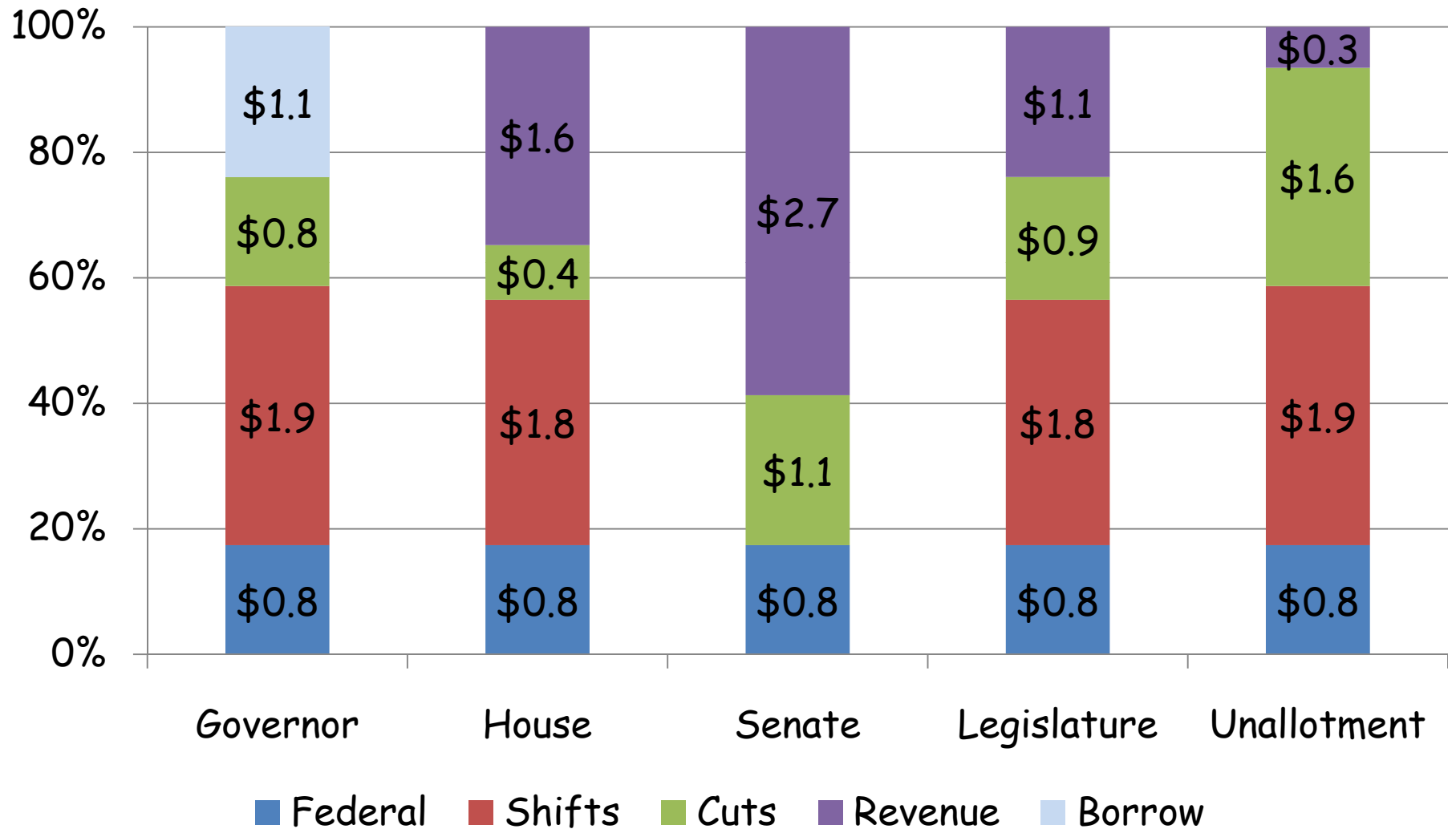




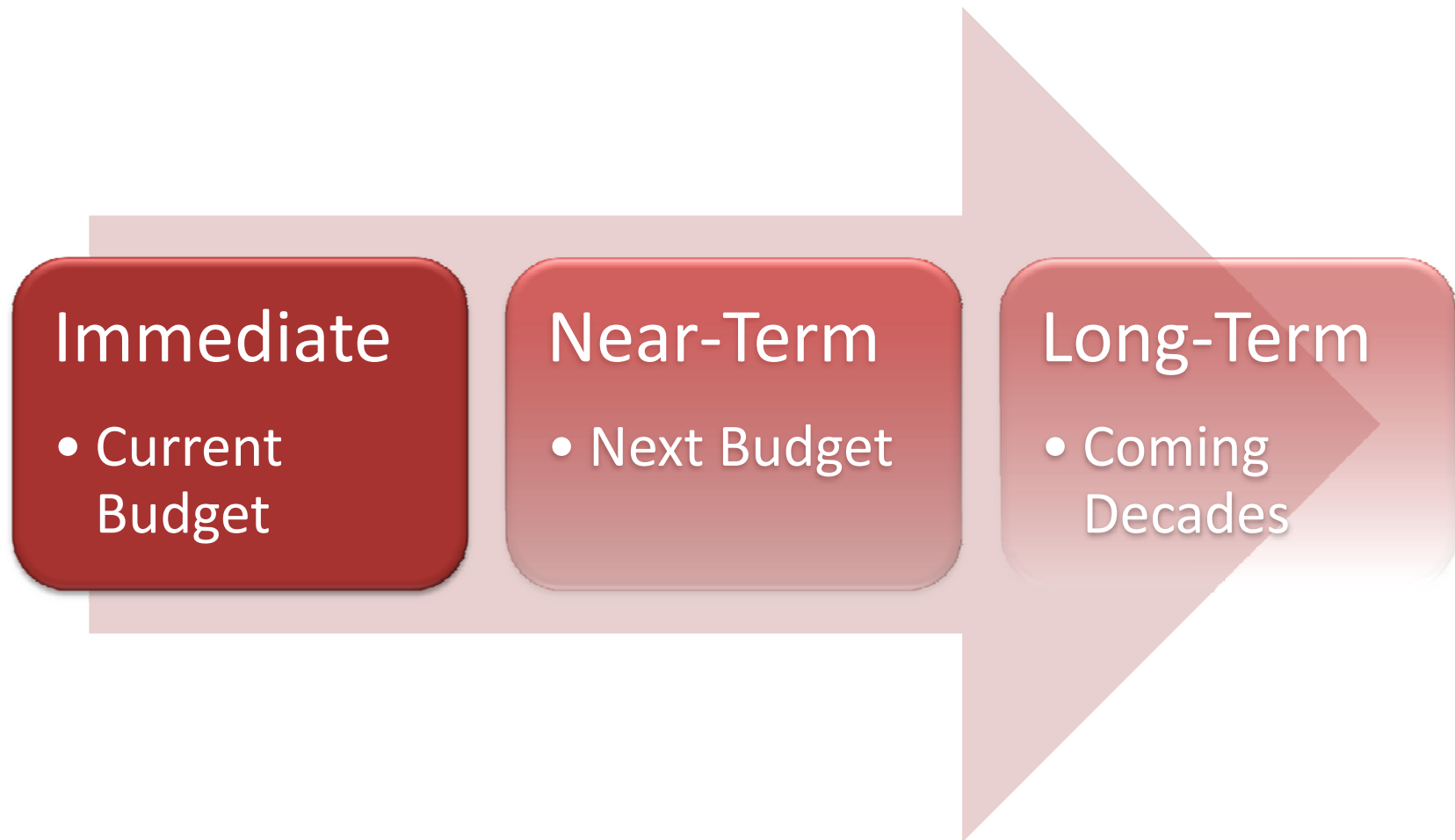
Facing Our Fiscal Challenges

John Gunyou

Last year's budget stalemate



Minnesota's three fiscal challenges



State's first two challenges

	Immediate 2010-11	Near-Term 2012-13
Resources	\$30.1	\$33.2
Spending	31.3	38.6
<i>Reported Gap</i>	<i>\$(1.2)</i>	<i>\$(5.4)</i>

