



NEW YORK STATE SENATOR

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From the Desk of Senator Jack M. Martins

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If you mess up, fess up

By now, I'm sure you've heard about the city of Detroit filing for bankruptcy. It's frightening to think that what was once one of the nation's primary economic engines cannot pay its day-to-day bills. Despite sensationalist commentary from both sides of the political spectrum, I can assure you there's really no single reason this happened. There are many causes and even more opinions, but one thing is for sure: Detroit borrowed and spent extravagantly for many years and dug itself right into a hole. Sadly, no one on the state level in Michigan intervened to get them back on track.

These startling circumstances are of particular interest to me because I also chair the New York State Senate Standing Committee on Local Government. In short, Detroit's problems are the kind I usually tackle, especially given my background as a local mayor who dealt with similar challenges successfully. In a strange way the Detroit debacle helps New York focus attention on potential problems we have right here at home. And by chance, Detroit declared its bankruptcy just as I am organizing hearings in various communities around the state to address issues of municipal fiscal distress.

The reality that many leaders choose to ignore is that the basic problems that existed in Detroit – the loss of major employers, the ensuing population exodus as people leave with the jobs, and the resulting erosion of the tax base – confront our own cities and counties as well.

In fact, NY State Comptroller Thomas DiNapoli has assembled a comprehensive report on the financial condition of 1,043 local governments in New York and the results are eye-opening. Using a system of financial markers, it found that 24 municipalities have shown a consistent pattern of carrying deficits with little cash to pay bills and can be categorized as fiscally distressed. And in just the past few years alone, 300 local governments carried deficits while more than 100 didn't have enough cash to pay bills at one time or another.

Then there are big upstate cities like Syracuse and Buffalo that struggle to stay afloat with regular yearly shortfalls of millions of dollars. Local officials call on the State to pick up an ever larger share of local expenses under the guise of mandate relief when in fact the answer lies in a frank and honest discourse about solutions. Taxpayers are at their breaking point. If local municipal expense is pushed onto the state it offers no relief as the taxpayer will ultimately be left footing the bill.

As such, the State, for three years now, has held the line on state spending, not raised taxes or fees, and assumed significant local expenses including increases in Medicaid spending from county ledgers. We also passed legislation that allows for intervention and relief by putting distressed municipalities on the road to recovery on a case by case basis. Our challenge is to also look at the issue holistically and strive for consensus in a state that is geographically and demographically diverse.

I have scheduled hearings in late August in Buffalo, Syracuse, and Nassau County. Each venue offers a different dimension and perspective of this issue and each, hopefully, will

offer insight into real solutions that can be applied across the State.

I plan to update you in future columns as to the progress we make with distressed cities and counties, but I will begin the conversation here by making a frank observation. Many of the elected positions in our state are for two or four year terms. It's incumbent upon these officials to show their worth in that cycle, but the benefits of real structural fiscal reform takes far longer to realize than the immediate negative response to austerity measures.

Many politicians simply avoid tough decisions because the unpopular results could be used by opponents to unseat them, so they simply kick the can down the road. We're now at the end of the road.

And that's been the problem all along in Detroit: lack of leadership. The economic circumstances and the challenges are there to be sure but the writing had been on the wall for literally decades.

Plainly spoken, no one wanted to administer the bad medicine and, as a result, they allowed the patient to die. Hopefully, New York's local leaders are more resolute.