in downtown Far Rockaway.

In Staten Island, the New Stapleton waterfront is taking shape with affordable housing, outdoor space, and resiliency planning for the future; and the Charleston Library will be the first net zero

energy library in New York City. Later this year, NYC Ferry will expand to Staten Island, Coney Island, and Ferry Point Park in the Bronx.

And there's much more.

In a year that was so different, in a year that challenged each of us in *every way* imaginable – in a year that brought this city to a standstill, we have seen commitment to build back better, stronger, and more equitably. We at EDC are committed to this promise *and* the work it will take to reemerge and support the residents of New York through thoughtful planning and community engagement.

Thank you for the opportunity to testify. I now welcome any questions you have.



Asian American Federation

**Testimony for New York City Council Preliminary Hearing on
Asian American Small Business Needs for Economic Recovery in New York City
Submitted to the New York City Council Committee on Economic Development
March 19, 2021**

Thank you Chair Vallone and members of this committee for holding this hearing and inviting community members with the opportunity to testify. My name is Ahyoung Kim, and I am the associate director of small business programs at the Asian American Federation (AAF).

AAF's mission is to raise the influence and well-being of the pan-Asian American community through research, policy advocacy, public awareness, and organizational development. We represent a network of nearly 70 member and partner agencies that support our community through their work in health & human services, education, economic development, civic participation, and social justice.

Asian New Yorkers are the fastest-growing population in New York City, comprising 15 percent of the overall population and representing at least 10 percent of the population in more than half of the City Council districts. Of this population, 70 percent are immigrants and approximately 50 percent have limited English proficiency.

As you know, Asian-owned businesses are a vibrant and essential part of the city's economy, accounting for about half of net new economic activity and half of net new employment from 2002-2012 in New York City, according to AAF's 2016 report on *NYC's Economic Engine: Contributions & Challenges of Asian Small Businesses*.

In our rapid response efforts in the face of this pandemic, we have facilitated the distribution of hundreds of thousands of masks and hundreds of thermometers to immigrant small business owners and nonprofit partners all over New York City. We also set up an in-language resource web page for policy changes and government assistance programs, and continue to provide direct services for business owners who need capacity building and administrative assistance. From July to August in 2020, we conducted a survey¹ to assess the impact of the pandemic on Asian small business owners across the State, through which we collected over 400 responses.

The majority of our survey respondents answered that their businesses were operating in limited capacity at the time of the survey, and over 31% of them said their business was temporarily closed. Almost all business owners reported a decrease in revenue—55% of them suffering from over 75% loss in revenue.

¹ AAF conducted a survey of Asian American small business owners in New York, from July 14 to August 31, 2020. A brief report summarizing the findings from this survey will be published in the near future.

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Asian small business owners have been largely left out of outreach and information dissemination efforts in the time of this pandemic. In our small business survey, over 40% of business owners answered they experienced difficulty in finding information in their language. We are devastated to find the Asian American small business community repeatedly excluded from the economic recovery efforts, due to both lack of meaningful engagement and systematic issues that fail to recognize their urgent needs.

In the past year, our staff has been inundated with calls from immigrant small business owners asking for information or support applying to assistance programs, citing lack of language access and procedural assistance. Business owners called in with desperation as they were lost in terms of in what capacity they may carry on with their livelihoods. Restaurant owners reported constant harassment with inconsistent and hostile inspections with no avenue to cure their violations. LEP business owners are discouraged from reaching out to programs that provide invaluable assistance like the CLA program, out of fear they will not be able to communicate with legal counsel. Webinars by city agencies are near impossible to access for those who are hardest-to-reach, yet they are supposed to know all the new regulations, or they will be severely punished. **There simply is not enough support to get the information out to hard-to-reach communities, and small business owners who need help the most are still unsure who they have to reach out to.** We cannot emphasize more the urgent need for a centralized small business assistance center where business owners can tap for information instead of getting lost in the labyrinth of government system.

As if all of this is not enough reason to give up, our community today faces racist attacks that stoke fear and kill local businesses. Horrendous incidents like that of last night in Georgia confirm the immediate threat our community faces, and suppress hope for economic recovery. **Over 60% of Asian small business owners we surveyed last summer answered they are worried about anti-Asian bias or hate crime for themselves, their business, or their staff.**

During the height of the pandemic, Asians went from filing hundreds of claims a month to thousands of claims a month. **Many of the industries that employ low-income Asian workers and operate as small businesses were hardest hit by job losses.** These industries include sectors like beauty and nail salons; laundromats; food services; and retail—they are also industries that face difficulty in organizing to lobby for their interests. **In discussing how to bring about economic recovery, the needs and concerns from our community continues to be ignored.**

AAF has provided direct technical support and capacity building services to over 100 small business owners along Union Street, Flushing, as part of Flushing Small Business Assistance Program, funded by the NYCEDC. This program offered financial support for a storefront signage replacement program, created an online platform for immigrant small business owners to establish an online presence, functioned as an information hub for small business owners with little access to regulatory and assistance information due to lack of language access in city agencies.

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This immensely helpful program for the hard-to-reach business owners, unfortunately came to an end in January, 2021. The discontinuation immigrant business owners came at the most inopportune time, when immigrant small business owners were still struggling to keep their businesses afloat and direct communication with them is crucial for fast outreach. Not only did our former clients show disappointment at the completion of this program, but Asian small business owners across the city contacted AAF to inquire whether they can be a benefactor of this program.

With these concerns, we request the council to:

Allocate an initial investment of 1 Million dollars for an Asian small business support center. There needs to be a central institution that can provide comprehensive assistance to small business owners struggling to overcome systemic barriers like those mentioned in this testimony.

The City's small business assistance centers need to be decentralized and located in areas where immigrant small businesses are heavily concentrated. Currently, owners are unable to take advantage of any City services because they are located too far from where they work, and the City provides few in-language services in person. Our Center will provide:

- Education about Regulations – Provide in-language materials to guide immigrant small business owners through inspections. These materials would inform owners of what their responsibilities are and what to expect during inspections, which will help them understand how to be in compliance.
- Business Trainings – Create in-language guides for how to start and run a small business in New York City. These guides will establish a common ground of understanding as well as reflect specific needs of different Asian business communities and the industries they work in.
- Build Capacity – Build the capacity of Asian community-based organizations to provide small business assistance to community members. While a few of our member agencies have a small business program, many of the emerging Asian communities in New York City are not receiving the small business assistance they need. Community-based organizations are the first place that Asian small business owners go to for help, and the City must ensure that these organizations are properly prepared to offer assistance.
- Seminars – Provide informational seminars, as well as technical assistance, which reflects the specific needs of different Asian business communities and the industries they work in
- Civic Engagement – Inform small business owners of regulation and policy changes from the get-go to minimize any negative impact at the implementation stage. We would reach out to owners in a systematic manner to inform them of policy changes and invite feedback through ongoing discussions.

