



**ANNUAL REPORT
ON THE STATE OF
SMALL BUSINESSES
2022**



**Empire State
Development**

Empire State Development Annual Report on the State of Small Businesses 2022

In accordance with section 134 of the NYS Economic Development Law, Empire State Development (ESD) is required to compile an annual report on the state of small businesses, particularly businesses with less than 25 employees which are often referred to as “micro-businesses.” Please note that the data provided in this report are the most recent available. The following report includes data and findings from recent public and private sources, each covering a different aspect of the small business landscape. The report then outlines many of the strategies NYS is undertaking to meet the needs of Small Businesses throughout the state.

Private Sector Firms with Greater than Zero and Less than 100 Employees 2017 vs. 2021 (2nd Quarter)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2017	448,937	97.9	3,205,863	40.7
2021	405,737	97.9	2,898,222	39.4
Percent Change	-9.6 % Chg.	0 ppt diff	-9.6 % Chg.	-1.3 ppt diff

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions. % Chg. denotes *percentage change*, and ppt diff denotes *percentage point difference*.

Private Sector Firms with Greater than Zero and Less than 25 Employees 2017 vs. 2021 (2nd Quarter)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2017	419,894	91.6	1,874,677	23.8
2021	380,422	91.8	1,740,286	23.7
Percent Change	-9.4 % Chg.	0.2 ppt diff	-7.2 % Chg.	-0.1 ppt diff

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions. % Chg. denotes *percentage change*, and ppt diff denotes *percentage point difference*.

Private Sector Firms with Greater than Zero and Less than 10 Employees 2017 vs. 2021 (2nd Quarter)

	Number of Firms	Share of All Firms (%)	Firm Employment	Share of Employment (%)
2017	366,582	79.9	1,063,545	13.5
2021	331,233	79.9	995,441	13.5
Percent Change	-9.6% Chg.	0 ppt diff	-6.4% Chg.	0 ppt diff

Source: NYS DOL Quarterly Census of Employment and Wages (QCEW), ESD Analysis. These data are limited to private sector firms that had employees in the given quarter and exclude firms that are unclassified industries (NAICS 2-Digit Code: 99). Data subject to revisions. % Chg. denotes *percentage change*, and ppt diff denotes *percentage point difference*.

A. Growth and Economic Trends of Private Sector Small Businesses

The above tables indicate that small businesses form a substantial portion of the New York State economy (2nd Quarter, 2021): 98 percent of New York businesses have fewer than 100 employees (the state's definition of a small business); 92 percent have between 1 and 25 employees; and 80 percent have between 1 and 10 employees.

Looking at employment, over 39 percent of the workforce is employed in firms with fewer than 100 employees; 24 percent of the workforce is employed in firms with between 1 and 25 employees; and 14 percent of the workforce is employed in firms with between 1 and 10 employees.

Both the number of firms with fewer than 100 employees and their average employment have decreased from 2017 Q2 to 2021 Q2 (down 9.6 percent both years).

Considering micro-businesses with 1 to 25 employees, the number of firms and average employment have decreased from 2017 Q2 to 2021 Q2 (down 9.4 percent and down 7.2 percent, respectively).

As to micro-businesses with 1 to 10 employees, the number of firms and average employment also have decreased from 2017 Q2 to 2021 Q2 (down 9.6 percent and down 6.4 percent, respectively).

National Small Business Association, U.S. Small Business Recovery and Technology Report: 2021¹

The National Small Business Association (NSBA) is a nonpartisan organization advocating on behalf of small businesses and has 65,000 members representing every state and every industry in the U.S.

NSBA, in conjunction with Cisco, conducted this survey of over 1,100 small business owners in September 2021, and the summary report was released later that year. The report focuses on how small business are faring with regards to the COVID-19 pandemic, the path to recovery and the critical role technology plays.

The report finds that although small business owners are continuing to fight back from the pandemic, confidence and economic outlook remain much lower than pre-pandemic levels. And while technology undoubtedly has played a major role throughout the pandemic, small business owners have not been able to place the needed priority on their technology strategies.

Among the key findings, economic security remains the number one concern with regards to COVID-19 among small business owners. There was a notable increase in supply chain closures and delays, which tracks with the extended shipping delays currently impacting businesses in the U.S. One particularly positive trend shift: there was a 25 percent drop in small business owners who say they were experiencing reduced customer demand compared with a similar survey from October 2020.

There has been relatively little shift in small business owners' confidence over the past year. One in five say they are not confident they will fully recover from the pandemic. While the majority, 61 percent, say they are fully reopened or never closed, it is worth noting that one-third still are not at pre-pandemic levels.

