



## State Senator Terri Bonoff

*2011 Post-Session Capitol Update  
July 15, 2011*

### **Shutdown Agreement**

I write to you with news that you have most likely heard about in some detail. The Government shutdown is coming to an end. I have mixed emotions as I trust you do as well. The framework for this agreement is as follows:

Governor Dayton offered yesterday to accept the most recent Republican budget proposal with several conditions and close the remaining gap in negotiations by increasing the school funding shift by \$700 million and issuing \$700 million in bonds on future tobacco settlement payments. This increased school shift is on top of the previously-agreed to shift of \$1.4 billion. This means that 60% of what we owe schools will be paid in the current year, and 40% of current due will be paid in the following year. The per-pupil funding will be increased by \$128 million (\$50/student) to offset some of the impact incurred by school districts needing to borrow for operating dollars.

The Governor's conditions for acceptance were threefold:

- That Republicans drop a list of policy demands, including those relating to women's reproductive rights and stem cell research.
- That language be removed from the State Government budget bill requiring a 15% state workforce reduction; and
- That the Legislature put forward a \$500 million bonding bill to fund capital projects and create construction jobs around the state.

Funding for the University of Minnesota will also be increased by \$10 million to equalize its budget cut with that of the Minnesota State Colleges and Universities system. Republican legislative leaders announced, after a roughly two-hour meeting, that they had accepted these conditions and agreed to a framework for special session and conclusion of the current state government shutdown. A special session is expected to be called for early next week, and I will do all I can to expedite a final resolution to this shutdown, as the pain of this shutdown has been broad and deep for many.

I am relieved that we are turning on Government, possibly as soon as this coming Monday. This is the most important news I can provide. Yet doing so by borrowing from our future, including a now-combined debt of 2.1 billion dollars to schools, is reprehensible. This agreement is still fragile and fresh, so I am cautious in my analysis of its terms. Negotiations are often fragile, and this was no exception.

**CAPITOL UPDATE**

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Yet as an elected member of the legislature, I owe you my perception of where we went wrong, how we could have avoided this irresponsible outcome and how we can now emerge from this position ready to repair the damage done this legislative session.

Minnesota shutting down was inconceivable to me. I deplore the kind of partisan politics that gave rise to this end result. Having a twenty-year career in business, raising a blended family of four and having wonderful relationships with complicated dynamics (i.e. former spouse, step-parents, etc.) has taught me that, with communication and a strong commitment to mutual respect and valued partnership, anything is possible. We did not fulfill the opportunity this crisis provided us with. It was our duty to solve this problem in a way that left us stronger and poised for growth. Our failure was a result of our inability and unwillingness to work in partnership and as a team with one another.

Governor Dayton campaigned on a pledge of “tax fairness.” He felt as though the top earners in the state did not pay their fair share. That was his pledge, and he did all he could to fulfill that.

In addition, it was common knowledge that we have a long term STRUCTURAL DEFECIT. That means, for many years, our pledged financial commitments have been greater than our revenues. That is a problem that must be solved if we are to remain a fiscally sound, well-managed state that is poised to lead the nation and thrive in the global economy.

The GOP campaigned that our structural deficit was a function of runaway government spending rather than a problem with revenue.

Suppose both of these views have merit; there is a revenue problem and a spending problem. We do need to reign in the growth of spending, and we do need new revenue in the short term. Now we have a situation that is paradoxical and complicated, but that still can be resolved if both sides acknowledge there is enough right and wrong to go around. Perhaps even the question of right and wrong is a distraction from the greater challenge, which is the long-term structural deficit.

I believe the greater challenge could have been solved with a variety of options, most of which would be stronger than where we landed. Solving big challenges requires collaboration and teamwork; a process avoided by this group of leaders. “The cone of silence” is the antithesis of how I approach problem solving. Inclusive conversations are key to producing best outcomes. What might have happened if we had convened several bi-partisan small groups where the geographic make-up was also diverse and handed out pieces of the budget to resolve? I am certain we could have forged consensus and a spirit of partnership and ownership if we had shared our problems with our collective group.

I did practice what I preach and reached out to many members of the GOP to discuss alternative solutions. At one point, I even shared a wonderful proposal brought to me by some business leaders. I shared their offer to raise independent money that could be used to fund future reforms if we were willing to do tax reform today to solve this budget gap. I had talked to many Senators and had tried unsuccessfully to reach Senator Koch.

My long-standing advocacy for broadening the base of the sales tax is just one option of how this budget could have been solved. The solution is not the point. The point is the process. If we can transform how we relate to one another in the legislature, we have a fighting chance for solving problems in ways that lead to extraordinary outcomes. If we allow a small closed circle of leaders to lock themselves into a “cone of silence,” we lock ourselves out of the room. Lockouts and barriers produce mediocre solutions at best and dangerous solutions at worst.

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In the case of the budget we will pass this Monday, the solution allows vulnerable Minnesotans to breathe a TEMPORARY sigh of relief, yet mortgages our children's future going forward. We can and must design a different outcome. We can work over the interim to craft a collaborative solution that can and should replace the stop gap measures outlined above. I am committed to that. I pledge to continue the conversations I have started with my colleagues on both sides of the aisle to jump start a new way of working; a way of working that allows breakthrough ideas to be the ones that carry the day rather than relying on recycled, retreaded stale solutions that didn't serve us yesterday and certainly hurt us for today and most importantly tomorrow.

Thank you again for the privilege of serving in the Minnesota Senate. On behalf of the Legislature, please accept our apology for failing to reach consensus on a balanced budget by session's end. For those who wondered about my personal salary during the shutdown, I donated it to the food shelf.

Please stay in touch. Together we are strong.

Sincerely,



State Senator

**Terri Bonoff**

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