



**Responsible.  
Accountable.  
Flexible.  
Informed.  
Stable.**

## **The Campaign for a Better Budget Process**

### **Five Principles for a Better Budget Process**

**Process does matter.** Minnesota's elected officials are charged with the essential duty of managing the state's finances, making critical decisions about how to balance revenues and expenditures to ensure a successful future for the state. Although attention is usually focused on the ultimate outcomes of a legislative session, we should not forget the decision-making process that lies beneath. A good process ensures a well-informed debate which includes ample public participation.

#### **The Minnesota Budget Project recommends five principles to guide Minnesota to a Better Budget Process:**

- **Responsible fiscal management.** Minnesota's financial standing (including the state's bond ratings) depends on adequate reserves. A strong level of reserves also enables policymakers to respond to economic downturns strategically and with thoughtful deliberation, avoiding quick and drastic decisions. The long-term fiscal health of the state would be aided by procedures that ensure a sufficient level of reserves.
- **Clear lines of accountability.** Minnesotans should be able to hold policymakers accountable for the decisions they make. This is only possible if elected officials maintain decision-making authority, with minimal use of statutes or constitutional amendments that preempt their ability to make budget choices.
- **Flexibility to respond to short-term challenges and plan for a long-term vision.** A healthy decision-making process recognizes that the circumstances facing Minnesota will change, and public officials should have the flexibility to make the fiscal choices necessary to both anticipate and react to those changes.
- **Good financial information.** The state's policymakers and the public both require comprehensive and understandable information about the state's fiscal circumstances that can guide the decision-making process.
- **Stability in the decision-making process.** Just as good financial management values stability in the state's revenue sources, there is also great value to ensuring consistency in the procedures that guide the decision-making process. Encoding best budget practices in law guarantees Minnesota citizens that policymakers will follow these procedures every session.

#### **2007 Legislative Recommendations**

- Ensure the state's Economic Forecasts take inflation into account
- Build the state's budget reserves to a responsible level