



Office of the Mayor

Matthew T. Ryan

The Vital Importance of Responsible Government **Mayor Matthew T. Ryan's 2012 Budget Address**

*Binghamton City Council Chambers
September 28, 2011*

President Kramer, members of City Council, fellow officials and esteemed guests, good evening, and thank you for joining us for the 2012 Budget Address. Thank you to all who are listening for the opportunity to share our challenges as we chart a course forward in these most difficult times.

As we gather in these Chambers, as we do each year, most of our citizens have light, heat and the comforts of a place to call home. But we also know that many of our fellow citizens are not so fortunate tonight. The flood earlier this month washed away homes, businesses, irreplaceable belongings and for many, a way of life. Some have no utilities. Some face months of rebuilding. Some have not been able to return to their homes or jobs, and some may have lost their homes and jobs completely. This flood was far more powerful and devastating than the flood of 2006, and the experience has been sobering.

And yet the flood also has showed our community's resilience, and we have a lot to be proud of. The City couldn't stop the rains from falling, but we could take decisive action to protect our people, private property and our public assets—and we did. We carried out Binghamton's largest evacuation ever, moving thousands of residents to shelter without death or substantial injury. We patrolled evacuated neighborhoods to prevent burglary and looting. We pumped thousands of gallons of water out from hundreds of basements, and we inspected hundreds of homes and buildings to make sure our citizens could return safely. We connected scores of property owners to federal and state agencies that will help them recoup losses. We have kept our neighborhoods and commercial corridors healthy and attractive by collecting tons of flood debris around the clock, and we have passed emergency legislation to streamline flood-related budget transfers and waive flood-related fees for building permits and garbage pickup. And the BLDC, tomorrow will roll out a special low interest, below market rate loan program to aid flood-affected businesses. Many of these efforts are ongoing, and each is based on the same commitment to our shared recovery.

We owe a debt of gratitude to all those who have worked and continue to work so hard in our time of need, with little rest and often less time with their loved ones. I want to thank especially those dedicated City staff from the Department of Public Works, and our Fire Department and Police Department, our planning officials and, last but certainly not least, our Building and Code officials. We would be nowhere without our dedicated City workforce.

Tonight, I also would like to thank this City Council, County Executive Brennan and his administration, Assemblywoman Lupardo and Senator Libous, Governor Cuomo and his team, and our federal representatives, Congressman Hinchey, Senator Gillibrand and Senator Schumer, FEMA and the other aid agencies that are spurring our shared recovery. And let us never forget all our friends, neighbors and church groups, all those good citizens, who from the first moment of the flood have reached out to lend a hand to all those affected as they continue to do the difficult and emotional work of cleaning up and rebuilding. Thank you Binghamton University, which provided shelter from the storm for so many in our community, and thank you to all the other organizations that set up temporary living space for the evacuees. Thank you to the United Way, CHOW, Catholic Charities, and the myriad organizations channeling additional assistance to victims of the flood. Thank you to the Red Cross, and to all who have helped and continue to help those in need. I also say thank you to all those who offered mutual aid, including the great contingent from the New York City Fire Department. Thanks to the media organizations that joined together and raised over \$250,000 for the United Way in one day, and thanks all those who have organized and will organize a fundraiser and creative and fun ways to raise our spirits and contribute needed resources for a recovery that will be measured in months and years, not days and weeks. Your work inspires us. If every challenge is also an opportunity, then now is an opportunity to make Binghamton and the whole region that much stronger and that much better.

But now is also an opportunity to recognize the vital importance of responsible government. Without responsible government, our community would be hamstrung in responding to this flood, and in recovering. And just as important, without a responsible government to oversee our flood prevention infrastructure, from our floodwalls to our levies, this flood could have been much worse. Responsible government is essential to our capabilities in responding to any natural disaster, or any problem that faces our city, our region or our country. There is no replacement for responsible government, and we all are more vulnerable without it. Together, we are responsible government, all of us.

But responsible government is suffering from an ongoing assault, just as it has been for the last 30 years, and Binghamton is suffering the consequences, just like other working class and middle class communities around the country. And as anyone who has ever listened to my budget addresses over the years knows, I think it is very important to link the federal and state policies that directly impact this and every municipality's ability to survive and thrive as we endure the worst economic conditions in 80 years. For example, in the dismantling of the highly successful financial regulatory structure established in response to the Great Depression, Washington gave Wall Street the green light to gamble away the financial security of many of our hard working citizens, young and old. Pension systems have been devastated both in the public and private sector. And by giving increasingly large tax breaks to the super rich and corporations, and by spending trillions of our dollars on endless warfare, Washington has starved local communities of the funds necessary to pave our roads, repair our bridges, put out fires, fight crime, support our businesses, create jobs, care for our seniors and educate our children. Anti-worker trade agreements have allowed corporations to outsource jobs to countries that think nothing of workers' rights, fair compensation and environmental

