

Fiscal Challenges and Opportunities: An Examination of Fiscal Conditions, Innovations, and Regional Strategies in the City of Buffalo & Erie County



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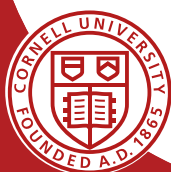
Executive Summary

Once a thriving industrial center, the City of Buffalo, New York, has experienced declines in its population and economic base since the 1950s. The situation reached a boiling point in the early 2000s when the City found itself on the brink of fiscal insolvency. To prevent bankruptcy, the State of New York installed a financial control board to oversee Buffalo's finances. The Control Board took drastic measures, which included a wage freeze, City-wide hiring freeze, reducing the workforce and cutting essential services. Despite recording fiscal success, the Control Board can be criticized for not focusing enough on structural issues like poverty and demographics, which impact the long-term sustainability of Buffalo's fiscal health.

This study, which is informed through multiple perspectives and an analysis of the City's finances, including a brief look at the larger Erie County area, reveals that the City endured challenging economic periods, which severely curtailed its ability to raise revenues, and forced it to cut expenditures. These difficulties led to innovations that included inter-municipal cooperation, and partnerships with non-profits that helped maintain continued provision of these services in the face of fiscal cuts. At present, the City draws a major share of its revenues from State aid, sales tax, and property taxes. While State aid and property taxes have been declining in real terms, sales tax shows an increasing trend, showing its importance in inter-municipal economic development initiatives. A major share of the City's budget is spent on public safety and employee benefits. The City's dependent school district is also fiscally strained as evidenced by low enrollments, rising expenditures, and increases in the number of

charter schools. These have adverse effects on the academic success of Buffalo's children. Although the City's debt outstanding has been declining in real terms in recent years, its continued reliance on fund balances to close budgetary gaps is a cause for concern. The City is enmeshed within a larger region that includes the suburbs. Thus, the City of Buffalo, and Erie County have taken a holistic approach to overcome the fiscal challenges in their region. Some current innovations include:

- Renewed commitments to fund programs that the people value such as cultural activities, parks and recreation, social and community services through the "People's Mandate;"
- Erie County's focus on regional economic development initiatives such as advancing education, and developing workforce skills in those sectors that are presently growing in the region, as well as marketing the Buffalo region to attract investment from Canada;
- The legacy of social unionism has resulted in the formation of new non-profit networks and citizen coalitions that are actively engaged in long term economic and community development through partnerships with the government for education, social services, and neighborhood revitalization ("Open Buffalo" is one such civic initiative that shows great promise); and
- A growing embrace of the idea of regionalism through "One Region Forward," and inter-municipal cooperation for the holistic betterment of the community and neighborhood revitalization through initiatives like the regional land bank.



This report, produced under the direction of Dr. Mildred Warner, is part of the State of New York Cities: Creative Responses to Fiscal Stress sponsored by Cornell University Department of City and Regional and Planning, Community and Regional Development Institute and Department of Development Sociology with partial financial support from the US Department of Agriculture Hatch and Smith Lever grant programs administered by the NYS Agricultural Experiment Station. Additional information can be found at: www.mildredwarner.org/restructuring or www.cardi.cornell.edu