Federal Reserve Joint Small Business Credit Survey Report, 2022²

The regional Federal Reserve Banks monitor small business credit conditions through surveys of business owners. These surveys provide insight into small business vitality and shed additional light on startups, micro-businesses, and growing firms which affect employment and growth in local and regional economies.

¹ Source: https://nsba.biz/wp-content/uploads/2021/12/Cisco-NSBA-Pandemic-Survey-Final2.rf_.pdf

² Source: <https://www.fedsmallbusiness.org/survey/2022/report-on-employer-firms>.

In 2021, the Small Business Credit Survey (SBCS) reached nearly 11,000 employer small businesses across the nation, gathering insights about the COVID-19 pandemic's continuing impact on small businesses, including workforce challenges, business performance, and credit conditions.

Revenue, employment and expectations for future growth improved since 2020, but performance largely lags pre-pandemic levels. Financing approval rates continued to trend lower than in years prior to the pandemic.

More than half of firms were in fair or poor financial condition at the time of the survey, and nearly all firms faced at least one operational or financial challenge in the prior 12 months.

Pandemic-related financial assistance programs were widely used in 2021, although their use declined since early in the pandemic. Application rates for traditional financing were lower in 2021 than in recent years, and those that did apply were less likely to receive the financing they sought.

Specific findings for the U.S. and the New York State (NYS) include:³

- Of the survey respondents a vast majority (77 percent) of firms across the U.S. indicated negative effects from the pandemic at the time of the survey, while 80 percent of respondents from NYS reported the same;
- Half of firms in the leisure and hospitality industry in U.S. reported a large negative effect from the pandemic, while only 26 percent of manufacturing firms reported the same;
- Forty-eight percent of firms (U.S.) saw a decrease in revenue over the prior 12 months, while 38 percent saw an increase. The corresponding value for NYS is 55 percent and 32 percent respectively;
- A large majority of firms (76 percent) in U.S. reported a decreased employment or paused hiring in the last 12 months, while in 82 percent of respondents in NYS reported the same;
- Revenues remain below pre-pandemic levels for 63 percent of firms, and employment is lower for 43 percent of respondents in U.S. In contrast, 68 percent of respondents in NYS reported a lower level of revenues while 50 percent reported lower employment compared to the pre-pandemic period;
- Fifty-nine percent of firms expect revenues to rise and 41 percent anticipate employment growth in the next 12 months. For NYS, 56 percent of responding firms expect their revenues to improve while 37 percent of firms expect an improvement in employment conditions;
- Most firms (59 percent) reported being in fair or poor financial condition, a figure little changed since the 2020 Small Business Credit Survey (SBCS). Firms of color, smaller firms, and leisure and hospitality firms were most likely to be in fair or poor financial condition. For respondents in NYS, 68 percent of firms reported being in fair or poor financial conditions;
- Hiring or retaining qualified staff and navigating supply chain issues are the top operational challenges that firms faced in the prior 12 months (60 percent). These findings are reflective of NYS as most firms responded with hiring or retaining staff (59 percent), growing sales (57 percent) and supply chains (53 percent) as the key operational challenges;
- Eighty-five percent of employer firms (U.S.) experienced financial challenges in the prior 12 months, up four percentage points since 2020 and up nearly 20 percentage points since 2019. Ninety-three percent of responding firms in NYS indicated a financial challenge the last 12 months.

³ Unless mentioned otherwise, the percentages refer to the percentage of respondents across the U.S.. The total sample size for New York State (NYS) was 265 in the Small Business Credit Survey (2022). The percentages presented here for NYS should be interpreted with caution since the respondents in the survey may not necessarily be representative of small businesses across the NYS. In addition, the data is restrictive in terms of drawing any inferences for individual industries or firms classified based on ownership at the state level.

- Sixty-six percent of employer firms received pandemic-related financial assistance in the prior 12 months, down from 87 percent in 2020. Among firms that did not apply for financial assistance, 36 percent did not need funding, while 44 percent did not think their business would qualify. For respondents in NYS that did not apply for financial assistance, 29 percent did not require funding while 53 percent thought they would not qualify;
- The financial assistance programs firms most often turned to were the Economic Injury Disaster Loan (EIDL) program and Paycheck Protection Program (PPP), with 48 percent and 47 percent of firms applying, respectively. For NYS, the corresponding values are 55 percent and 49 percent respectively;
- The share of firms (U.S.) receiving the full amount of PPP funding sought fell year over year, from 76 percent in 2020 to 67 percent in 2021 while for NYS, 80 percent of respondents received 100 percent of PPP funding in 2021. Outcomes were most favorable for applicants at small banks; 71 percent of small bank PPP applicants received all the funding they sought, compared to 65 percent of large bank PPP applicants and 41 percent of online lender PPP applicants.

