



State budget shortfall

IssueTalk, the online policy forum created by Minnesota Planning to encourage citizen participation in public affairs, was open from January 7 to January 18, 2002, for a discussion of the state budget shortfall.

IssueTalk was established in 2001 in response to Governor Jesse Ventura's belief that the state should bring government back to the people by giving them a voice and hearing their ideas. To invite participation in the January budget dialogue, the forum was promoted extensively to the media and received several mentions in the *Pioneer Press* and *Star Tribune*, as well as in other newspapers around the state. Links were provided on the state's Internet portal, North Star, and on the Governor's web site; non-profit, taxpayer, civic and education groups and local governments were notified by mail.

To start the discussion, participants were asked to consider the following questions:

- What would you trim or eliminate to reduce the deficit?
- What taxes would you increase or create to reduce the deficit?
- What should not be touched to reduce the deficit?

Those posting remarks were fortunately not constrained by these questions, greatly adding to the richness of the conversation.

Over 450 people registered to participate in the budget discussion, and more than 600 comments and ideas were received. It is not known how many people observed the discussion without registering. Although comments are no longer being accepted, the discussion can be viewed online at <http://issuetalk.state.mn.us>.

Using statewide goals established by more than 1,000 citizens during the development of *Minnesota Milestones* (a long-range plan for the state) in 1992, participants could also rank their statewide priorities. The 19 goals comprise four key areas: people, community and democracy, the economy, and the environment.

The purpose of the poll was to get a sense of public sentiment about what is most important, given the budget shortfall. Poll participants were asked to select only five goals from the list of 19.

There were 530 poll participants. The poll was not scientific and represented the opinions of only those who chose to complete it. We do not know whether participants, in identifying their priorities, perceived that a shortfall implied less funding for all choices. Thus, a participant's priorities may reflect those that should not be affected or diminished by the impact of a budget shortfall.

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Comments submitted through the poll do not appear online, but are incorporated into this summary. In general, poll comments tracked those on *IssueTalk*.

The goals ranked highest were:

- Minnesotans will excel in basic and challenging academic skills, and knowledge (267 votes).
- Minnesota's work force will have the education and training to make the state a leader in the global economy (237 votes).
- All children will be healthy and start school ready to learn (191 votes).
- Our children will not live in poverty (147 votes).
- Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them (144 votes).

This report is a summary of the *IssueTalk* discussion on the budget shortfall, prepared for distribution to legislators, administration policy-makers and interested citizens. For summary purposes, we have grouped comments under some general topical categories. State government operations, taxes, education (both K-12 and higher education) and human services and health care were of greatest interest to participants, followed by transportation issues and the effect of proposed budget cuts on local government. Topics receiving fewer comments are summarized under the general heading of "Other;" they contain valuable observations and suggestions that were an important part of the forum.

Where comments overlapped categories, we have chosen what we believe to be the most appropriate category. For example, discussions of health benefits for state employees have been placed under State Government Operations, rather than Health and Human Services. Similarly, postings about early childhood programs are contained in the Education category. Still other submissions were "Big Picture." Those come first in the body of this report.

The *IssueTalk* conversation was spirited and thoughtful. Because summaries often fail to capture the tone of an event such as

this, we recommend that you view the forum in its entirety by going to <http://issuetalk.state.mn.us>. *IssueTalk*'s keyword search function can be used to review all submissions about a specific topic.

BIG PICTURE: Minnesota's economic health and the role of state government

In general, forum participants submitted comments directed at specific areas of the state budget. But there were also many thoughtful postings that were directed at the state's overall economic health and the role of state government. As in other categories, opinions were diverse.

