NEW YORK STATE OF OPPORTUNITY. | Empire State Development

NEW YORK STATE SEED FUNDING
GRANT PROGRAM REPORT

December 2023

INTRODUCTION

Under Governor Kathy Hochul's leadership, and with partnership from the Legislature, Empire State Development (ESD), New York State's chief economic development agency, launched the $200 million New York State Seed Funding Grant Program in September 2022.

The Program's mission was to provide early-stage small businesses with funding to help them succeed in a recovering New York State economy in the wake of the global pandemic. The Program was specifically tailored to the needs of businesses that opened their doors after September 1, 2018.

The Program was structured to ensure that state grants were flexible and provided funding to eligible businesses that were unable to qualify for or obtain sufficient funding from federal COVID-19 recovery programs.

The program was completed on May 23, 2023. ESD awarded 15,842 small businesses a total of $186.6 million. The Program provided grants ranging from $5,000 to $25,000, with an average award of $11,782. In accordance with the Program's mission, 38% of awards went to socially and economically disadvantaged small businesses, and 91% went to minority- and/or women-owned small businesses.

Program grants generally represented a significant proportion of the operating expenses of an awarded small business, and these grants assisted small businesses as they recovered from the pandemic's devastating impacts. Grant awards allowed small businesses across the state to cover costs such as payroll, rent or mortgage payments, personal protective equipment (PPE) expenses, utility bills, and any costs associated with the compliance of pandemic health and safety protocols (a list of eligible expenses is available in the Appendix).

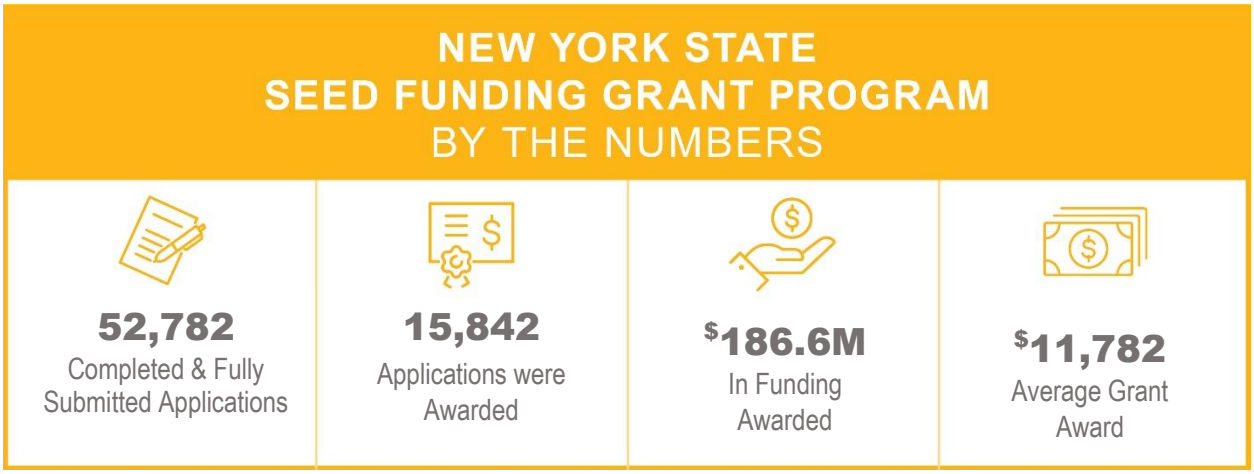
Small businesses targeted by the Program, by definition, do not have access to the same resources as larger businesses. Therefore, to ensure the Program's success, ESD deployed services to inform small businesses about the funding available and to help them complete applications. Specifically, a call center was established, which logged more than 32,173 calls with potential applicants. In addition, ESD established a network of Technical Assistance (TA) partners to provide hands-on guidance to small businesses seeking funding.

As part of the ongoing partnership with the Legislature, ESD was required to publish a report detailing the Program's progress, beginning December 31, 2022, and on a quarterly basis until all

funds were expended. This report serves as the final update and includes the following: details on the Program's progress, including summary statistics; information on efforts made to support Program participation; testimonials from award recipients that demonstrate the Program's effectiveness; and an Appendix of additional Program details.

