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Aggressive, Innovative Cost-Saving Measures Help Several Local Governments Thrive Despite Declining Tax Revenues

Cottage Grove, Hutchinson, Austin, St. Cloud School Board, and Becker County among those leading by example

Minneapolis, MN—Amid increasing concern over how local officials will deal with unprecedented budget challenges in their communities, The Freedom Foundation of Minnesota (FFM) issued its first *Issue Spotlight*, commending several local governments for exploring creative, effective ways to control spending while continuing to deliver critical services.

State and local governments have seen declining tax revenues resulting from the severe economic recession. Given the recent reductions to Local Government Aid (LGA) and there's a strong likelihood of further LGA reductions in the State of Minnesota's 2010-2011 biennial budget.

FFM's *Issue Spotlight* includes examples of local government trimming non-essential services, freezing or reducing pay for policymakers, and exploring opportunities to share costs and services with other governmental bodies.

"It's important to recognize local governments that are acting as faithful caretakers of taxpayer money," said Tom Steward, Investigative Director of FFM's Government Transparency Team. "These cities, counties, and school boards are leading by example as they find ways to continue delivering essential services without passing along additional financial burdens to residents. In some cases, local policymakers have made the difficult decision to freeze, reduce or even eliminate their own pay. While the savings may be modest, their sacrifices demonstrate real leadership when it counts."

- **ST. CLOUD SCHOOL BOARD VOTES TO CUT OWN PAY:** The St. Cloud School Board plans to reduce its own pay by 10 percent for 2009. School board chairman Jerry Von Korff says the board is sending a message that "we are going to have to work together in tough times."¹ The pay cut will save the district \$5,748 this year.
- **COTTAGE GROVE REDUCES 2009 BUDGET BY \$1 MILLION :** The City of Cottage Grove recently cut nearly \$1 million from its 2009 operating budget. The city has instituted a wage freeze for employees, cut spending on non-essential services including ice rinks, and reduced its playground staffing needs. City administrator Ryan Schroeder has said, "We have to make choices. Our first priority is public safety and public works, after that everything is on the table."²
- **SAVINGS START AT THE TOP IN AUSTIN :** City Administrator Jim Hurm declined a 3-percent raise, choosing to freeze his own pay at the 2008 level.³ Meanwhile, Austin's mayor and city council have not raised their own salaries since 2001. The Austin city council has announced plans to cut spending by 50% on the city's flower program, which places flower baskets throughout the city. The spending cut will save taxpayers \$10,000.⁴
- **HUTCHINSON INSTITUTES WAGE FREEZE:** The City of Hutchinson may be able to make up for its \$415,000 reduction in LGA for 2009 with just one move: a wage freeze. According to the *Hutchinson Leader*, a proposed wage freeze would save the city \$392,000 this year.⁵ Hutchinson city leaders are also considering incentives for early retirement, which helped the city make up for previous LGA reductions in 2003.
- **BECKER COUNTY LOOKS TO SHARE SERVICES:** Becker County Administrator Brian Berg says that intergovernmental cooperation is the best way to save money while still delivering high quality, essential services. Berg cites snow removal as an example of an essential service that is unnecessarily inefficient, with "state, county, city and township snowplows all operating in the same community." Further, he believes the problem boils down to "ego issues and ... protections of turf."⁶

¹ http://wcco.com/education/school_board_pay_2_900915.html

² <http://kstp.com/article/stories/S766687.shtml?cat=206>

³ <http://www.austindailyherald.com/news/2009/feb/03/hurm-forgoes-2009-salary-increase/>

⁴ http://www.postbulletin.com/newsmanager/templates/localnews_story.asp?z=28&a=383431

⁵ <http://www.hutchinsonleader.com/city-learns-depth-pawlentys-lga-cleaver-101>

⁶ <http://minnesota.publicradio.org/display/web/2009/01/21/buyingcoops/>