Excerpts from the online discussion

- Our economy has always followed cycles of peaks and valleys and will continue to do so for the foreseeable future. It is high time that elected officials start taking this into account when managing our budget.
- Why didn't we see this coming?
- Minnesota is always ranked high for a healthy population and as a good place to raise a family – in my opinion this is worth paying for.
- Extra money (surpluses) should be invested in infrastructure.
- Legislators in this state have forced us to pay more than our share – they need to budget more effectively and make hard decisions like every other business.
- We all have the democratic privilege and responsibility to keep in touch with our representatives to let them know how our money should be spent.
- Citizens need to be watchful and involved.
- Elected officials gave rebates because they felt it was politically expedient to do so.
- Tax rebates are scarcely the problem, we need to get control of the budget and decide what spending programs are necessary and which are wasting money or not accomplishing what was intended.
- Whatever is done should be statewide in nature and set policy that will last more than two or three years.
- We need to break out of this cycle in which the state cuts taxes and holds the

line on spending during periods of prosperity and then cuts spending and holds the line on taxes during recessions. Before long, you end up wrecking public services.

- Minimize government and maximize self-reliance.
- Learn the difference between want and need, in addition to the difference between compassion and enabling.
- We may need to cut back in the services provided by state agencies until residents see the connection and are willing to ask for higher taxes to provide some of these services again.
- Can we lose the entitlement mentality?
- (Minnesota was) known for high taxes and good services. Let's make it a state that cares about all of its citizens again.
- This should not be a two year fix. The rollercoaster effect only creates more issues.
- If I wanted low taxes and no services I would live in Montana, Texas or Nevada. I do not mind paying high taxes for good services.
- Solve shortfall one biennium at a time. We should wait for better data before making permanent cuts.
- Use budget reserves and direct future excess balances to the reserve account until it reaches five percent of biennial expenditures, as recommended by the state's Council of Economic Advisors.
- Undo spending increases over the last decade. It is too easy to increase or expand our taxes and much too difficult to reduce them.
- The state budget has increased immensely in the last ten years due to the availability of surpluses to spend. Ask any honest state representative or state senator and they will tell you that if the money is in their hands, it will be spent – not necessarily on the things you and I think it should be used for.
- The only way most governmental units review what they are doing is when funds are at a minimum. They have no real reason to do so when money continues to flow into their coffers.

■ Use automatic funding restoration clauses so that if the economy betters, those areas that may have an immediate cut can be restored without further action.

STATE GOVERNMENT OPERATIONS

While most participants agreed that the state should provide essential services, these were not always clearly defined. One poster suggested identifying truly statewide priorities – education, transportation, public safety – and narrowing government to those functions. Others named nursing home resident and veteran care, roads, parks, regulatory functions, food and equipment safety inspections, care for the neediest and the necessity for the state to step in when parents fail to parent. Some felt that government interfered too much and too often in daily life, while acknowledging the difficulty of identifying legitimate government functions, unnecessary functions and waste.

Suggestions to cut or eliminate some departments and functions were made. Specifically named were the Metropolitan Council, the departments of Children, Families and Learning, Natural Resources and Human Rights, the Public Utilities Commission, Minnesota Planning, the MINNCORR program, the Tax Court, the state highway patrol, the state motor pool, and highway rest stops (transfer to the private sector).

A significant part of the state government portion of the discussion was devoted to state employee effectiveness, compensation and benefits. In response to suggestions that state employees forego pay raises or work abbreviated schedules, it was noted that this would not contribute measurably to deficit reduction.

Many were interested in the effect of new health care plans on overall employee compensation and several posters were opposed to providing benefits for same-sex domestic partners.

With regard to state employment, other suggestions included a reduction in management positions, a hiring freeze, an early retirement incentive and pay cuts for

legislators, other elected officials and state agency heads. It was also suggested that the legislature restrict per diems and reduce their numbers.

There were several calls for finding ways to make government more accountable by consistently measuring performance. Another idea was to form committees of citizen volunteers to review government functions for duplication. Several posters felt that the state relied too heavily on outside consultants and was often not well served by them. One participant suggested that the state revamp its contract process to gain efficiency and save dollars.

Government employees were often identified as good sources for proposals for elimination of waste; a finder's fee for money-saving ideas was suggested. Other posters remarked that fear of retaliation could be a deterrent.

