

January 25, 2007

editorial

### **Inflation now or deficit later**

The state Legislature should move to include inflation in the budget estimate.

**I**n 2002, when former Minnesota Senate Majority Leader Roger Moe and then Minnesota House Majority Leader Tim Pawlenty were both running for governor and every member of the Legislature was up for re-election, the state was facing massive budget deficits. Rather than increase taxes or make massive spending cuts right before an election, both parties decided they cared more about their political hinds than responsible budgeting. A bill was passed to prevent inflation from being included in the budget forecast and to empty out the state's reserve coffers to balance the budget that year.

Gov. Jesse Ventura, in a move of rather surprising responsibility and foresight, vetoed the bill, only to have it overridden by the Legislature. But out of that Faustian bargain was born the deficits of three consecutive sessions and to no small degree the partial-government shutdown in 2005.

On Monday, the Senate moved towards fixing this problem by passing a bill that will restore the inclusion of inflation to the budget forecasts. If passed by the House of Representatives and Gov. Pawlenty, our current \$2.2 billion surplus will be reduced by half, but we believe that this is the responsible decision to make.

Gov. Pawlenty has said that he "doesn't like" that we assume costs of government operation will increase every year. However, annual salary raises for state workers, prices on goods and food and health care costs are increasing, and it's delusional to believe that this won't hold true in the future. Private businesses aren't allowed to ignore inflation when projecting a budget and the state shouldn't be allowed to, either.

Votes on Monday came down on party lines, DFL legislators voted for the inclusion and Republicans against, but we believe this issue to be nonpartisan. We should all support making a more stable revenue stream than the state's current feast or famine system. The House should move quickly to adopt similar measures. If we continue viewing the budget through rose-tinted glasses, we can be assured of more deficits and more painful cuts to vital services and programs in the future.