

Dear Friends and Neighbors,

Thank you for all of your comments and thoughts regarding the shutdown and budget negotiations. We are relieved that the state government shutdown has ended, but we are profoundly disappointed in the accord between legislative Republicans and the Governor. The resulting 2012-2013 budget is a "beg, borrow, and steal" plan that shortchanges our children and uses pay-day loan gimmicks to mortgage our future.

In the end legislative Republicans were forced by the Governor to drop their insistence on an all cuts budget and accept his modest \$1.4 billion in spending to offset the worst of the cuts. However, rather than increase taxes on very high income Minnesotans (those making \$1 million and more), they demanded the spending come from:

- \$700 million in K-12 school aid holdbacks
- \$700 million in a tobacco bond loan

The most draconian cuts to essential services and enactment of divisive social policies advocated by the majority party were averted, but Minnesota Republicans have only pushed the very same deficit into the next biennium; a \$2 billion shortfall is already projected, on top of the \$2.2 billion holdback owed to school districts. We and our children will pay upwards of \$85 million per year for 20 years for the one-time use of \$700 million in tobacco loan funds. Minnesota's credit rating has already been lowered, citing the continued shifting and acrimonious budget setting environment. This is the definition of structural imbalance and it will persist until we grapple with the hard choices.

Furthermore, the process used to arrive at this deal—meeting behind locked Capitol doors, banning DFL legislators and the public from participation, posting bills moments before votes on the house and senate floors—was unethical and a violation of the spirit of Minnesota's Open Meeting Law.

There are two bright spots:

- A \$500 million bonding bill that makes crucial investments in our public infrastructure and higher education and puts private sector construction workers back on the job, including building transitways that had been absent from previous versions of the bill
- Consolidation of the Minneapolis police and fire pensions into the state pension. Pending approval by the funds themselves and Minneapolis City Council, this merger will help alleviate Minneapolis residents' growing property tax pressure

In the end this agreement was probably the best deal the Governor could make with a legislative majority that refused to compromise and was focused like a laser beam on protecting millionaires from parting with one additional penny. Prior to the shutdown, the Republicans rejected seven separate offers by the Governor, offering nothing of substance in return. In the two weeks after the July 1 shutdown they offered absolutely nothing.

We will continue to be staunch advocates for the principles of economic fairness, expanding opportunity for everyone and protection of the more vulnerable members of our society.

Thank you again for your input. Please always feel free to contact us whenever we can be of assistance.

Our best,
Rep. Marion Greene, District 60A
Rep. Frank Hornstein, District 60B
Sen. Scott Dibble, District 60

Bill by bill highlights and lowlights:

Capital Investments (Bonding)

- \$500 million (\$1 billion as originally called for by the Governor would have put 28,000 Minnesotans back to work)
- \$33 million for local bridge rehabilitation (including Plymouth Avenue bridge)
- \$20 million for Transit (specifically excluding Southwest Corridor LRT, but including the Downtown Minneapolis Interchange – a central station for light rail, commuter rail, and passenger rail service located near Target Field)
- \$1 million for Hennepin County African American Museum

Commerce, Jobs, Economic Development and Housing

- Raiding from special funds into the General Fund to offset the deficit (these are fees collected for specific purposes and services) mostly eliminated
- Historic cuts to Department of Commerce, hindering its ability to protect consumers, especially from the insurance industry
- Most housing programs funding cut
- Homeownership, Education, and Counseling Rental Assistance for people with mental illness and Homeless Preservation and Supportive Services fully funded

E-12 Education

- Schools will receive only 60% of their state allotment in the current fiscal year, forcing most to borrow funds to pay obligations
- Schools are given an additional \$50 per pupil to help offset interest payments triggered from forced short-term borrowing
- Integration resources retained for two years, after which a task force will recommend changes
- Proposed special education cuts eliminated
- Schools with best reading scores will receive an additional \$100 per student, starting in 2013 (repeats short-comings of No Child Left Behind)
- Proposed early childhood education Quality Rating Improvement System eliminated at the insistence of the extreme right, forfeiting federal matching dollars
- \$4 million in early childhood education scholarships for low income families included
- Proposed school vouchers and elimination of teachers' collective bargaining rights all deleted

