



MINNESOTA BUDGET PROJECT

An initiative of
the Minnesota Council
of Nonprofits



A call to nonprofits: Minnesota must raise the revenues needed to build a future where all can thrive

We can rise to our challenges

Minnesotans understand that we all need an extra hand at times: a push out of a snowbank, a home-cooked meal when we're ill, or a box of warm clothes to get us through long winters.

As a community of nonprofits, that understanding is built into our missions – it is literally who we are. In addition, we deeply understand the essential role that schools, health care, affordable housing, and other public services play in building thriving families and communities.

We also know why we must change the ways we've fallen short in ensuring that all of us, including Black, Indigenous, and people of color (BIPOC) Minnesotans, share in our state's abundance.

Our strength is in our voice and our numbers. And how our work weaves and binds our communities across this state.

We can rise to meet the immense challenges of our times by keeping our shared values in mind. Through thoughtful public policies, we can counter the threats to Minnesotans' health and well-being, especially for those burdened by historical and current barriers based on the color of their skin or where they live.

Our challenges are significant

The pandemic and prolonged economic disruption mean the challenges before our friends and neighbors are growing; the resources they need to thrive are depleted. Too many are still out of work, falling behind on rent, and living with the fear that comes with not being able to feed their families each day.

These dual crises have put into sharp relief long-standing structural inequities that means our Black and brown neighbors are more likely to be harmed by the virus and its harsh economic impact. Minnesotans of color are more likely to be facing job loss, hunger, and housing insecurity because of the pandemic, and due to a legacy of structures and policies that have limited their access to opportunities in education and employment.

We may be experiencing the most unequal recession in modern history. In April, 20.5 million jobs were lost across the country at the same time that the S&P 500 stock market index had its best month in 33

years.¹ The highest income workers are largely back to work, while unemployment is still very high among workers earning lower wages, people of color, and workers with lower levels of formal education.² The pandemic further exacerbates inequality in income and wealth, which have been accelerated by policy choices such as federal actions in 2017 that provided big tax cuts to high-income individuals and profitable corporations.

The recession has also caused a big drop in state government revenues. The requirement that states must balance their budgets every budget cycle, regardless of economic conditions or emerging needs, puts states in a bind. Minnesota policymakers will need to take action to tackle the pandemic and the recession's impact as they set the state's next two-year budget in the 2021 Legislative Session. This must be the priority, even in the context of the state revenue shortfalls that the virus has caused.

We know that in past recessions, some policymakers sought to balance the state budget with one hand tied behind their backs, without raising revenues. That meant harmful cuts to public services, which left Minnesotans without needed supports to get through tough times. Everyday Minnesotans ended up paying more for essential public services, whether through higher tuition at state colleges and universities, higher costs for child care or services for children living with disabilities, or higher fees and fines in the criminal justice system. Such actions are a drag on the economic recovery, and in some ways, we've never fully recovered from that approach.

State revenue shortfalls are a threat to public services that nonprofits care about and deliver for their communities. Nonprofits are often partners with government to provide services that build strong communities — from care for the elderly, to youth development, to the arts, to protecting the environment, to name just a few. During past recessions, some policymakers incorrectly thought that nonprofits could make up for state funding cuts by making up those dollars up elsewhere. That wasn't true then, and it isn't true now, when nonprofits are facing huge financial strain because of COVID-19.³

While federal and state decision-makers have taken important steps, policymakers must do more so that all Minnesotans can be healthy, safe, and economically secure, and build a more equitable recovery.

We have abundant resources

We know that the path to a stronger, more equitable recovery is through greater investment in the health, well-being, and economic stability of everyday Minnesotans.

Minnesota has resources to draw on in this time of crisis, and should do so through three sources: the state's budget reserve, maximizing federal dollars to the state, and fairly raising state revenues.

¹ Matt Phillips, "[Repeat After Me: The Markets Are Not the Economy](#)," *New York Times*, May 20, 2020.

² Heather Long, "[The recession is over for the rich, but the working class is far from recovered](#)," *The Washington Post*, August 13, 2020.

³ Minnesota Council of Nonprofits, [Minnesota Nonprofit Economy Report: COVID-19 impact update and Minnesota's response to the murder of George Floyd](#).

Minnesota has a strong budget reserve built up when the economy was strong. This “rainy day fund” should be used to support Minnesotans’ health and economic security, protect public services that Minnesotans are counting on, and keep teachers and others on the job, serving their communities.

We also must maximize dollars the state receives from the federal government. The federal government must play a strong role in stimulating the economy, as it has earlier in this pandemic and in past recessions. This must include additional federal funding to states, local governments, and tribal governments, which are required to balance their budgets even through the pandemic has caused their revenues to plummet and their residents need some extra assistance to get by. The federal government must also extend critical economic support to Minnesotans and their families. These are essential steps to prevent a longer, deeper recession and jump-start the recovery.

Finally, Minnesota should raise additional state revenues, and do so in ways that make our tax system fairer and more equitable. The pandemic and economic downturn is doing the most harm to those with the least resources to get through it. Those still doing well – profitable corporations and the wealthy – should shoulder more of the responsibility of funding essential public investments to secure Minnesotans’ health and well-being, and support the recovery.

United we can rise

As nonprofits, we have united in past tough times against harmful state budget cuts, and worked with partners across sectors to make the case for raising the revenues needed to fund crucial public investments.

Nonprofits can be a powerful voice for what’s needed, sharing the stories and experiences of people and communities across the state, as well as educating decision-makers on why they must continue to fund public investments, including the indispensable work we all do in our communities. Lawmakers will be under huge pressure to make damaging cuts to the state budget. Your expertise and experiences are critical to counteract that pressure.

We must remember our commitment to get through it together. Only by acting boldly and justly can we ensure all of us have what we need to thrive.

To sign up onto our principles and join our campaign to raise revenues to meet Minnesota’s needs now and in the future, [fill out our participation form](#).