

Transcript for The City Speak Podcast

Season 3, Episode 13, “2021 Legislative Series: Responding to Economic Challenges”

[Podcast theme music begins]

Luke Fisher:

From the League of Minnesota Cities, this is The City Speak. I'm your special host for our legislative preview, Luke Fisher. Through this series of three podcasts, we'll cover topics on the economy, pandemic, and race equity. We hope to introduce you to our team of lobbyists at the Capitol, and to help you be best prepared for the upcoming legislative session. We're recording today's podcast on Friday, January 8th, 2021. I think that that's an important thing to note recognizing that there's a lot in flux in the world right now. But today's recording will give you some good insight into the upcoming Minnesota legislative session. [Podcast theme fades out]

Luke Fisher:

I'm joined today to have a conversation about local economies by two of our lobbyists at the League, Gary Carlson, he's the IGR director, and Anne Finn, she's the assistant IGR director at the League. To give you a little bit of background about who they are, Gary Carlson has worked with the League since 1991. His portfolio includes property taxes, sales tax, state aid, public pensions, and workers' compensation. Gary is a well-known fixture and institution at the League and has represented cities very well at the state Capitol in his time with us. And Gary, I just want to say thanks for joining us today.

Gary Carlson:

Yeah. Thank you, Luke. I really appreciate the opportunity.

Luke Fisher:

Great. And as I mentioned, Anne Finn is joining us too. Uh, she's the assistant director of IGR, and she's been with the League since 2000 and represents cities at the Minnesota Legislature and other levels of government. And her area of focus is transportation, public safety, and pension issues. Anne, thanks for being here today.

Anne Finn:

Hi Luke, thank you.

Luke Fisher:

Yeah. So, uh, Gary, to kick things off, I'm wondering if you can give us a good landscape of local budgets and their financial pictures, and some of the things that you're watching out on the horizon at the state Legislature this year.

Gary Carlson:

Well Luke, you know, the pandemic has created lots of uncertainty over the last nine, 10 months for our cities and what's going on in their communities. I guess I would say the good news is, is that, uh, what we've seen happen in terms of property tax receipts, they've been really holding fairly steady for most of our communities, and receipts have not dropped off as much as had once been feared. And for those cities with local sales taxes, I think many of them have actually seen a bit of an increase in their sales tax

collections because of all the commerce that is occurring, electronically and otherwise, and people are now buying more taxable products and less service-related products.

Gary Carlson:

But we don't know precisely what the state legislature is going to do with this deficit that lies ahead, albeit smaller than it once was, but it is very possible the state will have to trim its budget and that could involve, you know, impacts on local government aid and other programs that share revenues with cities. But by and large, I would say things are pretty solid, at least for the time being. We'll have to watch closely and just make sure that our cities are able to navigate those fiscal challenges.

Luke Fisher:

Gary, are you hearing about any unique expenditure challenges that cities have encountered through the pandemic so far?

Gary Carlson:

You know, Luke, I think a lot of it has been covered by the coronavirus relief fund portion of the CARES Act. Cities were able to receive \$350 million of money to use during the tail end of the 2020 budget cycle. Looking ahead, we don't have any additional funding into the 2021 calendar year, at least not yet. We'll have to see if Congress does allocate any additional federal funds to assist our cities.

Luke Fisher:

Cities spend a lot of money every year on transportation, and I know that transportation funding is one of those things that can greatly impact communities. What are you hearing at the Capitol now?

Anne Finn:

Well, early on in the pandemic, we noticed that there was some volatility in the gas tax revenues in particular. We've continued to monitor how gas tax and other state revenues have come in when it comes to transportation, and we remain concerned, although they seem to have leveled off at this point. And MnDOT is estimating that we shouldn't be feeling too much pain on that front. But we're also looking for some other ways to get transportation funds to cities so that they can do the maintenance and reconstruction as they need to on their local systems.

Luke Fisher:

All right Ann, transportation certainly is going to be a big issue. I'm wondering, what policies are we advocating for and monitoring a little bit more specifically?

Anne Finn:

The League will be initiating authority for cities to implement street improvement districts during the 2021 legislative session. We're also looking for some stable sources of funding for non-municipal stadium streets, both in municipal state aid cities, meaning those over 5,000 population, and for small cities, those under 5,000 via the Small Cities Assistance account.