Thank you for your continued interest in the urgent needs for Asian small business owners across New York city. We are grateful for the words of support and empathy for immigrant small

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business owners from this committee, and request that this support be materialized into meaningful assistance and engagement. New York City cannot move on to recovery without empowering our community and failing to address their needs will only extend our road to recovery to a perilous journey.

Adhikaar for Human Rights and Social Justice
Testimony submitted to the Economic Development Council
Preliminary Budget Hearing for FY22
March 19, 2021

Adhikaar is the only women-led worker and community center serving and organizing the Nepali-speaking community on workers rights, immigrants rights, access to healthcare and language justice issues. The Nepali-speaking community is one of the newer immigrant communities and according to Asian American Federation's 'Profile of New York City's Nepal[i] Americans' report, the fastest growing Asian ethnic group. Our members are domestic workers, nail salon workers, restaurant workers, gig drivers and other informal sector workers who keep our city running—before, during, and after the pandemic. Many of our members are women, mothers, and sole breadwinners for their families. They mostly live in Jackson Heights, Woodside, East Elmhurst, Elmhurst, Corona, Maspeth, Sunnyside, Ridgewood, Jamaica and Flatbush - areas severely impacted by the COVID-19 pandemic.

Adhikaar is a home away from home for Nepali-speaking New Yorkers. Our office is located in Woodside, Queens and we are often referred to as our community's 911 and 311 line, serving more than 10,000 Nepali-speaking people a year. In "normal" times our center is filled with community members participating in programs, gathering socially, and troubleshooting community concerns. Through our programs and services, members become familiar with Adhikaar. They join our workforce development trainings, language-accessible English for Empowerment (EFE) classes, and citizenship preparation classes. Many contact us to enroll in healthcare, seek housing, protection from domestic violence, or support for their workers' rights or immigration issues. Through these services and programs, we build trust and the skills our members need to become leaders in their places of work, within their families, and the broader community.

A year ago, Queens, NY was the epicenter of the COVID-19 pandemic in New York City. As cases began to surge, thousands of community members reached out to Adhikaar seeking financial and employment assistance, emergency relief, and a safe space to grieve. Our community was devastated by the pandemic, suffering from unprecedented levels of health, economic, and social insecurity. To meet their urgent demands we quickly transitioned our operations remotely and pivoted into rapid response efforts. In conversations with members and partner organizations, the overwhelming majority of whom are immigrant women workers, we developed a COVID-19 Community Response Plan. Our plan focused on direct relief and services, workforce support and development, advocacy, and organizing. Our worker center

was a lifeline for our members then, and continues to be now as we move into economic recovery and seek to build sustainable, fair, and equitable industries in NYC and beyond.

“Especially after COVID-19 I have thoughts about leaving the industry, but then I remember that this work is how I’ve been able to support my family, and I have found a home with Adhikaar and the other members. Yes, there are lots of problems like health and safety problems too and I am afraid of going to work sometimes, but I think we can make this a better industry, not just for ourselves but for everyone.” - Maya B., Adhikaar Worker Leader and Nail Salon Workers’ Association Vice Chair

The nail salon industry was decimated by COVID-19. Salons were shuttered and workers faced 100 percent unemployment. Our members struggled to secure unemployment, find childcare, negotiate COVID-safe standards at the workplace and earn liveable wages. We rose to support each other in a myriad of powerful, community-rooted ways. Our Nail Salon Workers Association, a member-led association and leadership body within our organization, organized direct emergency relief funds to members, distributed PPE and food to workers, and facilitated unemployment insurance support through our Unemployment Insurance clinic. We also organized a number of virtual member check-ins and workforce development programs. The NYCOSH Beauty School is one such example. In partnership with NYCOSH and WU we have graduated hundreds of technicians, including during the pandemic, utilizing a workers-rights based curriculum in Nepali and Spanish with trainings led by peer worker trainers. The program’s impacts have been far-reaching, supporting the most low-literacy workers to pass the complex state-level board certification exam. We also recognized that transformation of the nail salon industry requires engagement with a range of stakeholders including owners. During the pandemic, we supported over 70 nail salon employers, many of whom are immigrant women workers turned owners, with guidance on high road employer models and facilitation of connections to government resources (e.g. accessing grants, guidance on re-opening salons). Together we’re growing a base of owners that center workers rights and aims to raise industry standards for all.

We have also built immigrant worker skills through our English for Empowerment (EFE) classes. Our EFE classes were the first service through which we began serving and organizing our community nearly 15 years ago. From a small basement of 15 initial students, today we have hundreds of community members coming together to strengthen their language and literacy skills. We recently launched a nails-specific industrial EFE in Brooklyn to help our member-workers gain the language and literacy skills crucial to navigating their workplace, which utilized our broader EFE program curriculum.

“I have been a domestic worker in New York and New Jersey for 5 years. I am 55 yrs old and have raised two beautiful daughters of my own in Nepal. I am also a peer educator for a Nanny Training program called “We Rise” at Adhikaar and have successfully trained over 100 workers

in the industry. A year ago, I went for an interview in Manhattan for a nanny job for two kids. In the interview, we had a good conversation about what I would have to do and my work experience and she told me she would call me back. I was happy and thought that I got the job. When she called she told me I was too old to take care of her kids. She justified saying one of her kids has a lot of energy and the nanny has to take care of two kids and has to be super active to run around with them. She apologized but I was frustrated that she used my age to discriminate against me. Many Domestic Workers who are older find it very difficult to find jobs and our skills are overlooked due to our age. Sometimes younger and more educated workers with less experience are chosen over us. Workers like me need the Int. 339 so that regardless of our age, we can feel protected and continue to work to support our families.”

-Rukmani Adhikari, Adhikaar member leader and TPS holder

Our domestic worker members have also been deeply impacted by pandemic. Members report that income is at an all time low, with hourly rates similar to rates offered nearly a decade ago. Following lockdown orders, we immediately checked-in with members and found that many were unemployed, while others were forced to navigate working in unsafe conditions, traveling daily on public transportation or to a live-in job. In response, we distributed over \$300,000 in Emergency Relief Funds (ERF) to over 438 domestic workers members, many of them new to Adhikaar, with each member receiving up to \$500. We also provided free PPE, mental health support and referrals, and also unemployment insurance support through our Unemployment Insurance clinic. We also worked directly with our member leaders and peer educators to train-up their digital skills so they could participate in critical workforce development trainings and train other community members. One such example is our “We Rise” digital Nanny training done in collaboration with Cornell ILR and the National Domestic Workers Alliance-NY. Over 70 domestic workers joined and gained the skills and resources to negotiate a fair wage, share information with other domestic workers on rights and benefits, and build agency and confidence within the community. Our domestic worker members also pushed for justice reforms including the campaign for Int 339, an effort to expand protections for domestic workers by amending the NYC administrative code and expand human rights law to include domestic workers.