B. Employment and Economic Data of Small Businesses in New York State

Micro-businesses, defined as private sector firms with fewer than 20 employees, employ 18.6 percent of the workers across the state. For example, over 554,900 people are employed at micro-businesses in New York City, over 253,100 people on Long Island and approximately 265,900 people in selected upstate metropolitan areas. Average monthly earnings are highest in Manhattan (\$5,866) and in Nassau and Suffolk Counties (\$4,122 and \$3,940 respectively). Data is from the 2nd quarter of 2021.

Private Sector Employment in New York State Small Businesses with 0-19 Employees, By Location 2nd Quarter 2021

Location	Total Employment	Average Monthly Earnings (\$)
New York State	1,348,930	3,875
<i>Upstate</i>		
Albany-Schenectady-Troy MSA	54,798	3,469
Binghamton MSA	13,069	2,835
Buffalo-Cheektowaga-Niagara Falls MSA	73,429	3,104
Elmira MSA	4,221	2,703
Rochester MSA	66,297	3,167
Syracuse MSA	38,481	3,200
Utica-Rome MSA	15,595	2,852
<i>New York City and Long Island</i>		
Bronx County (The Bronx)	41,177	3,231
Kings County (Brooklyn)	147,508	3,376
New York County (Manhattan)	224,821	5,866
Queens County (Queens)	118,998	3,387
Richmond County (Staten Island)	22,420	3,330
Nassau County	119,955	4,122
Suffolk County	133,187	3,940

Source: US Census Bureau, Quarterly Workforce Indicators (QWI) <http://qwixplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area. Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

Private sector small businesses with 20-49 employees employ 8.7 percent of the workers across the state. For example, over 242,500 people are employed at businesses with 20-49 employees in New York City. Employment in Long Island totals over 115,600, while over 154,800 people are employed in selected upstate metropolitan areas. Average monthly earnings are highest in Manhattan (\$7,509), Nassau (\$4,757) and Suffolk (\$4,643) counties. Data is from the second quarter of 2021.

**Private Sector Employment in New York State Small Businesses with 20-49 Employees,
By Location 2nd Quarter 2021**

Location	Total Employment	Average Monthly Earnings (\$)
New York State	631,337	4,743
<i>Upstate</i>		
Albany-Schenectady-Troy MSA	31,059	4,434
Binghamton MSA	6,817	3,678
Buffalo-Cheektowaga-Niagara Falls MSA	42,642	3,721
Elmira MSA	2,534	3,696
Rochester MSA	39,456	3,838
Syracuse MSA	23,378	3,886
Utica-Rome MSA	8,935	3,626
<i>New York City and Long Island</i>		
Bronx County (The Bronx)	17,899	4,094
Kings County (Brooklyn)	56,444	3,837
New York County (Manhattan)	112,302	7,509
Queens County (Queens)	46,101	4,421
Richmond County (Staten Island)	9,808	4,076
Nassau County	53,432	4,757
Suffolk County	62,183	4,643

Source: US Census Bureau, Quarterly Workforce Indicators (QWI) <http://qwiexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area. Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

The statewide unemployment rate in New York was at 4.5 percent in April 2022 according to preliminary figures released by the New York State Department of Labor.

Unemployment Rates (% , Seasonally Adjusted)

	April 2022	March 2022	April 2021
United States	3.6	3.6	6.0
New York State	4.5	4.6	7.8
New York City	6.4	6.4	11.1
NYS, outside NYC	3.1	3.2	5.3

Source: U.S. Bureau of Labor Statistics, NYS DOL. Data is preliminary and subject to change, and seasonally adjusted (SA).

Micro-businesses are present in all New York private sector industry groups. Some of the highest-employing industries are accommodation and food services (174,182 workers; 12.9 percent of the total) and retail trade (167,050 workers; 12.4 percent of the total). Average monthly earnings are highest in management of companies and enterprises (\$8,420), finance and insurance (\$7,767), and information (\$6,084). Data is from the second quarter of 2021.

**Employment in New York State Small Businesses with 0 - 19 Employees, By Industry
2nd Quarter 2021**

Industry	Total Employment	Share of Total Employment, All Firms with 0 - 19 Employees (%)	Average Monthly Earnings (\$)
Accommodation and Food Services	174,182	12.9	2,013
Administrative and Support and Waste Management and Remediation Services	65,248	4.8	3,745
Agriculture, Forestry, Fishing and Hunting	12,500	0.9	2,819
Arts, Entertainment, and Recreation	24,471	1.8	4,059
Construction	145,273	10.8	4,253
Educational Services	24,464	1.8	2,550
Finance and Insurance	41,181	3.1	7,767
Health Care and Social Assistance	151,156	11.2	4,323
Information	17,852	1.3	6,084
Management of Companies and Enterprises	3,545	0.3	8,420
Manufacturing	50,473	3.7	3,657
Mining, Quarrying, and Oil and Gas Extraction	750	0.1	4,530
Other Services (except Public Administration)	161,382	12.0	2,922
Professional, Scientific, and Technical Services	131,569	9.8	5,770
Real Estate and Rental and Leasing	82,261	6.1	4,322
Retail Trade	167,050	12.4	2,950
Transportation and Warehousing	29,583	2.2	3,706
Utilities	714	0.1	5,906
Wholesale Trade	65,276	4.8	4,991