Excerpts from the online discussion

■ Perhaps it is time to look at eliminating the Commission of Health and the Public Utilities Commission. We've learned that the Health Commission had access to information regarding both the Allina fiasco and now MPAAT but didn't take action in either situation. The PUC seems to be more concerned with rubber stamping rate increases and congeniality with utilities than looking out for the consumer. The staffers who work for these commissions can be absorbed into the AG's office.

■ Although the state motor pool provides good service when properly used, waste occurs when agencies do not determine whether an employee should drive his/her own vehicle and be reimbursed on a per mile basis, or be assigned a state vehicle. Another large waste of tax dollars is when agencies keep vehicles for "occasional" use. If a vehicle is driven less than the "break-even" point, that agency is wasting our tax dollars.

■ Put long term research projects in state agencies on hold for two years.

■ Eliminate the state highway patrol. Law enforcement should be restricted to city police and county sheriffs. Legalize the use of photo-cops to enforce speed limits, traffic lights, carpool lane use and other traffic ordinances.

■ I am a state employee and I'd rather take a week of unpaid leave than a layoff.

■ Every other "business" lays off and tightens up in tough times. Where is it written that government is exempt from reality? The only way to reduce cost in either the private sector or the public sector is by a reduction in force.

■ Offer state employees an opportunity to defer a voluntary percentage of their wages in the form of bonds repayable with interest at a later date.

■ If employee cuts are made and the wasteful practices continue, all you have is a smaller seed that will grow again. Instead, keep the people and change the way you do business! Eliminate unnecessary meetings, travel, and the complimentary boxed lunches and doughnuts. Don't just eliminate the lowest employees, share the pain at the top and middle as well.

■ Require that all state, city, county and school district employees pay a minimum 2.5 percent of the single premium, five percent of the single +1 premium, and 10 percent of the family premium for group health insurance. Public bodies may negotiate increased cost participation from employees but may not go below this level.

■ Remove all spouses from the state plan who are eligible for health insurance from their own employer. Children would remain covered. I know a person who works for the state. His wife has health coverage from her employer. She enjoys double coverage. Since both plans are Health Partners, she gets free prescriptions.

■ The state is continuing to bleed as a result of its poor negotiations with health care insurance companies regarding health insurance for state employees.

■ There are too many middle managers. We have a division director who has no division to direct, no subordinates. We also have individuals appointed by the commissioner and no one has a clue what they do.

■ When I began my employment with the Department of Corrections, our human resources office had two people. Now there are five people doing the same job. The number of directors and assistants to the warden and associate wardens has

grown....The central office is growing as we cut line staff.

- We all know we have jobs that monitor jobs. Why not decentralize the model and give us the quality improvement or compliance process to monitor it.

- Ending the legislature's insatiable appetite to submit "per diem" expense requests would restore between \$800,000 and \$1,600,000 annually to the general fund. Originally per diems were intended to offset the actual out-of-pocket expenses incurred by outstate legislators. Today, almost all members of the legislature submit per diem expenses up to the limit currently allowed by law.

- Consultant use has grown to \$700 million annually. One problem is the parameters of service contracts. The consultant will finish a contract and leave. Then, if the state finds problems with the product or service, the consultant will only come back if another contract is agreed to. When a state employee does that same work, the employee is more accountable to the outcome. This needs to be continually brought to the attention of legislators.

- The Department of Transportation is going to increase the use of consultants to produce designs for roads and bridges – designs that usually need much tweaking, re-design and correction by the state's engineers.

- Ask the school district, city, county, state and federal employees which programs are duplicate or worthless.... guarantee them that they will not lose their jobs.

- The Legislature should create a board to provide better input from public employees via a method that does not result in political retaliation.

