



State Senator **Terri Bonoff**

Capitol Update #10

March 11, 2011

Senate Majority Releases Budget Targets

With a self-imposed deadline of two weeks left to finalize a budget plan, Senate Republicans released their budget targets on Thursday, identifying how much funding will be available to each budget jurisdiction. Over the next two weeks, committees will work to make necessary spending cuts or increases to meet the target.

The majority's budget aims to solve the \$5 billion budget deficit through spending cuts, most heavily in the areas of health care, economic development, state government and veterans affairs, and local government aid. Both the Governor and legislature agree on the need for tough spending cuts; however, the Governor's approach also includes proposed income tax increases on high-earners in order to address the projected budget deficit.

State Economist Tom Stinson testified last week that an all-cuts budget will do more harm to the state's economy than a balanced approach that includes new revenue. I continue to advocate for a balance of new revenue, reform and cuts. I talk about the need for long-term tax and spending reform, including expanding the base of the sales tax and lowering overall business taxes. I know many who read this have strong opinions on all sides, but as your Senator, I always want to be direct with you regarding where I stand. I feel we must be measured and balanced in our efforts to address the deficit. Our state is in the midst of a fragile economic recovery. We must be ever-mindful of the impact of our budget decisions, be they tax increases or spending cuts, on our state's economy and this ongoing recovery.

The majority has imposed a March 25 deadline to have all budget bills heard and passed through policy committees.

Minnesota Pay for Performance Act Introduced

This week, Senator Julie Rosen and Representative Keith Downey held a press conference to introduce the "MN Pay for Performance Act," legislation I am coauthoring with Senator Rosen to explore performance pay for state programs. They were joined by a coalition of non-profit groups who support the initiative. The bill creates a pilot program to sell annual appropriation bonds to the private sector, with the proceeds being pooled into a single fund. Organizations would apply to participate in this pilot program, and economists would determine if they could generate a return on investment above the rate of borrowing. Participating organizations would then be paid for their performance out of the pool once they achieved the desired objective (be it job placement, chemical dependency treatment, etc).

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The authors spoke of the need to measure and reward outcomes and promote public-private collaboration. Steve Rothschild, founder of Twin Cities RISE, noted that many non-profits could deliver a return on investment and many are currently operating at this level of success.

Supporters believe this pilot could be used as a model to transform state programs, using private dollars for improvement.



I joined Governor Dayton, Senator Gen Olson (R-Wayzata) and Representative Pat Garofalo (R-Farmington) at a bill signing ceremony for alternative teacher licensure on Monday.

Alternative Teacher Licensure Bill Signed by Governor

I joined Governor Dayton and legislative education leaders on Monday for a bill signing ceremony for alternative teacher licensure legislation. The bill passed the Senate last week on a 46-19 vote before passing the House on a vote of 81-50. The bill has enjoyed much attention and focus in our updates, but the reporting of it becoming law is what's new.

Bipartisan Innovation Workshop

I joined a bipartisan group of legislators and Dayton Administration officials today at a workshop facilitated by Larry Keeley, an internationally-renowned consultant on systems innovation and change management. Mr. Keeley previously addressed a larger group of legislators at the annual OneMinnesota conference, an event held at the beginning of each legislative session to bring together the entire Minnesota Legislature to discuss current issues and challenges.

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Several legislators with strong interest in innovation and government redesign remained in contact with Mr. Keeley after the conference, and we were challenged to bring together a balanced bipartisan, bicameral group to come together around an innovation agenda for the State of Minnesota this session.

Working with Senator Ted Daley (R-Eagan) and Representatives Carol McFarlane (R-White Bear Lake) and Phyllis Kahn (DFL-Minneapolis), we were successful in bringing this group together for a one-day workshop, held today at the Humphrey institute.

Participating in the workshop exceeded my expectations. Twenty-four participants from the House, Senate and Governor's staff brought their strong commitment to collaboration, left political rhetoric at the door and rolled up their sleeves to tackle the challenges we confront as we prepare Minnesota to compete globally in the coming decades. As our work develops, I will make it available to you. I thank the Humphrey Institute for making this available to us.

Sincerely,



State Senator

Terri Bonoff

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For a full and updated list of the status of all Senate bills go to:

www.senate.mn