



**CENTERSTATE  
CORPORATION FOR ECONOMIC OPPORTUNITY**

**Remarks by Robert M. Simpson  
CenterState CEO Economic Forecast Breakfast  
January 9, 2019**

Good morning.

Let me begin with thanks to Leslie Paul Luke and St. Joseph's Health, and Allen Naples and M&T Bank. We are deeply appreciative of your support of this event and of our agenda for economic growth and shared prosperity in Central New York.

To all of our members and partners who have joined us today thank you also, for it is your hard work, your investments and your businesses that fuel our economy.

And to the staff at CenterState CEO, thank you for your tireless work on behalf of our members and our region.

What you just heard from Gary represents an upbeat assessment of our national and regional economy. Regional GDP growth accelerated more than threefold in 2018 to 7.2 percent, our best performance since 2012. Unemployment is at a record low, 3.8 percent. And there are 2,800 more people in the workforce getting a paycheck.

The statistical picture that he painted is one that largely mirrors the stories and results of our own economic forecast. Seventy-four percent of respondents described their business in 2018 as being strong or very strong compared to just 26 percent saying it was fair or weak.

Not surprisingly, these favorable economic conditions translated in to a very strong year for our business development team. All told, the projects that they were engaged in throughout 2018 resulted in commitments to create more than 900 new jobs and \$212 million in private investment. These projects represent growth and expansions from some of our region's premier employers, as well as successful efforts to attract new business to the region.

Belden/PPC is undertaking an expansion of its current manufacturing operations in Central New York, growing to more than 500,000 square feet of production, R&D, and distribution space and pledging to create 176 new jobs on top of their existing workforce of nearly 400. Importantly, their growth is being driven by the re-shoring of manufacturing operations that are currently overseas, a trend we have seen accelerate in recent years.

Unify, a Belgian company that provides traffic management technology for the growing unmanned systems sector, has committed to setting up its North American headquarters in Syracuse, pledging 40 new jobs.

And Salina 1<sup>st</sup>, LLC is set to break ground on the first mixed-use development on the south side in years, turning several vacant properties on South Salina street in to manufacturing, retail, office,



and residential space, bringing new energy, investment and jobs to a part of our City that needs them the most.

If you are looking for a single headline from our Economic Forecast this year, it is that the robust growth that has driven these and other investments in 2018 is expected to continue in to 2019, giving us reason to be hopeful as we start the year.

Seventy-five percent of our forecasters say they anticipate overall sales and revenue growth in 2019, up from 67 percent the previous year. What's more, the majority of those that do expect to grow anticipate doing so by 6 to 10 percent.

Forty-nine percent expect to make capital investments, up 5 percent from last year.

Seventy-seven percent of survey respondents said they have plans to grow their exports in 2019, up from 54 percent in 2018.

And in a final indicator of just how optimistic our forecasters are heading in to 2019, the number of respondents who are worried about stagnant markets dropped by half from last year, to 9 percent, a near-record low.

So with the table set for another strong year, what can we, as a business community, do to ensure that we maximize this opportunity and ensure that it expands to reach more people in our community?

The answer comes in perhaps the most fundamental input to economic competitiveness – people and labor.

As Gary alluded to, perhaps the biggest challenge and opportunity in the year ahead is with talent. Fifty-five percent of our forecasters expect that they will be hiring in 2019, with just 5 percent projecting job losses. That's an incredibly positive margin. But with record low unemployment in the region we know we have work to do to ensure those jobs are filled.

In fact, our 2019 forecasters pushed the ability to find and retain talent to the top of the list of business concerns, with 49 percent saying it will impact their business this year up from just 26 percent last year.

The talent issues facing our community are not confined to any one industry sector, nor are they confined to any one skill-level. There is increasing demand for high-skill jobs, low-skill jobs and everything in between. And as you heard from Gary, our labor market has not been growing at the same pace as our economy. This puts even greater pressure on employers and creates a drag on hiring and payroll that prevents us from achieving our full economic potential during this period of economic expansion.