EDUCATION

The League of Women Voters named K-12 education as one of its highest priorities for state spending and the majority of forum participants commenting on this subject opposed reducing expenditures, noting that cuts would compromise the future, that good education would foster economic growth since employers are attracted to states with superior systems and that

quality education maintains quality of life. Some participants affirmed their support for education as a sacred cow that should not be part of a budget solution and several stated their willingness to pay taxes for quality education. Others wrote that both state and federal mandates should be fully funded by those governments.

One poster indicated a willingness to forego early childhood and adult education, but others felt the benefits of the Early Childhood Family Education program outweighed the costs. There were a number of proposals to cut extracurricular activities or to offer them on a fee basis; one person suggested that parents could perform volunteer work to eliminate the fee.

There were numerous other ideas for reducing expenses. Among them: offer teachers a one-time Rule of 80 (years of service plus age) retirement option; abolish teacher tenure; reduce the number of administrators; look at economies of scale and consider more consolidations; consolidate public school health plans and waive, at least temporarily, the state requirement that a portion of all school budgets be set aside for staff development.

It was pointed out that a changing population and the increasing number of non-English speakers put extra pressure on school systems, particularly in the metro area, and that this was an important factor for the state to consider.

There were concerns about funding equity for small rural school districts; one contributor expressed satisfaction with the recent transferring of the majority of costs to the state, calling it a leveling of the playing field. Others thought that school districts should have more ability to levy for additional revenue and that local voters should have more authority to ensure responsible use of funds.

Some asked how much money was enough and expressed a desire to know how dollars were spent; it was suggested that independent auditors would help answer these questions.

One participant wrote that education can't do everything and should concentrate on the basics. Another proposed a tax incentive to encourage private contributions to public schools, with the condition that donors could designate use of gifts, in the hope that basic education would then be emphasized.

Excerpts from the online discussion

- I am outraged with the lack of federal funding for mandated special education.

- Stop requiring that education do EVERYTHING. One of the big drains on state and local dollars is paying for federally mandated programs.

- Charge the true cost of extracurricular activities as activity fees, including paid staff, field maintenance, uniforms, liability insurance, transportation, etc. Allow normal deductions for students qualifying for reduced-cost lunches.

- Bring back some physical education classes and delete all of the extracurricular sports programs. We don't need swimming pools in schools, expensive football fields, hockey arenas and extra curricular activity buses with drivers and trips to other schools for games.

- Teachers should be paid based on their ability to teach and the subject they teach. If a teacher without a Ph.D. can teach as well as one who does have a Ph.D., there should not be a difference in their wages.

- There are too many assistants to assistants. When cuts are made, classroom teachers should be the last to go.

- Consolidate all public school health plans to a single plan, and take competitive bids, rather than having each district negotiate a separate contract.

- Limit litigation towards school districts. Money goes out in settlements that could be used for programs.

- Instead of having schools pay sales tax, why not just lower the foundation allowance by \$40 a student? It would accomplish the same thing and avoid the gimmick issues.

■ I don't think anyone has a problem with teachers, smaller class sizes, etc. People have a problem with paying excessively for education and districts not being held accountable.

■ Data from "Quality Counts 2002," an annual report from *Education Week*, gave Minnesota a D- and a C under standards and accountability. We place too much faith in money solving problems when we should be changing policy to solve problems. Every study not funded by a teachers union has shown that above some minimum amount, more money does not mean better education.

HIGHER EDUCATION

While higher education did not draw as many comments as K-12 education, participants uniformly opposed reductions to the budget of the University of Minnesota, with several saying that maintaining the current level of funding was of utmost importance, especially critical to the future, should be the state's highest priority and that cuts would damage medical and agricultural research and the state's workforce. It was noted that those with a higher education earn more, spend more and pay more in taxes, thereby returning the state's investment.

Several observed that good higher education attracted talent to the state, while increased tuition would force students elsewhere and this would have a negative impact on the quality of the state's workforce.

The state colleges and universities system (MnSCU) was also identified as a high priority; one participant observed that, with a growing number of unemployed, retraining programs would be especially important.

Because education funding is complicated, one poster proposed a required course on the subject for government leaders and added that it was wrong to expect education to be run like a business.

