

# A Jobs Budget

## GETTING MINNESOTA BACK TO WORK

Minnesota has more than a budget problem – we face a jobs deficit. Almost 204,000 Minnesotans are out of work and tens of thousands more are underemployed, working harder and earning less. As Governor, I will do everything it takes to get Minnesota back to work. Facing a projected \$5.8 billion budget deficit, I will fight for a balanced budget solution that creates jobs and protects Minnesota's highest priorities.

### A CHANGING MINNESOTA

State Economist Tom Stinson and State Demographer Tom Gillaspay are very clear: Minnesota's budget must adjust to meet the new demands of a changing economic and demographic landscape.

Wage loss due to unemployment and underemployment are significantly impacting the state budget. Analysis of DEED's most recent unemployment figures and MMB's revenue calculations reveal that every time Minnesota's unemployment rate grows 1 percent, state revenue decreases \$659 million. The Star Tribune reports that

by 2020, there will be more Minnesotans over the age of 65 than students in K-12 schools. According to Stinson and Gillaspay, revenue growth will slow as spending pressures increase – driven largely by health care costs for our aging population. The Itasca Project 2010 Jobs Report identified several factors that prevent Minnesota from attracting, creating, and retaining high quality jobs.

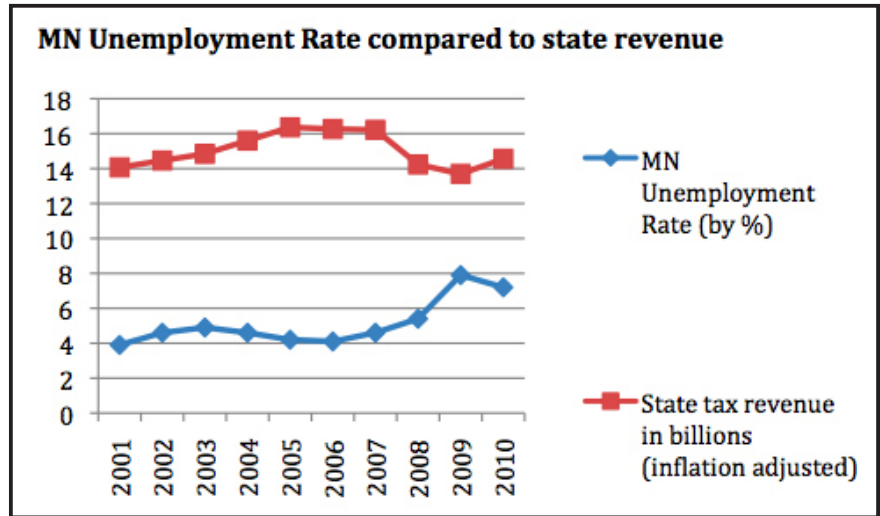
Our current budget structure reflects what Minnesota looked like 10 and 20 years ago. Moving forward, we need a budget that responds to the needs of our changing state and achieves better outcomes for every dollar spent. Slogans won't solve this crisis. We must address the systemic, long-term design challenges within our state budget. It's time for an honest, balanced approach – one that prioritizes good jobs, great schools, healthy people, and sound infrastructure.

### CREATING JOBS AND PROTECTING MINNESOTA'S HIGHEST PRIORITIES

Balancing the budget is more than a math problem. It's a reflection of the values we hold as Minnesotans – and it is an expression of how we will face the challenges and opportunities of a changing state. That's why as Governor I will build a budget based on Minnesota's highest priorities – focused on what we will achieve as a state, not just how we resolve the deficit. Those priorities are:

**Good Jobs** – As Governor, I will do everything it takes to get Minnesota back to work in good-paying jobs. I will do that by: 1) Bringing federal dollars home; 2) Investing in high-priority infrastructure; 3) Expanding Minnesota industries and growing small businesses; 4) Educating Minnesota's workforce for the next generation of jobs; and 5) Growing the clean energy economy.

**Great Schools** – As Governor, I will make sure every school has the resources they need to prepare our children for success in the 21<sup>st</sup> Century economy. I will fight to make sure we have a great teacher in every classroom and that every child comes to Kindergarten ready to learn. I will invest in Minnesota's greatest asset – a skilled workforce to build the strongest economy in the nation.



**Strong Infrastructure** – As Governor, I will invest in the critical infrastructure that our state, regional, and local economies depend on. Sound investments in road and bridge safety and a 21<sup>st</sup> Century transit system will grow our economy and create jobs. And investing in our parks, trails, and other essential infrastructure will add value to our communities and improve our quality of life.

**Affordable Health Care** – As Governor, I will make sure all Minnesotans have health care by 2014. I support the Minnesota Health Plan because it's the right thing to do. But a cost study must be completed first, because that's the fiscally responsible thing to do. While working toward that goal, I will cover all Minnesotans by: 1) Bringing \$1.4 billion in federal health care funding home from Washington; 2) Fully-implementing federal reforms; and 3) Reforming MinnesotaCare.

## **MEASURING IMPROVEMENT, DELIVERING VALUE FOR EVERY DOLLAR**

As Governor, I will ensure we measure performance not just by comparing Minnesota to other states, but against our own goals as well. Under Governor Arne Carlson, John Gunyou began that effort with the Minnesota Milestones project. But that honest, responsible effort to set benchmarks and measure our success has not been sustained.