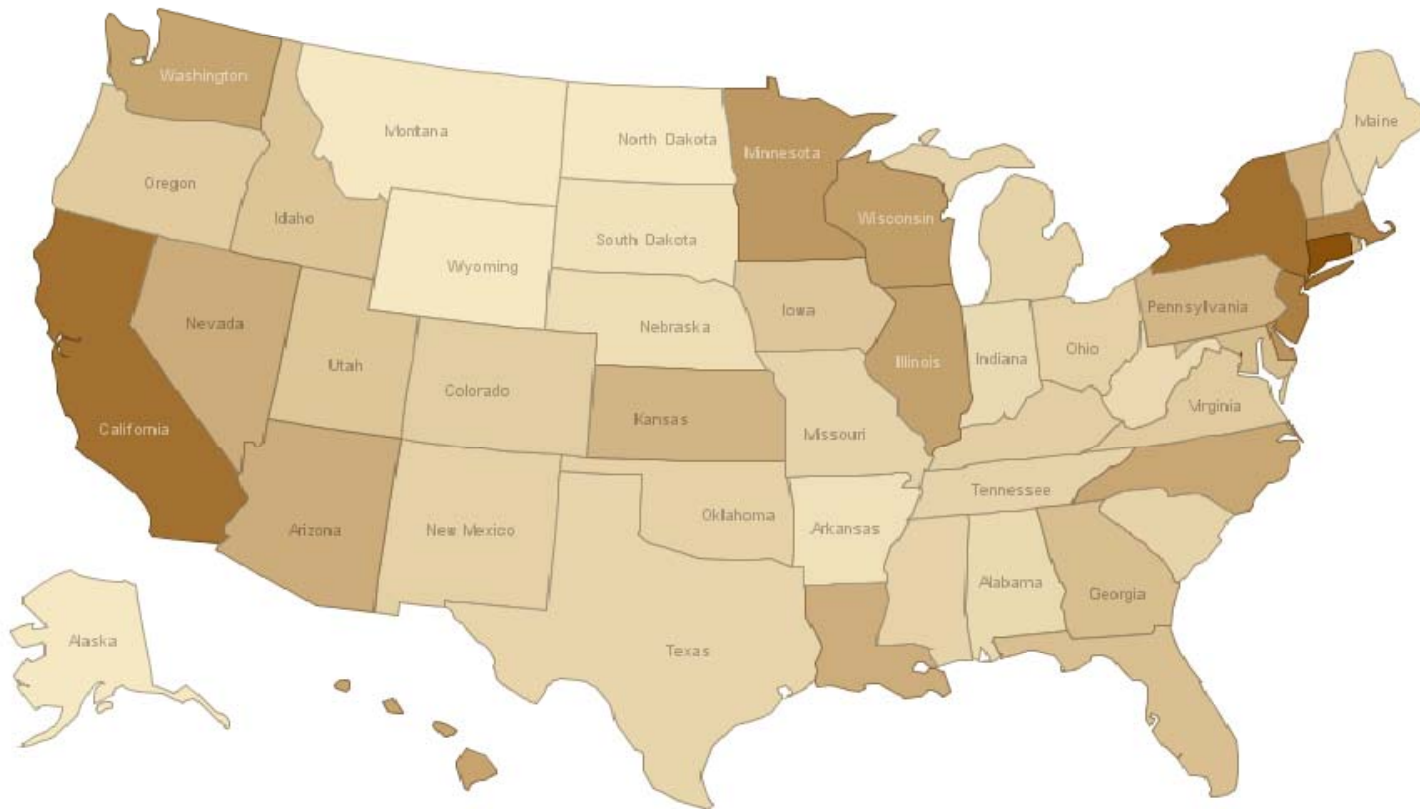
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Unallotments	(2.7)	
<i>Real Challenge</i>	<i>\$(3.9)</i>	
	13%	

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<i>Reported Gap</i>	<i>\$(1.2)</i>	<i>\$(5.4)</i>
Unallotments	(2.7)	
Inflation		(1.2)
<i>Real Challenge</i>	<i>\$(3.9)</i>	<i>\$(6.6)</i>
	13%	17-20%

Per capita 2010 state deficits



Created on Many Eyes (<http://m>)