Lastly, we launched the NYC Care Platform which seeks to transform the care sector to become sustainable, fair, and equitable. We are working with Hand in Hand, the Domestic Employers’ Network, National Domestic Workers’ Alliance, Carroll Gardens Association and Innovative Youth Care to raise standards to provide security to domestic workers, in particular workers of colors. Our demands include setting up a plan of action in partnership with local organizations to end the “behind doors” employment practices that impact both workers and employers, expanding the legal and legislation framework and policy actions to protect domestic workers, protection employment rights of older domestic workers and caregivers, defunding the NYPD and ending collaboration with ICE, ensuring universal childcare, and taxing the wealthy.

“During this pandemic, many of my sisters who were also TPS holders and Domestic workers continued to work living with their employers for safety. They contributed to keep the economy running and made it possible for their employers to work. As my employer let me go after the shutdown, it was difficult for me because I was not able to work and I could not provide much for my family. There was so much going on all our lives and just in the time that we were recovering from this global crisis. With TPS, I was able to make sure that my children are taken care of and they continue their education back in Nepal while I was working here and supporting the economy. I feel scared and unsure what I am going to do. Mentally it's taken a toll on me because we are left with nothing but the fear of being deported. We need a permanent solution.” **Nita K.C., Nepali TPS holder, and Adhikaar member**

We also provide critical immigration services, COVID-19 relief, and health services to other workers like uber/lyft drivers, restaurant workers, gas station workers, among others. Since March 2020, we have provided direct support to more than 4000 people, facilitating their access to unemployment, health care, language access, and medical and food supplies. In total, we've provided nearly half a million dollars in direct emergency relief resources to 750+ community members, focusing our efforts on those ineligible for state or federal relief, and delivered and distributed food, emergency PPE supplies, and care packages to more than 600 households. We also ran virtual unemployment clinics, supporting 360+ members with limited English literacy, TPS, and those working in informal sectors with their unemployment application. Our work also involved directing 450+ healthcare inquiries to Nepali-speaking healthcare providers, city testing sites, clinics, and hospitals, while also coordinating virtual consultations for our community members to connect with Nepali-speaking doctors and nurses for in-language emergency medical consultations.

In addition to direct support, we created a 15-part public education video series to address COVID-19 related concerns from the community and provided regular updates on local and federal campaigns. We deepened our advocacy efforts during the crisis. We pushed for quarantine facilities, advocated for better language access within administrative agencies, fought to ensure that TPS holders were eligible for COVID relief packages, joined the Fund Excluded Workers campaign, and advocated with NY Healthy Nail Salon Coalition members to ensure that worker members' demands were reflected in the state phase 3 reopening guidelines for nail salons.

This is a snapshot of our efforts and impacts in building a worker and community center committed to creating a more inclusive, economically strong, and just NYC for all. To meet the demands of our growing community and provide resources to enable them to thrive, we are requesting, in total, \$200,000 in FY22 discretionary funding to continue responding to emerging needs of our members. We specifically ask the Committee to advocate for us to receive discretionary funds for FY22 and to partner with us on economic development



solutions in the coming years. Our community remains underserved, undercounted and underfunded—despite the devastating impact of the COVID-19 pandemic. Supporting and funding our worker center, and other centers like ours, is critical to the economic recovery of NYC. When immigrant workers are provided the safety nets and skills developments they need to thrive, the economy of our city will be up and running again, stronger than ever before.

Thank you for your time and consideration.



TESTIMONY

Preliminary Budget Hearing:
“New York City’s Worker Cooperative Business Development Initiative:
Worker Cooperatives As An Economic Development Strategy”

Presented to

New York City Council, Committee on Economic Development
Hon. Paul Vallone, Chair
Friday, March 19, 2021

Prepared By:

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New York City Worker Cooperative Business Development Initiative

Democracy at Work Institute

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Good morning, Chairperson and distinguished members of the New York City Council Committee on Economic Development. It is always an honor to address you. It is especially so today as I submit testimony in support of the hardworking individuals and families in our communities. My name is Anh-Thu Nguyen and I am Director of Strategic Partnerships at Democracy at Work Institute, also known as DAWI by our partners.

On behalf of DAWI and the 13 organizations that make up the Worker Cooperative Business Development Initiative (WCBDI), we thank you for the opportunity to speak about economic development in our communities and worker cooperatives' unique ability to establish, grow, and retain community wealth. Since FY15, your support has helped WCBDI transform this potential into real change for families in our communities.

- The initiative has created more than 800 jobs and pathways to business ownership.
- We have reached more than 9000 entrepreneurs with education and technical assistance services.
- We have created more than 175 new worker cooperative businesses.
- They are providing higher hourly wages--nationally an average of nearly \$19.67 an hour--and building wealth and equity for workers.

In our role as a national organization created to expand access to worker ownership for communities affected by economic and social injustice, we conduct an annual census of firms, monitor growth of the sector, and identify trends, successes, and challenges. I share this because this work gives us a unique view -- a birdseye assessment combined with an intimate approach to supporting workers and aspiring worker-owners in New York City.

Over the past seven years, with City Council support, the WCBDI has worked to build a comprehensive ecosystem capable of bringing new jobs to communities most in need; building successful local businesses, and providing the technical assistance, education, and outreach required to ensure success. The outcome is that New York City is now the largest worker cooperative ecosystem in the United States. New York is also home to the largest worker cooperative in the country: Cooperative Home Care Associates in The Bronx, which has more than 2,000 employees, and a model for high-road home health care industry practices nationally. The city has become a model for equitable economic development through its support of worker cooperative development, and the impact on our communities is being felt.

While diversity can be an issue in many workplaces, worker cooperatives are a haven for entrepreneurs who have been traditionally marginalized. The worker cooperative movement is being led by women, with more than 75% of worker-owners in NYC being women, and over 60% of workers from communities of color. It is also being led by low-wage workers, helping them bring home living wages, build assets that contribute to financial stability, and transform industries over time.

Worker cooperatives are not only an economically sound plan to start a business, but proven to be a sound tactic for saving them. To address the COVID economic crisis, WCBDI members are embarking on an ambitious partnership with the Mayor's Employee Ownership NYC initiative, called the Owner to Owners hotline, the first of its kind nationally.