protections. The nation's wealth gap has never been greater, the rich have never been richer and corporate profits have never been higher. Unemployment is nearly at double digits, and income for middle class households is falling for the first time since 1991. Poverty is at its highest level in 15 years, and the number of severely poor Americans has jumped by nearly one million since last year alone. And to make matters even worse, our federal and state government have adopted and continue to push for policies that diminish any local government's ability to provide essential services. This is a far cry from the response that brought us out of the Great Depression, and I fear that the myopic focus on cutting spending alone will completely backfire, causing more unemployment and leaving us with an infrastructure that is sub-standard at best and dangerous to our citizens health and welfare at worst.

If you don't think these policies have hurt Binghamton, please consider this. Since 2002, the federal government has cut our annual community development grant by a combined total of \$3.5 million. A deregulated Wall Street has sent pension costs skyrocketing, as all our pension funds are invested. These costs, which have increased by a combined total of \$40 million from 2002 to 2011, continue to rise even higher in this year's budget. And the lack of a universal single payer health care system that would control our health care costs has sent our health care costs up by a combined total of \$39 million since 2002. And what was supposed to be "Worker Comp Reform" has become a third cost spiraling out of control, increasing a combined total of more than \$3.7 in the last 10 years. The last 10 years of hikes to our pension contributions, health insurance premiums and workers' comp payments combined with cuts to CDBG total nearly \$87.7 million. That's \$87.7 million less for strengthening our critical infrastructure, maintaining our parks, demolishing and restoring blighted homes, protecting our historic districts, providing gap financing to local businesses and limiting your property taxes.

Binghamton is struggling against irresponsible policies at both the federal and state levels, but we're fairing better than many local communities because of our responsible approach to government. Almost every day, we see headlines about cities, towns and villages, shedding dozens of police officers and firefighters, public works officials and other public servants, auctioning off equipment and other assets, going to four-day work weeks, and ending certain services altogether. Now we're seeing a growing number of municipalities, like Central Falls, Rhode Island, that are declaring bankruptcy or turning the keys over to State control boards.

We've avoided this most perilous fate so far, in large part because we've advanced progressive reforms to increase efficiency, limit costs, leverage additional resources, improve services and attract investment. That is what responsible government does. Since 2006, we have saved \$10 million by eliminating 66 positions, which is more than 10% of the workforce, and we have done so without layoffs or reducing services. In partnership with all our unions, employees now contribute more towards their health insurance. We have introduced a far more affordable health care insurance option that I and many employees now use, and that has already saved us \$130,000, and going forward, all new hires will be on this plan. And all five City bargaining units just agreed to participate for another four years in a program that will help

control skyrocketing workers' compensation costs through an integrated system of high quality care for all work-related injuries and illnesses, and we thank our unions for their cooperation. We won more than \$2 million in federal grants to hire eight new firefighters and four new police officers at no additional cost to the local taxpayer, and we have saved more than \$1 million by sharing services with Johnson City and Broome County. We are saving more than \$300,000 annually by bringing milling and paving operations in-house. We have secured more than \$8 million in federal and state grants to transform blighted homes and abandoned industrial sites into assets. We have leveraged \$6.3 million in private investment with \$2.5 million in loans from our small business loan fund, and we have leveraged another \$450,000 of private investment with our \$200,000 Main Street Grant. In the final tally, we have protected our citizens from increasing mandated costs and federal cuts with more than \$21 million in savings and grants that do not cost the local taxpayer a penny more.

This is what responsible government looks like, and the results speak for themselves. In the last five years, our projects have supported hundreds of living wage, local jobs, we're redeveloping more than 130 residential and commercial properties, overall crime is down 11% and a growing amount of investment is coming downtown. In those areas where we have control over our own destiny, we're on the right track, and news of our progress is getting out. We have won three Local Government Achievement Awards for our management initiatives, including last year's award for our initiative to share police chief services with Johnson City, and we are attracting residents and businesses back to our neighborhoods, our center city apartment districts, and storefronts.

This Administration and this City Council have been committed to streamlining government and saving tax payer dollars at every possible opportunity. Since 2009, we actually have reduced the overall cost of providing essential government services by \$2 million when you exclude the dramatic increase in annual pension contributions, health insurance costs and workers' compensation rates. Let me say that again: since 2009, we have reduced overall costs by \$2 million when you exclude our uncontrollable costs.

