Strong Minnesota Economy Requires Sound Investments

It’s Time to Get Back to What Works

For prosperity to be widespread and Minnesota to compete in the global economy, our leaders have to move beyond gimmicks and short-term fixes. We need to support the state’s priorities for the long term.

Minnesota faces significant gaps between public needs and the resources it takes to meet them. Over a decade and a half, frequent budget shortfalls have been the norm. Two recessions, including the deepest economic downturn the country has seen since the Great Depression, are only part of the reason. Another important cause is the over-reliance on short-term maneuvers that kick the can down the road instead of putting Minnesota on a firm financial footing.

When the Legislature convenes in January, the top job will be to pass a budget for the next two-year cycle that starts on July 1, 2013. The $1.1 billion revenue shortfall the state projects is just the tip of the iceberg. Simply keeping up with inflation adds another $1.1 billion. Then there’s the $2.4 billion needed to fully reverse the school payment shifts used in recent years to balance the budget.

Year after year of deep cuts in critical services also means that Minnesota is failing to invest in our future prosperity. Here are just two examples of how:

- Although there are more than 23,000 additional full-time students in our public colleges and universities, the State of Minnesota spends less on higher education than it did 10 years ago, and tuition has risen substantially. Minnesota needs more college-educated people to meet the job requirements of the future, but we’re making it hard for many to afford that education.
- Nearly 7,300 Minnesota families are on waiting lists for assistance that would help them afford early childhood education essential to making sure all kids start school ready to achieve.

Let’s Share Responsibility for Supporting Crucial Services

Our outdated state tax system isn’t meeting Minnesota’s needs. All Minnesotans benefit when we invest in our future prosperity, with all Minnesotans sharing the responsibility.

But today that responsibility is not evenly shared. For example, a Minnesota household making over $429,354 pays 9.7 percent of its income in state and local taxes, while a middle-income household making $53,315 to $68,696 pays 12.1 percent.

We can narrow that gap. Relying more on the state income tax – which is based on ability to pay – would ensure that all Minnesotans are paying their fair share.

Common sense choices made Minnesota a great place to live, work and raise a family. But we’ve gotten away from that. A balanced approach that includes revenues – instead of the current cuts-only approach that threatens Minnesota’s economic future – will put us back on the right path.