

# Show Us the Money!

## Public Finance Explained

### MIND - O P E N E R # 5 :

## The 800-Pound Gorilla in Our Backyards: Public Safety

*Karen Anderson, Mayor of the City of Minnetonka*

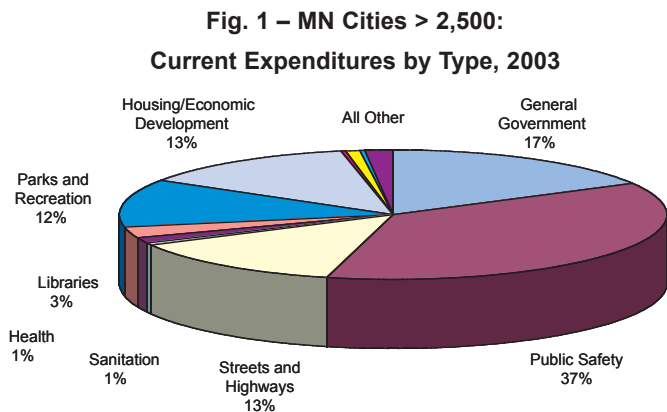
*Matt Smith, Director of Financial Services, City of Saint Paul*

Wednesday, September 14, 2005

Ensuring that our towns and cities remain good places to visit, live, and raise children is our number-one priority. That's why public safety programs continue to expand, though the funds traditionally used to support local and state public safety agencies are shrinking. These agencies are having to find creative ways to respond to new challenges and to keep up with their growing responsibilities.

### Spending

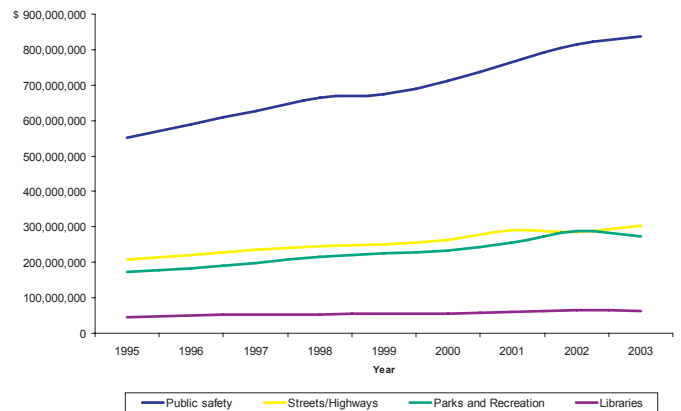
Public safety is the single biggest operating expense for cities (see Figure 1). Minnesota cities with over 2,500 people spend \$1 billion on police, ambulance, fire, and other public safety expenditures each year. This figure does not include money spent by counties, which contribute significantly to local public safety efforts.



Source: Minnesota State Auditor

Moreover, spending on public safety is growing faster than other city services. Emergency services must keep up with rising caseloads, and new technology investments raise capital and operating costs. Personnel costs have also risen in recent decades, especially as today's officers require more education and technical training than in the past (see Figure 2).

**Fig. 2 – Current expenditures of  
MN Cities >2,500**

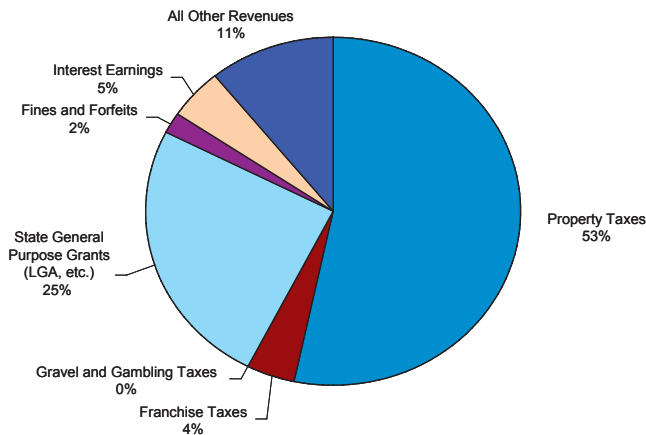


Source: State Auditor

### Funding

Because public safety services are provided for the community as a whole, it is not feasible to fund them through fees or service charges; they must be funded mainly with general revenues.

**Fig. 3 – General revenues of MN Cities > 2,500 in 2003**

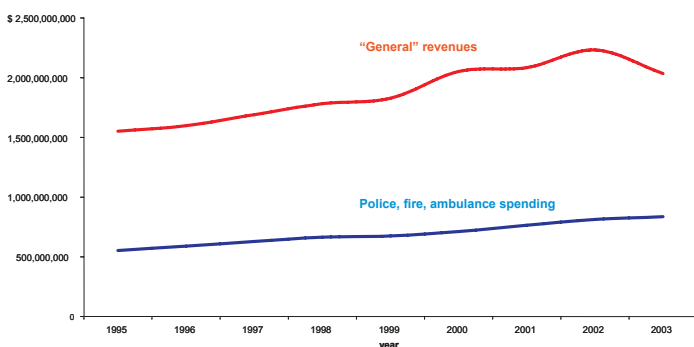


Source: State Auditor

General revenues are primarily made up of property taxes and state aid with more than half coming from property taxes, making property taxes the primary source of public safety income (see Figure 3).

Available funds, however, are decreasing even as public safety spending increases. As Minnesota’s population grows, per capita revenue from property taxes is falling. Federal support for general public safety programs is also

**Fig. 4 – General revenue vs. public safety current expenditures MN Cities > 2,500**



Source: State Auditor

decreasing. Two years ago, for example, many federal grants were rolled together into the Local Law Enforcement Block Grant, and the total amount of funding dropped (see Figure 4).