It takes a lot of dedicated people, always focusing on providing the best quality services at an affordable price to provide responsible government. I thank all those involved, from my management team for researching and developing our reforms, to our partners in government for enabling them, to our citizens for providing feedback on them, to our workers putting them into practice. Tonight I want to thank especially Public Works Commissioner Luke Day, Fire Chief Dan Thomas and Police Chief Joe Zikuski for doing more with less. Tonight I would also like to take this opportunity to give a very special thank you to Scott McNerney who has headed up the City's Civil Service Department for many years. His expertise and experience have been instrumental in helping all our department heads in restructuring all City operations, to increase efficiencies and reduce costs for our tax payers. I also want to spotlight City Council for supporting our strategic investments, which will yield substantial savings over the long-term. All of our Information Technology investments are beginning to pay off, especially in the areas of financial accounting and asset management. This is the commitment we need to stay ahead of

the curve and we thank City Council for their support of these important investments in our future.

Yet despite our progress in these difficult times, the large cost drivers that are pension costs, health insurance and workers' compensation continue to eclipse our efforts to control the bottom line. Additionally the State this year reduced our aid by nearly \$500,000, and the federal government has reduced our community development grant by an additional \$400,000. This means we must cover more costs with local funds.

Before I go any further, let me be absolutely clear about pension, health care and workers' compensation. These protections serve not only our workers, but also their families and our broader community when they are sick, injured and beyond their working years. These worker protections are essential, and my administration supports them wholeheartedly. Our workers did not cause the policies that have destabilized Wall Street. They did not cause our country's failure to establish a universal and affordable health care system, and we would be flat wrong to blame them and strip them of these protections. But many in our country, and especially the Tea Party and their corporate backers, are scapegoating public workers and demanding that we cut back on worker protections or eliminate them altogether. We have seen legislators devastate the rights of workers in Wisconsin and Ohio and other states. And yes my purview as mayor is local, but just as these national issues affect us here in Binghamton, I will speak out loudly, I will help organize and I will act to defeat these regressive policies at home and beyond. Some say that we shouldn't protect public workers because so much of the private sector has stopped protecting their workers, but really it's just the opposite: we should strive to win back protections for private sector workers, for all our workers.

We must strive against those who cater to that 2% that controls 95% of the wealth in the United States. I am very proud to fight for "the other 98%" of Americans in solidarity with many partners, including Citizen Action of New York, the Labor Federation, our local unions, and especially our City unions. I stand shoulder-to-shoulder with you in fighting for our working families, and now more than ever, we must resist calls to turn against each other, especially the calls from those who are profiting from the mounting challenges that we face. We must remain united against these challenges. That is what responsible government does, and it is how we keep our community and our workforce strong.

As we approach a year when all of our five union contracts will be up for negotiations, I would be lying if I said I sleep easily at night given what our City can and cannot afford. I have resigned myself to the idea that for the remainder of my time in office the single most difficult task will be continuing to ask workers to understand that we can no longer afford the status quo when it comes to increases in wages and the costs of workers' benefits. Some have suggested that we just do what Governor Cuomo did, "threaten huge layoffs and furloughs to get concessions on wages and benefits." After all, they say, it worked for him." To this I answer, "my sincere hope is that we can conduct negotiations in good faith with all our unions so that we can reach agreements that prevent layoffs." Obviously, we don't have a workforce numbering in the thousands, and we already are stretching the limits of our workers. We have

already cut over 10% of our workforce, and with our new IT reforms and increased productivity, we have still been able to provide very good services to our citizens. But, we are at a point where more cuts will begin to dramatically affect the vital services we provide to our City. They will dramatically affect our ability to be a responsible and responsive government. It seems that Washington's current dysfunction will not yield a true middle class agenda for some time to come, but it seems unfunded mandate reform by Albany may be closer at hand. I was privileged to serve with a group of Mayors and other government officials who produced a report called, "You Can't Cap What You Can't Control." Our message was clear: a tax cap without mandate relief is a prescription for fiscal disaster for most municipalities, and especially those that need both professional firefighters and police. While this Governor made it one of his top priorities to pass the tax cap very little mandate relief was provided. He promised it would be forthcoming and his impressive record shows he is a man of his word. And so NYCOM and I eagerly anticipate these reforms.

One important step forward was announced last week by New York State Assembly Speaker Sheldon Silver. He said that he would lead the effort to end tax breaks for the rich by reinstating the millionaires' tax in the next legislative session, and I strongly applaud this initiative. The Millionaires' Tax is not only a matter of fairness, but also will generate another \$5 billion in revenues, which Albany can use to restore Binghamton's, and other municipality's revenue sharing instead of cutting it further. But let there be no mistake. Without mandate relief and an increased revenue share from the state or absent other new substantial revenue streams, we will have to rely on negotiating wages and benefits for all our workers that we can afford as a City because the only other alternative is cuts in personnel.