Energy, Utilities, Telecommunications

- Taskforce established to help develop accessibility for those with disabilities to state electronic and web based services
- Community Energy Resource Teams funded for the biennium
- Proposed repeal of the carbon dioxide offset requirement for new coal averted

Environment and Natural Resources (including Legacy Fund)

- Proposed Parks and Trails cuts reduced by \$1 million
- Local authorities permitted to establish coyote bounties
- Funding for parks from constitutionally dedicated sales tax favors Greater Minnesota
- Lessard Sams Commission not permitted to conduct meetings out of public view
- A number of negative water quality provisions, including weakening of water runoff laws for factory farms

Health and Human Services

- \$1.2 billion in cuts (down from \$1.6 billion in the original Republican budget)
- Hospitals and managed care organizations fees are cut, but can be earned back via hospital admission and emergency room use prevention innovations
- Child care assistance cut by \$20 million, and grants used to protect children from abuse and neglect cut by \$22 million--affecting 51,000 children

- Rural nursing homes receive an additional \$1.2 million, but scheduled future year increases eliminated
- Services to seniors cut by \$200 million, including personal care services from relatives, long term care services
- Proposed elimination of MinnesotaCare deleted (though childless adults placed in high-deductible out-of-pocket plan)
- Wide array of proposed anti-choice policies were overcome

Higher Education

- 20% cut to the University of Minnesota scaled back to 15%
- Cut to State Colleges and Universities (MnSCU) scaled back to 13.5%
- Proposed criminalization of stem cell research eliminated

Judiciary and Public Safety

- Public defender and low income legal assistance cuts reduced from 17% to 6.7%
- Proposed cuts to crime prevention and battered women services eliminated
- Proposed virtual elimination of Office of Human Rights defeated
- Proposal to put state prisoners in county jails (driving up property taxes) eliminated
- Proposal forcing local police to act as federal immigration enforcement officials eliminated

Pensions

- Pending approval by the retirement plans and the Minneapolis City Council, the Minneapolis Police Relief Association and Minneapolis Fire Relief Association pensions can now be merged into the statewide Public Employees Retirement Association (PERA) plan, reducing next year's property tax levy for that purpose from \$22.9 million to \$1.1 million

State Government

- Wide array of highly suspicious "reforms" and privatization schemes promoted by self-interested business interests (and used to rationalize additional spending from non-existent savings) were eliminated
- Wide array of proposed anti-labor and anti-public employee policies eliminated
- Sunset Commission formed to advise legislature and Governor on elimination of state agencies

Taxes

- Tobacco bond. In return for an up-front cash payment of almost \$700 million by selling future payments from tobacco companies to investors (coming from the Minnesota's tobacco lawsuit settlement), Minnesota tax payers will have to pay back over \$1 billion. Interest payments recently increased due to the downgrading of Minnesota's credit rating
- Cuts to Local Government Aid (LGA), County Aid, Market Value Homestead Credit, and Renters Property Tax Refund, will force increases in property taxes paid by \$1 billion over next three years
- Proposed elimination of LGA for Minneapolis, St. Paul and Duluth defeated
- Minneapolis May 22 tornado disaster relief provided, including: \$4 million to match Federal Emergency Management Agency grants, use of tax increment financing, establishing a housing replacement district and use of property tax abatement mechanisms

Transportation and Transit

- Proposed 85% general fund reduction to Metro Transit bus service reduced to 40%. Cuts will be backfilled by one-time cannibalization of other programs and services, so fare increases, route eliminations and massive layoffs are only temporarily avoided
- \$2.7 million cut to rural transit services (down from \$3.8 million proposed cut)
- Inter-city Passenger Rail office in MnDOT funding restored (from Republican attempt to eliminate it)
- "Better Roads" and "Economic Development" initiatives established to improve crumbling state highways and link targeted transportation improvements to economic objectives
- Initiative to hire and employ members of long-excluded groups not in the bill. However, the Governor has indicated his willingness to establish programs and services via executive order.