

Will Detroit's bankruptcy come to upstate New York?

Fiscal stress in upstate cities is exacerbated by the great recession, state mandates and declining state aid. Despite innovative responses on the part of cities to improve service delivery effectiveness, promote economic development and build partnerships at the regional level, a series of Cornell research reports argue local initiative alone will not solve the problem. New solutions are needed.

This series of Cornell University research reports, written under the direction of Professor Mildred Warner of the Department of City and Regional Planning, highlights innovative strategies of four upstate cities.

Buffalo

After a period of severe fiscal measures under a State-appointed control board in the last decade, the City of Buffalo and Erie County have recently begun to undertake people-centered economic and community development by building on their legacy of regionalism and grassroots activism. The Cornell study by Nidhi Subramanyam, Paul Leonhardt and Elliot Sperling outlines some of these initiatives and the potential for collaborative city-county-nonprofit-union relations in rebuilding fiscal soundness.

Utica

Decades of fiscal stress in Utica, New York have brought a range of strategies for the City's recovery. In this post-recession economy, Utica's municipal government, and community members are approaching revitalization in different, and sometimes dissonant ways. A new Cornell report by Clint McManus and Nancy Sprehn contrasts the neighborhood entrepreneurship of Utica's refugee population with the high tech strategies driven by tax abatements in the broader Utica region. The report makes the case for coordination among decision makers at the state, city and neighborhood levels.

Syracuse

Mayor Stephanie Miner argues the city will "hit the wall" financially if the state doesn't change the rules of the game, especially as regards pension contributions. The city has done all it can to increase coordination with the county, build partnerships with anchor institutions (non profits and universities) and innovate in service delivery. But this is not enough. A new Cornell report by Katelin Olson, Andrea Restrepo-Meith, Alvaro Salas and Dana Westgren chronicles Syracuse's innovations and the need for a state policy response.

Rochester

Fiscal prudence and careful management have enabled the City of Rochester to bring costs under control and promote economic development and shared services despite the downturn in a number of Rochester's major firms and rising poverty in the city. Rochester presents an integrated strategy of high tech and small business development. It has also used a careful combination of service innovation and user

fees to protect service delivery in a climate of fiscal stress. A Cornell report by Patience Milrod, Eithel Manrique and Barbara Marchiori de Assis chronicles Rochester's story.

These four city stories sit in a broader context of fiscal changes across upstate cities. Declining state aid, rising pension and employee benefit costs are part of that broader picture.

Pensions

An additional Cornell report, written by Abigail Rivin and Yunji Kim, focuses on pensions and finds that contrary to myths portrayed in the popular press, New York State's pension system is not underfunded, not running out of money and not giving overly generous pensions. However, due to the Great Recession, local government contributions have increased dramatically in recent years.

While these cities are innovating, city level action alone is not enough. More state support is needed to address the underlying fiscal challenges. Professor Warner notes, "New York State has decentralized a larger share of expenditures to the local level than any other state in the region This is the primary source of local government fiscal stress." While shared services and greater regional coordination in finance of service delivery and economic development will help NYS cities, increased state financial support and mandate relief is needed to help New York State cities avoid Detroit's fate.

For more information see

<http://cardi.cornell.edu/cals/devsoc/outreach/cardi/training/state-of-ny-cities.cfm>

<http://www.mildredwarner.org/restructuring/fiscal-stress>