

TESTIMONY
BY
COMMISSIONER KEVIN D. KIM
NEW YORK CITY
DEPARTMENT OF SMALL BUSINESS SERVICES
BEFORE
THE COMMITTEES ON FINANCE AND SMALL BUSINESS
OF THE
NEW YORK CITY COUNCIL
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Good morning Chair Brannan, Chair Menin and members of the Committees on Finance and Small Business. My name is Kevin D. Kim and I am the Commissioner of the New York City Department of Small Business Services (“SBS”). I am joined by SBS First Deputy Commissioner Jackie Mallon and members of my senior leadership team. I am pleased to testify today on SBS’s Fiscal Year 2023 Executive Budget.

At SBS, through the work of our four divisions, we aim to unlock economic potential and create economic security for all New Yorkers by connecting them to good jobs, creating stronger businesses, and building vibrant neighborhoods across the five boroughs.

Our Division of Economic and Financial Opportunity (DEFO) is focused on helping the City’s M/WBEs connect to more government contracting opportunities.

Our Division of Business Services (DBS) helps businesses of every size and sector start, operate, and grow in New York City, including by helping businesses navigate City government.

Our Neighborhood Development Division (NDD) equips community-based partners, including Business Improvement Districts (“BIDs”), with the resources needed to help our commercial corridors thrive.

And our Workforce Development Division (WDD) works to increase access to quality training and jobs for all New Yorkers.

SBS’s Fiscal Year 2023 Executive Budget is **\$253.88M**, with a headcount of **334** employees. Our budget includes **\$118.34M** in pass-through funding to other City entities, including **\$67.9M** to the NYC Economic Development Corporation (“EDC”), **\$31.2M** to NYC & Company, and **\$19.2M** to Governors Island. We serve as a conduit for funding to these other City entities, and thus, do not spend or manage any of those funds.

The remaining **\$135.54M**, or **53%** of the FY23 Executive Budget, is allocated for SBS’ own programs and services. The allocation represents an increase over

the Preliminary Budget by **\$42.9M** and the headcount of **334** is an increase of **40** compared to the Preliminary Budget.

In my first four months as Commissioner, I have visited commercial corridors in every borough. Small business owners openly share stories of despair and delayed dreams. On these same tours, however, many small business owners also share stories of their passion, grit, and sheer will to not only survive, but to succeed, even during a pandemic. It is this relentless energy, spirit, and drive that inspires us at SBS to continue to focus on bringing this City's economy back stronger, and in a more equitable manner than ever before.

Just three weeks ago, SBS launched its first-ever "Five-Boroughs in Five Days" campaign to celebrate National Small Business Week. Over five days, the incredible SBS team connected more than **60** city agencies and community partners to more than **3,000** New Yorkers across the five boroughs, while also visiting nearly **500** businesses through door-to-door outreach. We also launched a new version of our Shop Your City website and began running advertisements, both "traditional" and via social media, including use of community and ethnic media. As of yesterday, more than **14,700** visitors to the site looked for small businesses to support. Each one of these small businesses has the power to lift-up a family and a community – in just one generation. That's why small businesses need to be at the heart of New York City's economic recovery.

To help these businesses succeed, we need to cut red tape, eliminate barriers to growth, and help fulfill their full potential. Just last week, Mayor Eric Adams, Deputy Mayor Maria Torres-Springer, Chief Efficiency Officer Melanie La Rocca and SBS released the results from the Mayor's Executive Order 2 (EO2) "Small Business Forward" reforming **118** violations for small businesses — an historic overhaul of regulations that builds on the Council's Local Law 80 passed last year. We expect these reforms to save New York City small businesses an estimated **\$8.9M** every year. Of those **118** reforms, **30** violations will be eliminated altogether, fines will be reduced for **49** violations, and cure periods and first-time warnings will be introduced for **39** violations.

We applaud the efforts of our sister agencies whose partnership was essential to the EO's success. Of these reforms, the vast majority (**88 of the 118**) will be implemented through internal policy changes and amendments to the

Rules of the City of New York. **Five** require a change in state law, and the remaining **twenty-five** require the support of the Council and we are eager to work with you as partners to ensure these reforms are completed by the end of this calendar year.

