

Rebuilding the Upstate Economy, City by City: Binghamton

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Today I want to present our City by City projects for Binghamton. But first, let me step back for a moment and look at what we are trying to do in a larger context.

The history of Greater Binghamton is the history of a region that has led the nation—not followed it—into new frontiers of commerce and trade.

The region's economy was originally based around the confluence of the Susquehanna and Chenango Rivers. It began as an agrarian economy and as a point in the lumber trade. But this region adapted quickly to shifts in technology and economic trends.

In the 1830s, the Chenango Canal made Binghamton an important player in commerce, as the nexus between the natural resources of Pennsylvania and trade along the Erie Canal. Later in the century, major railroads were constructed through Binghamton, enabling it to flourish as a manufacturing center. Then, in the early 20th Century, this region became a center of advanced manufacturing—and the birthplace of many great companies, including IBM.

My larger point here is that Binghamton has faced moments of economic transition before. And, each time, thanks to the efforts of both the private and public sectors, Binghamton—indeed, all of Upstate—was successful in making those transitions.

Today, the economy has undergone yet another transition. Revolutions in technology and communications have flattened the world and ushered in a new era—the era of the highly competitive global economy.

However—unlike in the past—Upstate's economy has struggled to make this transition. Since 1990, Upstate's population has grown slower than all but two states. During that time, the population right here in Binghamton has actually *declined* by 14 percent. For the first time, a generation of Upstate New Yorkers has had less economic opportunity than their parents—and many have been forced to leave for opportunity elsewhere. After 200 years of leading the nation into new frontiers of commerce and trade, Upstate has faltered.

The question is, why?

The cause wasn't a lack of ideas, or talent, or gumption, or even a lack of resources.

What happened was a crisis of leadership. As the world transformed and moved forward, our state government stood remarkably still.

That is what New Yorkers elected me to change.

In my Inaugural Address, I said that everything we will do must further a single objective: rebuilding New York's economy so it can make this transition and compete on the global stage in the next century.

It didn't matter how serious the problems were. It didn't matter how entrenched the status quo was. It didn't matter how many people said it would be impossible to actually change anything.

We began with the proposition that, as New Yorkers, we have the ingenuity and capacity to solve any problem—and we got to work.

Getting Results: Our Strategy for Revitalizing the Upstate Economy

Back in January, in the State of the State, I laid out a comprehensive strategy to rebuild Upstate New York's economy so it could compete in on the global stage in the 21st century.

Our strategy was based on three pillars: first, reducing the high cost of doing business in New York—what I call the “perfect storm of unaffordability;” second, adapting to the Innovation Economy by building strategic industries; and third, strengthening our infrastructure to create the foundation for economic growth. And with the rollout of our City by City Plans, we are adding a fourth pillar: revitalizing our Upstate cities.

Over the past nine months, working with our partners in the Legislature, in labor, and in the business community, we have taken on issues that were said to be intractable, that were given up as impossible. And we have gotten results.

Reducing the Cost of Doing Business

First, we have reduced the cost of doing business.

We brought business and labor together and reformed our workers' compensation system, allowing us to raise payments for injured workers while reducing workers' comp rates by 20.5 percent—saving New York's businesses \$1.2 billion dollars.

We laid the foundation for reducing health care costs by cutting our Medicaid budget by \$1 billion dollars, reducing what had been an 8 percent annual Medicaid growth rate to less than 1 percent.

And we cut taxes. We enacted the largest property tax cuts in State history—\$1.3 billion dollars—and targeted them to the middle-class homeowners that need them most. We also cut taxes for businesses, with a special reduction for manufacturers.

Adapting to the Innovation Economy: Investing in Education and Building Strategic Industries

Second, we have begun to adapt to the Innovation Economy by investing in education and building strategic industries

In today's economy, jobs and investment will flow where the most educated and high-skilled workers are. That's why, this year, we not only made a historic investment in our schools—increasing aid by \$1.8 billion or 10 percent—but we also delivered on our promise to establish a rigorous accountability program—the Contracts for Excellence—to ensure that this infusion of funding gets results. We know that, more than anything else, our people are our greatest resource, and we are going to raise a new generation of New Yorkers that has knowledge and skills they need to achieve economic security and compete in the Innovation Economy.

