



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

December 8, 2009

The Honorable Ardell F. Brede
President, League of Minnesota Cities
Mayor of Rochester
145 University Avenue West
Saint Paul, Minnesota 55103

The Honorable Jim McDonough
President, Association of Minnesota Counties
Ramsey County Commissioner
125 Charles Avenue
Saint Paul, Minnesota 55103

Dear Mayor Brede and Commissioner McDonough:

I am writing to you in your capacities as the current presidents of the League of Minnesota Cities and the Association of Minnesota Counties, respectively.

The state's November economic forecast released last week disclosed that anticipated revenues for the current fiscal biennium will be \$1.2 billion less than needed to balance expenditures with revenues. The primary cause of this deficit is the unprecedented decline in wages occurring as a result of the historic national economic downturn and its impact on Minnesota, which has reduced the state's income tax receipts.

To address this, my Administration will be working with the Legislature to formulate budget cuts that can be promptly enacted when the Legislature convenes in February.

Absent meaningful alternatives, one necessary component of a budget-cutting solution will be reductions to local aid programs. However, the local aid payments scheduled for payment later this month—including local government aid, county program aid, market value credit, and other local aid programs—will not be subject to further unallotment as part of this solution.

As with the unallotment actions taken out of necessity this summer to address the previous \$2.7 billion budget deficit, we will be putting forth proposals that seek, to the extent possible, to permit affected groups time to prepare for the necessary aid reductions. Given the imminent expected payment of December local aid, I have determined that additional local aid program cuts, if any, should be focused on future payments.

Mayor Brede and Commissioner McDonough

Page 2

December 8, 2009

However, if the Legislature is unable to pass appropriate budget reductions, I will take the necessary actions to resolve the budget deficit. Future local aid program payments would likely be part of that budget solution.

The state must live within its means. Last week's economic forecast will require belt-tightening, cost-cutting, and improved efficiencies from government at all levels. The participation of city and county governments in this effort is vital to our success. We will best promote job growth and position Minnesota for the future by reining in government spending and keeping our state competitive.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Tim Pawlenty'. The signature is stylized and somewhat cursive, with a long horizontal stroke at the end.

Tim Pawlenty
Governor