Source: US Census Bureau, Quarterly Workforce Indicators (QWI) <http://qwiexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area. Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

Examining the larger private sector small businesses with 20 - 49 employees, the highest-employing industries are accommodation and food services (115,500 workers; 18.3 percent of the total), health care and social assistance (77,630 employees; 12.3 percent) and construction (65,109 workers; 10.3 percent). Average monthly earnings are highest in finance and insurance (\$12,815), management of companies and enterprises (\$11,990), and utilities (\$9,066). Data is from the second quarter 2021.

**Employment in New York State Small Businesses with 20-49 Employees, By Industry
2nd Quarter 2021**

Industry	Total Employment	Share of Total Employment, All Firms with 0 - 19 Employees (%)	Average Monthly Earnings (\$)
Accommodation and Food Services	115,500	18.3	2,421
Administrative and Support and Waste Management and Remediation Services	32,682	5.2	4,498
Agriculture, Forestry, Fishing and Hunting	6,601	1.0	3,428
Arts, Entertainment, and Recreation	14,034	2.2	3,091
Construction	65,109	10.3	5,898
Educational Services	20,674	3.3	3,046
Finance and Insurance	15,648	2.5	12,815
Health Care and Social Assistance	77,630	12.3	4,495
Information	8,557	1.4	7,144
Management of Companies and Enterprises	2,569	0.4	11,990
Manufacturing	42,228	6.7	4,468
Mining, Quarrying, and Oil and Gas Extraction	730	0.1	5,397
Other Services (except Public Administration)	40,780	6.5	3,917
Professional, Scientific, and Technical Services	49,367	7.8	7,851
Real Estate and Rental and Leasing	23,548	3.7	5,869
Retail Trade	61,632	9.8	3,835
Transportation and Warehousing	18,141	2.9	4,005
Utilities	511	0.1	9,066
Wholesale Trade	35,396	5.6	6,234

Source: US Census Bureau, Quarterly Workforce Indicators (QWI) <http://qwexplorer.ces.census.gov/>. Most recent data available. Data subject to revisions. Employment and Average Monthly Earnings are beginning-of-quarter. MSA denotes Metro Statistical Area. Notes: QWI data sources are considerably different than QCEW. Please see https://lehd.ces.census.gov/doc/QWI_101.pdf for an overview of QWI.

C. Programs to Improve Small Business Growth in New York State

New York State supports small or micro-business growth by providing and implementing programs and services that facilitate access to capital, technical assistance, technology assistance, and access to information and resources.

Increasing Access to Capital

In 2021, the state has launched or enacted over \$810 million in new small business access to capital programs.

During 2021, ESD's Division of Small Business and Technology Development provided and launched the following new financial assistance programs and initiatives to support small businesses impacted by COVID-19:

- The **Community Development Financial Institution (CDFI) Fund** was created to help expand financial inclusion and access to affordable banking services and credit products in New York State. Thirty-one (31) CDFIs and Federal Credit Unions (FCUs) throughout the state were selected to help support the ongoing operations of this program.
- The **\$800 million COVID-19 Pandemic Small Business Recovery Grant Program** was launched in the Spring of 2021. This grant program was created to assist COVID-19 impacted small businesses across the state to cover costs such as payroll, rent or mortgage payments, personal protection equipment (PPE) expenses, utility bills, and any costs associated with COVID-19 health and safety protocols compliance. This program provides flexible grants of \$5,000 to \$50,000. As of December 30, 2021, ESD awarded \$397 million in grants to 23,598 eligible small businesses with the average award being \$16,863 and 83% of the grants have gone to MWBEs. The amount awarded to-date is \$589 million in grants to 33,547 eligible businesses with the average award being \$17,574 and 83% of the grants have gone to MWBEs⁴.
- The **New York Forward Loan Fund** program, a \$100 million loan fund, was created to offer a 2%-3% interest working capital loan for five-years to small businesses, nonprofits, and small residential landlords impacted by COVID-19 by leveraging \$10 million of the state's loan loss reserves. During 2021, the New York Forward Loan Fund made 1,657 loans for \$92.2 million. The average loan amount was \$55,687 and nearly 64% of loans went to MWBEs.
- A \$15 million fund for **PPP Loan Capital** was provided to four CDFI lenders to offer PPP loans to small businesses during COVID-19 to support retention of businesses and jobs.
- The \$400,000 **Community Development Financial Institution Revolving Loan Fund (CDFI RLF) Microloans** program was created to provide microloans of up to \$25,000 to eligible businesses. There are currently five lenders in this program located throughout the state. In 2021, five loans were made to eligible businesses totaling \$60,250 with the average loan size being \$12,050.
- **Small Business Revolving Loan Fund** is a major fund targeted to MWBEs and main street businesses that have difficulty accessing regular credit markets. Since inception, the fund has provided over \$300.8 million to over 49,383 small and micro businesses throughout the state with over 98% of the borrowers being MWBEs.
- In 2018, ESD launched the **Minority Revolving Loan Fund** to leverage approximately \$1.8 million in private funds via community-based lenders. Through selected lenders MBEs can gain access to the fund to act as working capital, acquire or improve real property, acquire machinery and equipment, and in some cases refinance existing debt obligations if it provides a tangible benefit to the borrower. Since its launch, 44 minority business owners who had difficulty accessing traditional credit markets have received funding from this program totaling \$1.5 million.