Meanwhile Virginia and Washington have become national leaders in planning and measuring for success. Minnesota must and can do better. We must make a lasting commitment to performance management, outcome-based budgeting, and including Minnesotans in the budgeting process. Those measures will help state government deliver better results at a lower cost.

As Governor, I will task John Gunyou with implementing a comprehensive performance management system that produces the greatest value for every Minnesota tax dollar.

## **A BALANCED BUDGET**

For too long, too many people have looked at the state budget as a math problem that can only be addressed by cutting or taxing. But the state's finances require a more comprehensive approach – one that redesigns the way we deliver services while laying the groundwork for both immediate and long-term economic growth.

I will work to put our state on sound fiscal footing while protecting Minnesota's highest priorities in the upcoming budget cycle. My solution is based on a budget framework that includes 40 percent new revenues, 30 percent savings and budget reductions, and 30 percent temporary budget tools that will position Minnesota for long-term budget stability.

## **Fair and Progressive Taxation**

As Governor, I will ask the wealthiest Minnesotans – those earning \$250,000 or more – to contribute their fair share. According to the Department of Revenue's Tax Incidence Study, low- and middle-income Minnesotans pay 12 percent of their income in state and local taxes while the state's wealthiest pay only 8 percent. A more progressive tax structure will raise approximately \$600 million in new revenue.

## **Tax Compliance**

As Governor, I will increase tax compliance efforts to ensure Minnesotans are paying what they owe in taxes. A report by the Legislative Auditor states that, "taxpayers are underreporting their tax liabilities by an estimated \$1 billion annually." By investing \$50 million in tax compliance efforts, we will be able to take in \$350 million in tax revenue, reducing Minnesota's budget deficit by \$300 million.

## **Update Tax Code and Review Special Tax Expenditures**

Each year Minnesota spends \$11 billion on special expenditures in the tax code. Some of those tax expenditures are necessary to keep Minnesota's business climate competitive and help middle class families. Others do not achieve the outcomes Minnesotans expect and deserve.

As Governor, I will review the recommendations of Minnesota's foundations and the Governor's 21<sup>st</sup> Century Tax Reform Commission's report to ensure Minnesota's tax system is fair and focused on growth. By reducing \$1 billion in tax expenditures, I will ensure our tax code is more equitable and delivers better results for Minnesota taxpayers.

## **Closing Tax Loopholes and Ending Sweetheart Deals**

As Governor, I will close costly tax loopholes and put an end to sweetheart deals. Offshore tax havens, tax loopholes and risky financial schemes allow some corporations to evade their responsibility to our state. Cracking down on such behaviors will reduce our deficit by more than \$500 million.

## **Responsible Use of Temporary Budget Tools**

Currently, Minnesota has developed payment schedules to shield our highest priorities from budget cuts. As Governor, I will continue to use our current K-12 payment, corporate tax refund and capital equipment refund payment schedules until economic conditions improve. These provisions will prevent \$1.7 billion in what would otherwise be permanent budget cuts.

## **Better Return on Federal Dollars**

For every dollar Minnesotans send to Washington, only 74 cents comes back to our state. As Governor, I will work with our congressional delegation to bring our tax dollars home – because the hard-working people of Minnesota deserve a good value for their dollar.

My first action as Governor will be to immediately sign an executive order, bringing \$1.4 billion and 30,000 jobs home to our state. Because of increased leverage through federal dollars, we could reduce Minnesota's deficit by \$560 million.

## **Eliminating Inefficiencies/Cutting Bureaucracy**

As Governor, I will audit our state's performance to identify ways government can eliminate inefficiencies and become more effective. Governors in Delaware, Iowa, Colorado, West Virginia, and New Mexico implemented performance audits after taking office and saved money doing it. Efficiencies including the creation of centralized purchasing systems, focusing on energy efficiency, and reducing fleet costs saved up to 2 percent of their general fund budgets.

In addition, my administration will create an **Office of the Human Services Inspector General** who will eliminate fraud and make certain every tax dollar is spent appropriately on the service for which it was intended. I would also look to significantly reduce unnecessary upper-management political appointees in the state's bureaucracy. By eliminating inefficiencies and becoming more effective, we can create savings of \$500 million.

## **Priority-Based Budget Reductions**

My administration will look at new ways to redesign the delivery of state government services and create the outcomes Minnesotans expect, while saving \$640 million. Here are some proposed ideas on how we could do it.

The Bottom Line Report commissioned by Minnesota's foundations identified some opportunities within the state budget to create better outcomes for the dollars we spend. Their first recommendation focused on health outcomes rather than solely relying on traditional health care reimbursement models.

The report also suggested providing more flexibility to counties while continuing to retain high outcome-based standards. We can do that most effectively by working with labor partner and local units of government.

## **MINNESOTA'S BEST DAYS ARE AHEAD OF US**

Balancing the budget responsibly will require more than adding and subtracting – it will require the bold, visionary leadership Minnesota needs to thrive in a changing 21<sup>st</sup> Century economy.

Realigning the budget to create the outcomes Minnesotans expect and positioning our state for job growth will not be easy. It will require Minnesotans working together – and I am the only candidate who can make that happen.

I know where I come from, and I will never forget who I'm fighting for. I will never quit. I will never give up – because 204,000 Minnesotans are out of work, and our children deserve the opportunity to learn, grow, and live in a great state. That's why I'm running to be Minnesota's next Governor.