



MAPPING MINNESOTA'S BUDGET

Where are we now?

- The economic forecast assumes a state budget of about \$33 billion to cover the next two years. Meanwhile, the forecast says that we have a “surplus” of about \$2.2 billion.
- About half of the “surplus” is in “one-time” money. It’s left over as extra or unspent money from the last budget. It won’t recur in the future, so it shouldn’t be spent for ongoing programs.
- The other half of the “surplus” disappears entirely if we account for inflation.
- Bottom line: We’re probably at or near the “break-even” point for ongoing spending.

Where should we go?

I’m eager to hear from you about the best budget direction for our state. In the meantime, here are my initial thoughts.

Our current needs are still huge.

Our residents need property tax relief. Our schools have not yet recovered from past budget cuts. Our college students face tuition increases and long-term debt. Our health care costs are always a strain. Our transportation system is behind.

We can do a lot, but not everything.

We have to prioritize. I support health care coverage for all of our kids, voluntary all-day kindergarten, property tax relief, tuition relief, and investment in transportation. But we might not be able to do all of those things immediately, simultaneously, or to the extent that we’d like.

We can’t rule out revenue increases, cuts, or new ways of doing things.

Raising revenue is hard. So is cutting. We have to be open to doing a combination of both. I reject the “no new taxes” approach to budgeting, but I also reject the idea that all current spending is untouchable. Our budget should be “balanced” in more ways than one.

As always, please feel free to contact me about any issue, idea, or concern.

Dear Friends,
Recently the Minnesota Department of Finance released its economic forecast. That may sound boring. It’s not. The forecast is the document determines how much money is available for the 2008-2009 state budget. It’s also the document that sets in motion the whole budget negotiation process at the Capitol. Over the next few weeks, the Governor, the House, and the Senate will develop competing budget proposals – all based on the numbers in the forecast. Naturally, the final budget product will be a blend of the three approaches. I’m hopeful that we’ll find the right balance.

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