Today, states receive federal money for equipment and training to protect homeland security, but this does not make up for funding cuts. Homeland security funds do not

cover personnel costs, which make up about 90 percent of the operating expenses of public safety agencies. Because homeland security funding is targeted to the communities that are at the greatest risk for terrorist attacks and other disasters, many communities benefit little from it. Furthermore, these funds do not always make it to the local first responders: federal money is given to states, which are then expected to redirect it to localities, but that doesn’t always happen.

### Local Responsibility Increasing

At the same time that funds for public safety are decreasing, city and county responsibilities are increasing. Local public safety forces have always been the first responders to all emergencies, whether they are crimes, accidents, natural disasters, or acts of terrorism, and the Federal Emergency Management Agency’s directive has long been that local responders cannot expect federal assistance for the first 48 hours after any disaster.

Today, however, local public safety agencies have new challenges to confront, including immigration, infrastructure security, and biological, chemical and nuclear security issues. Especially since September 11, 2001, local agencies have focused increasingly on incident prevention, not just response and recovery, and on what they call “intelligence-led policing:” gathering and sharing information regarding potential crimes and terrorist attacks before a major emergency can occur.

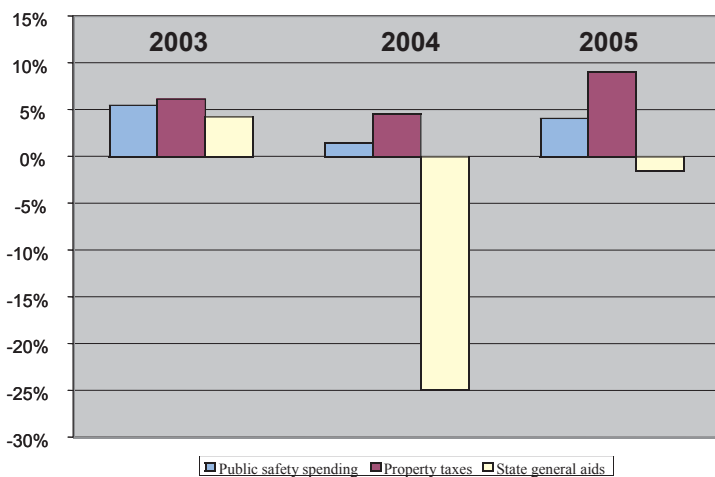
At the same time, local agencies no longer receive the same help from the FBI. The FBI’s focus has shifted to counterterrorism, and while the Bureau used to partner with local government to resolve complex crimes like bank robberies, it no longer has the time and resources to devote to these efforts.

### Local Government Response to New Challenges

Despite broadening their responsibilities while traditional funding is decreasing, most cities have not cut public safety budgets. Rather, cities are cutting back on other

programs and relying more on property taxes to keep public safety programs intact (see Figure 5).

**Fig. 5 – Percent change from prior year budget**



Source: State Auditor reports on budgeted revenues and expenditures of cities > 2,500, various years

To keep up with these changes requires funding increases at the local and state levels, and a bill passed by the Minnesota Legislature in 2005 increased resources for many areas of city and state public safety.

Public safety agencies are also forming new partnerships that were once politically unacceptable. Since September 11th, cooperation between local police and fire departments among cities – and between cities and states – has increased dramatically, even where rivalries previously existed. Multi-agency task forces have picked up a lot of the assistance previously given by the FBI. Minnesota’s cities, counties, and schools, for instance, are cooperating to counter the state’s growing methamphetamine problem, and in Hennepin County, all police and fire departments now have a mutual aid agreement.

Public safety agencies are also making better use of technology to improve emergency prevention and response. For example, Minnesota has introduced CriMNet to share data and information between criminal justice agencies.

## Strategies for the Future

- *Costs and Funding:* Facing increasing public safety budgets with declining funding sources, we must work to control costs. Since personnel expenses are the largest budget item for programs, one way to control costs may be to better define the mission of public safety workers. We should make sure highly trained police and fire personnel are not being overused for jobs that do not require their level of expertise and expense. We may also want to consider alternative sources of revenue. Proposals include a possible sales tax dedicated to police and fire expenditures and a local income tax, like those in many other states.
- *Comprehensive Strategies:* To both cut costs and reduce public safety needs, we should focus on upstream strategies for prevention. Public safety does not depend only on police and fire departments; it is related to other factors such as economic health, housing, and education. We can improve the health and safety of our communities by looking at these issues together and formulating a comprehensive approach, and we should ensure that, in cutting programs to free up funding for public safety, we are not damaging the overall well-being of our communities.
- *Acknowledge All-Hazards Capability:* We should also acknowledge the all-hazards response capability of local forces. Police and fire departments respond to all emergencies equally, so public safety funding should often not be limited by issue. Karen Anderson, the mayor of Minnetonka, gave the example of a tanker truck explosion on the highway: fire teams will respond before knowing whether the explosion was caused by an accident or terrorist act; they cannot wait to know the cause to decide which truck they may take to the scene.
- *Increase Capacity:* To keep up with their new responsibilities, our local public safety agencies need increased capacity. Cooperation between local and national agencies sometimes fails because of simple things, such as local law enforcement not having the

security clearance to work on issues of national security.  
This lack of capacity puts our communities in danger.

- *Continue Cooperation:* We should continue to increase the cooperation between departments that has already improved our public safety capabilities. We should also consider public-private partnerships: since September 11th, private security has improved greatly, and cooperation with private forces could greatly increase our abilities to counter crime.

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