Former Finance Commissioners react to state's fiscal crisis



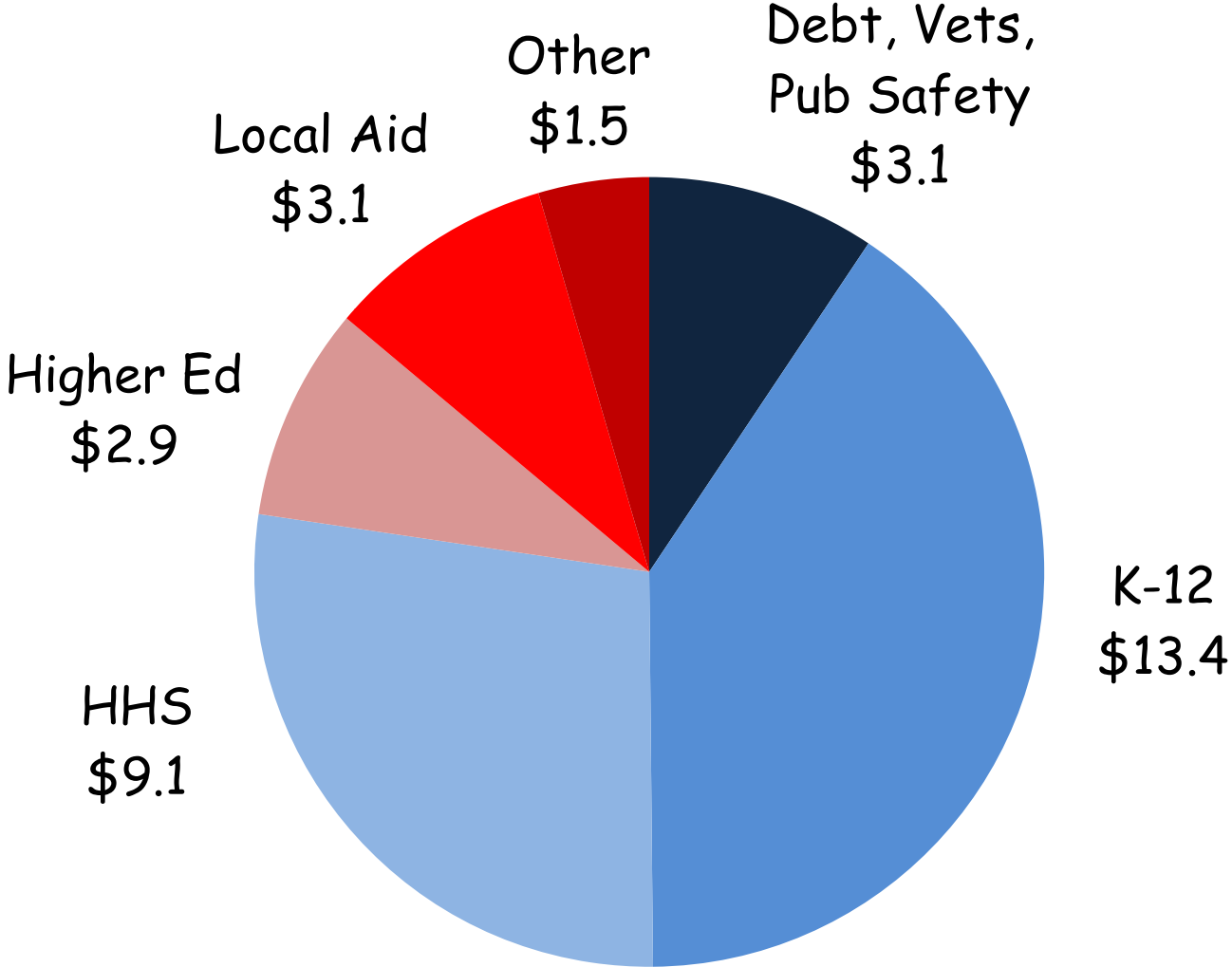
Which revenue would you raise?

