

TESTIMONY BY
COMMISSIONER ROBERT W. WALSH
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEES ON FINANCE, ECONOMIC DEVELOPMENT
AND SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
MAY 8, 2007

Good morning Chairman Weprin, Chairman White, Chairman Yassky and members of the Finance, Economic Development and Small Business Committees. I am Rob Walsh, Commissioner of the Department of Small Business Services. I am joined by First Deputy Commissioner Andy Schwartz, and several members of our staff who are here to help answer questions you might have.

I would like to highlight some of our accomplishments over the past year. I also want to speak about some of our new initiatives underway.

BUSINESS DEVELOPMENT

The most dramatic way that SBS can build on its success is by fundamentally changing the way that businesses do business with the City of New York. In partnership with DoITT and several other agencies, SBS is developing an online service, NYC Business Express. It will save business owners time and money by enabling them to start, operate, and expand a business through a single online point of contact. Through NYC Business Express, entrepreneurs and business owners will apply for licenses and permits, learn about regulations, make payments, apply for incentives, and access resources to help them grow.

We encourage you to take a look at NYC Business Express online at www.nyc.gov/BusinessExpress. As a start, we have made it easier and simpler for business owners to open a restaurant by providing an inventory of all the steps that they will need to take. But this isn't enough. Over the next three years, we will be working with multiple agencies on a regular basis, looking at the permits, examining internal operations, and making a major investment to make it as easy as possible for all businesses to do business with New York City.

NYC Business Express is one of our major new initiatives –but we continue to serve small businesses in many other ways. In September 2004, we introduced NYC Business Solutions as the cornerstone of our business assistance efforts. To date, we have served

more than 31,000 businesses and responded to over 51,000 service requests. And we've helped more than 480 small businesses secure over \$30 million in new financing from both non-profit and commercial lenders.

Whether business owners walk through the door of one of our seven centers, visit our website at www.nyc.gov/smallbiz, or call 311, they can get the help they need to start and grow their business. Our business outreach team also canvasses commercial neighborhoods block by block to provide assistance to entrepreneurs in their places of business. Thanks to these efforts, business owners and entrepreneurs are accessing SBS' business assistance more easily than ever before.

We are also strengthening community based organizations that serve small and large businesses throughout the City. Business Improvement Districts (BIDs) continue to grow. Over the past five years, we have created 11 new BIDs, bringing the total number of BIDs in the City to 55. This past year, two BIDs, Flatbush-Nostrand Junction and 5th Avenue in Bay Ridge were signed in to law. BIDs contribute \$82 million annually in supplemental services such as sanitation, security, and marketing. We are expecting another half dozen BIDs to be submitted for your approval this year.

Our work in the City's neighborhoods goes beyond BIDs. We work with many small local development corporations, providing technical and marketing assistance to build their organizational capacities. And over the past year, we've asked larger, borough-wide economic development groups to leverage their experience and help these smaller groups become more strategic, resourceful, and creative.

This year, we will launch NYC Clean Streets, which the Mayor introduced in his State of the City -- a \$1.6 million initiative that will keep the streets of our City's commercial corridors cleaner and more attractive for residents and business owners. Through this program, SBS will partner with neighborhood organizations in all five boroughs to help them manage a supplementary sanitation program.

But the program isn't just about clean streets. This is a comprehensive effort to create stronger neighborhood groups that are able to independently manage and finance these kinds of services. The Clean Streets program will help us grow these local organizations, while creating a cleaner, healthier, and more vibrant climate in which to do business. In the coming month, we will announce the first participants of NYC Clean Streets.

DIVISION OF ECONOMIC AND FINANCIAL OPPORTUNITY

Last month, together with the Mayor's Office of Contract Services, we submitted the first preliminary report required by Local Law 129 to the City Council.

We continue to work with individual agencies to help them increase their utilization of M/WBEs, and we are seeing a steady increase in the number of companies being certified. To date, there are a total of 1,170 certified companies, up from 850 in 2004. SBS is on track to certify a record number of new M/WBEs in fiscal year 2007 and the number of re-certifications has tripled.

We are seeing these increases in numbers because we have shown that there is a reason to become certified: the number of contracts that were awarded to certified companies we worked with more than doubled this past year, resulting in over \$63 million in City contracts for certified companies. Because of this success, it's never been more important to get the word out about our program. In the past year we've:

- Partnered with the Council on the M/WBE Leadership Association program that you established, to work with 15 community based organizations to get more eligible companies certified. These organizations increase our reach in the community and have allowed us to provide over 80 technical assistance workshops on issues ranging from how to certify to how to do business with the city. We have also sponsored 37 events which have been attended by over 5,000 participants that match buyers and sellers.
- Created Fundamentals in Construction Management, a certificate program in partnership with CUNY's College of Technology, offered exclusively to New

York City-certified construction firms. The program offers six courses taught by industry professionals to build the skills and capacities of these firms. We have also built on our partnership with City Tech to offer one-on-one technical assistance in bid and proposal preparation.