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But as with many issues, there is no singular reason for the labor market pressure our employers are facing. And therefore, there is no singular solution to be offered. What is required instead is a multi-dimensional approach that starts with education and training; includes a series of difficult but necessary conversations about expanding our existing labor pool; and acknowledges that attracting and retaining talent is as critical to our economic success as attracting and retaining business.

CenterState CEO is proud to be a partner in many initiatives and efforts across this entire spectrum, but more partners are needed if we are going to make a material impact.

When it comes to education, preparing our workforce begins with preparing our children. We are fortunate to have such a strong public education system as a whole, but the outcomes within that system are not equal. For years, our City school district has wrestled with many of the same challenges facing urban school districts around the country. And while it would be easy to dismiss these challenges as intractable, doing so would consign a large and important part of our future workforce, and the largest concentration of our minority residents, to another generation of unequal economic outcomes because of unequal preparation.

Thanks to the leadership of Superintendent Jaime Alicea, however, partners like CenterState CEO, MACNY, OCC and dozens of our region's businesses have been engaged in helping the Syracuse City School District develop and launch more than 25 leading-edge career and technical education programs designed to engage students in hands-on, career-oriented learning opportunities in industries from natural resources to cybersecurity to drones.

And recently, we have had the chance to engage with the District and BOCES, the City and County, to look at ways to expand these CTE offerings and make them available, not just to City school children, but to all of the students throughout the region.

At Le Moyne College, President, Linda Lemura has been working with regional employers on developing new pathways to fill the STEM jobs that so many growing technology companies need filled. They have launched a Quantitative Reasoning Center, opened a Thinking Village on campus for City of Syracuse middle school students, and are working with more than 500 Syracuse High School students, helping them to achieve graduation rates in excess of 95 percent.

It is partnerships like these, from Pre-K programs to K-12 to our region's many institutions of higher education, that are necessary for us to educate and train our next generation to be active and full participants in the economic future we seek to create.

Likewise, we have to be creative if we are going to make full use of the true labor pool that is available to us in Central New York because the simple fact is that too many residents of our region have been left behind, marginalized and even excluded from the labor market.

Since 2014, CenterState CEO's Work Train program has served 864 participants with a job placement rate of 80 percent. Of those, 206 individuals have a criminal conviction record and 247 do not possess a high school diploma or the equivalent. Through these job training and placement



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efforts, and with a broad range of social service providers partnering with us to deliver much needed supports to these individuals, 76 percent of individuals who started in our program while receiving Temporary Assistance for Needy Families from the government were able to get off of this public assistance.

This program is a national model and we are excited to announce that during 2019 we are expanding the program to Cayuga and Oswego Counties, as well as adding new industry sector programs including coding and programming.

Work Train is just one of many examples of collaborative initiatives that are helping our employers access new and previously untapped, but often overlooked, human capital that is already right here in our community. If you are an employer who wants to explore these new horizons in talent identification and training, we want to hear from you.

Each of these efforts, while critically important to our long-term success, does not fully address the real and immediate needs of businesses that have jobs open today. From May 2017 to April 2018, there were 14,815 job postings in our priority industries, which includes among others: healthcare to financial services to manufacturing to engineering. Nearly 15,000 jobs. Each of those postings represents the opportunity to earn a wage. To support a family. To buy a house, go out to dinner and support local retailers. It represents people living in our community needing everything from education to medical care. It is the kind of economic impact that we can't afford to lose out on, but that is only realized if those jobs are filled.

In response to this growing demand for talent across multiple industry sectors, we have partnered with the Central New York Regional Economic Development Council and the New York state Department of Labor to launch a Talent Task Force to gather data and recommend strategies for our community to adopt.

In September the Task Force delivered a plan that recommended a set of six strategies to attract mid to high skill talent, retain critical skills and workers, and develop workers with skills to meet current and projected demand.