⁴ As of June 7, 2022

- The **New York State Capital Access Program (CAP)** is a portfolio insurance program that provides matching funds to build loan loss reserves as an incentive to offset small business risk. Since the program's inception in 2012, CAP has facilitated approximately \$126.8 million in loans primarily to micro-businesses with more than 90% of loans being disbursed to MWBEs. The program is facilitating loans to underserved populations in underserved communities.
- **NYS Surety Bond Assistance Program** provides financial credit assistance, as well as training and technical support to help small contractors and MWBEs secure surety bonds for New York State government contract. Since the inception of this program, \$126.3 million in surety bonding authority has been facilitated. Through the collateral support portion alone, \$100.9 million in bonding was supported, of which \$76.5 million went to MWBEs.
- The **Bridge to Success Loan Program** is a \$20 million fund to expand access to short-term bridge loans for MWBEs by providing qualified firms with the access to needed capital to participate in contracting opportunities with New York State. Since the program's inception \$38.7 million in working capital loans have been made supporting over \$311 million of contract work.
- The **Linked Deposit Program (LDP)** was funded at \$560 million and is used to lower interest rates on bank and credit union loans for small businesses. To date, LDP has provided assistance on 347 loans to MWBEs for a total of \$116 million of which nine (9) have reached their lifetime maximum, which currently is \$2 million per borrower. LDP has \$399 million currently available.
- The **Job Development Authority (JDA) Direct Loan Program** was reinvigorated in the past few years to focus on small business lending for real estate purchases, renovations, and machinery and equipment purchases. In the past eight (8) calendar years, \$67.6 million in new lending has been originated.
- In 2019, the **JDA Agriculture Fund** was created to offer affordable capital to small agribusinesses looking to complete projects that will expand their capabilities, generate economic growth and create new employment opportunities. A total of \$10 million in JDA capital was provided to nine participating agriculture industry lenders. To date the fund has help fund 39 agribusiness industry projects valued at over \$37 million around the state while creating or retaining 617 jobs.
- The Trust Funds created in 1994 were designed to assist a specific demographic, including businesses in regions throughout the state through the **Regional Revolving Trust Fund (RRLTF)**; micro-businesses through the **Micro Enterprise Revolving Loan Trust Fund**; Minority and Women Owned Business Enterprises through the **Minority and Women Revolving Loan Trust Fund (MWRLTF)**; and retailers in business districts through the **Commercial District Revolving Loan Fund**. These Trust Fund programs have historically been underutilized due to the accessibility of other lending capital, inflexible term guidelines, and burdensome administrative requirements. In 2018, ESD made changes to the RRLTF, reducing the administrative burden which led to increased program activity. There is approximately \$8.6 million allocated to all of these trust fund programs. Since its inception, RRLTF has funded 392 loans totaling \$19.53 million to small businesses of which 86 loans were provided to MWBEs throughout the state. Similarly, after reallocating funding in 2018, the MWRLTF has funded 68 fixed asset and/or working capital loans totaling \$1.88 million to MWBEs throughout the state as of to-date.
- The **Community Development Financial Institutions (CDFI) Assistance Program** was allocated \$1.6 million in the 2020-2021 New York State budget to provide technical assistance to New York State MWBEs and small businesses accessing capital. The 23 participating CDFIs have been able to secure over \$109 million in relief capital for MWBEs and small businesses.
- New York Ventures administers the state's innovation investment funds which provide seed and early-stage venture funding to high growth technology-based startups.