PROGRAM RESULTS

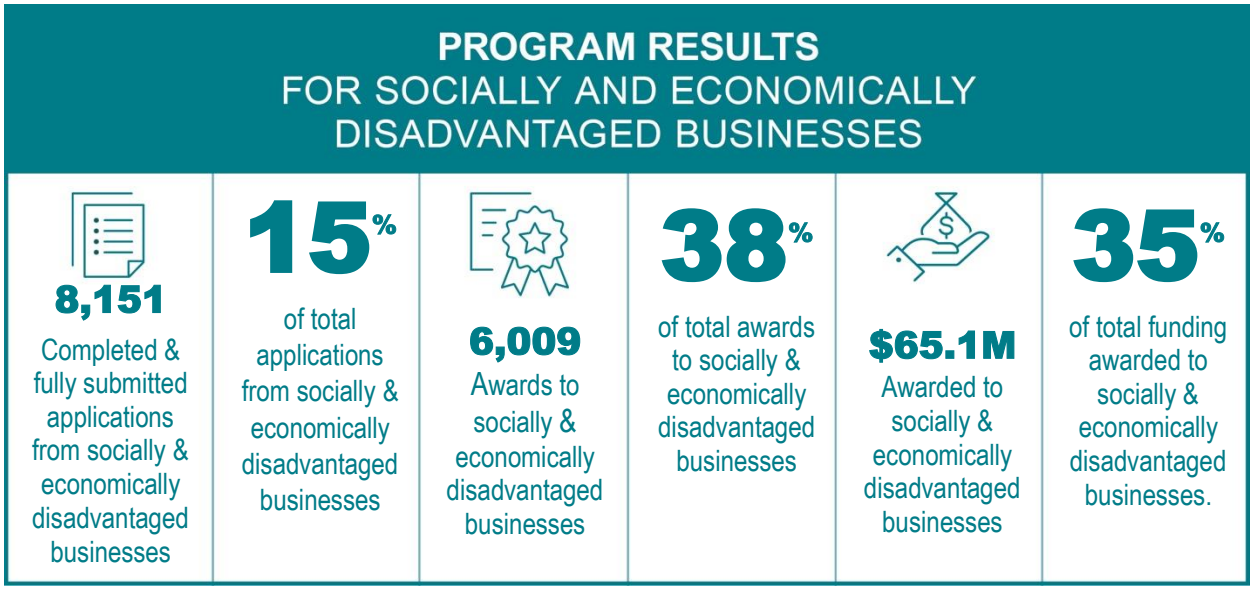
As a result of the strategic design and approach of the Program, awards reached the target audiences. Since launching the application portal in September 2022, ESD received 73,436 applications[1]. Of these, 52,782 were completed and fully submitted applications. Ultimately, ESD awarded $186.6 million in funding to 15,842 applicants for an average grant award of $11,782.



[1] Of these, 20,246 applications remained incomplete, despite repeated attempts to contact and assist applicants with completion and, therefore, cannot be fully evaluated for eligibility.

