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Committees

- K-12 Education Policy and Oversight (Chair)
- K-12 Education Finance Division
- Early Childhood Finance and Policy Division
- Ways and Means

Dear Friends and Neighbors,

I want to take a few minutes to share with you very important budget issues we are grappling with on your behalf at the MN Legislature.

These are historic times of major proportions due to the stress caused to our economy by the inability of our financial markets to regulate themselves in a way that protects the well being of all citizens. Almost all states are reeling from the resulting fallout and Minnesota, a proud state that has prospered because of smart public investments in our people, is definitely feeling the stress. We must find a way to not abandon what has worked for us in the past while also responsibly balancing our state budget.

I need your advice on how to best do that.

Here are important facts to consider:

Minnesota's budget deficit is \$6.4 billion. An infusion of one-time federal aid reduces our debt to \$4.5 billion that will certainly help stabilize and cushion the harsh economic blows before us, but we're far from being out of the woods. The economy continues to decline and according to the State Economist, Tom Stinson, the recession will be deeper and longer than initially expected.

This is not a good budget forecast for Minnesota. State revenue has fallen by nearly \$1.2 billion since November and State estimates indicate Minnesota recession related job losses will reach 120,000 (50,000 are already gone) by 2010 and these jobs will not be regained until 2012. Minnesota's current unemployment rate is 7.6 percent and more people than ever before are seeking unemployment assistance.

The economic downturn we are all experiencing is broad-based, affecting nearly every sector of our economy that continues to be in a state of decline with no end in sight. The February Forecast promises things will get much worse before they begin to get better - and this prediction reflects positive effects from the federal aid funds that will take time to trickle through our economy. These aid dollars will be helpful, particularly in retaining and creating over 45,000 jobs statewide that will involve many shovel-ready projects, but it is important to keep in mind these funds are only a one-time solution and don't address Minnesota's long-term structural budget problems.

But even prior to the national economic crisis, Minnesota was facing long term instability in its budget due to a combination of facts: a growing health care crisis driven by escalating costs in the marketplace and an aging population and due to tax cuts we implemented in the late 1990's to upper incomes that slowed revenue to the State.

I believe that until we begin to address our long-term structural budget challenges Minnesota is sure to see more of the same budgetary bounces that are eating away at our quality of our life. Can we be both more efficient in spending our dollars wisely while continuing to invest in the things that make us strong like education, technology, and transportation?

Tax projections for 2009 estimate that the middle class households that earn between \$41,676 to \$85,329 will pay 12 % of their income in state and local taxes while upper income households earning \$717,774 and higher will only pay 7.7% of their income in state and local taxes.

According to the Tax Incidence Study just released by the Minnesota Department of Revenue, property taxes now bring in more State revenue than income taxes – and Minnesota’s middle class is paying the most. Record property tax increases are expected across the state during a time when Minnesotans are losing their jobs just to continue providing basic services like police and fire protection. Even fees Minnesotans pay for services (about \$1 billion per year) are going up faster than state taxes.

Clearly, Minnesota’s leaders need to both revamp our tax structure so that it is based on a fair ability to pay and then raise the most fair taxes to meet the important services we consume that makes us a decent and prosperous state.

Together, with shared sacrifices for those things that matter in our lives we can see ourselves through these difficult times.

Sincerely, 

Understanding What’s in the Federal Stimulus Package for Minnesota

In late February President Obama signed a federal economic stimulus package into law that could channel an estimated \$9.1 billion to help Minnesota rebuild schools, bridges, roads, health programs, and stabilize the state budget. The American Recovery and Reinvestment Act will extend one-time funds to states to put people back to work and keep unemployment down. For more detailed information about the federal stimulus, visit: www.tinyurl.com/federalstimulus

Minnesota Management and Budget posted some very helpful information on their stimulus website (www.mmb.state.mn.us/stimulus). The Stimulus Summary & Agency Forms includes detailed descriptions of just about all of the possible funding the state of Minnesota could draw down from the federal stimulus bill. Each agency has submitted an explanation of the type of funds available, the amount, how the funds would be used and distributed, any strings attached and next steps – including a timeline and any necessary legislative changes.

Minnesota Statewide Hearings

The metro and greater Minnesota statewide hearings are now completed and we are proud to report they have been an overwhelming success. The 23 hearings yielded approximately 6500 attendees, 1500 testifiers, and participated in by members of all four legislative caucuses. We have also received over 3000 submissions to our budget suggestion website at the Minnesota House of Representatives (www.house.mn).

The feedback from the public and press has been extremely positive. People were genuinely grateful for the opportunity to express their concerns about the state budget and give legislators from all over the state their input.

TOOLS FOR JOB SEEKERS

The economic decline has left a lot of people out of work and looking for a new job. The Minnesota Department of Employment and Economic Development or DEED (www.deed.state.mn.us) provides a variety of resources to help job seekers:

- Minnesota Work Force Centers are free “one-stop shops” providing everything from workshops on resume-writing and interviewing, to job fairs and access to computers.
 - www.MinnesotaWorks.net is a free job search Web site that allows job-seekers to post resumes and matches them with employers.
 - DEED’s Dislocated Worker Program helps employees who have been laid off return to the workforce as quickly as possible.
 - The Unemployment Insurance Program provides temporary assistance to workers who have lost employment through no fault of their own.
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INTERESTING LINKS TO VISIT

Fiscal Year 2010-11 Governor's Budget Recommendation

www.mmb.state.mn.us/budget/716-716

Governor's 21st Century Tax Reform Commission

www.taxes.state.mn.us/mmtaxreform/index.shtml

State Budget Trends Study Commission final report to the Legislature on January 12, 2009

www.mmb.state.mn.us/budget-trends-workgroup

Minnesota 2009 Tax Incidence Study from the Minnesota Department of Revenue

www.taxes.state.mn.us

The 2009 February Economic Forecast is available at the Minnesota Management & Budget website

www.mmb.state.mn.us/forecast

House Hearing on High Quality Alternatives for High School Students to Graduate

Last week the K-12 Education Policy and Oversight Committee heard my bill (HF501) on High Quality Alternatives for High School Students to Graduate.

The bill creates high quality alternatives to graduate for high school students who have not successfully passed the Minnesota's Graduation Required Assessment for Diploma (GRAD) math test. The test in question was based on the state and NCLB'S desire to measure how schools are doing and to hold them accountable, but the consequences are all being imposed on the students. A huge number of today's juniors are at high risk of not passing the test and not graduating in their senior year even though they are eligible to do so in every other way.

Public testimony was heard from parents, teachers and school administrators about why an alternative graduation means are necessary. Public school students who entered the 8th grade in the 2005-2006 school year and later must pass the standards-based GRAD tests in reading, math, and writing in order to graduate from high school. Currently as high as 38% of juniors are on track not to pass the GRAD math test, putting their diploma at stake. It is not fair to deny a young Minnesotan the ability to continue their studies based on the outcome of one single test, particularly when we raised the standards in the middle of their K-12 schooling. While high standards are important, changing the rules in the middle of the game is not.

There are alternative ways to measure student achievement and to do so while promoting high outcomes. Other states have multiple, quality pathways for students to attain a high school diploma. We need time to develop those high quality alternatives and so the bill (HF501) only temporarily sets aside the "single test" approach while we engage the best educators and minds in Minnesota to design a more meaningful high quality approach.