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In state's cities, Pawlenty finds formidable foes

By **LORI STURDEVANT**, Star Tribune

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The old cold war between GOP Gov. Tim Pawlenty and the state's nonpartisan mayors has been heating up lately (to the amusement of us Capitol watchers, who welcome a variation on the usual DFL vs. GOP fight).

Pawlenty has a propensity to squeeze city aid hard when state money gets tight, and to accuse the mayors of profligacy and political playacting when they protest. Which, of course, makes mayoral protests grow louder -- and more sophisticated. For proof of the latter, check out www.thankLGA.org.

Last week's flareup involved the reserve funds most cities maintain. You'd want a reserve fund, too, if you were paid twice a year, as cities are. State aid and property-tax checks both flow into city coffers just twice a year. City reserves, which seem always to get measured at their high-water mark, function as cash-flow accounts.

Pawlenty, who oversees a state budget that has a legally shielded cash-flow account separate from its reserve fund, took public note Tuesday of a Minnesota Public Radio report that Minnesota cities collectively have \$1.5 billion in reserves. (That was back in the good old days of January 2007.) The GOP governor then singled out the mayor of Wadena, population about 4,000, as "one of the leading advocates for 'Don't touch my aid.'" Wadena, Pawlenty said, "has got a million-dollar reserve."

Actually, said Mayor Wayne Wolden, it was \$1.2 million before the governor "unallotted" state aid to cities in December. It's at \$1.1 million now; the December cut drained \$81,000.

Pawlenty proposes to send cities 10 percent less in local government aid, or LGA, in fiscal 2010-11 than they got in fiscal 2008-09. That would deprive Wadena's \$2.4 million operating budget of another \$104,000 in this calendar year, and \$233,000 more in 2010. In Wadena perspective: The governor's proposal would erase the entire city parks budget. Or cut snowplowing and pothole-filling in half.

Wolden, 46, has been mayor of Wadena for 10 years, and has sturdy enough local support that he was reelected last fall with 72 percent of the vote. He's a personable 6-foot-6 college administrator and lifelong northern Minnesotan who is paid a paltry \$5,600 a year as mayor and who claims no desire for higher office. He's not easily intimidated by a gubernatorial snipe. "Looks like we've gotten his attention," Wolden chuckled.

Hizzoner Wolden is this year's president of the Coalition of Greater Minnesota Cities, a

group that might more accurately be named "Coalition of LGA Recipients." It's a vigorous force at the Capitol, so much so that the dues it charges its member cities have been criticized as excessive spending by politicians who've been on the uncomfortable receiving end of their lobbying blitzes.

The group's member cities evidently don't share the view that they are being overcharged. Not when the LGA that they've relied on for almost 40 years is under persistent Pawlenty attack. They see attacking LGA as akin to threatening their communities' quality of life.

"We are fighting for the basics," Wolden said. "Our residents demand services -- police, fire, parks and libraries. Small towns need to fund these things to keep their young taxpaying families. LGA is the best system we have now to ensure that services are provided statewide."

Wolden was alluding to one of the two purposes of LGA. It's the offspring of the heady late 1960s-early 1970s era, when policymakers took bold steps to narrow the government-service gaps that were emerging -- gaps between rich and poor, urban and rural, growing and stagnating. Their work is still called the Minnesota Miracle.

Using state tax dollars to give every Minnesotan affordable access to decent municipal services was one aim of LGA. It's why affluent communities are "off the formula" and receive none, while struggling cities like Wadena look to LGA to cover 55 percent of their operations.

The other LGA mission is property-tax relief. Cuts in LGA (see chart) are a prime culprit in the surge in property taxes around the state in this decade. City levies are up 65 percent since 2002, which is nearly twice the rate of inflation.

Those twin LGA missions are still valid -- even though they seldom get any gubernatorial lip service these days. But a \$4.5 billion state deficit brings to the fore questions that are just as valid. Are there better, cheaper ways to make sure city services stay up to Minnesota standards? Are there more targeted ways to ease property tax burdens?

There are thoughtful people in both parties who would answer both of those questions in the affirmative. Ideas have been around for a long time for targeting property tax help to people who most need it, and for using state money as a carrot-and-stick incentive for streamlining city and county law enforcement and other services. It's nearly the midpoint of the 2009 legislative session. Those ideas ought to come to the fore any minute now.

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