It was suggested that the state not invest in college athletics, but make them self-supporting through admissions and corporate and community sponsorships.

As a replacement for higher education cuts, another person proposed a state-run casino with profits going to the general fund.

Recognizing that cuts could be necessary, one person suggested that these be automatically restored when reserves again reached the \$100 million mark.

Excerpts from the online discussion

■ Support funding for the U and for higher education overall!

■ We owe our children and grandchildren a legacy of opportunity through higher education that has been important to the growth and quality of life of Minnesota.

HUMAN SERVICES AND HEALTH CARE

Several participants had specific ideas for cost savings in these areas. There were suggestions that the state should examine: employment and consulting practices at the Academic Health Center at the University of Minnesota; Workers Compensation therapy payments; Medical Assistance and MinnesotaCare medication policies; and duplication in some health care services.

Another poster thought that the state could save money by fully funding adoptions and eliminating foster care; one responder pointed out that this would not be a solution for special needs and older children, since most adoptive parents want infants.

Services to seniors were generally seen as essential, with several posters asking that no cuts be applied to adult day care programs, nursing homes and home health care services.

One participant believed that welfare reform should continue; others thought a residency requirement (perhaps six months) for welfare benefits should be established.

Citing the potential of future incarcerations, participants noted that the Youth Intervention Program and other programs for homeless youth were a good value.

Excerpts from the online discussion

■ Do not increase the Health Care Provider Tax. The state's largest health care providers have historically been able to clear only about three percent gross revenues, providing the net income that keeps them afloat. Although originally billed as being a pass-through tax, health care providers have found that it costs more to pass the tax through to the patient than it does to just pay the tax. Thus, a Provider Tax rate of one percent eats up a full third of the net operating income from the practice. The Provider Tax, also called the "sick tax" by health professionals, should be removed entirely, and the funding for indigent health care should come from general funds.

■ Domestic partner benefits limited to same sex domestic partners defeats the purpose of expanding coverage to as many people as possible to reduce government costs for health care. Health care insurers and third party payers should offer dependent coverage to anyone who can be claimed as a dependent on federal taxes. This is much more documentable than any domestic partner benefit. Either you have a federal tax return with them listed as a dependent or you don't. The state would save millions in health care costs for uninsured individuals who use expensive public health care services through Medicaid and other state programs.

■ There should be more public education about what home care and hospice are and what they can do. Many families feel that once this in place they no longer have to be responsible or help with someone's care.

■ Hospitals and doctors should be required to offer inpatient hospice services to those who choose no further aggressive treatment during the end states of their illness.

■ I am the director of a small, home health care agency and we care for 50+ people at an average cost of less than \$500 per month. Look at home health funding changes. It will give you lots of bang for your buck.

■ Health care workers are already in short supply, especially in home care. Many times they can make more money working at a retail store or fast food restaurant. Don't make it even more difficult to recruit and retain health care workers.

■ Reimbursement is very poor for state funded home care and we have many expenses such as travel time and mileage, which are not reimbursed. It has gotten to the point where we need to consider how far out the client lives before we can accept them for service.

■ Revise Statute 256B.0911 on Long Term Care Consultation Services to remove the requirement in Subd. 3 (b) which requires county teams to provide services to all persons in the county, regardless of eligibility for Minnesota's Health Care Program. Instead, the counties should refer residents who do not meet income eligibility requirements to their local Area Agency on Aging, which can provide the resident with names of geriatric case management organizations that would provide an assessment for a fee. There are over 30 such organizations in Minnesota.

■ Many people use transition care because of the rapid discharge from hospitals. Medications ordered by the nursing home, but leftover upon discharge, cannot be sent home with the patient. Licensure rules prevent this, even though they are the same as the discharge medications. Since all of these medications are clearly labeled and often in dose packs, they are still safe and easily administered.