Through the Owner to Owners hotline we aim to protect small businesses in danger of closing and save jobs through educating owners on employee ownership as an option for succession planning. As many as one-third of NYC small businesses are at risk of closing due to the COVID economic crisis. About 80% of owners don't have or haven't communicated an exit plan, and only 20% of businesses listed for sale ever do sell. In addition, 99.9% of businesses in immigrant and communities of color are small businesses.

Thanks to WCBDI funding, we provide free technical assistance to successfully convert these businesses to worker ownership, including financing for the worker buy-out that ensures that owners receive fair market value for their business, and offering the management training and operational assistance that sets the new employee owners up for success. We work to ensure that these legacy businesses survive, thrive, and continue to help make NYC a strong, diverse, and welcoming home for small businesses in all communities.

We urge the City Council to support worker cooperatives, by fully restoring the initiative which is currently funded at \$3.06 million, so that we can continue to do this important long-term work in support of NYC's economic recovery.

Thank you for the opportunity to testify today. We look forward to continuing the work to build wealth for our communities through shared entrepreneurship.



**Testimony to the New York City Council
Committee on Economic Development
Preliminary Budget Hearing for FY 2022**

March 19, 2021

Good morning, Committee Chair Vallone, and members of the Committee, and thank you for the opportunity to testify. My name is Will Spisak and I'm testifying on behalf of New Economy Project, a citywide organization that works with community groups to build a just economy that works for all. Among our activities, New Economy Project is a founding member and co-coordinator of the NYC Community Land Initiative, a citywide coalition working to promote community land trusts (CLTs) as a strategy to address the city's affordability crisis and ensure equitable, community-led decision-making over land use in New York City.

Since FY2020, New Economy Project has coordinated the citywide Community Land Trust Initiative, through which the City Council has provided discretionary funding support for the development of CLTs and permanently affordable housing, commercial and community spaces across the five boroughs. In less than two years, the Initiative has made major progress--helping to launch and expand CLTs in the South and Northwest Bronx, East Harlem, the Lower East Side, Jackson Heights, Brownsville, East New York, and beyond. Through this groundbreaking and cost-effective initiative, the City is helping to seed a new generation of neighborhood-based institutions equipped to facilitate equitable development and build community wealth. We thank the City Council for its vital support of CLTs, worker cooperatives, and other models that advance shared ownership and democratic control of our economy.

New Economy Project and 17 partner organizations in the CLT Initiative seek \$1.51 million in City Council discretionary funding in FY2022. We urge the Committee to support this funding request and ensure that CLTs continue to play a key role in stabilizing communities, combating speculation, and promoting a just recovery in Black, brown and immigrant neighborhoods. (See attached one-pager detailing activities and participating organizations.)

Since FY2020, the CLT Initiative has engaged thousands of low-income community members in education and organizing; developed grassroots leadership through CLT steering committees and founding boards; provided comprehensive legal and training support; completed planning and property research; and formalized strategic partnerships with nonprofit developers and other stakeholders. Two CLTs have acquired first or new properties, while others have completed feasibility studies or are negotiating for property acquisitions. Expanded FY2022



discretionary funding will enable the CLT Initiative to sustain and deepen this essential work, and engage two new CLTs and an additional citywide technical assistance provider.

CLTs are a flexible, proven model to protect public investment in a wide range of community development projects. In addition to ensuring permanently affordable housing, CLTs in New York City are also paving the way for an equitable recovery that includes commercial revitalization, manufacturing, community-owned solar microgrids and other infrastructure that impact the economic well-being of our neighborhoods. As community-governed nonprofits, CLTs own land and control terms on which the land is developed to ensure, for example, that rents remain permanently affordable and that development meets community needs. The COVID crisis has exposed the inherently unstable model of economic development in New York City, where real estate speculation requires the exponential extraction of the productivity of local businesses and producers, cutting into wages and profits, until business is no longer viable.

CLTs are already providing a new model for economic development. For example, Cooper Square CLT in Lower Manhattan has incorporated 22 commercial spaces onto their CLT. These spaces are available at competitive rates because the land trust is not interested in maximizing profits at the expense of local businesses, and the land was not subject to bidding on the speculative market, which would have raised the cost of monthly debt service. As a result, they can support businesses that would otherwise not be able to access affordable space in the neighborhood. The majority of businesses on the CLT are owned by people of color, half are owned by women, and half are owned by immigrant families. Other CLT partners including Chhaya CDC in Jackson Heights, Western Queens CLT in Long Island City, and Mott Haven Port Morris Community Land Stewards in the Bronx are working on organizing and developing community, commercial, and/or manufacturing space to support the economic and cultural life of their respective neighborhoods.

NYC faces unprecedented threats of speculation and displacement in the wake of the COVID-19 pandemic. Holding reportedly massive amounts of cash, global private equity firms are expected to pounce on vulnerabilities in the real estate market brought on by the COVID crisis. This potential feeding frenzy could lead to unparalleled levels of commercial displacement at a time when small businesses, producers, and community institutions are at greatest risk.

City Council is rightly considering policy interventions to address these threats, from the Community Opportunity to Purchase Act and ending the City's lien sale to prioritizing nonprofits like CLTs for public land disposition, and more. Strong public investment in CLTs will be key to ensuring that these policies meet with success and that land is removed from the speculative market, for good.

We urge the City Council to renew and expand discretionary funding support for CLTs at this critical time. Thank you again for the opportunity to testify today.



Community Land Trust Initiative

FY2022 Discretionary Funding Request

The **citywide Community Land Trust (CLT) Initiative** requests **\$1.51 million** in FY2022 City Council discretionary funding to support 14 community-based organizations and four citywide organizations working to develop CLTs and permanently-affordable housing, commercial and community spaces. The initiative combats displacement and promotes community control of land and housing in Black and brown NYC neighborhoods, by incubating CLTs and providing comprehensive community outreach, education, organizing, and legal and technical support.

Launched in FY2020, the CLT initiative has helped groups launch and expand CLTs, develop strong grassroots leadership, train thousands of community members, and organize for land and housing justice. Throughout the pandemic, groups have sustained and deepened their work on CLTs and social housing, as a matter of public health, racial equity, and just recovery. Two CLTs have acquired new or first properties; others have completed site acquisition and feasibility plans. (The initiative received \$855,000 in FY2020 and \$637,250 in FY2021.)