- Increased our marketing and outreach efforts. To give you a sense of the scope of our efforts, to date this fiscal year, we have attended and presented at 145 events. We have run articles and advertisements in several different publications such as Amsterdam News, Desi Talk and World Journal, and new features will be published in the Daily News, El Diario and Crain's. We have also created and distributed a new M/WBE program brochure, and redesigned our website to provide a direct and easy link to our homepage and more recently, the online directory at www.nyc.gov/buycertified.

WORKFORCE DEVELOPMENT

SBS has transformed the adult workforce development program in New York City into a system that recruits, trains and places New Yorkers in jobs with a focus on the City's strongest employment sectors.

- In 2006, Workforce1 Career Centers placed more than 16,000 New Yorkers in jobs, an increase of over 80% from 2005. Since April 2004, job placements in the Workforce1 Career Centers have risen from 127 per quarter to over 4,300 per quarter.
- We have expanded the total number of Workforce1 Career Centers from three in 2004 to our current portfolio of seven Centers across all five boroughs. These Centers, which provide workshops, pre-vocational skills training, on-site recruitments and job referral services, are run by some of the most respected service providers throughout the City.
- We have become more effective at placing New Yorkers in jobs by working closely with employers, meeting their hiring and training needs. In 2006, NYC Business Solutions Hiring helped large city-wide businesses hire employees in six

target industries of retail, financial services, healthcare, industrial/manufacturing, hospitality/tourism, and technology. In one recent partnership with Whole Foods, we helped them hire 349 new employees for their new store on Bowery and Houston Streets.

- We not only help companies hire employees –we have also invested in training. We are now working with companies to help them train their employees for better, higher-paying jobs that make New York companies more competitive. SBS has awarded 30 grants totaling \$2.6 million to hire and train 1,847 New Yorkers. Trainees participating in these programs have benefited from significant wage increases averaging 30%. This program is the first time the City is providing funding to help small businesses hire and promote employees, increase employee skills and wages, and become more competitive. We have leveraged an additional \$3.7 million in matching employer funds through this grant.
- We also administer an individual training program that is directly connected to high growth jobs. We now evaluate training providers not only on their licensing and accreditation, but on their job placement rates -- and we post these evaluations on-line. This initiative helps jobseekers and career advisors make the best choice about which training program will lead to job placement.

We have made great gains in developing our workforce programs and the good news is that New York City has the lowest unemployment rate in decades. Because of our record of success in workforce development, we are tackling new initiatives from the Mayor's Center for Economic Opportunity. With the recent support from City Council, a series of initiatives will be launched at SBS in the next year that will assist hard-working New Yorkers to move out of poverty. These include an industry-focused Workforce1 Career Center, developing retention, advancement and work support strategies, and increased training funds for work readiness and literacy skills.

The bad news is we are facing federal cuts: our federal Workforce Investment Act funds have been cut by \$13.1 million in Fiscal Year 2007. We now need to look very hard at all programs, centers, and partners—to find ways to cut \$13.1 millions from our budget at

a time when we have one of the most aggressive and comprehensive efforts in connecting New Yorkers to jobs.

CONCLUSION

As you can see, we have worked hard to serve small businesses across the boroughs, empower neighborhoods, and help New Yorkers find jobs. We have put forward an aggressive and ambitious agenda and are grateful for the City Council's role in these accomplishments.

We will continue to build on our successes in order to serve small businesses throughout the five boroughs.

I would be happy to answer any questions you might have.

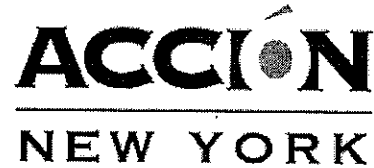
Executive Budget 2008 Testimony

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My name is Jennifer Spaziano, the Vice-President of Business Development at ACCION New York, the largest microfinance organization in the country. Since 1991, ACCION has lent over \$66 million to approximately 10,000 of New York's low-income, minority and women small business owners in need of affordable financing and technical assistance.

Today, New York City has the opportunity to make microfinance a reality for thousands more small business owners struggling to access affordable capital. For example, in 2006 alone ACCION New York disbursed \$13.5 million to over 1,700 individuals, creating and maintaining over 3,000 jobs in predominantly low-income communities. Currently, ACCION's \$17 million active portfolio serves as an economic life-line for over 2,200 individuals.