	2010-2011 (in billions)
Income taxes	\$14.9
Sales taxes	8.5
Corporate taxes	1.2
Statewide levy	1.5
Sin taxes	0.5
Fees & charges	0.8

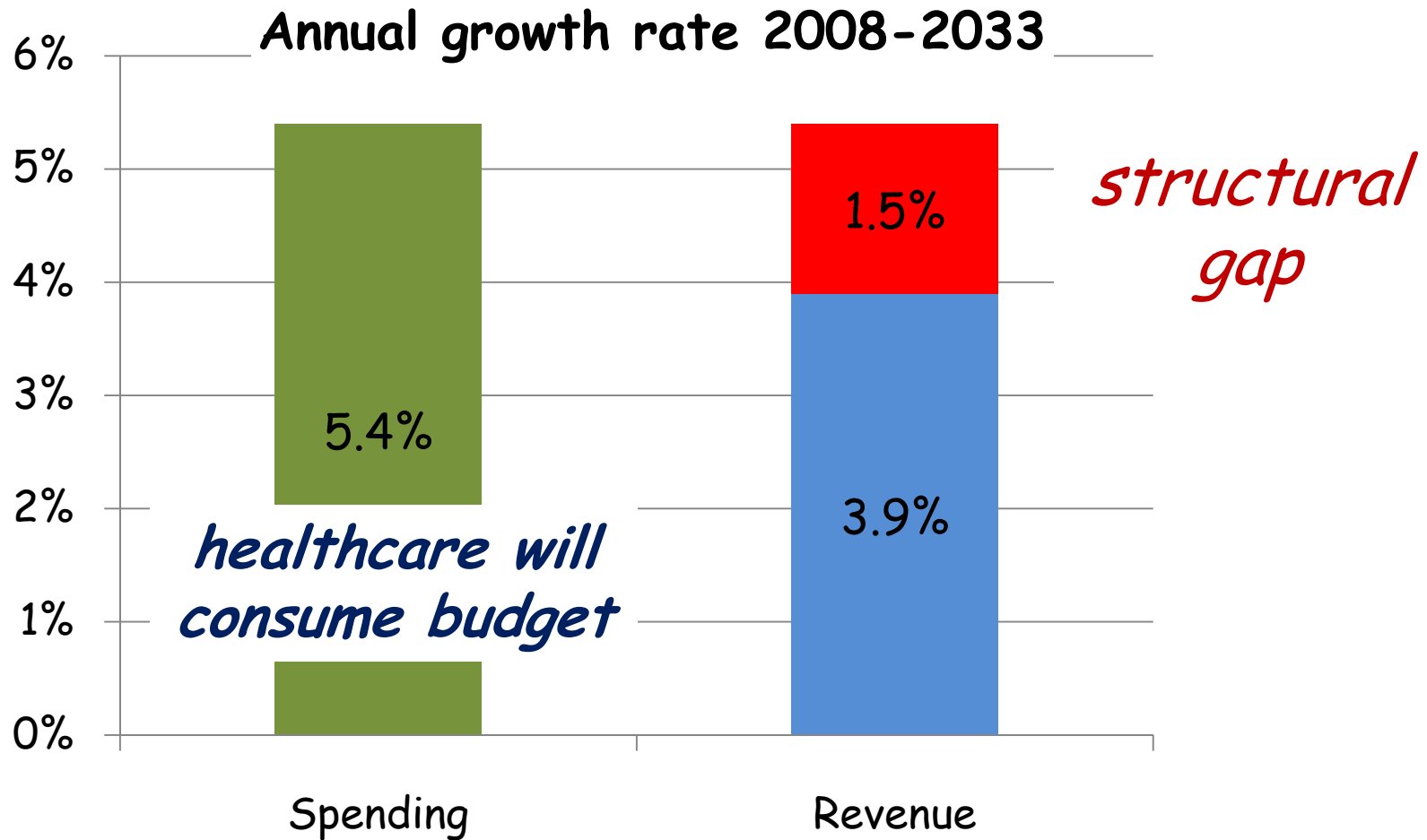
Which revenue would you raise?