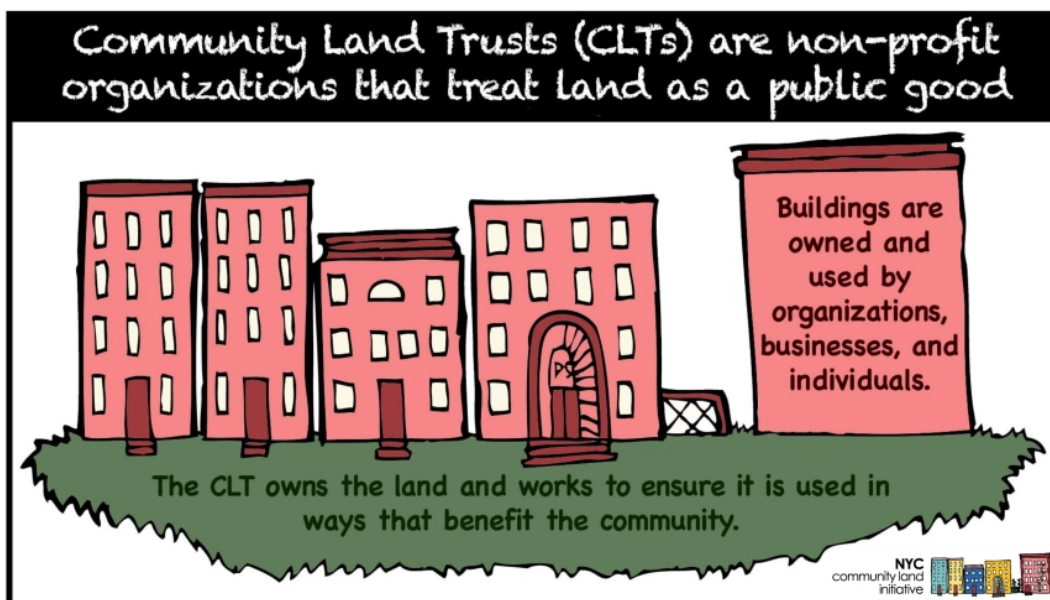
In FY2022, we will continue to build CLT capacity and expand the initiative to include two additional CLTs and a fourth technical assistance provider. (See map of participating organizations.)



In FY2022, the CLT initiative will engage 18 organizations to:

- Provide 100 CLT education and organizing sessions--including virtual Town Halls and workshops--for tenants, homeowners, small business owners, and other stakeholders.
- Provide capacity-building training for 50 CLT board and steering committee members.
- Provide 35 legal and technical assistance engagements related to CLT incorporation, bylaws, developer partnerships, property research and acquisition, and more.
- Publish a CLT start-up guide and popular education material.
- Complete feasibility studies and acquire properties.

The CLT initiative's long-term goals include creating and preserving thousands of deeply- and permanently-affordable housing units; providing affordable commercial space for hundreds of small and cooperatively-owned businesses; and ensuring that public land and subsidy are preserved for permanent public benefit.



CLTs are a proven model to protect public subsidy and facilitate community-led development.

CLTs are flexible and can support rental, limited-equity and mutual housing, as well as commercial and mixed-use development and other community needs. For example, Cooper Square CLT on the Lower East Side stewards more than 320 permanently-affordable homes for families earning as low as 30% AMI, as well as storefronts for 20 local small businesses. CLTs ensure permanent affordability of housing through ground leases that establish income, resale, and other restrictions.

In the wake of COVID-19, CLTs are needed to combat displacement and ensure a just recovery.

CLTs have a vital role to play to strengthen and stabilize housing in Black and brown neighborhoods hardest-hit by the pandemic. With evictions and speculation looming, NYC must deepen its commitment to CLTs and progressive housing and land ownership models that promote community safety and self-determination.

For more information, please contact Deyanira Del Rio at New Economy Project (dey@neweconomynyc.org).

NYBG

NYBG Testimony on Economic Development March 19, 2021 – 10AM

Good morning Chairman Vallone and Members of the Committee. My name is Angel Hernandez and I am Director of Government Relations for the New York Botanical Garden (NYBG). Thank you for the opportunity to speak this morning and for the Council's ongoing support for the City's cultural institutions.

NYBG is not just a historic institution in the business of plant and environmental preservation, welcoming visits from millions of NYC residents and tourists from all over the world. We are a strong cultural anchor in the Bronx community and an economic engine as well. When the Covid-19 virus affected our city last March, forcing our doors to close and thus dealing with major losses to our earned income, NYBG preserved over 400 full-time positions and no-layoffs or furloughs. Over half of these positions are occupied by Bronx residents like myself, while 175 positions are held by DC37 union employees. As the cost of living in New York continues to rise, NYBG sustains middle-class jobs with great benefits, and is a major employer of youth in seasonal positions.

Next month, NYBG will launch the highly anticipated exhibition *Kusama: Cosmic Nature*, which will be one of the first major cultural exhibitions since the pandemic struck last year. Featuring the iconic work of Japanese artist, and former New Yorker, Yayoi Kusama, holding this major exhibition allows NYBG to double our seasonal hiring for the summer, while helping to kickstart the economic recovery in our little corner of the Bronx. Preserving jobs and boosting NYC tourism during a pandemic is not our only stakes in the city's economic development.

With our pre-pandemic annual visitation of 1.2 million, NYBG generates an overall economic impact on New York City of \$159 million annually, while we continue to buy goods and services worth \$17 million annually from 700 city vendors, many of them Bronx owned. We continue to work with local vendors as they too experienced major loss in their earned income when adhering to city and state mandates to either shutdown or limit their business capacities due to the pandemic. Even as the virus continues to affect the Bronx's small business sector, NYBG, along with its Bronx Zoo neighbor, has played a crucial role in its revitalization. In fact, NYBG's re-opening last July had caused an influx of customers to hurting businesses in the nearby Belmont community, which we all know as the "Little Italy" of the Bronx. See New York Post article reference [here](#).

While we work hard to make sure local neighboring business thrive, NYBG decided to leverage our resources to build affordable housing in The Bronx, with an intergenerational affordable housing project on nearby Webster Avenue that will include a supermarket. All part of the rezoning of Webster Avenue and inspiration of NYC's "Vision Plan" for that commercial corridor, NYBG is a major driver of New York City's economy, and will play a significant role in the City's recovery.

NYBG

Yet, NYBG's crucial efforts as an economic driver – indeed all of NYC's cultural community's efforts - will be hampered if our FY22 City funding is further reduced or cut.. Even after reopening last year, organizations like NYBG continue to operate on a limited capacity, further jeopardizing our efforts to accomplish such economic achievements. Understanding that City funds have been reallocated towards efforts to fight Covid-19, NYBG respectfully requests that funding to the cultural community through the Department of Cultural Affairs be held harmless and maintained at FY21 levels as we await further information on Covid-19 federal relief that may be made available to the City and State.