And so our challenges for the future do not get any easier and our City must do its best with what it has. And that is what we have done. On top of our previous measures to increase savings, offset costs and increase revenues, the proposed 2012 Budget includes several new cuts. These cuts are not easy, but they help control our tax rate with the least possible impact on services and without laying off workers. In the Fire Department, we are zeroing out two firefighter positions that opened due to retirements. That still leaves us with 125 fire fighters, three more than we had prior to winning our federal Fire grant. In the Police Department, we are zeroing out two officer positions due to retirements, and that still gives us 126 officers, two more than we had before winning our federal Police grant, and both departments staffing levels are still among the best when compared to similar sized cities Upstate. In the Department of Public Works, we are eliminating two positions that opened due to retirements. Together, these six cuts will reduce our budget by more than \$650,000 alone, which limits local tax rate by almost 2%.

But even these cuts won't close our budget gap, so we are doing more still. We must defer about \$2.2 million of our pension contribution from 2012 to 2013, which will limit next year's tax rate by another 7%, allowing us to live within the state imposed 2% cap on our tax levy. Let me emphasize that deferring our pension contributions does not mean that we do not have to pay them, but it does buy us time to continue our reforms that will lead to more savings. This combined with promised mandate reforms from Albany are our best chance for

fiscal health moving into the future, but we certainly will explore other increases to our revenue stream. We will continue to look for shared services opportunities with the County and Johnson City and any other scenario that allows us to provide good services at a cost savings. We will support a fair and equitable sharing of sales tax revenues. And tonight we pledge that we will succeed in recovering all eligible costs related to the flood. That means that no direct additional costs will be borne by our City taxpayers due to this flood. And as soon as this budget is complete we will begin the task of planning the 2013 budget, which will be equally, if not more challenging than this current one.

And so the proposed 2012 Budget that I present to you tonight is based on my managers' expertise, the City Council's thoughtful recommendations, and guidance we solicited from the State Comptroller, as well as best practices and careful consideration. It is a budget that is within the State mandated 2% cap. In fact, we are \$21,000 under the cap.

Please understand that the 2% tax cap applies to the tax levy, not the tax rate. Staying within the 2% tax cap on our tax levy translates into a 3.4% increase for residential properties and 4.3% increase for commercial properties. Under this proposal, Binghamton's average homeowner would pay \$55 more each year or \$4.61 more each month.

I understand that many homeowners and business owners are struggling to make ends meet, and I share your frustration and concern. Just like you, we are making difficult decisions to balance our many priorities as responsibly as possible, from law enforcement to fire protection, from water filtration to job creation, from worker protections to limiting taxes. I believe that the proposed 2012 Budget achieves that balance. I believe this budget is an example of responsible government in action. We have worked closely with City Council to stay within the tax cap, and together we have achieved that goal.

Now, this budget goes to the City Council for its careful consideration. As most of you know we have not just presented a budget to City Council without their considerable input. This relatively new collaboration has shown great results and I thank City Council for your commitment to partnering with each other and with my administration on behalf of our community, and I have appreciated your forthrightness in this effort. We do not always agree on issues, but the collaborative spirit we have developed over the years is unprecedented, and we are a much better City for it. This is another example of responsible government, and I hope we can continue this work together.

Due to the current City Council term limits, not all of us will work on the next budget together, and tonight I would like to thank Council members Charles Kramer, Robert Weslar and Edward Collins for your years of dedicated service. And I thank all of you, including those of you running for re-election, for working hours upon hours for no more than a small stipend. You are setting the bar high for future City Councils, and I applaud you for it.

I appreciate that you are committed to responsible government because that is essential to our work to move past our common challenges, both unforeseen and predicted, from natural disasters to everyday challenges.

This commitment to responsible and responsive government allowed us to manage this latest and historic flood without death or major injury, and it will allow us to rebuild our community—and even improve it. Responsible government rescued our Country from the Great Depression, and we need it to survive the ongoing Great Recession. Responsible government has allowed Binghamton to weather the current financial storm so far, and it has positioned us for sustained success in many ways, from revitalizing downtown with new residential apartments and businesses to training staff in how to use cost-saving technologies. Responsible government is not free, but it is the most affordable possible and is accountable to its citizens and to its workers.

We should value the achievements of responsible and responsive government because these achievements benefit all of us. They are our community's shared achievements.

And so this evening let our thoughts and prayers reach those who are still struggling with the aftermath of the flooding. And may we all have the strength to do what is necessary to move this great city forward in these times of great challenges.

Thank you, Happy Rosh Hashanah and good night.