

State Spending Cuts: Recommendations to Minimize Harm to the Economic Recovery and Struggling Montana Families

Because of declining state revenue, Governor Schweitzer must make approximately \$31 million in cuts to state spending. These cuts can be made in a way that minimizes harm to the fragile economy and protects families struggling to make ends meet. The governor has requested, and state agencies have submitted, plans for 5% budget cuts, totaling approximately \$47 million. The following recommendations are designed to protect the already struggling state economy and Montana families working hard to make ends meet.

1 Cuts should be limited to the minimum required by law at this time.

- Excessive or preemptive cuts to government services such as education, healthcare, and transportation will be a drag on the already struggling economy. Government spending and government jobs are *more* important when private demand for goods and services and private jobs are contracting.
- In addition, federal legislation is currently under consideration that would give Montana enough funds to make cuts unnecessary. An extension of the increased federal Medicaid matching rate alone would result in \$40-\$50 million in additional funds to Montana, eliminating the need for any emergency cuts.

2 Cuts should not be made to programs and services that provide relief to those Montanans struggling the most to make ends meet.

Hard working Montanans across the state are suffering through the recession and having to rely more heavily on government programs in order to get by. Maintaining these programs is the best policy for Montanans and the best policy for the fastest possible economic recovery. Across the board cuts would increase suffering and threaten the recovery.

3 If cuts are necessary, make cuts to one-time infrastructure and development projects before cutting education and healthcare.

The federal recovery act gave the state money for Medicaid and education, freeing up state dollars during this budget cycle. The freed up state dollars were primarily used to fund one-time-only infrastructure and development projects. Cuts to the one-time-only infrastructure projects should be considered before making cuts to programs highlighted for protection by the recovery act (education and health and human services).

4 Protect agencies already operating below a present law budget from additional cuts.

Some agencies did not receive enough funding from the 2009 Legislature to maintain the same level of programs and services delivered during the last budget cycle. Several of these agencies provide services that are vital to the state during an economic downturn, including the Department of Revenue and the Office of the Public Defender. Those agencies should be protected from additional cuts.