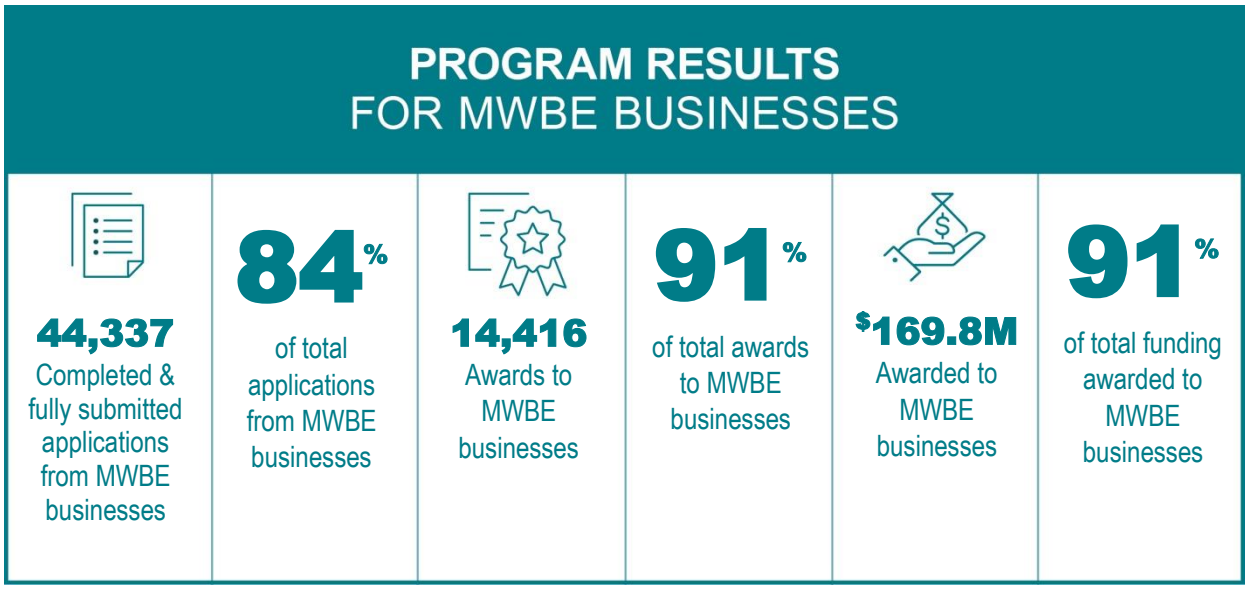
AWARDS TO SOCIALLY & ECONOMICALLY DISADVANTAGED BUSINESS OWNERS

New York State awarded $65.1 million to 6,009 socially and economically disadvantaged businesses, representing 38% of total awards. Socially and economically disadvantaged businesses are those owned by service-disabled veterans and/or small businesses located in economically distressed geographic areas.



AWARDS TO MINORITY AND WOMEN OWNED BUSINESSES

New York State awarded $169.8 million to 14,416 minority- and/or women-owned small businesses, representing 91% of total awards. As part of the application process, applicants were invited to provide such demographic information, on a voluntary basis, to inform the public of the degree to which Program funds were being distributed to minority- and/or women-owned small businesses.



AWARDS BY GEOGRAPHY

The Program awards represented a commitment to an equitable distribution of resources across the State. Awards largely align with small business density.

County	Completed & Fully Submitted Applications	Applications Awarded	Awarded Funding	County	Completed & Fully Submitted Applications	Applications Awarded	Awarded Funding
Albany	312	89	$1,050,572	Oneida	118	26	$404,346
Allegany	21	6	$90,000	Onondaga	328	91	$1,307,477
Bronx	8,008	1,758	$17,398,263	Ontario	67	21	$363,093
Broome	138	29	$382,264	Orange	599	143	$2,068,273
Cattaraugus	29	7	$112,269	Orleans	10	3	$40,000
Cayuga	41	6	$119,210	Oswego	39	5	$48,919
Chautauqua	55	6	$99,526	Otsego	37	7	$78,538
Chemung	52	6	$98,377	Putnam	95	24	$347,844
Chenango	15	3	$41,891	Queens	13,782	5,355	$60,444,582
Clinton	23	8	$126,496	Rensselaer	74	17	$225,137
Columbia	56	16	$190,156	Richmond	1,015	307	$3,882,336
Cortland	19	9	$172,632	Rockland	595	146	$2,226,232
Delaware	49	9	$133,810	St Lawrence	41	15	$160,684
Dutchess	200	48	$748,242	Saratoga	126	32	$513,558
Erie	734	175	$2,013,113	Schenectady	102	22	$341,709
Essex	56	21	$273,140	Schoharie	17	4	$92,319
Franklin	29	7	$104,260	Schuyler	16	4	$92,195
Fulton	33	11	$140,215	Seneca	17	4	$45,209
Genesee	10	3	$15,000	Steuben	46	9	$134,922
Greene	26	3	$31,440	Suffolk	2,118	631	$9,043,642
Hamilton	7	1	$5,000	Sullivan	71	14	$203,678
Herkimer	24	2	$15,000	Tioga	16	3	$25,000
Jefferson	47	10	$110,035	Tompkins	46	11	$167,128
Kings	12,976	3,797	$42,321,351	Ulster	193	47	$656,498
Lewis	6	-	-	Warren	23	6	$65,000
Livingston	19	5	$70,513	Washington	15	2	$17,852
Madison	25	7	$89,067	Wayne	29	8	$109,196
Monroe	452	89	$1,180,901	Westchester	1,320	325	$4,314,903
Montgomery	32	9	$138,681	Wyoming	11	1	$25,000
Nassau	3,439	1,199	$16,087,717	Yates	10	3	$55,000
New York	4,727	1,184	$15,423,075				
Niagara	146	33	$372,763				
TOTAL	**52,782**	**15,842**	**$186,655,249**				

