

CITY  OF  
BUFFALO

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MAYOR BYRON W. BROWN

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CITY OF BUFFALO, NEW YORK

TESTIMONY BEFORE  
NEW YORK STATE JOINT  
LEGISLATIVE FISCAL COMMITTEES  
REGARDING  
GOVERNOR'S 2021 RECOMMENDED STATE BUDGET

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## STATE BUDGET TESTIMONY

I would like to thank the New York State Legislature for this opportunity to testify before the Joint Legislative Budget Committee on the impact of the proposed 2021-2022 Executive Budget on the City of Buffalo. As always, Senate Finance Committee Chair Liz Krueger, Assembly Ways and Means Chair Helene Weinstein, Senate Local Government Committee Chair James Gaughran and Assembly Local Governments Committee Chair Fred Thiele, I am pleased to come before you today as the Mayor of the City of Buffalo on behalf of our more than 260,000 residents. I would also like to express my gratitude to our Delegation Leaders, Assembly Majority Leader Crystal Peoples-Stokes and Senator Tim Kennedy, and the other members of the Western New York Delegation who are effective and relentless advocates for the City of Good Neighbors.

Over the course of my tenure as Mayor, I have encountered many challenges, but none more immediate and impactful than those that have emerged as the result of the COVID-19 global pandemic. The City of Buffalo's fiscal outlook was positive and growing at the beginning of last year, with an estimated \$5 million surplus projected for the end of the fiscal year. Private and public investment and development were occurring across the City at an unprecedented level and unemployment rates remained low. Our economy was strong and City revenues were projected to grow. I understood then, as I do now, that the consequences of the PAUSE orders that were put in place to slow the spread of the deadly virus were temporary in nature and not reflective of any fundamental weakness in Buffalo's economy. The diversification of our regional economy, strong housing market, higher than anticipated sales tax revenues, and projected increases in tax revenues from the tourism industry once the vaccine is more widely

distributed, all indicate a strengthening economy that will improve the future fiscal position of the City of Buffalo.

So, the budgetary actions that I took last year were designed to reduce costs, sustain economic growth during the pandemic, and put strong fiscal controls in place, while keeping our workforce and the services we provide completely intact. These actions resulted in the City of Buffalo maintaining our A+ rating from Standard and Poors Global Rating Agency and A1 credit rating from Moody's earlier this week. Their reports highlighted several specific actions my Administration took in managing the City of Buffalo budget over the past year. These included strategic cost-cutting measures and personnel decisions, and our active pursuit of special revenue streams designed to help manage our pandemic response. My intention is to continue to pursue several of these measures, like remote working for some employees, while developing strong fiscal policies that promote growth, and making strategic investments in Departmental initiatives that create efficiencies and structural savings, even after federal and State aid have been received, to continue improving our financial outlook.

My Administration's policies have been directed towards promoting equitable economic growth and giving sensible tax relief while also delivering high quality services to the low-income and working-class families that make up many of our neighborhoods, and we will continue pursuing these policies until our economic recovery is complete. I have always maintained that significant federal disaster relief funding was necessary, and would need to be forthcoming, to help close any budget gaps created by a temporary reduction in sales taxes, parking fees, State aid payments, or other critical revenue streams. While that relief has not yet been received, there is a growing probability it will soon arrive and that Buffalo will be in a sound fiscal position going into our next budget year.

As the \$1.9 trillion dollar American Rescue Plan is speeding its way through Congress, Governor Andrew Cuomo's proposed State budget contains provisions that will restore most of Buffalo's deferred AIM payment from last year while also funding a significant portion of the AIM payment Buffalo would have received in the 2021-2022 Fiscal Year. The restoration of most of last year's deferred AIM payment is a critical step in helping Buffalo's economy recover. This will provide the City of Buffalo, in combination with the expected federal resources, the necessary funding to deliver critical municipal services without interruption, while also supporting small businesses, residents, and other recovery initiatives that we need to maintain as we emerge from the worst of the pandemic.

I am hopeful that the proposed cuts to AIM in the Executive Budget proposal will be fully restored. Returning to a predictable, more normal, and adequate amount of State funding for Buffalo is an important step in ensuring that my upcoming budget will be able to provide the funding low-income communities require for the effective delivery of community services, employment access programs, mentoring services, violence prevention programming, and the other assistance that members of many of our historically underserved communities rely on to help level the economic and social capital playing field.

My Administration has worked to secure funding to assist small businesses, keep tenants in their homes, provide relief to small landlords, and support non-profits providing critical services during the pandemic. By aggressively pursuing federal funding for these programs, the City of Buffalo has been able to maintain a stable financial outlook for many of its residents who otherwise would have lost their homes or businesses. We are also working with our intergovernmental partners to access another \$2 million in federal disaster relief from FEMA to reimburse costs associated with our efforts to make our facilities and vehicles as COVID-safe as possible, and enabled many City employees to work remotely as a strategy to help slow the spread of the virus. These efforts, coupled with the elimination of the 25% municipal match to the federal government for these costs will be helpful, but won't go far enough to ensure our recovery.

