

Public Statement
Mayor Byron W. Brown
December 9, 2008

On behalf of the City of Buffalo, the second largest city in New York State, I am pleased to respond to your request for testimony regarding the New York State fiscal crisis.

I would like to focus on two specific questions posed in the public forum notice for this hearing:

- 1) What alternatives exist to mitigate proposed cuts, and
- 2) What steps can be taken to ensure a sustainable revenue and financing structure for the future?

A sustainable revenue and financing structure for the upstate cities would mitigate any future state aid reductions and insulate city finances from its heavy reliance on both state aid and the real property tax.

The City of Buffalo's dependence on state aid is an unwelcome one. While we appreciate state aid, we would prefer the state to allow us to diversify our revenue sources and thereby lessen our reliance on it.

Presently, the fiscal paradigm New York State imposes on its local government includes an overly high reliance on the property tax to generate revenue. This is especially acute in Buffalo, which receives a disproportionately low share of the sales tax. Our relatively low share is primarily due to the fact that when Erie County faced a fiscal crisis in the mid-1980's, Buffalo stood beside it and contributed, what was to be temporarily, its share of a new additional penny on the sales tax. Unfortunately, Albany has continued to allow the county to keep its high share and, as a consequence, much of the growth in the sales tax is not passed on to the city.

As a result, while Rochester receives over 25% and Syracuse nearly 35%, Buffalo's share of the sales tax is not even 12%.

Buffalo simply needs a more diversified revenue stream to weather the economic and fiscal crisis confronting the nation, the state, and the city.

This week's Buffalo News editorial applauded my Administration for making the tough financial decisions that have resulted in lean and streamlined city operations. Over the past two years, our budget growth has been below the rate of inflation and since the beginning of this decade, we have reduced the city workforce by some 25%. In addition, all of our city employees have gone without contracts or any salary increases, in some cases, for over 7 years.

Recently, the Buffalo Fiscal Stability Authority put together some statistics comparing our budget with Rochester, Yonkers, Syracuse, and Albany that I would like to highlight for you.

- Buffalo's employee levels are the lowest with 9.5 employees per one thousand residents (as compared to Albany with 14.2 per 1,000; Rochester with 13.5 per 1,000; Syracuse with 12.5 per 1,000, and Yonkers at 10 per 1,000).

- Buffalo's per capita spending is the lowest as well with spending of \$1,210 per resident (as compared to Yonkers with spending of \$1,742 per capita; Rochester with \$1,731 per capita; Albany with \$1,723 per capita; and Syracuse with \$1,604 per capita).

Our tough budget choices have allowed us to keep our spending levels the lowest among these cities and enabled us to set aside surplus funds to create a rainy day fund to help us weather the economic storm ahead. However, we ask New York State not to require us to deplete it to offset any budget reductions. Because of our strict fiscal practices, Wall Street finally has confidence in us and we are now able to issue our own city debt without relying on the state imposed financial control board.

Use of these funds would tell Wall Street that the City of Buffalo is once again reliant on "one-shot" revenues and not serious about living up to the structural changes that set it on a positive fiscal course. We cannot and will not place ourselves in any position to deplete this fund.

Instead, we ask New York State to give us the authorization for new sources of revenue that would offset any state aid decreases and, over the long-term, lessen our reliance on state aid.

For two years now, I have asked Albany for authorization to impose a red light camera system on high volume high risk traffic intersections; city based adjudication of motor vehicle violations; 100% of the revenue raised by the new Buffalo Creek Casino; and a return of the state share of locally generated revenue to the city. For example, half of the \$40 fee for marriage licenses goes to the State and each time the City issues a handicapped-parking tag, nearly half of the revenue goes to the State as well. In addition, each time the City demolishes a vacant, blighted structure we are required to pay the State a fee, which may total as much as \$1,000 per demolition.

In addition to providing new sources of revenue, the state needs to place a moratorium on any new mandates, provide relief for existing ones, and provide us with stable and consistent state aid.

With budget growth consistently under inflation, we in Buffalo have made the tough choices and tightened our belts. Again, our workers have sacrificed by going, in some cases, nearly seven years without a raise, and doing more with less as their numbers have been reduced by over 25% since 2000. We have implemented scores of efficiency measures and have put in place new accountability tools such as CitiStat Buffalo, to ensure that we are delivering city services in as cost-effective and efficient manner as possible.

We ask Albany to do its share and provide us with three key ingredients: mandate relief, authorizations for new sources of revenue, and, as always, stable and consistent state aid.

The City of Buffalo appreciates the opportunity to present this testimony and looks forward to working with you as you deal with the tough fiscal choices ahead.