TAXES

Opinion on the recent tax rebates was about evenly divided, with some agreeing that surpluses constitute overtaxation and should therefore be returned and others blaming the rebates for the current shortfall, or a portion of it, recognizing that a faltering economy also played a role. The same was true for permanent tax cuts; some felt they should be undone with rates restored to 1999 levels and others said that they were good policy, "appropriate and appreciated."

Many participants contributed to a dialogue about the sales tax. Again, opinions were divided. Among the ideas offered were suggestions to increase and extend the sales tax but have a floor (\$15 or \$20) beneath which nothing would be taxed, or give lower income earners a tax credit for clothing purchases, or give charitable organizations tax exemptions on second-hand goods. Others suggested

adding the sales tax to snack food, soft drinks, luxury items, alcohol and Internet purchases. One poster suggested applying the sales tax to everything, but lowering the rate; others thought that any extension of the sales tax was regressive.

There was general though not unanimous support for the increase in the cigarette tax, with several remarking on the accompanying expected health benefits. There was greater support for increasing taxes on alcohol.

Many, including the League of Women Voters, approved of a gas tax increase (with some saying that it should be more than five cents a gallon or there should be a higher tax on premium) although there were varying viewpoints on how the proceeds should be spent. Others approved of the gas tax increase for environmental reasons, saying that taxes on all non-renewable energy sources should be increased and those on renewable sources should be eliminated.

One poster suggested that tax collections would be increased by eliminating the reciprocity agreement with Wisconsin; others proposed repealing tax deductions going to those with children, calling the system unfair to those who are childless.

Several contributors stated that they are not opposed to high taxes if education and services are high quality; one person said increases should come with a sunset date.

Other proposals included raising taxes to build up a surplus, then using the interest on that to lower the rates again; removing all school funding from property taxes and giving school districts the ability (with voter approval) to assess sales and income taxes; and, examining ways to move the state from dependence on fluctuating sales tax revenues to a more stable source.

This summary has simplified much of the tax discussion. To read the complete posts, go to <http://issuetalk.state.mn.us>.

Excerpts from the online discussion

■ Do not tax auto repair. The well-off have new cars that require little repair.

■ Extend sales tax to all goods and services, no exceptions.

■ The state should consider a 2 cent surcharge on motor fuel sales for all such sales within the seven county metro area to be used only on metro area transportation needs.

■ Tax garbage.

■ Raise the taxes on non-homesteaded lake homes, many of which are owned by people from North Dakota, Iowa, and Wisconsin. Why are we subsidizing out-of-state homeowners?

■ There is a pervasive belief in this country that cheating on your taxes is not a serious offense, that it is largely a victimless crime. Minnesota's growing tax gap, the difference in tax obligations less dollars collected, requires a stronger emphasis on enforcing our tax laws. What is the overall percentage of uncollected tax revenue?

■ Just as we reduced sales taxes through rebates and reduced income tax rates when we had excess funds, it is now entirely appropriate to consider increases in these taxes when there is a budget shortfall.

TRANSPORTATION

Light rail transit was the subject of much discussion. Many argued that construction should be stopped or set aside for a time so that dollars committed to the project could help balance the budget. Others said that it was already a significant investment and should be completed; there was a reminder that the federal government is a significant contributor. One poster suggested that an underground system would be more efficient.

Many participants hoped that funding for mass transit would not be cut and means would be found to expand ridership. One person said that perhaps bus rides should be free, noting that taxes support the bulk of transit expenses and that revenue from fares barely offset the cost of collecting them. This participant listed many possible benefits from free bus service. Among them: buses would run faster, more people would ride, less fuel would be burned and less road construction would be necessary.

Opinion was divided on the use of ethanol; there was discussion on government subsidies for its production, potential damage to engines and the need for substitutes for oil.

Excerpts from the online discussion

- Hawaii has a great bus system and it costs less than \$1 per trip. Someone should find out why so we can learn from their success.
- Put new highway and road widening projects on semi-permanent hold. Why create more public infrastructure that will need upkeep, at significant public cost, for generations to come?
- Establish a “congestion pricing” toll system on selected metro area highways to assist in funding its transportation infrastructure needs.
- Collect user fees for roads, lights, plowing, etc.
- The state should adopt the federal blood alcohol content standard of .08 to avoid the loss of federal highway dollars.