The fiscal challenges are unprecedented, but the weaknesses the COVID-19 pandemic has amplified in other aspects of society must be recognized and confronted. Addressing issues of disparity and inequity will require access to resources, a collaborative engagement with leaders across every level of government, and a flexibility in our approach that demonstrates an awareness of the local context in which each of our current challenges have developed. I believe that Governor Cuomo's 2021-2022 Executive Budget proposal is a positive step in the right direction for implementing that approach, but the City of Buffalo will still require additional assistance to act on a broad range of initiatives needed to help our local economy recover, advance racial equity, improve economic mobility for working families, and promote the green economy that will combat climate change and create good paying jobs for the next generation.

Enhancing mobility and creating more transportation options for Buffalo's residents is a key component of my Administration's efforts to speed our economic recovery and promote greater racial equity. The City of Buffalo has identified \$206.5 million dollars in shovel-ready projects in every neighborhood and, if funded, could transform the lives of low-income residents across the City of Buffalo. These projects are critical to improving the mobility of residents, developing place-based economic strategies that will strengthen commercial corridors in majority-minority communities, and bolster a green transportation revolution that is critical to reducing Buffalo's carbon footprint. While I am pleased that the total amount of CHIPS funding was not reduced in this year's budget, additional infrastructure investment will be needed if New York State is going to remain economically competitive in the future.

I am requesting an increase in the arterial maintenance reimbursement rate paid by the State to thirty-eight municipalities—including Buffalo—who participate in the program. The rising costs related to this work, which include paying our public employees a living wage and the increased costs for equipment and materials, require a similar increase in the State contribution for this critical infrastructure funding. I am also asking for the restoration of the \$65 million that had been dedicated to Extreme Winter Recovery funding in prior years. Cities like Buffalo utilize this fund to help defray the costs associated with safely and quickly clearing our streets and other public spaces during a severe winter storm. These funds not only ensure a smooth continuation of vital operations but help protect the lives of vulnerable residents who might otherwise become isolated and potentially endangered during these extreme winter events.

Adequate infrastructure funding is critical to supporting development projects which will help sustain Buffalo's long-term economic growth. An important tool in the promotion of equitable development is our ability to enter into community benefit agreements. The proposed budget eliminates a city's ability to enter into such agreements with companies seeking to develop cannabis marketplaces within their borders. This undermines a time-tested tool that helps to ensure an equitable distribution of the economic benefits which accompany development. I am hoping that the Legislature will remove this prohibition on community benefit agreements from the budget.

In addition to expanding the availability of cannabis, the Proposed Budget also expands the availability of mobile sports betting. I support the ability of New Yorkers to engage in that activity and believe that any revenues from it should also be shared with the local governments that are likely to bear the greatest costs involved in their implementation. As every community that hosts a gaming site can attest, with increased availability of gambling opportunities, there is a corresponding increase in the demands on infrastructure and services which places a strain on those local governments. I hope that a local revenue sharing arrangement will be included in the final budget that recognizes this reality and provides Buffalo and other cities with the adequate financial support necessary to sustain these projected cost drivers. Additionally, I believe it is imperative that the Seneca Nation fulfill their obligations to the State and host cities based on the Tribal Compact, and that this matter needs to be resolved before contemplating any permissions related to mobile sports betting. The years-long stalemate has put a tremendous burden on balancing Buffalo's budget, and at this point in time we are owed tens of millions of dollars.

Finally, as we recover from the pandemic, I am asking the Legislature to consider including a legislative change within the budget language that will have an immediate positive impact on municipal finances across the State. Buffalo, like many other cities, took advantage of short-term lending facilities to cover the cash flow shortfalls created by deferred AIM payments and other unanticipated declines in revenue streams. According to State Local Finance Law, that borrowing must be repaid within eighteen months, which, in this instance will occur at the time when Buffalo's economic outlook and finances are just beginning to normalize. I believe if this provision of law is amended to allow municipalities that utilized this borrowing tool to have ten years to pay off that debt instead of eighteen months, then Buffalo, and other municipalities across the State, would be in a better position to recover more rapidly and in turn accelerate economic recovery Statewide. This legislative change would have no impact on the State's finances and would greatly assist local governments in easing their budgetary constraints over the coming year.

Again, I would like to thank the Chairs and Members of the Joint Legislative Budget Committee for this opportunity to present my thoughts on the proposed 2021-2022 Executive Budget. I look forward to working with all of you in the future to find collaborative solutions to the challenges we are all facing, and I would be happy to answer any questions you might have for me at this time.