AWARDS BY REGION			
Region	**Completed & Fully Submitted Applications**	**Applications Awarded**	**Awarded Funding**
Capital Region	734	187	$2,435,424
Central NY	452	118	$1,737,305
Finger Lakes	625	137	$1,903,912
Long Island	5,557	1,830	$25,131,359
Mid-Hudson	3,073	747	$10,565,670
Mohawk Valley	261	59	$869,099
New York City	40,508	12,401	$139,469,607
North Country	209	62	$779,615
Southern Tier	378	74	$1,075,587
Western NY	985	227	$2,687,671
Total	**52,782**	**15,842**	**$186,655,249**

AWARDEE STORIES

The New York State Seed Funding Grant Program has positively impacted small businesses across the state. To highlight the ways in which recipients have benefitted from the Program, below are testimonials from award recipients.

Bar Chord Marketing

Owner: Eammon Azizi

Grant Award: $10,620

Location: Buffalo

"This grant was incredibly helpful for us in being able to support our staff and growing our business. This grant allowed my partner and I to remain focused on securing new business and rebuilding our revenue stream. Without the boost, we would have been buried in tasks, and would have missed out on sparking new relationships and opportunities."

MSPEN

Owner: Morgan Spencer

Grant Award: $5,000

Location: Watertown

"This was great help to recover from the pandemic. I used the grant funds to help with insurance payments and moving my business along. Thank you, and I appreciate the help and support."

Mr. Maoguaijun Import and Export Trading

Owner: Guai Mao

Grant Award: $18,523

Location: Amherst

"My company used the grant to purchase software to protect our company's online safety. Thank you for this opportunity."

Spa City Barbershop

Owner: Devin Wicks

Grant Award: $11,590

Location: Saratoga Springs

"The New York State Seed Grant Program has significantly helped my business to counter inflating costs of business expenses, such as, electric, supplies, utilities, and to pay off debts acquired from Covid-19 related expenses. I deeply appreciated this program and being chosen for funding."

The Lark Agency

Owner: Kortnee McCall-Simmons

Grant Award: $5,000

Location: Manhattan

"Thank you for the New York State Seed Grant Program. The Lark Agency has been able to invest in new technology, marketing strategies, and workforce development initiatives. We have successfully adapted to the pandemic-era business landscape, expanding our client base, and increasing revenue by 30%. The grant has been instrumental in helping us not only recover but thrive in the challenging times."

Mocha Nola

Owner: Sean Michele

Grant Award: $10,000

Location: Rochester

"This grant has enabled us to get better pricing and increase quantities on inventory to fill larger purchase orders. This grant gave us the needed financial boost to launch our first in-store marketing campaign to help group our small businesses!"

LSB Cleaning

Owner: Latrice Boykins

Grant Award: $5,000

Location: Syracuse

"The New York State Seed Grant Program has helped me during difficult times on by business journey. With this grant, I was able to catch up on my business bills, and I was able to start school full-time. This will help better my business by achieving more financial literacy and building management skills. Thank you for allowing me to thank you."