LOCAL GOVERNMENT

Unfunded state mandates were seen as especially burdensome. Several participants suggested that local governments should have increased authority to levy; one proposed entirely funding real property services by a local real estate tax and eliminating any state funding for these services. Another participant warned that making local governments responsible for some programs now funded by the state would result in uneven delivery of services.

One contributor proposed that local governments use cash reserves to support education. Another protested that cities should not be forced to tap reserves.

It was noted that any reduction in local aids would be particularly difficult for rural communities, which need policies and incentives to attract businesses and people.

Excerpts from the online discussion

- Hennepin County is proposing to build another trail through the western suburbs for approximately \$15 million. This trail

will duplicate two other trails in both latitude and length. One is two miles south of the proposed trail, and the other is two miles north. This does not seem a prudent use of county tax dollars.

- Provide incentives to local governmental units that devise ways to work together to be efficient, effective, accountable and reduce costs.
- In the early 90s the state imposed a “temporary” sales tax on city purchases that has become permanent. This is double taxation. In 2001 the state eliminated a major state aid when it took away HACA. The state eliminated \$12,000 of our local government aid and did not allow the city to replace more than half of it. And since 1992, cities all over the state were bombarded with numerous unfunded mandates. We cannot plan effectively if we are always funding someone else’s mandates and program.

OTHER

Forum participants weighed in on a large variety of important issues. Some topics were not as widely discussed as others but were nonetheless noteworthy. Summary samples of those comments follow.

Environment. One idea was to establish an Adopt A Park program, similar to Adopt A Highway, which uses citizen volunteers to keep roadways clean. Several people felt that environmental protection measures should not be cut, noting that we should not risk the quality of life that brings tourists, businesses and new residents to Minnesota. Two participants remarked on the value of the Minnesota Conservation Corps, pointing out that it was an excellent training opportunity for youth that also helped the environment and that it brought federal dollars to the state.

Criminal justice. It was suggested that those found guilty of a crime should pay both court and incarceration costs.

Public safety. One participant urged passage of the “shall issue” gun permit law to let people protect themselves. Another thought money could be saved if police could keep the peace without

working under the constraints caused by perceived racial profiling.

Business. It was noted that policies and tax incentives that encourage out-of-metro business and industry development would help the rural crisis and reduce metro problems, like high housing costs, that are related to increased population in the metropolitan area. A businessperson indicated that large increases in health insurance costs had reduced profits and so also negatively impacted the state’s income tax receipts. Another participant cited the cost of regulation and suggested that the legislature carefully review new laws and regulations for their impact on small business.

Tobacco settlement. Five *IssueTalk* participants thought that the tobacco settlement money should be used to help balance the budget. Three others argued against this, saying that the money should be used to continue the anti-tobacco message. Two wondered why the money was not more visibly spent on health programs.

Possible new revenue sources. One suggestion was to sell state bonds, such as health or education bonds, and give people the opportunity to invest in the state directly. It was also recommended that the state begin taxing non-profits. Another proposal, attributed to the Minnesota Licensed Beverage Association, was to put slot machines in bars; the estimated revenues were \$300-500 million annually. While a few participants felt the state should not be in the business of gambling, there was some support for opening a casino or two, or expanding gaming at Canterbury Downs.

Minnesota Sex Offender Program. There was an extended discussion about the cost and effectiveness of the state’s program for sex offenders.

Drugs. One participant felt that the war on drugs was a waste of government money, particularly with regard to marijuana. Another said that both drugs and prostitution should be legalized to relieve stress on the judicial system and add to the tax base.

Bonding. In order to pay current obligations, a poster suggested that there be no bonding bill this year. A second contributor asked for full support for the capital budget request from the University of Minnesota.