An important part of this is higher education. That's why I convened a Higher Education Commission—comprised of the best minds in New York State and around the country on higher education—to come up with a road map for transforming the State University of New York into the finest system of higher education in the world. Binghamton University has become an excellent university despite years of state neglect and disinvestment. Imagine what it can be if the state becomes a real partner—in strengthening research, in hiring more full-time faculty, in strengthening the connections between research, innovation and job creation. With the state as its partner, the possibilities for Binghamton University—and this region—are limitless.

Another part of our strategy to adapt to the Innovation Economy involves growing strategic industries.

Upstate New York has many industry sectors that are thriving—such as higher education and environmental systems in Syracuse and Central New York; optics, imaging, advanced manufacturing and biotech in Rochester; agriculture and tourism in the Finger Lakes region; nanotechnology in the Capital Region and aerospace here in Binghamton and the Southern Tier.

In addition to having different industry clusters, each one of these regions also has different geography, different infrastructure, different comparative advantages and disadvantages.

Therefore, as we address the macro-level issues on a statewide basis—like reducing the cost of doing business—we are also complementing that statewide strategy with a focused, regional approach.

The centerpiece of our regional approach is the Regional Blueprint process. In late September and earlier this month, we held Regional Blueprint meetings around the state—bringing business leaders, economic development organizations, political leaders, and community and civic organizations together for conversations about how to strengthen strategic industries and the overall economy in each region.

These Regional Blueprint work sessions will inform our overarching economic development strategy—which will not be a one-size-fits-all approach, but one that includes policy, programmatic and budget proposals that will support each region's unique assets and address their unique challenges.

Investing in Infrastructure

The third part of our plan is to invest in the infrastructure needed to catalyze and sustain economic growth.

For one example, take energy. We are implementing a strategy called “15 x 15” to reduce electricity consumption 15 percent by 2015 so that, in the long term, we can reduce the demand for energy that is driving up costs. And we extended the Power for Jobs program with a commitment to taking that program to the next level in the future.

Overall—when you look at cutting the cost of doing business, investing in human capital, building strategic industries and investing in infrastructure—I am proud to report that as a result of what we have been able to achieve together the Upstate economy is stronger and more competitive today than it was nine months ago.

Revitalizing Cities: Our City by City Plans

But what I want to focus on today is the fourth pillar of our strategy: our City by City plans specifically targeted to revitalizing our Upstate cities.

That’s because it is our cities that have been hit the hardest by our state’s failure to transition to the global economy. In fact, many of our cities that once led the nation have fallen far behind.

Some of our Upstate cities have lost one-third to half of their population since 1950. And despite the heroic efforts of many committed citizens, too many of our cities are still struggling to attract investment.

At the same time, however, we must also recognize that as much as our Upstate cities have struggled in the global economy, they have an equally tremendous opportunity to thrive. They have outstanding assets, including a skilled workforce; a robust infrastructure that can support growth; a relatively affordable cost of living; great cultural institutions; and many strong colleges and universities. And, most of all, our Upstate cities have an eminently important factor that can’t be quantified—a strong sense of community and an excellent quality of life.

The purpose of our City by City Plans is to help our cities realize their potential by breaking gridlock on key projects—by clearly identifying the pivotal projects in each city and then providing the leadership, the funding, and the will to get them done.

Starting last week, I began traveling to each Upstate city to discuss our City by City projects. Let me now present the ones for Binghamton. They include one major economic development project and another project that is needed to support revitalization downtown. They also include one project that for Oneonta—which is an important link in the greater regional economy.