Luke Fisher:

All right. So, there are a lot of different pots of funding that are in play or could potentially be in play, and some of them have different implications for cities based on size and geography, the way it sounds.

Anne Finn:

Right. And the long and the short is, we want to make sure that cities have both the tools and the revenues that they need to maintain their local systems, because the city street system is certainly a part of a regional transportation system and it is important to local economies.

Luke Fisher:

And so, if transportation is one of the big drivers that's out there in terms of city expense, Anne, I know that you're monitoring some other important legislation around public safety that's been a significant cost driver for cities. And I'm wondering if you can tell us a little bit about this idea of duty disability, what the topic is, what cities should be aware of as they hear about it at the Legislature.

Anne Finn:

Something that I've been following very closely along with other departments within the League, are trends around public safety duty disability. And what that means is, we have certain benefits that are made available to police officers and firefighters when they get hurt on the job. And this can mean a physical injury and/or a mental injury, meaning most typically post traumatic stress disorder, or PTSD. We're seeing that a lot more public safety employees are seeking duty disability determinations through the Public Employees Retirement Association. And this can be really expensive, both from the human toll and from the fiscal standpoint. The League is monitoring these trends.

Luke Fisher:

Mm-hmm (affirmative).

Anne Finn:

And one of the most concerning parts of this is that a lot of the public safety employees who are going out on disability get what's called continued health insurance through their employer. This means that the employee continues to pay their share of their health insurance, but the employer is responsible for the amount that they were paying before the disability occurred. And this can be a really expensive, um, benefit for employers to provide. It is a state mandate,

Luke Fisher:

Sure.

Anne Finn:

... and so we are going back to the state, through the legislative process in 2021, to ask that the state be a better partner in helping us pay for this continued health insurance benefit for those employees.

Luke Fisher:

You know, taking care of our first responders seems like a really important thing for government to do, generally. And what I'm hearing from you is making sure that care is available is something that the cost has just shifted all the way back to the municipality. Is that kind of a fair assessment?

Anne Finn:

Yes. This continued health insurance benefit was created in the late 1990s ...

Luke Fisher:

Sure.

Anne Finn:

... and at the time the proponent said that there would be maybe one or two employees that would become eligible for that benefit each year. Well, as of sometime in the middle of 2020, already 500 local employees were receiving the continued health insurance benefit.

Luke Fisher:

Wow.

Anne Finn:

And we've heard from a lot of our city officials that this is becoming a real cost problem. And again, since the mandate came from the state, we think that the state needs to be a better partner in helping us pay for those employees to continue receiving their health insurance benefit. We also are, looking at ways that we can partner with the public safety stakeholders to look at ways to, to slow these trends down a little bit, and to make sure that we all have a vested interest in making sure that they're available to the people that really need them.

Luke Fisher:

Yeah. Boy, hearing that the expectation that there'd be one or two claims a year, and now hearing that there are 500 people that have been impacted by this, that's gotta have some, be little bit of a cost driver for cities in their ability to provide public safety services. Is that what we're starting to hear or isn't it quite to that level yet?

Anne Finn:

You're exactly right, Luke. What we're hearing from our administrators at the local level is that if we don't figure out how to slow these trends down — and by that I mean prevention and getting people back to work after they've been injured physically or mentally — we're going to end up in a situation where employers have to make really difficult personnel decisions about staffing, because significant portions of local budgets are going to be used up to pay for the benefits for those injured and who are not returning to work.

Luke Fisher:

Wow, that's a significant public problem that's out there. And I know that — Anne you mentioned it a little bit — but the League has also been doing some work around mental health specifically to try to stem the tide that seems to be coming right now.

Anne Finn:

That's right, Luke. A little over a year ago, the League established a full-time position, in partnership with the Insurance Trust, to do work around education, prevention, and treatment of public safety mental health. And that's specifically stemming from the trends we're seeing around PTSD.

Luke Fisher:

So Gary, this sounds a little bit like an unfunded mandate from my perspective. And I know that that's one of the, the topic areas that you watch very carefully. And I'm wondering if there are other areas that you've got concern or that we're monitoring closely right now.