OFFLINE COMMENTS

Several observers and participants were eager to offer ideas if these could be anonymously submitted or would not appear online. We have respected their wishes and summarized their comments.

Tax Court. Because of the low number of filings and the few cases that are tried, eliminate the Tax Court, a specialized court within the executive branch of state government. The court has statewide jurisdiction to hear county property tax matters and appeals from orders of the Commissioner of Revenue. There is duplication on most administrative fronts of property tax cases. Both the district court and Tax Court and even sometimes the county attorney's office are entering, tracking and closing the same cases each year. Have the district courts hear the cases that need adjudication. The money to fund the Tax Court would be better spent on district court judges who could hear other matters as well.

Sales and use tax on e-commerce. There are business entities that are under the misconception that all e-commerce sales are exempt from state and local sales and use tax. I propose that the state pursue an aggressive campaign to get business entities, that are Minnesota permit holders and are making taxable sales on e-commerce, to comply with M.S. 297A.66, Subd. 2. to collect and remit sales tax for e-commerce purchases made to Minnesota residents. I also propose an aggressive audit program to bill companies for sales tax owed for the period still covered under statute, which means that the state could go back three and one half years. Companies that have established a nexus with domestic companies or advertise within the state and have the sales volumes that fall under the requirement outlined in M.S. 297A.66, Subd. 3. (c) should also be included.

Women, Infant and Children Program. I work for WIC and feel it is a good program, but I am concerned about top heavy management, overuse of interpretive services, the number of clients who repeatedly miss appointments, and guidelines that do not count income from men who live in the household and are the fathers of the children. Guidelines have been expanded arbitrarily to keep the numbers up, and the program now competes with the Minnesota Family Investment Program for headcount. Organizations that sponsor immigrants should provide food, clothing and shelter for one year and enrollment in English as a Second Language classes. Clients who repeatedly miss appointments should be canceled off programs.

E-85 and ethanol program. As a former chief mechanic for the state, the E-85 boondoggle is most upsetting. The flexible fuel add-on for a 1999 Ford Taurus added \$1,160 to the cost of the car. The cost to run the vehicle on 85 percent ethanol for one year was \$1,250, vs. \$750 for unformulated gasoline. The fuel slips turned in did not show ONE drop of 85 percent ethanol purchased by our drivers for their FFVs. Some of our mowing equipment was powered by older engines that could NOT use ethanol, but it was forced on us anyway. After two major overhauls on one engine I asked my supervisor to put it on the surplus list because I could not buy valves fast enough.

One manufacturer had to eat the cost of dismantling and investigating why a piece of equipment destroyed three mufflers in 100 hours of service. After two weeks the company returned the equipment with "we changed the gas." The 2 percent water in ethanol separates and anyone with small, seldom used tanks of 500 gallons or less can pump 100% ethanol into a gas tank without knowing it. I ordered equipment that would tell me the content of ethanol in our 500 gallon tank. Surprisingly, our fuel contained 35 percent ethanol. Mitsubishi engine warranties are voided for anything over 10 percent. The fuel distributor put additives in our tank that improved the fuel, but it continued to cause havoc on our older autos, tractors, chain saws and handmowers.

Use of 800 numbers. Those of us with outstate computers connect with DHS via an 800 number. These lines are expensive. Some employees forget to shut down and the computer is online for hours or days. After a half hour or hour of nonuse there should be an automatic cancellation of the line. The worker can redial the next time the line is needed. It would be a minor inconvenience for the worker, but quite a bit of savings to the state.

State store. We receive the majority of our supplies from the state store. These items are much more expensive, sometimes twice as much, than Office Max or an equivalent store.

Minnesota Planning develops long-range plans for the state, stimulates public participation in Minnesota's future and coordinates activities among state agencies, the Minnesota Legislature and other units of government.

IssueTalk: State Budget Shortfall was prepared by Renee Anderson with assistance from Minnesota Planning staff. This report is available on the Minnesota Planning Internet site at www.mnplan.state.mn.us.

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