

Minnesota Catholic Conference

Faith in the Public Arena • May 19, 2009

The Minnesota Legislature adjourned at midnight on Monday, May 18. Though the Legislature passed and the Governor signed all omnibus finance bills, Minnesota's budget for FY 2010-11 is not yet resolved.

At the beginning of session, projections indicated a \$6.4 billion deficit for FY 2010-11. Federal stimulus funds reduced the deficit to \$4.6 billion. The Legislature passed \$1.5 billion in spending reductions, and Governor Pawlenty line item vetoed an additional \$400 million in general fund spending. The most devastating line item veto was the \$381 million cut to General Assistance Medical Care (GAMC) – basic health care for our poorest and most vulnerable neighbors.

During the final minutes of the 2009 Legislative Session, the House and Senate passed a bill closing the remaining \$2.7 billion deficit. The bill creates a fourth income tax bracket for married couples earning more than \$250,000; enacts a surcharge on interest in excess of 15 percent; increases the alcohol tax; provides two business tax cuts; and includes the K-12 education shift. Governor Pawlenty will likely veto the bill; thereby leaving Minnesota's FY 2010-11 budget unbalanced.

Rather than reconvening the Legislature to negotiate an agreement, Governor Pawlenty stated that he will balance the budget through unallotment. Additional cuts to health and human services, higher education and aid to local government will likely be the focus of the Governor's cuts.

The Positive Alternatives Program, which provides grants to organizations that assist women during pregnancy and following their child's birth, received full funding for the upcoming biennium. Since 2006, nearly \$10 million has been granted to organizations offering alternatives to abortion.

On a 66-66 vote, the House voted down an amendment banning taxpayer funding of abortions. The Senate defeated the same amendment on a 26-39 vote. In the 1995 *Doe v. Gomez* decision, the Minnesota Supreme Court determined a "right" to abortion under the Minnesota Constitution; thereby requiring taxpayer funding of abortions for low-income women. In 2007, taxpayer dollars funded 3,914 abortions.

Governor Pawlenty signed the Higher Education Omnibus bill which included a provision prohibiting taxpayer funding of human cloning at the University of Minnesota.

The K-12 Education Omnibus bill preserved special education services for children in nonpublic schools who qualify under the Individuals with Disabilities in Education Act. In another omnibus bill, accredited nonpublic school child care programs received an exclusion from licensure for programs catering to children 33 months and older.

General nonpublic pupil transportation, under threat earlier in session, has been sustained under the Equal Treatment statute.

The House Omnibus Tax bill eliminated Minnesota's K-12 education tax credit and deduction program. That provision was not included in Monday's final bill passed by the Legislature.

The Governor signed the Health and Human Services Budget Omnibus bill. However, he line item vetoed basic health insurance for 30,000 of our poorest and most vulnerable neighbors. Though the cut will not take effect until July 1, 2010, hospitals are already preparing for these cuts.

The Minnesota Legislature will reconvene on February 4, 2010.