

2009 Select Budget Proposal Comparisons

Description	Governor	Senate	House	Comments
Education Funding	Small increase mostly by expanding Q-comp (these funds will be consumed by this mandate and will not increase a district's operating funds) and an average 0.7% increase in the Pay for Progress Plan	7% CUT amounting to \$1 billion dollars less per year in education. The state stabilization federal stimulus dollars reduces this cut to approximately 3%. Once the federal stimulus dollars are gone, the full 7% cut would be required to balance the Senate's budget.	Holds education harmless. Yet excludes \$106 ppu of one time money given in the 2008-09 school year. The permanent school fund will replace \$36 ppu. Current law also includes a \$16 million increase in special education funding for 2009-10 and \$56 million the second year.	Inflation in fields that are heavily labor intensive like education has been running around 5%. None of these proposals will cover inflation. Our schools will have to cut, use reserves (if they have them) or pass referendum to survive. Will the general public understand why districts are still struggling given the perception that education is being held "harmless"?
Education Shifts	Uses an 80/20 payment schedule <i>shift</i> and a property tax recognition <i>shift</i> to generate \$1.25 billion dollars.	Not using shifts	Uses a 73/27 payment schedule <i>shift</i> to generate \$1.8 billion dollars	Shifts have a cost in fees and interest to districts as they will have to borrow money to pay their bills. The shift also has to be paid back causing additional long term debt for Minnesota and our schools.
The 2012-13 Biennium	Leaves a \$2.5 billion dollar deficit for the start of the next budget cycle	Balanced for the next biennium – no deficit or surplus	Creates a small surplus	Poses the philosophical question whether to balance Minnesota's expenditures and revenues resulting in deep, painful cuts now. Or delay dealing with the problem and hope for help from an economic recovery in two years.
Revenue Increases	~\$623 million increase in property taxes	\$2 billion dollars in unspecified "progressive" tax increases	\$1.5 billion dollars in unspecified "progressive" tax increases	All rely on tax increases to help balance the deficit budget. An honest conversation about how best to tax Minnesotans is in order.
Federal Stimulus	Factors in known available federal stimulus dollars	Factors in known available federal stimulus dollars	Factors in known available federal stimulus dollars	Federal stimulus dollars will help in this biennium. However, these dollars will disappear after two years causing a funding "cliff" that will have to be dealt with either now or later.
Additional Accounting Gimmicks	Generates approximately \$1 billion dollars by issuing bonds against future tobacco settlement revenues	None known	None known	The House and the Governor are using accounting shifts and accounting gimmicks. This only delays the problem.
Areas of Concern	Health and Human Services, primarily hospital reimbursements and nursing homes will be severely cut. Local Government Aid is also cut resulting in the estimated \$623 million dollar increase in property taxes.	With the deep across the board cuts, the Senate proposal is being criticized for lacking leadership in defining the priorities of the state. The Senate relies on tax increased which the governor has promised to veto.	The House counts on increasing taxes. The governor has promised to veto any bill that contains tax increases. The House does not have the votes to sustain a veto override.	The three budget proposals have stark ideological differences. However, the legislature writes the legislation which the governor has to sign it into law. All three bodies will need to work together, compromise and focus on the best interests of Minnesota.

