

Tech hub partners in Buffalo, Rochester and Syracuse team up for \$75M funding push

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When Buffalo teamed up with Rochester and Syracuse to be named one of 31 “tech hubs” around the country by a federal agency, it proved that regional collaboration can pay off.

But that was just the start.

Now, representatives of the three regions are back at it, trying to secure tens of millions of dollars the federal government will award to a select number of those tech hubs.

The upstate partners’ task this time is different, and with more on the line.

The first time around, the three regions had to make the case for [why their combined territory deserved tech hub status](#), based on the assets they had to offer. They [competed against nearly 250 other applicants](#), as the federal government aims to promote innovation beyond hotbeds like Silicon Valley.

Their joint pitch – under the NY SMART I-Corridor Tech Hub banner – succeeded, putting the three-region area in the running for up to \$75 million in federal funding.

But only five to 10 of the 31 tech hubs are expected to receive funding through the program run by the U.S. Commerce Department’s Economic Development Administration. Those awards could range from \$50 million to \$75 million.

This time around, Buffalo, Rochester and Syracuse must propose how they would put funding into action.

Here is what’s ahead for the partners:

Chipping in

Buffalo, Rochester and Syracuse built their joint pitch around cultivating the semiconductor industry.

It’s an industry that has already taken root in New York State. But it’s getting a mammoth boost from Micron Technology’s plan to invest up to \$100 billion in a chip-making complex near Syracuse.

Just a few hours' drive to the west, Intel is pouring [\\$20 billion into two chip-making facilities](#) near Columbus, Ohio.

The Buffalo-to-Syracuse corridor extends between the massive Micron and Intel projects. Plus, Edwards Vacuum is planning to invest \$319 million in a Genesee County manufacturing plant within the corridor, to support the semiconductor industry.

The federal government wants to pump up domestic semiconductor production after supply chain disruptions during the pandemic.

Semiconductor production is heavily concentrated in Asia, but new factories are coming online in the United States. Legislation advocated by Senate Majority Leader Charles Schumer is incentivizing domestic chip manufacturing.

Collaborating, not competing

Buffalo, Rochester and Syracuse realized their best shot at getting designated as a tech hub was by working together. When it comes to chasing economic development, it's a different tack for them.

"We are actually, for the first time, aligning around a really big vision and a really big strategy across Buffalo, Rochester and Syracuse," said Christina Orsi, president of the John R. Oishei Foundation.

"We have not done that (before). We have competed with each other."

Each of the three regions can benefit from collaborating, said Joseph Stefko, president and CEO of ROC2025, an alliance of Rochester economic development organizations.

To effectively compete for national and global investments, "it's not going to be Buffalo alone, or Rochester alone, or Syracuse alone, it's going to be as a combined force," Stefko said. "I think the framework we've built here, the collaborative framework is going to serve us really well, far beyond what happens in tech hubs."

Benjamin Sio, senior vice president of strategy, policy and planning for CenterState CEO, an economic development organization in Syracuse, recalled the negotiations CenterState's CEO had with Micron before the tech company committed to its project.

Micron wasn't interested in only the resources available in the Syracuse area, Sio said. Company officials asked about the number of engineering graduates coming out of the University at Buffalo and Cornell University, and research and development spending on semiconductors at SUNY Albany.

“These companies care about what is happening in upstate New York in general,” Sio said. “They are requiring us to look beyond these regional boundaries and create new partnerships, work with new training providers on figuring out new ways to fill these jobs.”

The Buffalo, Rochester and Syracuse regions are already connected in some ways, Stefko said during a recent discussion hosted by the Buffalo Niagara Partnership. He cited research that about 70,000 individuals live in one of those three regions but commute to work in one of the other two regions.

Securing the money

No doubt it helps to have someone with Schumer’s clout talking up the NY SMART I-Corridor Tech Hub’s bid. The Senate majority leader championed the legislation that created the tech hubs.

But the three regions still have to put in the work to secure the funds in the competition. Tech hubs have until Feb. 29 to file their applications.

Dottie Gallagher, president and CEO of the Buffalo Niagara Partnership, said the McKinsey & Co. consulting firm was valuable in helping prepare the three-region coalition’s application for tech hub status earlier this year. So the partners will hire McKinsey to support the next phase, as well, she said.

The tech hubs are required to submit applications for individual proposed projects – perhaps two to five such proposals – instead of one, all-encompassing proposal, Sio said.

Each of those applications will be individually judged, he said. “They could choose not to fund one. So it’s incumbent on us to make sure those applications, however many there are, are as competitive as possible, they have as much leverage as possible, they have as much as regional collaboration as possible.”

Stefko said projects the partners submit will have to be prioritized through a regional lens. “This is less about, what is the building we put in Rochester or Buffalo or Syracuse, and how do we scale this opportunity across the regional corridor?” he said.

What might the projects involve? The partners are starting to work on those details, Gallagher said.

“What we’ve talked about is really looking at where are the gaps in the strong market that we have here, and how can we find projects that will be catalytic in terms of filling those gaps, so we can really get moving as a region,” she said.

Funding power

If the three regional partners succeed, they hope to be awarded \$75 million through the tech hub program.

But they view the funds as akin to seed capital, kick-starting the tech hub plans. Stefko pictures tech hub funding as “one layer in a larger capital stack, and building a capital stack that would have sustained impact.” He mentioned philanthropic organizations, public entities and the private sector as other potential sources of funding.

The SMART-NY partners hope if Congress commits additional funds to the tech hub program down the road, beyond the initial \$500 million, the region could tap into even more funding.

“We’re looking at this as an opportunity for sustained federal investment,” Stefko said.

Fully funded, the federal tech hub program could reach \$10 billion.

Win or lose

Decisions on tech hub funding are expected to come in spring 2024. Win or lose, representatives of the three regions believe what they have accomplished through the tech hub process bodes well for future collaboration.

“Think about this as an investment prospectus,” Gallagher said. “This is how we’re working together to actually drive investment in the regions.”

The region’s tech hub status also serves as a kind of “Good Housekeeping seal of approval” that could open up the region to federal funding from other agencies and organizations, she said.

Gallagher said the Micron deal is “a leg up because that investment’s happening, and it’s real, and it will have spillover effect in our region regardless. That’s going to help keep the momentum going, as well.”

Stefko didn’t hedge about the SMART-NY bid’s chances of securing tech hub funding. “This program was tailor-made for our region,” he said. “I really won’t contemplate a scenario in which we don’t win.”

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