The New York Venture Programs include the following:

- The **NYS Innovation Venture Capital Fund** is approximately \$100 million investment fund providing critical seed and early-stage funding to incentivize new business formation and growth across the State of New York, as well as facilitate the transition from ideas and research to marketable products. The fund has invested in 43 companies for over \$53 million dollars.
- The **Innovate New York Fund** was a seed-stage equity investment fund supporting innovative high-growth firms around the state. The fund, together with private matching investments, facilitated over \$373 million in equity and other types of investment to over 81 startup enterprises.
- **Technology Commercialization Fund** was an \$8 million fund-of-funds making pre-seed investments into companies that are focused on the commercialization of technologies emerging from universities and research labs across New York State. NYS invested \$5.6 million in 58 companies. The majority of the investments were made in upstate companies.
- The **MWBE Investment Fund** was a \$2 million equity investment fund providing seed capital to certified minority- and women-owned business enterprises (MWBEs). It was created to support innovation, job creation, and economic growth within minority- and women-owned enterprises throughout the state. The fund made six (6) investments in emerging technology MWBE businesses.

Considerable program investments are continuing to address the capital challenges small businesses face and will be critical to the further growth for small businesses. Programs like the Small Business Revolving Loan Fund, or other Loan to Lenders programs, which provide funds directly to the lenders are responsive to the needs of small businesses and address the challenges outlined by the Federal Reserve's Joint Small Business Credit Survey Report. New York State has a strong track record in supporting and investing in its alternative lender ecosystem, which has been instrumental in the growth and strength of its small businesses.

Enhancing Training and Technical Assistance for Small Businesses

Providing technical assistance to help businesses launch and grow is critical to the success of small businesses. Targeted assistance to subsectors of the small business community can overcome specific challenges faced by community businesses, immigrants, MWBEs and other sectors critical to the local economies of the state. Several new programs or enhancements to existing programs have been made to meet the needs of the small business community.

- In May 2014, ESD launched **Business Mentor NY**, a pro bono mentorship program for MWBEs and other New York State small businesses. Through this on-line platform (www.BusinessMentor.NY.gov), entrepreneurs can access assistance from private industry professionals and other successful entrepreneurs who volunteer their time to help owners overcome challenges and grow their business. Since the launch, over 12,462 mentors and entrepreneurs have enrolled and over 5,810 engagements have been initiated.
- The **Entrepreneurship Assistance Centers (EAC)**, formerly the Entrepreneurial Assistance Program (EAP), stimulates new business development by establishing centers in local communities to provide instruction, training, technical assistance and support services to aspiring entrepreneurs starting a business or who have recently started their own business and business owner who wish to expand or need to change their business model. These strategically located centers strengthen businesses in the early stages of development by establishing basic business management skills, refining business concepts, devising early-stage marketing plans and preparation of action plans. In addition, the program actively assists EAC client efforts to obtain business financing. Two thirds of the centers operate or are formally affiliated with a micro-loan fund. EAC primarily assists minorities, women, dislocated workers, individuals with special needs, and veterans.

- The **Small Business Development Center (SBDC) Network** provides high quality business counseling and training to entrepreneurs who want to start a business or small business owners who want to improve the performance of an existing business. This service is provided through a network of 23 regional centers located throughout New York State. This network provides comprehensive training and include many targeted initiatives, including the SBDC's Veterans Business Outreach Program, staffed by business advisers who are veterans and dedicated to helping fellow veterans start and/or grow a small business by providing targeted business training, counseling, and mentoring.
- ESD provided funding of \$4.71 million through the **COVID-19 Disaster Relief Technical Assistance Grants** to support 24 EACs and 23 SBDCs. The EACs assisted over 3,975 small businesses to secure \$31.8 million in federal PPP, EIDL and other COVID-19 financial assistance programs offered by state, municipal, local and private funding sources. The SBDCs provided technical assistance to over 5,862 small businesses, resulting in over \$17.1 million in COVID-19 financial assistance.
- Through the **COVID-19 Pandemic Small Business Recovery Grant Program**, ESD provided funding of \$8.5 million to support 68 technical assistance providers consisting of 21 EACs, 22 SBDCs and 25 local community development organizations, chambers of commerce and other technical assistance organizations to provide one-on-one direct assistance to small businesses in helping them to secure financial assistance under this program. The technical assistance providers assisted 18,046 clients, conducted 550 informational webinars and helped 4,660 applicants with submitting grant applications.
- ESD's Division of Science, Technology & Innovation (NYSTAR) has over 70 partner centers which aid companies from the start-up to maturity phases. NYSTAR leverages New York's unparalleled investment in world class technology assets and expertise. NYSTAR funded centers provide vital tools for enabling technology and manufacturing led growth and job creation. NYSTAR partnerships include:
 - **Small Business Innovation Research Assistance (SBIR) Program** that improves the quality of applications and to increase the likelihood of success of New York State SBIR applications to federal agencies.
 - The **Centers for Advanced Technology (CAT) Program** encourages greater collaboration between private industry and the universities of the state in the development and application of new technologies. This includes working with small businesses to further develop their products to become more competitive in the marketplace. Currently, ESD funds 15 CATs at 11 Universities throughout New York State.
 - The **Centers of Excellence (COE) Program** fosters collaboration between the academic research community and the business sector to develop and commercialize new products and technologies, promote critical private sector investment in emerging high technology fields and create and expand technology-related businesses and employment. The goal of the COE is the creation and expansion of high technology businesses and jobs, which will result in economic growth in New York State. ESD funds 14 COEs at 13 universities throughout the state.
 - The **Manufacturing Extension Partnership (MEP) Program** provides funds to support a statewide network of eleven (11) non-profit organizations whose mission is to provide services to small and medium-sized manufacturers, science and technology-based businesses, and start-ups in need of business assistance and technologies to improve their operations or products. This program is supported by New York State and the federal Manufacturing Extension Partnership Program. NYSTAR has designated ten (10) regional MEP centers to support New York State manufacturers—one in each of the ten economic development regions—and a statewide center (FuzeHub) to provide overall marketing, resource matching, and referral.

