

Local groups, lawmakers stress need for greater fiscal discipline

By Dan Linehan

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MANKATO — The state's budget roller coaster is taking all the institutions that depend on it — schools, universities, hospitals, cities, counties and more — along for the tumultuous ride, they said at a Wednesday forum.

Take, for example, medical assistance payments made from the state to health care providers such as Immanuel St. Joseph's Hospital.

The state's payments to ISJ are based upon the hospital's costs in 2002, which were much less than today. Also, between 2007 and 2009, the state decreased medical assistance payments to ISJ by 14 percent.

And because payments were based on actual costs, ISJ is getting penalized because it is more efficient.

The hospital estimates it will lose about \$1.2 million

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DISCIPLINE: Job losses, low wages creating shortfall

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in 2009 for the roughly 200 patients whose insurance is medical assistance.

" This method of determining payment based on expenses is highly flawed since it rewards highexpense hospitals and provides scarcity and debt in highly efficient hospitals," according to information prepared by ISJ and the Mankato Clinic and handed out at the forum.

Southern Minnesota Advocates convened the forum to call in 14 leaders and ask them each for three ideas for what they think would make southern Minnesota a better place to live.

A theme emerged of local institutions caught in the wake of the state's turbulent budget.

" We really need the state to get its financial house in order," Blue Earth County Administrator Dennis McCoy said.

For years, local governments have been asking for structural changes at the state to prevent big year-to-year changes in state aid.

A \$ 1.2 billion budget deficit in the next fiscal year announced Wednesday makes near-term cuts more likely. (See accompanying story.) The call for fiscal stability was echoed by others at the forum, which also hosted five area legislators.

The main cause of the shortfall is lower income tax collections due to depressed wages and unemployment. The state has lost 131,000 jobs from its pre-recession peak.

State Sen. Kathy Sheran, DFL- Mankato, said options for a more stable funding source include lowering the state sales tax and broadening it. Of course, such a method is still vulnerable to decreases in consumption.

State Sen. Julie Rosen, R- Fairmont, said Minnesota has to become more friendly to businesses, both in terms of

taxes and regulations.

In a survey released at the meeting by Greater Mankato Growth, area businesses rated the state on eight measures on a 1 to 5 scale, where higher numbers meant a better business climate. The average score of the responses was 2.09 in income taxes, and none of the eight measures merited a 3 or higher.

Rosen said the myriad obligations of state government can only be fulfilled by a lot of job creation.

A controversial measure of the Legislature's priorities this session is likely to be whether to help the Minnesota Vikings build a new stadium.

Terry Morrow, DFL- St. Peter, said there are private negotiations taking place on the issue, but there is hesitance on the part of legislators to share details.

Suzanne Spellacy, vice president and assistant general counsel for Taylor Corporation, said earlychildhood education was a better investment than professional sports.

Sheran said she agreed but hopes it doesn't come down to an either/or choice.

The Associated Press contributed to this article.

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