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Contact: Nan Madden, Minnesota Budget Project director
Phone: 651-757-3084, 612-709-6948 mobile
Email: nan@mncn.org

Today's State Budget Forecast Sure to Show Shortfall *Balanced Approach Needed—Including New Revenues*

St. Paul, MN – Minnesota Management and Budget (MMB) is expected to release its November economic forecast this morning. The question is not whether the state is in an economic hole, only how deep the hole is. The expected deficit will ensure that policymakers will face deficit challenges in the 2010 Legislative Session for the seventh time in nine years. The deficit is the product of both the severe national recession and past policy choices.

Nan Madden, director of the Minnesota Budget Project, said Minnesota needs a balanced approach to the state's shortfall. There is no silver bullet to solve this problem. Coming after years of budget cuts in response to deficits, relying on spending cuts alone to solve the current deficit would hurt people who need help today to weather the economic downturn. It also would poorly position Minnesota for when prosperity returns by limiting investments in education, job training, health care and the other building blocks of a strong economy.

Minnesota is not alone. The [Center for Budget and Policy Priorities](#) reports that at least 35 states are currently facing budget shortfalls in fiscal year 2010.

The deficits will continue into future years. Madden said Minnesota's leaders need to find a long-term solution to the problem. One option is an income tax on the wealthiest Minnesotans, which would help state revenues with minimal economic impact. Over the past year, at least 30 states had enacted tax increases to help close budget holes. A balanced approach including revenue increases would avoid the gimmicks and short-term fixes used to fix earlier state budget deficits. "Short-term fixes only make next year's problems worse," Madden said.

Additional Information:

After the forecast is released, the Minnesota Budget Project will provide updated analysis on its [blog](#), MinnesotaBudgetBites.org.

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 more than 2,000 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)