Ritual Clay Company LLC

Owner: Sara Kozak

Grant Award: $10,145

Location: Rochester

"Since we have received our grant, I have been able to rest easier knowing that during this economic downturn, basic operating costs are being offset for a moment. That relief has allowed me to invest in a few new pieces of equipment that I have needed for a while. This will allow me to optimize costs of materials and production. Thank you!"

APPENDIX

ELIGIBLE BUSINESSES

To qualify for grants, small businesses, micro-businesses and for-profit independent arts and cultural organizations had to be currently in operation and had to have begun operating on or after September 1, 2018, and be in operation for a minimum of six months as of the application date, with gross receipts that did not exceed $1,000,000 per annum. A small business shall be located in New York State, independently owned and operated, not dominant in its field, and employ one hundred or less persons. A micro-business shall be a small business resident in New York State, independently owned and operated, not dominant in its field and employ ten or less persons. A for-profit independent arts and cultural organization shall be a small or medium sized private for-profit, an independently operated live-performance venue, promoter, production company, or other performance related small business, including independent arts contractors, located in New York State that was negatively impacted by COVID-19 health and safety protocols, and having one hundred or less full-time employees, excluding seasonal employees.

Eligible applicants had to have between five thousand dollars ($5,000) and one million dollars ($1,000,000) in gross receipts per annum as reflected on their most recent Federal business tax return or be able to demonstrate five thousand dollars ($5,000) in business expenses for businesses that did not file a federal business tax return.

ESD established a competitive process for the evaluation of applicants. Grants were for a minimum award of $5,000 and a maximum award of $25,000. Grant awards for businesses that previously filed a federal tax return were calculated based on a business' annual gross receipts from their most recent return:

- Annual gross receipts: $5,000-$49,999.99: Award is $5,000/business;
- Annual gross receipts: $50,000-$99,999.99: Award is $10,000/business; and
- Annual gross receipts: $100,000-$500,000: Award is 10% of gross receipts (maximum grant is $25,000).

For firms that did not file a federal tax return for operations thus far:

- Award is $5,000/business.

This grant size allowed the Program to provide a meaningful grant to awarded entities.

ELIGIBLE USE OF GRANT FUNDS

The Program provided a wide array of eligible uses in responses to the extensive and varied impacts of COVID-19 had on the small business ecosystem. This way, the Program aimed to assist a significant number of affected small businesses.

Eligible costs incurred between September 1, 2018, and January 1, 2022, included:

- Payroll costs; and/or
- Commercial rent or mortgage payments for New York State-based property; and/or
- Payment of local property or school taxes associated with a small business location in New York State; and/or
- Insurance costs; and/or
- Utility costs; and/or
- Costs of personal protection equipment (PPE) necessary to protect worker and consumer health and safety; and/or
- Heating, ventilation, and air conditioning (HVAC) costs; and/or
- Other machinery or equipment costs; and/or
- Supplies and materials necessary for compliance with COVID-19 health and safety protocols; or
- Other documented COVID-19 costs as approved by ESD.

INELIGIBLE USE OF GRANT FUNDS

Grant awards under the Program shall not be used to re-pay or pay down any portion of a loan obtained through a federal coronavirus relief package for business assistance or any New York State business assistance programs.

DEFINITIONS

“Small business” shall mean a business which is resident in New York State, independently owned and operated, not dominant in its field, and employs one hundred or less persons, was started on September 1, 2018, or later and has been operational for a minimum of six months prior to application with gross receipts that do not exceed $1,000,000 per annum.

“Micro-business” shall mean a small business which is resident in New York State, independently owned and operated, not dominant in its field, and employs ten or less persons.

“For-profit independent arts and cultural organization” shall mean a small or medium sized private for-profit, independently operated live-performance venue, promoter, production company, or other performance related small businesses, including independent arts contractors, located in New York State negatively impacted by COVID-19 health and safety protocols, and having one hundred or less full-time employees, excluding seasonal employees.”

“COVID-10 health and safety protocols” means any restrictions imposed on the operation of businesses by Executive Order 202 of 2020 issued by the governor, or any extension or subsequent executive order issued in response to the COVID-19 pandemic, or any other statute, rule, or regulation imposing restrictions on the operation of businesses in response to COVID-19.