Executing on Small Business Forward was a critical first step – but only a first step – to fundamentally overhaul how the City engages with small businesses to ensure a more seamless and supportive interaction on every front.

One of the core proposals of the Blueprint was to establish a Small Business Advisory Commission and Executive Order 15 signed earlier this month does just that! The 30-plus member Commission, with me serving as Chair, will include representation from small business leaders across the five boroughs. The Commission will propose recommendations on new and existing policies, local laws, and rules of the City that impact small businesses, including enforcement protocols.

The interagency working group that carried out EO2, meanwhile, will begin its work of streamlining and accelerating business processes by launching the city's one-stop-shop online business portal. The Executive Budget contains **\$8.3M** to develop this portal with the goal of allowing every business in New York City to execute and track all interactions with the City in real time. Through the portal, we will provide small businesses with seamless and sequenced access, guiding the user across multiple agencies. The portal will also enable businesses to track their transactions with the City (including filings, permits, and inspections) to allow greater accessibility and transparency.

The pandemic hit historically disadvantaged communities relatively harder and a strong recovery for all is vital to our city's success. The Executive Budget focuses on providing funding for a more equitable recovery with several key programs. In partnership with local financial institutions, the City will launch the **\$75M** Small Business Opportunity Fund to help entrepreneurs gain much needed access to capital. The Fund will offer loans to both early-stage and long-standing businesses, including the many BIPOC and immigrant entrepreneurs who did not receive Federal financing assistance and those from communities that have been historically underserved.

Economic barriers in these same communities run very deep and the Budget offers a way to combat this inequity. The Administration is committed to ensuring that the communities that have been most impacted by the war on drugs benefit most from the newly-created Regulated Adult-Use Cannabis industry. The Executive Budget provides **\$4.76M** for SBS to invest early and meaningfully in developing the sector equitably, learning from the experiences of other cities and states. We will launch broad-based outreach and community engagement to not only make New Yorkers aware of opportunities to participate in the industry, but also to help them navigate the licensing process and the ancillary business services cannabis entrepreneurs will need to succeed.

The pandemic also hit commercial corridors in immigrant and minority communities particularly hard. The Budget allocates **\$5.7M** to provide direct subsidy to the smallest BIDs, prioritizing those with budgets of around **\$500K** or less, to strengthen business supports in these underserved commercial corridors. With these funds, SBS will also introduce a suite of back-office, professional services, as well as startup tools to expand the capacity of small and new BIDs.

The Budget also provides new tools to help jobseekers get back on track. **\$7.5M** was added to SBS's budget to expand our investment in industry-informed trainings in tech, healthcare, industrial, food service. This includes **\$1M** in bridge programs to help more New Yorkers build foundational job skills and receive interventions like English for Speakers of Other Languages (ESOL), high school equivalency (HSE), and pre-apprenticeship programs, as well as entry-level skill, certification, and job readiness training. To magnify our impact, we will leverage relationships with community-based organization partners, especially those who serve BIPOC, LGBTQ+ New Yorkers, and people with disabilities.

Building on a successful pilot initiative, the Executive Budget provides **\$6.3M** to expand stipends to low-income and traditionally underserved participants in occupational training.

All of these new or expanded programs, though, will fall short without adequate outreach to get the information to the communities that need it the most. To reach people where they are, the Budget adds **\$1.5M** to strengthen SBS's Mobile Outreach team, which has already been active across the five boroughs, bringing deep into the neighborhoods our suite of services, as well as

the services of our sister agencies, directly to jobseekers and business owners. The Budget also adds **\$160K** to invest in additional resources in translating materials into more languages at the time of program launch. We'll also expand our work with local consulates, and work closely with community-based organizations that support immigrant entrepreneurs to align their services with community needs.

I am excited to work with the new and expanded tools we have for FY23. The SBS team and I are committed to fulfilling Mayor Adams's clear and bold agenda to ensure the future of the city's economy is built on equity and inclusivity. We know that working closely with the City Council is critical to achieving this shared goal, and I look forward to our continued partnership.

Thank you for your time today. I welcome any questions you may have for me or my team.