



**State of the City Address
City Council Speaker Christine C. Quinn
Thursday, February 18, 2010**

On April 15th, 2009, newspapers across the country shared a similar headline – “Economy Shows Signs of Recovery”.

A month later, many papers ran that headline again. And the next month. And the month after that.

Recovery is a word that’s been thrown around a lot lately.

Economists say that we’ve hit the low point of the recession, and we’re starting to climb back out. But talk to the average New Yorker, and you’ll hear a very different story.

They’ll tell you they’ve been searching for months, but still can’t find a job. You’ll meet people who have lost their health care or their homes, and watched their retirement savings disappear.

It speaks to a key difference in perspectives. Economists are looking at statistical measures and long term trends. Most New Yorkers are just worried about paying this month’s bills.

The job of government is to see both sides of that divide. To provide immediate solutions to the problems New Yorkers face right now. And to make sure that those solutions are part of a long term strategy – a strategy that will sustain us five, ten, even fifty years into the future.

Because even if we can’t see it today – the economy is going to recover. People will start spending again, businesses will hire more workers and brand new industries will emerge.

The question is, when all that happens, will New York City be ready to reap the benefits? Will those new businesses start here in our five boroughs? Will those jobs go to New Yorkers?

In my first State of the City speech four years ago, I quoted President Kennedy’s famous advice that “the time to fix the roof is when the sun is shining”.

Well right now the sun isn’t shining. But that doesn’t mean that if the rain is pouring in, you just sit around getting wet.

We can’t afford to wait for more sunny days to continue strengthening the foundations of our economy. There’s work we can do right now so that when the storm passes and the economy recovers, New York will be at the forefront of that recovery.

Now in previous years, I've touched on a wide array of subjects that define the good work of the Council - affordable housing and public safety, senior centers and pre-kindergarten.

But this year I want to focus on just one thing, the thing that's on every New Yorker's mind - jobs. Or, as another former President would put it - it's the economy, stupid.

So today I'll outline a plan to create more jobs for hard-working New Yorkers - now and in the future.

First we need to cultivate an economy of innovation - the kind that will provide the most rapid job growth as we emerge from this recession.

Second, we need to bolster the small businesses that already employ millions of New Yorkers.

Third, we need a tax environment where all businesses can expand and create new jobs.

And finally, we need to make sure New Yorkers have the skills they need to get the good jobs we're creating.

These four principles will be the core of our strategy to put New Yorkers back to work and to build a more stable economy in the years to come.

Now what does it mean to create an economy of innovation?

It means attracting and investing in the kinds of high tech companies that will grow into the major employers of tomorrow.

Unfortunately, when it comes to new technology startups, New York City lags behind other parts of the country.

Let's look at the very different stories of two tech companies - one in New York, and one in California.

The first company started when a couple of PhD students at Stanford had an idea for a new internet technology.

Soon they had a patent, and a \$100,000 grant. A month later they hired their first worker, and continued to expand. That business is called Google and now they're the largest internet company in the world, still headquartered in California with over 19,000 employees.

The second company started in New York City, when a group of researchers at NYU developed a new touch screen technology. They wanted to take their product to market, but struggled to get grants and navigate intellectual property rules.

This company is called Touchco. Never heard of them? Well here's why...

Last month they closed up shop and sold their technology to Amazon, who will be using it in their Kindle. And instead of Touchco creating jobs in New York City, Amazon will be creating jobs at their headquarters in Seattle.

Now not everyone is going to be the next Google.

But anyone who develops a new technology has the potential to create a business that puts hundreds of New Yorkers to work.

If you play your cards right, you could even become Mayor. Just ask the founder of Bloomberg, L.P.

So why do these jobs keep going to the west coast?

New York City has some of the best minds in science, medicine, and engineering, and we're the investment capital of the world. What do they have that we don't?

Well there's the obvious – movie stars and plastic surgeons.

But all joking aside, they don't have anything we don't have. They're just using their resources better.

California provides their top researchers and innovators with everything it takes to start a new business and create new jobs.

In San Diego they have a great organization to do that -- it's called CONNECT.

It literally connects their best talent with investors, workspace, and the other tools they need.

In the last twenty five years CONNECT has helped create over 1,000 companies and more than 27,000 new jobs.