Respectfully submitted by:
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TESTIMONY

Preliminary Budget Hearing:
“New York City’s Worker Cooperative Business Development Initiative:
Worker Cooperatives As An Economic Development Strategy”

Presented to

New York City Council, Committee on Economic Development
Hon. Paul Vallone, Chair
Friday, March 19, 2021

Prepared By:

Saduf Syal, Coordinating Director
New York City Network of Worker Cooperatives (NYC NOWC)

New York City Network of Worker Cooperatives

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Phone: (212) 390-8178

Good afternoon, Chairperson Vallone, and the distinguished members of the New York City Council Committee on Economic Development. My name is Saduf Syal, and I'm the Coordinating Director for the New York City Network of Worker Cooperatives (also known as NYC NoWC) the local trade association representing worker cooperative businesses & democratic workplaces in the New York City metropolitan area. I am here on behalf of the 13 organizations that make up the Worker Cooperative Business Development Initiative (WCBDI), initiative, asking NYC City Council to continue supporting the expansion of worker-ownership in next year's budget and firmly into the future.

Seven years ago, NYC Council made history by passing the nation's first Worker Cooperative development initiative. Since then more than 20 cities across the nation are looking closely, replicating, and catching up to our city. Cities like: Madison, Philadelphia, Oakland, Boston, Santa Clara, and many others have introduced similar legislation or budget allocations.

Since the inception of the initiative we have created over 170 new cooperatives businesses and approximately 800 new jobs, that are not only providing higher hourly wages but also building wealth and assets for individuals who are overwhelmingly women BIPOC and immigrants. We have seen first hand how the initiative has served to bolster our sector, strengthening existing cooperative businesses and creating new ones, which are overwhelmingly immigrant and women owned. The Initiative Partners have collectively worked to create a comprehensive ecosystem of support for cooperative businesses that not only ensures the creation of new cooperatives in low income areas, but also the technical assistance needed to sustain businesses and create jobs, as well as the education and outreach needed for communities, interested entrepreneurs, and allied organizations.

We urge the City Council to support worker cooperatives, by fully restoring the initiative which is currently funded at \$3.06 million.

Worker cooperatives are good businesses that operate for the benefit of the workers and the community at large, They are a solution to issues of inequity, issues that have been further exposed and exacerbated during this pandemic. During this time, worker coops are doing everything they can to weather the storm, prevent layoffs, and center their products and services on the needs of the broader community. For example, some are working to address food insecurities right now, and others are providing critical health and safety training during this pandemic online.

Over the past year of this crisis, the WCBDI organizations have been working tirelessly to support our distressed businesses in navigating this crisis and in pivoting their businesses to respond effectively to the times. This support is crucial to ensuring that some of NYC's most vulnerable businesses, and business owners, are able to survive this pandemic.

In addition, WCBDI works to save businesses and jobs by converting to worker-ownership:

Thousands of NYC small businesses are in danger of closing as a result of the pandemic. Many small businesses owners will work hard to rebound from this crisis, but many others especially those near the age of retirement will have little option but to shutter. Before this crisis, **85% of small businesses were facing closure due to lack of succession planning.** Selling the businesses to their workers and converting to a worker cooperative is one of the only options available for preserving these businesses and securing local jobs. WCBDI partners have developed wrap-around services, education and training, financing and expertise to assist in making this possible. My colleagues here today will shed more light on these important aspects of WCBDI.

This pandemic has drastically shown us just how vulnerable the economy is. As we potentially start to emerge out of this pandemic, we can't just return to business as usual. We need an economy and an approach to economic development and recovery that centers people first. Workers cooperatives are a solution to that and the solution is thriving here. NYC is home to the largest worker cooperatives in the country, Cooperative Home Care Associates (CHCA) which has been working to lift up standards in the home care industry. It is also home to the nation's first workers cooperative franchise, Brightly, which has been supported by our WCBDI partner and member, Center for Family Life and which has led to an acceleration of cleaning cooperatives across the city that are also working to raise standards in that sector. Cooperatives are also growing in a variety of industries from manufacturing to construction to the arts, as communities across this city are seeking better employment opportunities and finding solutions in workers cooperatives.

Over the years we have worked closely with the NYC Department of Small Business Services, our contracting agency for WCBDI. We have also worked with other city agencies such as the Department of Consumer and Worker Protection, which has produced incredible research into economic democracy and workers cooperative, looking at examples from all over the world where cooperative economies are much larger and thriving. However, up until this point, we have not worked much with the NYCEDC. We know that the agency has much it can offer to support worker cooperatives. There is so much that workers cooperative businesses need beyond education and technical assistance support. They need affordable space and community land trusts so that their models can grow and thrive. They need direct financing and procurement opportunities with city agencies. We would like to sit down with you, Chair Vallone, and with NYCEDC to continue discussion around these needs.

Finally, we ask city council to fully restore WCBDI in FY22 to 3.06 in order to for us to continue the essential long term economic recovery work that will be needed to assist important cooperative businesses out of this crisis. We also hope that the city will support the NYC Community Land Trust Initiative in their request for \$1.5 million in discretionary funding in FY22 for their initiative which provides critical education and technical assistance for Community Land Trusts.

We thank the committee for your time and continued support. We hope that you will consider our budget priorities and recommendations during this year's budget negotiation process.



TESTIMONY

Preliminary Budget Hearing:

“New York City’s Worker Cooperative Business Development Initiative:
Worker Cooperatives- An Essential Model for Business Sustainability and Recovery

Presented to

New York City Council, Committee on Economic Development
Hon. Paul Vallone, Chair
Fri. March 19, 2021

Prepared By:

Catherine Murcek, Worker-Owner
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Thank you Chair Vallone and Honorable Council Members of the Committee on Economic Development for the opportunity to testify. My name is Catherine Murcek and I am a worker owner at Samamkaya Yoga Back Care & Scoliosis Collective and an elected member of the Advocacy Council coordinated by the NYC Network of Worker Cooperatives (NYCNoWC), a partner organization of the Worker Cooperative Business Development Initiative (WCBDI) and a member of the United for Small Business NYC (USBnyc) coalition. I am testifying today in support of worker ownership as a means of equitable economic development and as a crucial component of a just recovery, and I urge you to **continue to support the great work of WCBDI.**

My business, Samamkaya Yoga, is a very special, small studio focusing on the therapeutic applications of yoga for people with a wide range of body types and ability levels, including those with Scoliosis, herniated discs, a fused spine, and we even have an adaptive yoga class for folks with more limiting disabilities. The business formed just over 6 years ago when a group of instructors highly skilled in therapeutic yoga for back issues were feeling exploited and underappreciated at another studio and decided to start their own worker cooperative, which is, in other words, a small business that is co-owned and democratically-run by its workers.