Priority Projects for Binghamton

Charles Street Business Park (Anitec Site)

Nothing symbolizes Upstate's economic decline more so than an abandoned industrial site. Nothing is more frustrating for an economic development official than when you have a site with a great deal of potential, but that potential cannot be unlocked because of high cleanup costs or infrastructure needs. If we are going to have any success in revitalizing Upstate cities, we must find a way to put these sites to new uses.

In Binghamton, one of the most prominent sites is the 33-acre location of the former Anitec plant, which closed in 1998. Since then, this large site near the heart of the city has sat vacant. But that is going to change.

Working with the Broome County IDA, and thanks to a \$1 million dollar grant from ESDC as part of the City by City Plan, we are going to transform the site into a state-of-the-art business park. We will build roads, sewers, utility connections, and landscaping.

And not only that: we have already attracted a tenant. Emerson Network Power has committed to be the anchor tenant at this new park, which will retain 60 manufacturing, engineering, marketing and administrative jobs in the heart of the city, and greatly enhance our ability to market the site for additional development.

When the redevelopment of this site is completed in one year, it will stand as a symbol of Binghamton's ability to transition from the old economy to the new economy.

Downtown Binghamton Parking

Our second project focuses on downtown Binghamton. While downtown Binghamton struggled—as many city centers did—after the emergence of suburban shopping centers in the 1960s and 70s, the level of economic activity downtown appears to be picking up.

In just the past year, Binghamton University opened a building downtown. Downtown is increasingly becoming an attractive residential community. Local people are investing downtown by opening new businesses. In total, according to the city's Department of Economic Development, there are 35 renovation projects planned, under way or recently completed in the downtown area.

But the realization of these projects, and the potential for future growth, is threatened by a serious limiting factor—a shortage of parking, caused by the fact that existing garages are in extreme disrepair.

Therefore, I am announcing today that ESDC is providing \$670,000 dollar grant for the reconstruction of three parking garages in the city center.

This may not seem quite as flashy as some of the other City by City projects, but we're not committed to only the flashy projects—we're committed to building the infrastructure for growth. This project will support the growth that is happening right now and enable downtown to reach its full potential.

Bresee's Building Redevelopment (Oneonta)

I want to briefly mention our third project for this region, which is focused on downtown Oneonta. A moment ago I said that nothing symbolizes economic decline more than an abandoned factory. As a corollary to that, I would say that nothing symbolizes the decline of Main Streets and downtowns more than a vacant department store. Somehow, vacant department stores send the most powerful message that a community's best days are in the past.

In Oneonta, Bresee's Department Store once anchored downtown. It closed many years ago, however, and today, its vacant shell is a powerful symbol of decline and a deterrent to investment in the surrounding areas. But that is going to change.

We are investing \$1 million dollars to restore and rehabilitate the Bresee's building. We will fix the roof, update the facade, and overhaul the entire interior of the building for a combination of retail, office and residential uses. Where there once was a symbol of decline, there will now be a beautiful building that is a powerful engine for economic growth.

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Let me close with a final point.

Back in September, in Cortland, my wife, Silda, organized the "I Live New York" Summit, which brought together hundreds of New Yorkers from a variety of fields to talk about how we can keep the next generation here.

In her opening remarks at the Summit, Silda said something that stuck with me. She said, "It is time to shift from deficit to surplus thinking. It is time to focus in each region on what our assets are and what our potential for opportunity is. New settlers want a place that believes in itself, one that offers hope and promise. So we in New York have to undergo a real mind shift."

At this summit—and in cities, suburbs, small towns and rural areas across Upstate New York—one can sense a genuine optimism emerging about the future.

Here in Binghamton, we were once the birthplace of great innovations and great industries. Making the transition to the global economy will not be easy. But we have the ingenuity and the capacity to make it happen once again. That's because transcending adversity is part of the New York character.

Binghamton is a great city. Indeed, we have been through a difficult time. But we have embraced the future, and we are prepared to confront the challenges of a changing economy.

We have done it before. Together, we are doing it once again. And I am confident that our best days are still ahead.

Thank you.