So this year, we'll create the same thing right here in New York.

We're calling it NYC High-Tech Connect – and it will act as a one stop shop for entrepreneurs, and a catalyst for the high-tech industry.

Working with Economic Development Chair Tom White, Technology Chair Dan Garodnick, Deputy Mayor Bob Lieber and Kathy Wylde of the Partnership for New York City, we'll be launching High-Tech Connect later this year.

Because the next time a new business like Touchco comes along, we won't let that opportunity slip away.

High-Tech Connect will pair them with experienced entrepreneurs, help them write a business plan and connect them to funding and workspace.

We'll finally connect all the dots, and give new startups the support they need so they can create jobs for thousands of New Yorkers.

NYC High-Tech Connect is one way we'll make common sense connections that help grow our high tech industry. But there are other important steps we can take.

For example, the renewable energy industry is one of the fastest growing parts of the high tech sector.

But the number of clean energy jobs in New York State actually declined in the last decade – even as those jobs grew by more than 9% nationwide.

Why?

Because these businesses aren't getting the financing they need to open up shop in New York City.

You'd think this would be an easy problem to solve. Like I said, we are the investment capital of the world.

But way too much of this money isn't going to New York.

More than half of all venture capital in the clean energy sector goes to California. Less than 2% of it goes to New York State. Even New Jersey is getting more of this money than we are.

Well, we've found a way to solve this problem without using taxpayer dollars.

What we did was reach out to some of the top investors in New York City, and ask them to take on this challenge.

At our request, David Arena of Grubb & Ellis will serve as chair of a Renewable Energy Investment Initiative.

It will bring together big companies like Citibank and New Grid Energy Solutions – companies that have financed renewable energy in other places.

They've committed to bring new clean energy businesses to the five boroughs, and get money to the ones we already have.

Through this initiative we'll create good jobs – not just for scientists and engineers, but for salespeople, accountants, construction workers and truck drivers.

Here's another challenge that many tech startups currently face.

Before they can bring a new product to market, they need to test that product in a real world environment, to prove that it works. Sometimes it can take months or years to find a place to do those tests.

And while you wait, you're losing money – you're unable to start hiring new workers – or even worse, someone on the west coast is beating you to market.

So working with Council Member Mike Nelson, we've come up with a brand new program. It's called the Municipal Entrepreneur Testing Service -- or METS for short.

And unlike those other Mets, our program will still be around in October!

The METS program will turn our entire city into a real world testing lab, by allowing tech companies to test their new products in the thousands of buildings New York City owns.

Say you have a new device that uses water pressure to generate electricity.

Well our buildings contain thousands of water pipes where you can test it.

Now municipal workers don't need to worry. These buildings will continue to be offices, courthouses, and health clinics. But now they're also going to be a test lab for new products.

It takes the idea of multitasking to a whole new level.

By helping these companies test their products, we'll create jobs for the New Yorkers who manufacture, sell, and install these new technologies.

And you know what else? This program won't cost us a dime.

I want to thank DCAS, EDC, and former KeySpan CEO Bob Catel for working with us to make METS a reality.

The final way we'll create new opportunities for tech businesses is by connecting them to a market we've helped create – the thousands of building owners that will be investing in energy efficient products.

Mayor Bloomberg got the ball rolling, with his visionary PlaNYC proposals.

And last year we partnered with him to pass our revolutionary Green Buildings laws. This package of legislation will reduce our carbon footprint and create almost 18,000 green jobs over the next decade.

How? By encouraging many of our city's large buildings to install energy-efficient technologies.

Some of these buildings will be looking for cutting edge products, the kind that many high tech businesses manufacture.

For a tech startup, selling your new product to a 50 story building -- it could be just the boost you need to stay in business.

But you can't make that sale until your product is approved by various city agencies.

That's why we'll pass legislation sponsored by Environmental Protection Chair Jim Gennaro that will create an Innovation Review Board.

This board will ensure that new technologies get approved quickly, so that building owners can install them, and create hundreds of green collar jobs.

And we won't limit our focus to big buildings.

Homeowners are also interested in making these cost saving investments, but often don't know where to start or how to pay for it.

So we are going to build on a new program developed by the Pratt Center that helps groups of neighbors make similar energy upgrades at the same time.