- **FuzeHub**, works primarily with small and medium sized manufacturers and technology companies by matching their needs to the most appropriate NYS innovation resource. FuzeHub also administers the Manufacturing Innovation Fund that includes grants and other funding designed to assist small companies in advancing their manufacturing operations or products. Companies can find assistance at www.fuzehub.com.
- The **Science and Technology Law Center** assists in facilitating New York State’s economic development by leveraging the experience and expertise of law faculty and students to assist even more NYS businesses and institutions in delivering new and emerging technology to the marketplace. The program helps entrepreneurs and companies with new technologies identify potential challenges and devise effective strategies to successfully bring that technology to market.
- The **NYS Certified Business Incubator and Innovation Hot Spot Program** provides strategic funding to business incubators to improve the quantity and quality of incubator services provided to emerging companies thereby enabling these businesses to successfully transition from their start-up phase to larger scale commercialization of their products and services. In addition, this program is providing ESD with valuable information on the companies which are at the early stage of entry into the state’s “innovation pipeline.”
- NYSTAR created the **Entrepreneurship Navigator** (<https://esd.ny.gov/entrepreneurship-navigator>) to assist startups and underserved founders engage resources available across the state to accelerate growth.
- Additional programs administered by NYSTAR also serve small businesses in strategic high-tech fields. These include **NYSTAR’s Matching Grants Leverage Program**, which helps New York State higher education institutes secure federal research grants; and the **Faculty Development and Technology Transfer Incentive Programs**. The Faculty Development Program assists institutions of higher education in New York State in the recruitment and retention of leading entrepreneurial research faculty in science and technology fields with strong commercial potential. The Technology Transfer Incentive Program helps New York companies commercialize high-tech innovations in partnership with colleges and universities by providing awards to institutions of higher education to move leading-edge technologies from the research lab to the marketplace.

Streamlining Government

New York State has a number of tools and resources to help small businesses navigate government. These include the [New York State Directory of Small Business Programs](#), the [Directory of Alternative Lending Programs](#), the [New York State Small Business Guide](#) and the [New York Business Express](#).

Additional resources can be found here: <http://esd.ny.gov/SmallBusiness.html>.

Improving the Business Climate

The \$222 billion FY 2023 New York State Budget makes historic investments in the state’s continued and equitable recovery. It reflects Governor Kathy Hochul’s commitment to advancing a bold agenda that spurs economic growth, provides small businesses with the resources they require to remain competitive, and allows all New Yorkers to participate in the 21st Century economy. These goals are supported by a new and enhanced programs and initiatives that aim to:

Empower New York's Small Business Community

The State Budget invests \$1 billion to ensure small businesses across the state prosper, through programs including:

- A new **small business seed funding** initiative to ensure that small businesses that opened their doors soon before or during the COVID-19 pandemic have the funds to continue to operate and grow.
- A new **COVID-19 capital costs small business tax credit** to help small businesses cover the unexpected COVID-related costs they have had to incur, such as purchase of cleaning supplies, outdoor heaters, air purifiers, and equipment to accommodate contactless payments.
- **Tax relief** totaling \$100 million to help an estimated 195,000 small businesses keep their doors open.
- **Expanded access to capital and job-creating investments** for small businesses, particularly socially and economically disadvantaged small business owners, through the State Small Business Credit Initiative.