	2010-2011 (in billions)
Income taxes	\$14.9
Sales taxes	8.5
Corporate taxes	1.2
Statewide levy	1.5
Sin taxes	0.5
Fees & charges	0.8
Local property taxes	\$10.1
School property taxes	4.3

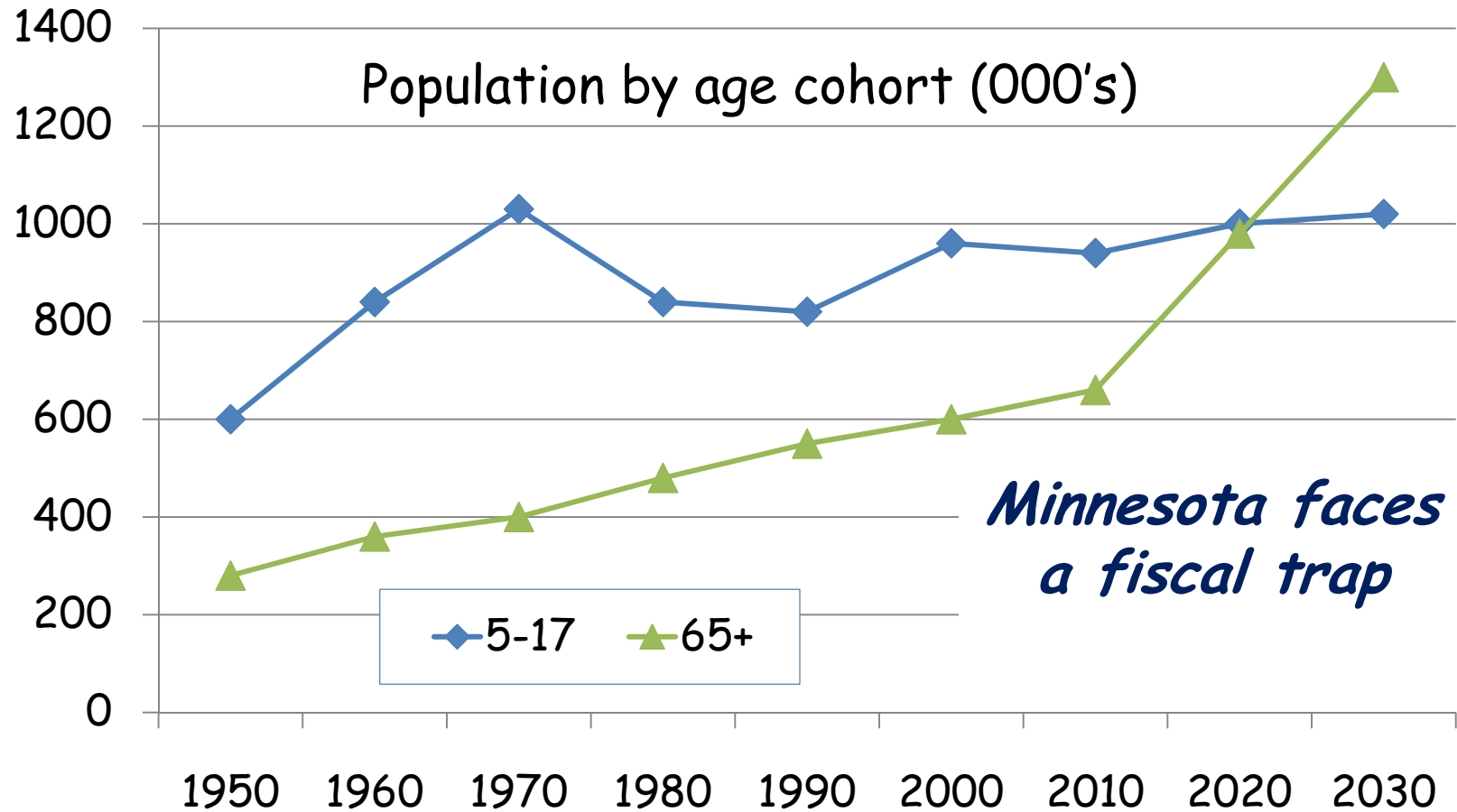
Where would you cut \$1B? \$6B?



The *real* challenge is long-term



Long-term budget challenge growing demographic dependency



What does state need to do?

1. Balance budget for long-term
 - ✓ ongoing structural balance
2. Reform major cost drivers
 - ✓ healthcare, long-term care
3. Invest in productivity
 - ✓ public infrastructure & education
 - ✓ incent private investment

responsibly govern for the long-term

What do locals need to do?

1. Break cycle of codependency
 - ✓ wean off unreliable state partner
2. Permanently reset the base
 - ✓ ongoing structural balance
3. Invest in productivity
 - ✓ focus on customer service

achieve long-term sustainability

What does *everyone* need to do?

plant more trees

