New York’s Regional Economic Development Councils

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What is the issue?

Ten Regional Economic Development Councils (REDC) were recently created in New York State (NYS) to support a new approach to business and economic development. In July 2011 NYS Governor Andrew M. Cuomo announced a shift to a performance-based, community-driven approach for the state’s economic development grant application process. The REDCs were charged with designing strategic plans for their areas to compete for state funding. The State awarded substantial funding ($785 million) last year and will support another round of funding this year of up to $750 million to further aid regions in implementing their strategic plans. This policy brief provides a summary of the new application process, the regional distribution of the first round of awards, and information regarding the funding agencies, types of project, and planning priorities.

The process for developing the regional strategic plans

Established by an executive order, REDCs were created for the ten multi-county regions across NYS shown in Figure 1:

While each region was charged with developing a strategic plan for funding consideration, the overall process began with the creation of a Regional Council Chairman’s Committee charged with coordinating strategic planning for economic development among the ten regions. A Strategic Plan Review Committee was also established to review the councils’ final strategic plans through a new Consolidated Funding Application (CFA) process.

In early Fall 2011, the councils began drafting their strategic plans, incorporating public input through a series of public forums. Through approximately 100 public meetings and workshops, the councils identified regional visions, opportunities, challenges, and priorities, as well as projects that matched these priorities.

CFAs were then submitted by the various applicants (local governments, nonprofits, private firms, etc.) for their specific projects. In early December 2011 it was announced that over $785 million in grants was being awarded to fund projects submitted through the CFA process. Awards were based on both regional council review and state agency technical review. In addition, approximately 800 eligible applicants were awarded funding from NYSERDA’s Commercial and Industrial programs.

NYS recently released details on how the projects were scored in this first round of grant funding (www.nyscfaprojectdata.ny.gov). We conducted a separate analysis to determine the specific types of projects funded.

An analysis of funded projects

We grouped the funded projects into one of nineteen categories derived from an examination of the project titles and descriptions. The full results of this categorization analysis are available as a separate document on our website alongside this publication.) While some projects could be classified in more than one category, for the purposes of this
While sources of funding also vary across project categories, the agency that contributed the most funding (50 percent of total) was Empire State Development (ESD) ($391.5 million). The Department of Housing and Community Renewal (DHCR) provided about 26 percent of total funding ($204.6 million), and the Department of Transportation (DOT) was the third largest contributing agency at 5 percent ($40 million).

**Conclusion**

With a new process in place, what can be learned from the first round of awards that would aid regions in future planning and funding applications? Our analysis suggests that a breakdown of awards only by county and region tells a useful but limited part of the story. Our categorization, by project type and agency, is a first step in offering a broader perspective. Other project type classifications (possibly allowing projects to be included in multiple categories) by state or local staff with good knowledge of the substance of each project would improve insights in future awards booklets. Additional ways of categorizing the awards may be helpful for municipalities and policy makers, for example breakdowns of the awards by region on a per resident basis, or in relation to regional wealth or income. Regions may want to develop a classification system tailored to their own interests. In addition, regions could then attempt to steer more proposals to categories with the best match between need and good prospects for funding.

Last November, as the regional councils were beginning to submit their final strategic plans, Bruce Katz, an expert on state economic development strategies with the Brookings Institution, was quoted in *The New York Times* as saying, “There is a sense that post-recession, we need a radically different kind of growth model that is not investing in the wrong things, and New York is in the vanguard of this…What you have here is a more strategic process, more aligned with the distinctive assets and distinctive advantages of different parts of the state.” Though the *Times* also cautioned, “How much this proves to be an abstract exercise and how much it produces actual jobs remains to be seen,” some participants feel that among the best results of the strategic planning process has been the need for economic development leaders to work together within their regions. In addition, as the *New York Times* reported in the middle of the application process, regional participants felt that the strategic planning process had been an exceptional case of bottom-up planning, leading each region to set its own priorities: “representatives of both populous regions and more rural ones say the planning process has had huge advantages across the board.”

People and communities around the state stand to benefit from a funding strategy that emphasizes not only locally-driven approaches tailored to regional contexts, but also the collaborative approaches that characterized the first round.