Foster an Inclusive 21st Century Economy

The State Budget includes several initiatives to support an equitable recovery from COVID-19, including:

- More than \$7 billion to **expand access to child care** and allow more parents of young children to participate in the workforce, advance their education, and acquire career training – a boon to New York's economy and talent pipeline.
- A \$1 billion **ConnectALL Broadband Initiative**, which leverages public and private investments to help deliver affordable broadband to millions of New Yorkers as well as boost economic growth and local innovation far into the future.
- A \$200 million **New York Social Equity Cannabis Investment Program** sourced from fees and revenue from the cannabis industry and significant private capital investment to assist social and economic equity-entrepreneurs with the build-out of their adult-use cannabis businesses.
- An \$11 million **investment in MWBE certification and access to capital** to support faster certification of Minority and Women Owned Business Enterprises (MWBE) and promote equal access to reduced-rate loans for MWBEs.

Invest in Economic and Community Development Throughout All Ten Regions

The State Budget provides over \$1 billion in new economic and community development funding across a number of valuable programs, including:

- **Round XII of the Regional Economic Development Council (REDC) Awards** to fund transformative projects across New York State, with a special focus on developing and funding job training and placement programs that address the current and future needs for talent of employers in each region and statewide.
- **Round VI of the Downtown Revitalization Initiative (DRI)** to accelerate and expand the revitalization of downtowns in all ten regions of the state so that they serve as centers of activity and catalysts for increased local investments.
- The **New NY Forward Program**, a new initiative aimed at supporting the revitalization of smaller and more rural communities.

- The **FAST NY Grant Program**, a new initiative to develop sites that will attract high-tech manufacturing, particularly semiconductor manufacturing, warehousing, distribution and logistics businesses to the state to jumpstart New York's shovel-readiness and increase the state's attractiveness to large employers.

Invest in Critical Infrastructure Upgrades

The State Budget makes continued investments in New York State's infrastructure, across various areas, including:

- **Clean Energy:** \$500 million to develop the state's offshore wind supply chains and port infrastructure. This nation-leading initiative will create 2,000 jobs in a growing industry, while helping to make New York the offshore wind capital of the country.
- **Transportation:** a record \$32.8 billion, five-year capital plan for programs and proposed projects administered by the New York State Department of Transportation – the largest ever in New York State history and a 40% increase over the prior five-year period. This infrastructure funding will support critical projects that will drive growth and promote economic justice like the reconstruction of the Bruckner Sheridan Interchange at Hunts Point to revitalize the South Bronx and the construction of the Community Grid in Syracuse to reconnect neighborhoods severed by Interstate 81 and rejuvenate the downtown area.
- **Housing:** the launch of a comprehensive, \$25 billion housing plan that will focus on economic recovery, social justice, climate action, and improved digital connectivity. The plan will create or preserve 100,000 affordable homes across New York, including 10,000 with support services for vulnerable populations. It also provides for the electrification of an additional 50,000 homes as part of the state's plan to electrify one million homes and make another one million electrification-ready.

Train New Yorkers for the Jobs of Tomorrow

The State Budget invests \$350 million in workforce development and creates a new, streamlined Office of Strategic Workforce Development, housed at ESD, aimed at:

- Leveraging the agency's relationships with employers to help identify employer needs, develop tailored regional training strategies, and support programs to train New Yorkers in the skills necessary to succeed in in-demand fields.
- Administering flexible grants to support cutting edge skills training efforts across the regions of the state.
- Making targeted investments in teachers, healthcare workers, collegiate apprenticeships and internships, mental health professionals, and caregivers.

Leverage New York's Cultural Assets

The State Budget makes historic investments in arts and culture, including through:

- The expansion of the **NYC Musical and Theatrical Production Tax Credit** to further support this critical sector in the wake of the COVID-19 pandemic.
- Unprecedented **funding for the New York State Council on the Arts**, building on the record-high \$100 million in grants provided in FY2022 to continue supporting the return of the arts across the State.

Learn more at <http://governor.ny.gov>.

D. State and Local Small Business Regulations

Summaries of regulatory changes affecting small businesses are available at:
<http://www.esd.ny.gov/SmallBusiness/Reports.html>.

The 2021 budgetary summary, and regulatory and legislative summaries from July 1, 2020, through June 30, 2021, will be updated in September 2021. Previous years summaries of regulatory changes affecting small businesses are also available at the link above.

The state's Regional Economic Development Councils and community stakeholders have developed draft recommendations of regulatory measures. Many of these recommendations have either already been addressed and many others are currently being addressed.

Finally, substantial information on state and some local regulations affecting small businesses are contained within the following directories:

- <https://dos.ny.gov/state-records-rules-and-regulations> - Access New York Codes, Rules and Regulations (NYCRR) from the Department of State, Division of Administrative Rules web page.
- http://www.tax.ny.gov/pubs_and_bulls/ - The New York State Department of Taxation and Finance website contains a comprehensive list of publications and tax regulations affecting businesses.
- http://www.nyssbdc.org/services/reg_compliance.html - The New York Small Business Development Center network compiles resources for local, state and federal laws and regulations.