Because of the then newly funded citywide initiative, the Worker Cooperative Business Development Initiative (WCBDI), the founding members were able to get legal support to form the business as an LLC cooperative with bylaws and a system for sharing profit based on the number of hours worked at the studio. One of the founders was fortunately able to offer a personal loan to the business to build out the small studio space in Chelsea to the very specific requirements of alignment-focused therapeutic yoga. In addition, through NYCNoWC's Principle 6 program the studio was able to have business cards printed for all faculty members by Radix Media cooperative. We have also been grateful to have attended a number of workshops and business coaching sessions over the years from NYCNoWC, BOCnet, and CAMBA.

Joining Samamkaya as a worker-owner about 5 years ago has been a truly transformative experience for me. In an industry where most yoga instructors are resigned to being 1099 Independent contractors, to be able to have a vote in decisions about the business that will affect its members was really empowering. In addition, because cooperatives are built on certain principles including concern for community, one worker one vote, and training and education for its members, it has felt incredibly positive to be part of a values-driven business. Cooperatives allow the freedom to get involved in different aspects of the business that one might not have thought to before; to learn and grow in new ways. For example, any member can join the finance committee, learn the ropes, and get involved to the extent they have capacity. Every member has incentive for the business to do well because every member is financially and energetically invested in the business and will do what it takes to see the business succeed.

This became even more crystal clear for me at this time last year when so many non-essential businesses like mine were forced to close their doors in order to prevent further spread of COVID-19. All our members snapped into action as much as they were able, divvying up the tremendous labor of researching different platforms we might use to switch to online offerings

and different grants that might be available to help keep us afloat. We completely revamped our schedule, pay, and fee structures in an equitable way that would make it easier on the studio but also for the teachers who most needed to continue working due to ineligibility for unemployment; we worked together to find the best possible solution for both the survival of the business and its workers.

We were hopeful when SBS announced the Employee Retention Grant and Small Business Continuity Loan, but we were not eligible for the grant and we really could not consider taking on more debt at this time since we still have a large debt from when we first opened. Through the **Commercial Lease Assistance program (CLA)** we were able to set up a legal consultation to advise us on our commercial lease and how we might approach negotiations with our landlord. Fortunately, the negotiations went well, and we truly hope you will continue to fund that program. Even though we still took a major hit in income when moving to purely online content, we recognize many people during these trying times cannot afford the care they need to address back pain and so were able to find a donor to make it possible to offer financial assistance to anyone who would like to take class but cannot afford it.

Even though we have experienced significant losses in revenue, I know that we have been able to fare better than many other yoga studio and wellness businesses--of which so many have sadly closed for good--in a large part because of our democratic structure. Other traditionally-run studios I know of have had to reduce teachers' pay and number of classes, let go of teachers, or even close their doors indefinitely. Because of the resiliency of the cooperative model, and because of the wonderful support offered by the WCBDI partner organizations, I am more convinced than ever that cooperative businesses are a crucial component of a just economic recovery, and for equitable economic development efforts.

I ask that the City council **continue to support and build on the Worker Cooperative Business Development Initiative, restoring its funding at \$3.06 million**, and not making further cuts so that all the incredible partner organizations involved can continue providing legal services, trainings, and technical assistance to our growing community of locally-driven community-focused businesses. The way that the initiative partners coordinate and collaborate with each other is groundbreaking and shows a real commitment to economic democracy within development in addition to empowering small businesses through workplace democracy. They have continued uninterrupted services throughout the period of the pandemic and in many cases added services that were outside their original plans, like workshops to help worker owners respond to the crisis, information about available resources, and support for loan and grant applications. They also make sure that worker owners have "a seat at the table" when making important decisions through the leadership skill building program of NYCNoWC's Advocacy Council, bringing worker-owner voices to policy spaces.

There is so much we are eager to explore with the Committee on Economic Development and NYCEDC to help support community-driven equitable development efforts so that our communities aren't just surviving, but thriving. On the NYCEDC website it is described as a "mission driven non-profit, dedicated to creating shared prosperity across NYC" and states a

commitment to “build strong neighborhoods, create good-paying jobs, and ensure the city’s economy is dynamic, inclusive, and sustainable.” Those of us in the worker cooperative community share those goals and can be important allies in attaining them. Most worker cooperatives in our community have not been able to **access affordable commercial spaces**. We have a goal of creating cooperative co-working hubs in every borough but for now, we lack the resources and capacity to make that a reality. Ideally these hubs would be developed using the Community Land Trust model in order to foster community control and economic democracy. Cooperatives are also eager to take on **procurement opportunities** with the NYCEDC and other city agencies, but have had trouble accessing city contracts. In addition **access to direct financing** has been a major barrier for many co-ops to access startup capital. For now, the best option for most co-op startups is through the innovative model used by The Working World, a CDFI and a partner in the WCBDI which supports every one of its loan recipients with education and technical assistance to help them succeed, and only accepts repayment once the business is profitable, but their resources are limited and nearly tapped out.

In coalition with and in support of other groups and we also urge you to support long term community-driven economic development and a just recovery by doing the following. We ask that city council **hold a hearing on Intro 1796 for Commercial rent stabilization** to protect our broader small business community from future continued closures and displacement in the aftermath of the pandemic. Rents were already too high before the pandemic began, so we need long-term solutions to prevent further displacement of small businesses. Preserve permanent funding for the **Commercial Lease Assistance program** in the budget, and continue to expand the program since there are so many small businesses in need of such support after the year we just had. We urge you to support **efforts to start a municipal public bank, the first steps of which are to pass Intros 2099 and 2100**, so that community dollars can be invested in community good. A public bank would make it easier to channel more funds into our wonderful credit unions and CDFIs to increase access to capital for worker co-ops and also marginalized groups who also face barriers to capital. We need to be Support other community-driven efforts, like the **\$1.5 million enhancement for the NYC Community Land Initiative (NYCCLI)**, to fight displacement through democratically-controlled Community Land Trusts (CLTs). Finally, please consider **a new round of grant opportunities--as opposed to loans--with expanded eligibility and language access to allow for more types of small businesses** to get back on their feet on the long road to economic recovery from the lockdown.

In conclusion, democratic workplaces in our most vulnerable communities help protect against wealth extraction by building up community wealth, the capacity for community control, and by protecting jobs and wages. My cooperative community members and I urge you to continue to support WCBDI and build on all efforts that prioritize equity and give members of NYC’s communities a seat at the table in any development efforts that will affect them in order to prevent displacement and to ensure a just economic recovery. Thank you for your work and for reading my testimony.

