



For Immediate Release

March 7, 2008

Contact: Christina Wessel, Minnesota Budget
Project Deputy Director
Phone: 651-642-1904 x233, 651-308-5821 mobile
Email: cwessel@mncn.org

Nan Madden, Minnesota Budget Project Director
Phone: 651-642-1904 x230, 612-709-6948 mobile
Email: nan@mncn.org

State Services That Help Minnesotans Get and Keep Jobs Should Not Be Cut to Solve State's Budget Deficit

St. Paul, MN – Governor Pawlenty is expected to release his supplemental budget this afternoon. While the details remain to be seen, the Governor has hinted that he will primarily be turning to state funding cuts to resolve the state's \$935 million budget deficit. Unfortunately, a focus on spending cuts will be a further drag on a state economy that our state economist has already described as being in recession. In particular, state funding that helps Minnesotans get and keep jobs and that helps the state's most vulnerable families remain self-sufficient should not be cut.

"The math doesn't add up," said Nan Madden, director at the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits. "You can't solve a budget deficit like this by targeting health care and social services without placing a heavy burden on families struggling to make their way out of poverty."

"It's shortsighted because we'll see the effects on our economy and on the public in the long-term," said Madden. "For example, reducing access to health insurance for low-income families means less preventative care and more expensive visits to the emergency room. Increasing child care costs to solve the budget deficit means more vulnerable children miss out on critical early childhood development opportunities."

Not only would such cuts harm those Minnesotans least able to weather the current economic downturn, but it would also have a negative impact on the economy.

"When the state invests in services, that money pays wages and buys goods and services in our communities. Reducing those investments means taking money out of the economy – exactly the opposite of stimulus," said Christina Wessel, deputy director at the Minnesota Budget Project.

"The budget deficit is a responsibility we all share, so everyone should play a role in the solution," said Wessel. "By taking progressive taxes off the table and targeting health and human services for spending cuts, we are asking our most vulnerable Minnesotans – the low-income, the elderly and those with disabilities – to shoulder most of the burden."

A better approach – one which shares responsibility for solving the deficit, helps stimulate our economy and puts us on a path back to financial stability – would:

- Raise revenues in order to sustain current levels of public investments to help our economy through the current economic downturn.
- Use the state's budget reserves in a restrained way in conjunction with a long-term solution.
- Restore inflation in the forecast to ensure that everyone understands the future implications of today's choices.

The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides independent research, analysis and advocacy on budget and tax issues emphasizing their impact on low- and moderate-income Minnesotans. The Minnesota Council of Nonprofits (MCN) is the statewide association of 1,900 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs and advocacy, MCN continually works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector, www.mncn.org.