Business ownership has long been a beacon of opportunity for New York City residents. As the regional economy shifts toward the service sector, small business is an increasingly vital strategy for low-income individuals and their families. **Even with the instincts to succeed, however, minority and immigrant entrepreneurs face singular challenges to business growth including:**

- Lack of affordable access to capital
- Inability to build meaningful credit histories
- Predatory lending practices in their communities
- Lack of financial education and business training

Recently, the Center for an Urban Future reported that although immigrant and minority-owned businesses drove much of the city's economic growth and "**triggered dramatic turnarounds**" in low-income neighborhoods across all boroughs, New York City has only begun to meet the demand for microfinance and other resources necessary to unleash the power of small businesses. Indeed, immigrant neighborhoods outpace the rest of the region in business growth. Between 1994 and 2004 the number of businesses in New York City increased by 9.6%, while the number of businesses in Flushing, for example, increased by 54.6%.

In addition to academic reports, The New York City Commission for Economic Opportunity has endorsed microfinance as a strategy to alleviate poverty. The Commission's 2006 report to Mayor Bloomberg found that microfinance can "reduce want, reward personal initiative, and reaffirm hope" for microentrepreneurs, **50% of whom rise above the poverty line within five years.**

In order to utilize microfinance in poverty alleviation and community development strategies, investing in microentrepreneurs cannot end with the cutting of a check. Small business owners need the tools for long-term success, through workshops, training, and one-on-one counseling. **Outcomes such as increased home ownership, greater education spending, and expanded payrolls help stitch even the poorest neighborhoods into the fabric of our regional economy.** Thus, microloans are always coupled with one-on-one technical assistance.

ACCION's portfolio growth, impact surveys, and financial health illustrate one clear fact: **we have created a microfinance model that works for New York City.** We encourage you to help scale this important resource by creating a \$20 million microloan fund – joining us in carrying out our mandate: to help New York's low-income communities earn a share of our common prosperity.



ACCION Lending by Borough 2002-2006

Bronx

Zip	Loans	Amount
10463	54	\$982,590
10453	90	\$770,928
10468	109	\$766,260
10467	72	\$597,724
10456	84	\$588,464
10452	79	\$579,049
10457	77	\$527,444
10455	58	\$498,220
10462	57	\$491,684
10472	66	\$482,180
10458	71	\$472,656
10459	48	\$459,354
10466	42	\$325,732
10469	31	\$316,021
10460	47	\$293,654
10473	34	\$272,272
10451	40	\$234,445
10471	10	\$222,308
10454	27	\$192,768
10474	16	\$137,661
10461	11	\$82,310
10470	4	\$79,694
10475	8	\$65,952
10465	7	\$49,395
10464	2	\$26,636
TOTAL	1144	\$ 9,515,403

Neighborhood	Zip
Pelham - Throgs Neck	10461, 10462, 1064, 10465, 10472, 10473
Northeast Bronx	10466, 10469, 10470, 10475
Kingsbridge - Riverdale	10463, 10471
Hunts Point - Mott Haven	10454, 10455, 10459, 10474
High Bridge - Morrisania	10451, 10452, 10456
Fordham - Bronx Park	10458, 10467, 10468
Crotona - Tremont	10453, 10457, 10460



ACCION Lending by Borough 2002-2006

Brooklyn

Zip	Loans	Dollars	Neighborhood	Zipcodes
11201	24	\$330,176	Bedford Stuyvesant - Crown Heights	11212, 11213, 11216, 11233, 11238
11202	3	\$13,601	Bensonhurst - Bay Ridge	11209, 11214, 11228
11203	24	\$150,493	Borough Park	11204, 11218, 11219, 11230
11204	8	\$39,843	Canarsie - Flatlands	11234, 11236, 11239
11205	24	\$207,280	Coney Island - Sheepshead Bay	11223, 11224, 11229, 11235
11206	66	\$870,897	Downtown - Heights - Slope	11201, 11205, 11215, 11217, 11231
11207	46	\$231,604	East Flatbush - Flatbush	11203, 11210, 11225, 11226
11208	51	\$398,742	East New York	11207, 11208
11209	20	\$132,856	Greenpoint	11211, 11222
11210	10	\$85,764	Sunset Park	11220, 11232
11211	67	\$557,449	Williamsburg - Bushwick	11206, 11221, 11237
11212	26	\$237,708		
11213	14	\$65,222		
11214	5	\$27,966		
11215	21	\$188,211		
11216	40	\$329,307		
11217	22	\$268,560		
11218	48	\$438,624		
11219	15	\$116,068		
11220	79	\$548,313		
11221	37	\$166,957		
11222	10	\$89,890		
11223	7	\$53,268		
11224	2	\$13,452		
11225	25	\$191,729		
11226	35	\$173,236		
11228	4	\$32,080		
11229	11	\$179,793		
11230	12	\$143,795		
11231	25	\$287,255		
11232	12	\$56,204		
11233	22	\$95,201		
11234	10	\$104,160		
11235	11	\$164,817		
11236	23	\$134,454		
11237	74	\$451,905		
11238	20	\$180,387		
11247	2	\$10,761		
TOTAL	955	\$7,768,028		