**Testimony by Annie Garneva,
Vice President of Policy and Special Initiatives
at the New York City Employment and Training Coalition (NYCETC)**

**Committee on Economic Development
New York City Council Budget and Oversight Hearings on The Preliminary Budget for Fiscal Year
2022, The Preliminary Capital Commitment Plan for Fiscal Years 2021-2025 and The Fiscal 2021
Preliminary Mayor's Management Report**

March 19, 2021

Good morning and thank you for giving members of the public and the workforce development community the opportunity to testify before you today.

My name is Annie Garneva, Vice President of Policy and Special Initiatives at the New York City Employment and Training Coalition (NYCETC). NYCETC is the voice of New York's workforce development community and we work to ensure that every New Yorker has access to the skills, training, and education needed to thrive in the local economy, and that every business is able to maintain a highly skilled workforce. With over 180 members serving half a million New Yorkers, NYCETC works with community-based organizations, educational institutions, and labor management organizations to improve policy, practices, and outcomes to achieve economic inclusion for the city's workers, jobseekers and employers.

One million plus New Yorkers lost their jobs. Factoring in those leaving the labor force and an estimated 320,000 involuntary part-time workers, New York City's combined unemployment and underemployment at the end of 2020 was 24.5 percent, more than twice the "official" New York City unemployment rate of 11.4 percent. And while the job losses impacted workers across every socioeconomic experience, educational attainment, and community, the losses disproportionately impacted women, people of color, low income workers, immigrants and historically marginalized New Yorkers. Nearly two-thirds of those who lost a job had annual workplace earnings of less than \$40,000; and 59% of those who lost their jobs were Black and Brown New Yorkers.

These are the New Yorkers that our members provide job training for every single day. These are the New Yorkers who our members never stopped supporting over the last year. Across the system, over 80% of the New Yorkers served by workforce development organizations are people of color. And since the pandemic began, NYCETC members have seen a 44% increase in demand for employment and training services.

NYCETC's members, which reside in and serve all of the city's 51 council districts, provide job training and employment opportunities for New Yorkers of all socioeconomic backgrounds and levels of education. Simply put: Our members create jobs and connect underserved New Yorkers -- primarily New Yorkers of color, New Yorkers with low- or moderate-incomes, New Yorkers with multiple barriers to employment, New Yorkers who have been left out of the growing economy due to systemic and historic marginalization -- to opportunities so they can support their families. They are the beginning of a cycle that connects New York City residents to economic opportunities that exist within all of the industries that call New York home.

We have a huge job ahead of us as the City faces record unemployment due to COVID-19 and the resulting economic fallout. Our members will be called on to do more and we want to step up to serve our neighbors in their time of need; however, we can't do that without increased resources that will be critical to recovery.

Beyond financial investment, City leadership and especially institutions like EDC need to fundamentally shift and align systems, investments and decision-making processes that fuel our economy toward a talent-driven economic development model that recognizes (workers and) human capital as the primary pillar and creator/source of prosperity and growth within our communities. We must work hand in hand to Design an intentional system that includes education, job training and employment services, economic development and the NYC Workforce Investment Board to increase the visibility, access, alignment, volume and quality of services.

Specific to EDC's plans as laid out during this hearing, we recommend that EDC works to embed workforce and talent development initiatives into all economic development projects in response to COVID, such as initiatives focused on life sciences, public health, and sustainability and resiliency, as well as Federal stimulus projects. Central to this is ensuring that communities most impacted by the pandemic are prioritized in hiring, training, and entrepreneurship opportunities connected to these projects through proactive incentive, legislative, and investment strategies. This includes embedding workforce development into RFPs and MOUs. We recommend that no less than 10 percent of all funds allocated for economic development initiatives of any kind must be allocated for the sole purpose of building a quality, local talent pipeline in partnership with the City's workforce development system, including local community-based organizations and CUNY.

To address the financial challenges that the workforce sector has been facing for decades and exacerbated now, the city and EDC should develop a flexible and dedicated talent development fund for workforce development that can provide sustainable, long-term funding for employment and training programs across all agencies and initiatives. This fund could be made up of revenue from EDC's current capital project, and contributions from the city's current and future employer community.

Private sector companies doing business or looking to grow in the city should contribute to the development of the skilled labor pool they will be hiring and that will be fueling their growth. The City should develop a mechanism for all businesses to pay into the system-wide fund, for example through an annual payroll tax contribution (ex. Massachusetts Workforce Training Fund is supported by a 0.056% contribution rate from all employers, administered as a payroll tax similar to unemployment insurance contributions) or some other financing process. Furthermore, the city must incentive employers to invest in and commit to creating a more equitable talent pipeline from communities historically underrepresented and more heavily impacted by the effects of COVID-19.

Additionally, providing resources to workforce development programming is simply not enough. We must invest and increase the scale of effective on-ramps to skills training such as “bridge programs,” pre-apprenticeship models, and ESOL programs that meet the needs of in-demand industries and create pathways into middle skills careers. NYC is already home to a multitude of programs that have been studied and tested, with proven efficacy in not just skilling workers at scale, but placing them in permanent, career trajectory positions, with middle class salaries. The Bronx-headquartered nonprofit Per Scholas, for instance, sees graduates of its free technology training courses making anywhere between \$37,000 to \$82,000 a year in careers like software engineering and data analytics. We know that thousands of workers will need new skills to reenter the workforce, but the social services sector is in danger of budget cuts at all government levels, and they won't be able to do this without resources.

Looking to the future and the financial investment needed to help this sector thrive, workforce organizations have long partnered with City, State and Federal governments to support New York's residents through skill development and job placement programming. In fact, 35% of workforce organizations have more than 50% of their budget coming from City and State contracts, and many of them have only 2-3 months of reserve funding to be used to fill in the gaps. To demonstrate the deep need, increasing challenges, and real consequences of budget cuts, NYC ETC has crafted a report to be published in the next month that presents raw data about the workforce development sector and service providers' challenges since March and reopening efforts. (For reference on the initial impact of COVID on workforce organizations, see our April 2020 report - [Economic Ripple Effects: Impact of the COVID-19 Crisis on the New York City Workforce Development Sector & Marginalized New Yorkers](#) and our update to this report, which will be published in the last week of March 2021).

If workforce organizations continue to be short-changed, it will be at the expense of New Yorkers of color, low- and moderate-income New Yorkers, and other historically marginalized communities. To get New York back to work, we need your leadership and critical funding resources so that those hurt most by the pandemic, and the city at large, can begin to recover.

Thank you for your time and consideration of these matters. We at the Employment and Training Coalition would be happy to answer any questions from the Council to the best of our ability.