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A new direction is needed to solve state's fiscal crisis

By Wayne Wolden

The announcement that the state is facing a \$5.27 billion deficit in the coming biennium has left local officials across Minnesota fearful of the tough economic times ahead for our cities and residents.

But more importantly, we are frustrated with the state's shortsighted budget fixes that brought us to this new low in the first place.

Tanking housing and credit markets and rising fuel costs have pulled at all of our budget strings - local and state governments' and the public's alike.

But it is the state's poor fiscal practices that have caused its budget to completely unravel. Shrinking revenues and drained reserves have destabilized Minnesota's economy and have failed to safeguard the state from financial crises, such as the one we are facing now.

Even so, the governor and many at the Legislature will argue that the state has a spending problem, which is nothing more than a clever sidestep around the real problem: Our state's broken revenue system.

We've experienced the fallout from this view before.

Facing a \$4.5 billion budget deficit in 2003, the state chose to cut critical aid programs - such as Local Government Aid, a program that helps cities with lower tax bases provide basic services - to close the budget gap. To make up the difference in lost Local Government Aid funds, tax burden was painfully shifted onto local property taxpayers.

Today, property taxpayers are being stretched to their limits, and cities are struggling to provide needed services to residents, such as transportation infrastructure, public safety and the everyday services often taken for granted, such as clean drinking water, solid waste disposal and clean streets. Even in tough economic times, these are the basic services that simply can't be cut.

City officials have tightened budgets, eliminated jobs, and cut what they can in order to lighten the tax burden on their residents, but ultimately this won't be enough - just as narrowing the state's \$4.8 billion deficit down to a "spending problem" won't be enough to prevent a repeat budget crisis like this in the future.

While the state can't change the mistakes of the past, it can move forward in a new direction. Local units of government — cities, counties and school districts - are ready to partner with the state to achieve a fair, stable and sustainable revenue system, but we are looking to the state to provide proactive, nonpartisan and gimmick-free leadership as we all tackle the challenges ahead of us.

Cities — and our residents - are tired of riding the state's fiscal rollercoaster. Instead of simply cutting its way out of budget problems, the state must start thinking its way out of budget problems. Minnesota's future depends on it.

Wolden is the mayor of the city of Wadena and the president of the Coalition of Greater Minnesota Cities.

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