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## **FFM REPORT RECOMMENDS PHASE-OUT OF LOCAL GOVERNMENT AID**

*Proposal aims to increase local government autonomy, transparency and accountability*

**MINNEAPOLIS, MN**--The Freedom Foundation of Minnesota (FFM) today issued a report recommending a sensible phase-out of the Local Government Aid (LGA) program over several years in conjunction with the elimination of tax levy limits for local governments and burdensome state mandates that drive up the cost of local government and undercut its autonomy.

"Once upon a time it was called the Minnesota miracle, but LGA has increasingly become the Minnesota migraine," said Annette Meeks, FFM chief executive. "Cities can't count on it, the legislature can't control it and taxpayers can't afford it. LGA needs to be phased out in a responsible way, in addition to implementing other reforms in order to return fiscal control and accountability to local governments and taxpayers."

Currently, many local governments develop annual operating budgets that rely heavily on LGA, while the state addresses persistent budget deficits that require reductions of LGA. This dynamic has made the LGA program a costly and destabilizing impediment to efficient and effective governance at both the state and local level.

Part of FFM's Government Transparency Series, the report argues that LGA is an unsustainable program that taxpayers can no longer afford and that reforms to LGA, whether incremental or sweeping, have been woefully insufficient.

While proponents of LGA may use words like "devastating" and "draconian" to describe recent LGA reductions, the fact is that LGA remains a billion-dollar program that exacerbates the state's budget problems and virtually all observers agree that the formula on which it is based is deeply flawed. Additionally, there's little state oversight of cities' use of LGA funds, which can be used to subsidize programs like municipal water parks, city-run liquor stores and golf courses, wireless internet and other services best provided by businesses found in the Yellow Pages.

The phasing out of LGA and state mandates would allow each community to tax and spend according to its true needs and priorities, while giving taxpayers more influence over which programs are funded with their tax money. Ultimately, these reforms would give local governments and taxpayers greater control while providing true transparency at the local level.

[Click here to view the full report.](#)

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