This saves money for individual homeowners, and encourages them to make the investment.

It started as a pilot in Brooklyn, and working with Housing and Buildings Chair Erik Martin Dilan, we'll expand it to one neighborhood in every borough, creating dozens of good jobs for New Yorkers.

We'll also help building owners get the funds they need, so they can install these clean technologies as quickly as possible.

We're going to pass legislation sponsored by Council Member Jessica Lappin to create a loan program that helps building owners make energy efficient improvements.

Over time, they'll be able to pay back the loan with money they save on their energy bill.

The City has already applied for \$40 million in federal funds to get the program started.

These proposals will move us closer to our first goal – creating an economy of innovation.

But as we invest in the jobs of the future, the second part of our strategy will help us keep more of the jobs we have today.

That means continuing to support our small business community – the mom and pop shops that provide 50% of all private sector jobs.

With rising costs and falling profits, it's harder and harder for these neighborhood businesses to survive.

But instead of government throwing them a lifeline, we often make the problem even worse. New York City has thousands of rules and regulations for small businesses – rules that protect public safety and the rights of consumers.

But one of the biggest problems we hear from small business owners is that these rules are enforced in a way that's unfair and inconsistent.

Many complain that inspectors are looking for any excuse to give them a ticket – and they get different results each time a new inspector walks through the door.

Here's a story we heard from a business owner in Brooklyn.

One inspector told him his license was posted in the wrong place and made him move it.

The next inspector gave him a ticket and told him to move it back to the original spot.

Hard working New Yorkers feel like they're caught in an endless game of "gotcha" – and that we'd rather nickel and dime them to death than work with them to fix real problems.

We have to find a better way to enforce our rules, a way that is both consistent and transparent, a way that protects public safety and neighborhood businesses.

So last year the Mayor and I created a regulatory review panel to find creative ways to do just that. The panel included Council Minority Leader Jimmy Oddo and Deputy Majority Leader Leroy Comrie.

In the next few weeks our panel will release their full report. But today I'm proud to announce that we are taking immediate action on some of their most significant recommendations. These recommendations will help us make the inspection process more fair for business owners.

We'll start by changing the way we think about inspections – so that we educate businesses about their responsibilities, instead of just looking for excuses to write them a ticket.

We'll improve the way we train our inspectors, putting a new level of focus on consistent enforcement. And we'll make sure they all know exactly what the rules are before they go out to enforce them.

These steps will help us greatly improve our inspection process.

But if problems do come up, businesses need to know their rights. So we're introducing legislation sponsored by Consumer Affairs Chair Karen Koslowitz.

This legislation will create a Business Owner's Bill of Rights, and require City inspectors to provide that information before conducting any inspection. It will list the rules they have to follow – and how an owner contacts a supervisor or requests a hearing for a ticket.

We'll make sure business owners know what to do if they feel they've been treated unfairly. And finally, we'll provide more consistent and easy-to-understand updates on new regulations.

That way business owners can fix problems before they get inspected.

Improving our inspection process will make a world of difference for thousands of mom and pop businesses. But it's far from the only help they need.

Another one of the biggest problems we hear is how difficult it is to get financing in this recession. The number of New Yorkers able to secure federal small business loans has fallen by 72 percent, and less than a third of our small businesses say their credit needs are being met. Without these loans, small companies can't expand or hire more workers.

So we've worked with both banks and small business leaders to find a creative solution to this credit crunch.

The New York Business Development Corporation is made up of more than 100 of the biggest lenders in the state. They've developed a program called Second Look. It creates a specific pool of money for small businesses that have a hard time getting credit in the recession. It gives a second chance to small businesses who have been turned down for loans.

So far, the Second Look program has been implemented in a handful of communities upstate. Now we're going to bring it to New York City.

Next month we'll convene a summit with some of the best talent in both banking and the small business community.

Their job will be to put Second Look into action, and come up with other innovative ways to get credit flowing to small businesses.

I want to thank Finance Committee Chair Domenic Recchia, Mike Smith of the New York Bankers Association and Carl Hum of the Brooklyn Chamber of Commerce, who will be helping us kick off this initiative.

We'll also help our minority and women owned businesses grow so they too can hire more workers.

