

StarTribune.com



Jerry Miller and Rick Wolff: Cities simply suffer in Pawlenty's plan

The governor can spin it all he'd like, but under his proposal to cut aid, increases in property taxes or reductions in basic services are inevitable.

By **JERRY MILLER** and **RICK WOLFF**

Last update: April 30, 2009 - 6:17 PM

City officials have drawn Gov. Tim Pawlenty's ire by pointing out the consequences of his proposed cuts to city aid programs. For most Minnesotans, property taxes will go up, and essential services -- including public safety -- may be reduced. The governor thinks these claims are exaggerations. We wish he were right.

If passed into law, the governor's budget-balancing solution would draw hundreds of millions of dollars out of property-tax-relief programs, including state aid to cities. In addition to keeping property taxes fair statewide, aid to cities funds police, fire protection, libraries and other essential city services.

Part of the governor's grounds for refuting property-tax increases and public-safety reductions is the misleading notion that his plan cuts cities by "only 5 percent." The governor

stops short of explaining that this cut is only for 2009 and does not include the 4 percent last-minute cut in December that cities are also accounting for in 2009. The governor's actual proposed cut of aid to cities in 2010 is 10.5 percent.

Because public safety accounts for a major -- if not the largest -- portion of city budgets, cities have stated that cuts to city aid programs will unavoidably affect police and fire-protection services. This has sparked outrage from the governor, who challenges city officials to reassess their priorities.

The safety of residents will always be a top priority for cities, but the governor's long-held opposition to local government aid has left few alternatives to public-safety reductions. Cities have been running lean since the governor cut local government aid by 25 percent in 2003. Over the past six years, local government aid has yet to fully recover its lost funding. In actual dollars, local government aid received \$156 million less in 2008 than its certified 2003 allotment; in inflation-adjusted dollars, that gap balloons to \$247 million.

Because local government aid is a property-tax-relief program, funding reductions have resulted in widespread property-tax increases. Between 2002 and 2008, property taxes have spiked nearly 26 percent when adjusted for inflation. But even this increase cannot replace lost local

Advertisement

Reminder: Send Flowers
 Secretary's Day - April 22
 Mother's Day - May 10

**Save 15%
 Enter FD09**

800.216.6539
www.Boesen.com

Print Powered By FormatDynamics™

StarTribune.com



government aid. Total city and town revenue, which includes property-tax payments and state aid, has actually decreased 12.4 percent since 2002.

Reduced revenues have forced cities to cut long-thought untouchable services to deal with the dramatically rising cost of items such as employee health insurance, construction materials and fuel for their fleets of vehicles. In many cities, vacant public-safety positions have been left unfilled, and purchases of equipment such as fire engines and other critical rescue items have been delayed. Several small cities have gone so far as to eliminate their entire police force.

To deflect blame for property-tax increases and public-safety reductions, the governor has resorted to distractions like the ploy that cities are hoarding excessive reserve funds -- or "rainy day funds," as he calls them -- which could soften the blow of aid cuts. Reserve funds are in no way "rainy day" funds. Cities receive revenues only twice a year, but must pay the bills and make payroll on a continuous basis. Adequate cash-flow reserves allow a city to responsibly manage daily operations and avoid budgeting from crisis to crisis, unlike the state's budget practices.

No matter how the governor spins his budget plan, cuts to local government aid translate into increases in property taxes increases and reductions in essential services, including public safety. Local government aid is a priority for

cities, because we believe Minnesotans and businesses deserve safe, attractive, affordable communities, no matter what corner of the state they live in.

Jerry Miller is mayor of Winona, Minn. Rick Wolff is mayor of Hibbing, Minn.

Advertisement

Reminder: Send Flowers
 Secretary's Day - April 22
 Mother's Day - May 10

**Save 15%
 Enter FD09**

800.216.6539
www.Boesen.com

Print Powered By FormatDynamics™