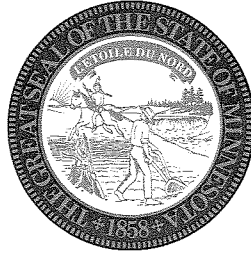


June 16, 2011



Via Hand Delivery

The Honorable Mark Dayton
Governor
130 State Capitol
St. Paul, MN 55155

Dear Governor Dayton:

In an effort to compromise and find common ground, the Minnesota Legislature presents the following budget offer to you. The attachments will provide you with information regarding revenues and expenditures as part of our budget offer.


The Minnesota Legislature has withdrawn its request for tax relief. Our decision to give up tax cuts demonstrates our commitment to compromise and reach a budget agreement by June 30, 2011.


The offer we present today appropriates additional funds to areas where you have specifically cited concerns, demonstrates our commitment to the state's priorities and lives within its means. This offer builds on the June 6 offer that met your funding levels and prioritized kids, courts and cops as outlined in your veto messages, which represented agreement on nearly 50 percent of the state's budget. We have now appropriated additional funds for higher education, environment, transportation, local government aid, flood and disaster relief.

Minnesotans carry a heavy tax burden. Many states around the country are reducing tax burdens and placing restraints on spending in order to compete for job growth in an increasingly competitive and global economy. We recognize the value Minnesotans place in an effective and efficient government; however, we believe that prudence is necessary in reaching back to the taxpayers to pay for state government operations that could be operating more effectively and efficiently. Together, we can pass a budget that is affordable to taxpayers and provides for the services and reforms Minnesotans expect from state government.

This offer expires at 5:00pm on Monday, June 20.

Sincerely,


Senator Amy Koch
Senate Majority Leader


Representative Kurt Zellers
Speaker of the House

Compromise Budget Offer from Minnesota Legislature to Governor Mark Dayton

Date: June 16, 2011

Changes from Conference Reports:

Financial Stability

- Keep Cash Flow Account at \$100 million

Taxes

- Eliminate tax relief
- Increase target \$20 million for tax aids and credits

Education

- Increase target by \$80 million, including \$10 million for early education scholarships
- For additional education funding, must include education reforms:
 - Opportunity Scholarships
 - Literacy Initiative
 - Collective bargaining reforms
 - Teacher and principal evaluation system
 - Separate and agreed upon education policy bill

Public Safety

- Increase target by \$30 million
 - Courts receive at least base funding

Higher Education

- Increase target by \$50 million

Environment, Energy and Natural Resources

- Increase target by \$13 million

Flood and Disaster Relief

- Appropriate \$9 million

Transportation

- Transfer \$40 million from Community Transit Investment Board for only two years for Metro Transit Operating Subsidy

Other Budget Bills

- Policy and budget decisions re-negotiated separately between Minnesota Legislature and Gov. Dayton; overall budget targets as set in conference reports.

Compromise Budget Offer from Minnesota Legislature to Governor Mark Dayton

Dollars in thousands

	Governor FY 2012-13	Conference FY 2012-13	Legislative Offer 6/16/11 FY 2012-13	Change from Conference FY 2012-13
K-12 Education Spending	14,357,441	14,278,141	14,358,141	80,000
K-12 Education Shift Change	-147,802	-149,073	-149,073	0
K-12 Education Revenue Change	0	0	0	0
K-12 Education Net	14,209,639	14,129,068	14,209,068	80,000
Higher Education Spending	2,745,672	2,505,517	2,555,517	50,000
Higher Education Revenue Change	0	0	0	0
Higher Education Net	2,745,672	2,505,517	2,555,517	50,000
Taxes Aids & Credits Spending	3,502,026	2,576,765	2,596,765	20,000
Taxes - Tax Revenue Change	2,445,310	-202,714	0	202,714
Taxes - Non Tax Revenue Change		60,000	60,000	0
Taxes Net	1,056,716	2,719,479	2,536,765	-182,714
Health & Human Svcs Spending	12,167,882	10,953,132	10,953,132	0
Health & HS Revenue Change	681,675	212,295	212,295	0
Health & Human Services Net	11,486,207	10,740,837	10,740,837	0
Environment & Energy Spending	268,514	232,012	245,012	13,000
Env & Energy Revenue Change	-8,365	30,549	30,549	0
Environment & Energy Net	276,879	201,463	214,463	13,000
Agriculture Spending	78,162	76,601	76,601	0
Agriculture Revenue Change	250	-240	-240	0
Agriculture Net (ENACTED)	77,912	76,841	76,841	0
Transportation Spending	180,060	62,158	62,158	0
Transportation Revenue	0	0	0	0
Transportation Net	180,060	62,158	62,158	0
Public Safety & Judiciary Spending	1,821,988	1,778,551	1,808,551	30,000
Public Safety&Judiciary Revenue Change	400	17,982	17,982	0
Public Safety & Judiciary Net	1,821,588	1,760,569	1,790,569	30,000
Jobs & Economic Dev Spending	171,822	154,521	154,521	0
Jobs & Ec Dec Revenue Change	6,300	16,275	16,275	0
Jobs & Economic Dev Net	165,522	138,246	138,246	0
State Government Spending	916,176	768,286	768,286	0
State Government Revenue	43,626	168,000	168,000	0
State Government Net	872,550	600,286	600,286	0
Debt Service	1,229,358	1,172,634	1,172,634	0
Capital Projects	46,019	45,219	45,219	0
Capital Investment Net	1,275,377	1,217,853	1,217,853	0
Disaster Relief			9,000	9,000
Cash Flow Account Change	-171,000	-166,000	-166,000	0
Budget Reserve Change	0	-8,665	-8,665	0
Budget Balance	9,667	43,480	44,194	714

June 16, 2011, 1:00 PM