This year we'll partner with Small Business Commissioner Rob Walsh to launch an executive management program for this important business community.

Through this program, each firm will develop a custom action plan -- and learn sustainable growth -- through marketing, contracts, and hiring.

This same program has already shown great results in Massachusetts, where 3 out of 4 participants increased their sales and were able to hire new employees.

There's also another group of small businesses that has an especially hard time surviving in New York City.

Many small manufacturers can't get the kind of industrial workspace they need. These are the kind of good paying blue collar jobs that have been disappearing for decades. We can't afford to let any more of them slip away.

We have empty industrial buildings in neighborhoods like Long Island City and the South Bronx - buildings that could easily be subdivided and outfitted for these small manufacturers.

But most property owners have been more interested in converting them to luxury condos, or keeping them vacant until the market turns around.

Working with Diana Reyna, the Council has partnered with two non-profits that purchase and renovate empty factories in Brooklyn.

Then they lease space to dozens of small manufacturers.

So far this program has been able to create and preserve 125 jobs -- like the 20 New Yorkers making plumbing equipment at Marovato Industries in Bushwick.

This year we'll take this program citywide.

We're creating a 10 million dollar Small Manufacturing Investment Fund, which will be overseen by EDC.

We believe this investment will allow about 40 small manufacturing firms to create as many as 200 construction and 230 permanent jobs.

Small manufacturing firms have always been one of New York City's bread and butter industries.

And speaking of bread and butter, another of our strongest business sectors is food manufacturing. It's a five billion dollar industry that employs tens of thousands of New Yorkers.

Last year, working with Council Member Melissa Mark Viverito, we began helping even more of our best cooks start their own businesses. Many of them can't afford their own industrial kitchen space. So this summer we're opening a brand new shared kitchen in East Harlem.

We've given these chefs a place to cook - now let's give them a place to sell their wares.

Working with Council Member Margaret Chin, we're developing a proposal for a brand new public market for regional foods.

We can build it at the site of the Fulton Fish Market. It's already slated for redevelopment, so let's make sure we develop it in a way that creates the most jobs.

Imagine a market that reflects the history of one of the oldest neighborhoods in the country, a neighborhood whose food trade helped build New York City into a thriving port town.

Our market would be a destination for residents and tourists of every income. A place to meet friends for shopping, or sit and read over a cup of coffee. A place where kids could see cooking demonstrations by celebrity chefs, or learn how food gets from the farm to city.

Public markets like these serve as major tourist attractions and centers of economic activity for other cities. Pike Place in Seattle is home to nearly 200 businesses and 5,000 jobs, and it attracts an average of 8 -10 million visitors a year.

New Yorkers are hungry for those same opportunities.

We already have the ingredients.

So let's get cooking!

So far we've talked about ways to create jobs in growing sectors, and to support jobs that already exist.

With the third part of our plan, we'll create a tax environment where both new and existing businesses can grow and create new jobs.

New York City's taxes have always been high. And in the last two years, government has had to ask New Yorkers to contribute even more.

But make no mistake – this current tax burden is a response to a fiscal emergency, not an excuse for government to put a permanent squeeze on working families.

For too long New Yorkers have seen taxes creep up when times get tough. But somehow they never seem to creep back down when the economy improves.

Well this City Council is committed to making sure that when our economy recovers, New Yorkers see that recovery reflected in the form of lower taxes.

Tax relief is a matter of basic fairness for hard working New Yorkers. But it's also one of the most critical steps we can take to create new jobs.

Here in New York, our taxes are 50% higher than the average large city. And apparently that isn't enough. Because for many business owners, we find a way to tax you twice.

Here's an example.

There's a whole group of businesses that currently pay us taxes on their rent – it's a tax that exists only in New York City.

But landlords already pass their property taxes along to these tenants - in the form of higher rents. And when that rent goes up? Well, we just tax you even more.

This is just one example of the kind of double taxes that discourage businesses from creating jobs in our five boroughs. And while we can't fix the whole problem overnight, we've already taken some important steps to end double taxation.

Last year we provided much needed relief to small unincorporated businesses and freelancers. They were paying both income and business taxes on the same earnings.

So we created a tax credit to eliminate double taxation for the majority of these hard working New Yorkers.