Three high-priority interventions will be rolled out this year:

- An outbound talent acquisition strategy designed to attract engineers and software developers to Central New York
- New tools and marketing resources to help firms better sell the region to current and prospective employees; and,
- A new program to unlock hidden pools of talent with a focus on coding and programming positions for the growing tech worker industry

What is clear is that each of us in this room has a role that we can play in these important efforts. Whether it is engaging with our educational providers to tailor programs to the needs of your industry; carefully reviewing your hiring practices to see how you might be unintentionally excluding capable, productive workers from your applicant pool; or partnering with the Talent Task



Force to pilot new and creative strategies to help us attract more talent and grow our labor pool and population.

You can also take smaller steps such as helping us transform the narrative about this region that is visible to all potential job candidates. When you have or hear of job postings, share them using the hashtag CNYJobs. Likewise, when you are enjoying our vibrant quality of life, share those messages too with the hashtag CNYLife. Then follow or share these messages and help extend their reach. Imagine the impact we could have if each of you committed to being an active and vocal ambassador for this region throughout the year.

As we embark on this ambitious agenda around talent training, attraction and retention we should feel good about the fact that we have successfully tackled similarly complex challenges successfully before.

Look at our success with the UAS sector in just a few short years. It's remarkable to look back to 2013 and see the incredible rise of the region's drone industry. Today, we have a fully functional ecosystem, one where we had a record 350 applicants to the GENIUS NY program. We have companies from all over the globe moving here to test their systems on the only beyond visual line of site test corridor in the country.

We have students working towards drone technology degrees at our local high schools and in partnership with Jubilee Homes, the Community Foundation and the Gifford Foundation, we have offered scholarships for individuals from some of our city's poorest neighborhoods so they can earn their FAA Drone Pilot license. Together we have put Central New York on the map for UAS and have created opportunities which have rippled through this community.

And it was just a year ago that we predicted a year of transformation in some of our key sectors, including our burgeoning tech industry. As you walk along Warren Street you can't help but feel a new sense of energy and dynamism from some of our region's fastest growing companies.

In just a few years, companies like the Digital Hyve have gone from two employees to more than 100. Named the 52nd Fastest Growing Private Company in the US, and the 5th Fastest Growing Advertising & Marketing Company, by Inc. Magazine.

And just up the road TCGplayer is beginning to move into its new headquarters, taking over and renovating space in the Galleries, creating a workspace replete with ships, dragons and the Millennium Falcon all in an effort to attract talent as they expand to more than 300 employees and redefine what it means to be a growth company in Central New York.

But what makes their growth unique and critical to the vibrancy of this community isn't just the number of new employees, the accolades, or even the incredible office spaces. You see, what gives me hope is not just that these entrepreneurs are staying here and investing in their businesses, but it is the fact that they are embracing the mantle of civic leadership that comes with that growth. Take Jeff Knauss, Co-founder of the Digital Hyve, for example.



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This is what Chedy Hampson, CEO of TCGplayer, posted on Facebook announcing his new office space.

And this is a post by Jeff a few days later. Celebrating TCGplayer's success. By some measures these two compete for talent but instead of being competitive they celebrate each other and advance each other's success.

And we know that level of collaboration and forward thinking can't be, and isn't, limited to the private sector. That is why I am so optimistic when I see our Mayor and new County Executive working together on some of our most pressing municipal issues. They understand, like Jeff and Chedy, and so many of you in this room, that progress does not happen without compromise and a shared vision. And that together, we are can move the needle further.

While all of the economic headlines of late have focused on the volatility of the stock market and the absolute dysfunction in Washington, the underlying fundamentals of our economy remain strong, and have the potential to get stronger still. Which is a pretty appropriate metaphor for life. There are the things that are flashy and grab headlines, and the things that matter. And what matters most to the untold story of 2019 is how each and every one of us reacts to the opportunities before us, how we collaborate on the things that matter, and how we ignore the things that could distract us or take us off course.

With your continued leadership and support, 2019 will be another year of progress for the Central New York economy.

Thank you.