ACCION Lending by Borough 2002-2006

Manhattan

Zip	Loans	Dollars
10001	46	\$499,729
10002	41	\$280,256
10003	27	\$301,001
10004	11	\$126,517
10005	5	\$52,530
10006	7	\$125,694
10007	34	\$418,881
10009	18	\$309,038
10010	14	\$132,199
10011	17	\$240,649
10012	21	\$456,905
10013	54	\$704,422
10014	14	\$205,156
10016	10	\$96,388
10017	13	\$148,368
10018	18	\$232,826
10019	17	\$185,199
10021	11	\$156,309
10022	8	\$83,158
10023	12	\$108,949
10024	13	\$306,843
10025	46	\$1,759,753
10028	2	\$27,320
10036	22	\$287,106
10038	27	\$370,422
10044	3	\$36,822
10069	1	\$25,940
10090	1	\$2,370
10116	1	\$590
10119	1	\$3,315
10128	13	\$193,941
10129	1	\$2,807
10158	1	\$5,000
10163	5	\$28,163
10165	3	\$55,650
10185	2	\$14,675
10268	1	\$876
10280	10	\$118,257
TOTAL	551	\$8,104,024



ACCION Lending by Borough 2002-2006

Queens

Zip	Loans	Dollars
11001	6	\$82,538
11003	8	\$120,227
11004	1	\$4,385
11040	4	\$70,248
11096	1	\$5,580
11101	61	\$559,105
11102	18	\$150,574
11103	22	\$171,712
11104	29	\$159,836
11105	18	\$135,793
11106	23	\$206,647
11308	1	\$6,285
11354	14	\$42,080
11355	20	\$143,100
11356	20	\$170,711
11357	12	\$136,282
11358	11	\$140,786
11360	4	\$17,252
11361	11	\$120,296
11364	2	\$32,818
11365	5	\$58,690
11366	8	\$97,383
11367	6	\$30,631
11368	134	\$823,530
11369	37	\$250,792
11370	37	\$192,052
11372	145	\$850,932
11373	104	\$685,171
11374	18	\$176,457
11375	14	\$122,004
11377	90	\$645,030
11378	17	\$149,964
11379	7	\$40,633
11385	100	\$970,612
11386	4	\$24,284
11411	3	\$41,143
11412	8	\$30,440
11413	10	\$145,984
11414	6	\$47,767
11415	7	\$54,078
11416	18	\$163,427
11417	24	\$161,898
11418	35	\$253,814
11419	20	\$340,663
11420	15	\$169,498
11421	23	\$127,337
11422	9	\$44,164
11423	8	\$82,119
11425	1	\$21,405
11426	1	\$615
11427	4	\$20,056
11428	5	\$26,820
11429	2	\$9,760
11431	1	\$615
11432	22	\$104,822
11433	11	\$37,978
11434	18	\$133,715
11435	33	\$213,130
11436	1	\$3,945
11691	24	\$97,196
11692	3	\$23,520
11693	1	\$40,455
11694	2	\$22,373
TOTAL	1327	\$10,013,152

Neighborhood	Zipcodes
Bayside - Little Neck	11361, 11362, 11363, 11364
Flushing - Clearview	11354, 11355, 11356, 11357, 11358, 11359, 11360
Fresh Meadows	11365, 11366, 11367
Jamaica	11412, 11423, 11432, 11433, 11434, 11435, 11436
Long Island City - Astoria	11101, 11102, 11103, 11104, 11105, 11106
Ridgewood - Forest Hills	11374, 11375, 11379, 11385
Rockaway	11691, 11692, 11693, 11694, 11695, 11697
Southeast Queens	11004, 11005, 11411, 11413, 11422, 11426, 11427, 11428, 11429
Southwest Queens	11414, 11415, 11416, 11417, 11418, 11419, 11420, 11421
West Queens	11368, 11369, 11370, 11372, 11373, 11377, 11378



NEW YORK

ACCION Lending by Borough 2002-2006

Staten Island

Zip Code	Loans	Dollars
10301	14	\$ 42,185
10302	4	\$ 7,373
10303	6	\$ 50,352
10304	35	\$ 205,923
10305	6	\$ 31,405
10306	2	\$ 17,460
10307	3	\$ 70,003
10308	2	\$ 10,271
10310	2	\$ 7,273
10314	13	\$ 126,594
TOTAL	87	\$ 568,839