This year we'll extend that same kind of relief to another group that's currently struggling – small mom and pop retailers.

News stands and hardware stores, flower shops and delis – the kinds of neighborhood businesses I've seen disappearing from my district, and from communities across the city.

Many of them are still being double taxed and it makes it harder and harder for them to stay afloat.

We'll work with Majority Leader Joel Rivera and Assistant Majority Leader Inez Dickens to create a tax credit that will exempt mom and pop retailers from the City's corporate tax.

About 19,000 small retailers will be eligible, and it will save them up to \$3,400 a year.

Consider this a targeted first step, and as our fiscal situation improves we'll begin to extend this tax credit to other types of small businesses.

Everything I've talked about today has one common goal – getting New Yorkers back to work.

Whether we're creating a better tax environment, investing in growth industries, or supporting our small business community, it's all about creating good jobs for working families.

But creating more jobs isn't enough. We have to make sure that New Yorkers have the skills and education they need to get those jobs.

In the last few years, we've made progress improving our high school graduation rates.

But we still have 1.6 million New Yorkers who are out of school and don't have a high school diploma – and they're more than twice as likely to be unemployed as someone with a college degree.

Yet New York State ranks dead last in the percentage of people passing the GED. Why? Because our GED system is broken.

Less than 2% of New Yorkers who need a GED actually take the test each year. The few that do sign up wait for months to take the exam, and then find half empty classrooms when they do. And many of them don't get the prep they need to help them pass.

If we want to get people back to work, we need to fix the system.

Well we've worked with Education Chair Robert Jackson, Youth Services Chair Lew Fidler, General Welfare Chair Annabelle Palma, Deputy Mayor Dennis Walcott and Chancellor Joel Klein. And together we've come up with three great places to start.

We're already taking the first step, through a partnership with the Literacy Assistance Center, the DOE and New York Community Trust.

This May we'll be launching a website that centralizes test registration, helps people find prep classes, and gives them the tools they need to succeed on the test.

As a second step, we need to get more New Yorkers signed up to take the GED.

Last year 27,000 people who didn't have a high school diploma came into our Workforce 1 centers looking for a job. We're missing a major opportunity.

So this summer, working with the Department of Education and the Department of Small Business Services we'll start a pilot program at Workforce 1 Centers.

We'll make sure that when these 27,000 New Yorkers come to Workforce 1 Centers for job placement help, we get them on the path to a GED.

We also need to help people get ready before they take the test.

You know that nightmare where you find yourself in the final exam for a class you never attended? Well that's what's really happening to hundreds of New Yorkers every day – and they can't just pinch themselves and wake up.

Right now, we let people take the GED whether they're ready or not, leading to an abysmal 48% pass rate.

So we are going to work with the Administration and other partners to get more of these New Yorkers to take a practice test before they take the GED.

It will assess their GED readiness, and allow us to connect them to quality GED prep that targets their needs -- whether they're at a 3rd grade or 10th grade reading level.

And when they're good and ready, we'll sign them up for the test.

We can't help them pass unless we know what they need to improve.

Now the GED isn't a magic bullet. To compete for the jobs of the future, many New Yorkers will need to continue on for career and technical training or a college degree.

But for one in four working age New Yorkers, that missing diploma is the first and most intimidating hurdle to finding a good job.

We need to help them get over it.

We need to give **every** New Yorker all the support we can -- whether it's getting their GED, starting a small business or critical tax relief.

We need to create the opportunities -- so that real, working New Yorkers can pull us out of this recession, just as they've done countless times before.

New Yorkers who will dream up that next big tech idea, or against all odds -- start a mom and pop business that puts their neighbors to work.

When the headlines finally match the reality on the street, and our economy has recovered, New Yorkers will have been the real architects of that recovery.

Because no matter how bad things get, they never give up hope.

They want to make our city a better place. They're willing to work hard to get there. All they're looking to us for is a plan.

We can't turn things around overnight.

But we can put hundreds of New Yorkers to work – baking bread or installing solar panels – making plumbing supplies or designing new technologies.

So now, the hard work begins.

We'll seize the potential of tomorrow by using the opportunities of today.

And if we have faith in the power of New Yorkers, if we give them the tools they need, then we can help them build a stronger New York City, now and for decades to come.