Gary Carlson:

Well Luke, whenever the Legislature is facing a deficit, we're always worried that, you know, good ideas will be bounced down to the local levels and the cost will accrue to the city budgets rather than to the state budget. So, at this point, the session's early on, and we haven't seen many bills introduced yet. But as the staff at the League, we will be watching for anything that has a financial impact.

Luke Fisher:

I'm wondering, how should city officials monitor potential unfunded mandates, and connect and communicate with their state legislators when they hear about things that are on the horizon?

Gary Carlson:

Well, we will be covering all of these legislative developments in our publications that will be distributed on a weekly basis. So, please subscribe to our publications and we will make sure that we highlight

legislation that is of particular interest for city officials. That's probably the best way to stay involved; other than that, call the League staff and we'll try to help puzzle through any legislative introductions.

Luke Fisher:

You can't meet with your legislators the same way that you were able to before the pandemic. What advice do you have for city officials as they're looking to reach out to their legislators, to be effective when they communicate with them?

Anne Finn:

So, you're going to maybe have to be a little more creative than you were before, but certainly use the tools that you have at your disposal, email, texting. I'm certain that a number of legislators are hosting online town hall meetings, and those are great opportunities for locals to connect with state legislators.

Gary Carlson:

We've heard that many legislators are planning to hold scheduled times to meet with constituents or even lobbyists, and city officials should work with their legislators to make sure they know when those times are set up. So, that would be another good opportunity to meet remotely.

Luke Fisher:

I know Gary, oftentimes I've heard you say that if a city official encounters something that maybe has a legislative impact, that it's helpful for our staff to hear some of those stories so we can help articulate city concern at the state Capitol. So, if people have a question or a concern, an idea, or maybe an insight, what's the best way to connect with our staff through the legislative session?

Gary Carlson:

Luke, I would say, just email us or give us a phone call. Our contact information is on the League website. But that's a good point. We really do appreciate the input from city officials as they hear about events, as they hear about legislation or amendments, because in this new environment that we have to work, the remote environment, it's much more difficult for us to get those rumors about what's what's going on at the Capitol.

Luke Fisher:

A great way to keep up with everything that's happening at the Capitol is to follow both Gary and Anne on Twitter as a way to catch updates on things as they're happening in real time. Gary, what's your Twitter handle?

Gary Carlson:

@garyncarlson

Luke Fisher:

All right.

Gary Carlson:

So, just my name with my middle initial.

Luke Fisher:

And Anne, what's your Twitter handle?

Anne Finn:

My Twitter handle is at @Annemfinn.

Luke Fisher:

Gary and Anne, Thank you very much for making some time to meet with us today. And I'd really encourage you to reach out to both Gary and Anne if you've got a question about anything that's happening at the Capitol. Both of them are a tremendous resource, as is our entire IGR team.

Anne Finn:

Thanks Luke.

Gary Carlson:

Yeah, thank you Luke.

[Podcast theme music begins]

Luke Fisher:

All right City Speak listeners, [podcast theme music fades out] it was great that we were able to spend some time with Gary Carlson and Anne Finn to hear a little bit more about local economies coming into the 2021 legislative session. As we do with every episode, we wanted to wrap up with a few key takeaways and things city officials should pay attention to in the upcoming year.

Luke Fisher:

The first for me was that the state is facing a budgetary shortfall and that the state might look for cuts to LGA and other local funding sources. Also, that oftentimes is tied with unfunded mandates that can have a trickle-down effect for cities. That's something for people to be aware of.

Luke Fisher:

The second is, it's incredibly important to pay attention to this question of duty disability as it relates to first responders. I think we all want to take care of our first responders and make sure that they have access to the resources they need to stay healthy and to take care of themselves. And it's important that we look to the state as a partner in that relationship and to do that adequately.

Luke Fisher:

And finally, I think one of the things that is worth emphasizing is local stories matter at the state Capitol. So, it's important for you as you encounter things, to share them with our IGR staff, to share your stories with your state legislators — that'll make for some effective advocacy at the Capitol.

[Podcast theme music begins]

Luke Fisher:

So, that wraps up our local economies episode. Thank you so much for tuning into this three-part series. Again, we're covering local economies, race equity, and the state and local partnership as it relates to the pandemic. We look forward to you tuning into our next episode.

[Podcast theme music ends]