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Pawlenty Pushes Caps on Spending

Minnesota Governor Seeks Limits in His State and Amendment to U.S. Constitution

By [AMY MERRICK](#)

Minnesota Gov. Tim Pawlenty, considered a possible 2012 Republican presidential candidate, is calling for strict spending limits as states and the federal government confront enormous deficits.

[pawlenty and politics and balanced budget]

Associated Press

Minnesota Gov. Tim Pawlenty at a GOP fund-raiser in Concord, N.H., this month, when he pushed a constitutional amendment on a balanced budget.

Mr. Pawlenty has proposed an amendment to the Minnesota constitution that would limit spending during any two-year budget period to the amount of revenue collected during the previous budget cycle. At a Republican fund-raiser in New Hampshire on Dec. 16, the governor also pushed the idea of an amendment to the U.S. Constitution that would force Congress

to pass, and the president to sign, a balanced budget.

"Government spending in the country and in many states is progressing at an unsustainable, irresponsible and reckless pace," Mr. Pawlenty said in an interview this week. "The bathtub is overflowing onto the floor, and the first thing we need to do is shut off the faucet."

Although the U.S. economy is showing signs of improvement, states are coping with major revenue shortfalls. States' budgeted general-fund spending for the current fiscal year totaled \$627.9 billion, down 5.4% from a year earlier, according to a Dec. 2 report from the National Association of State Budget Officers and the National Governors Association. Even after those cuts, state deficits total \$14.8 billion for their current fiscal year, which for most began July 1.

At the federal level, the Senate voted Thursday to temporarily raise the nation's debt limit, currently \$12.1 trillion, by \$290 billion. The House passed the measure Dec. 16.

All states except Vermont have at least a limited requirement to balance their budgets. The federal government has no such restriction.

Previous efforts to pass a national balanced-budget amendment have foundered in Congress. Many lawmakers believe deficit spending can help boost the U.S. economy during downturns, and calls to balance the budget sometimes fade as other priorities surface.

Changing the U.S. Constitution requires a two-thirds vote in both houses of Congress, followed by approval of three-fourths of states. State legislatures have petitioned Congress about a balanced-budget amendment, but they haven't reached the threshold needed to call a constitutional convention.

[government spending and politics]

Mr. Pawlenty's proposal for a federal amendment would include exceptions for war, natural disasters and other emergencies. The U.S. has been at war

for most of the past decade.

The proposals could boost Mr. Pawlenty's popularity with conservative interest groups, some of which have been longtime proponents of a balanced-budget amendment. But it is unclear how much support his budget-capping plan will have in Minnesota, where residents historically have supported generous social-service spending.

Mr. Pawlenty's state proposal has some similarities to the Taxpayer Bill of Rights amendment passed in Colorado in 1992. That amendment limited state spending growth to inflation plus population increases. Excess revenue was returned to taxpayers via rebate checks.

The amendment lost support as Colorado began experiencing service cuts, such as declines in the number of children with health insurance. In 2005, voters suspended portions of the amendment for five years.

Because the costs of health care and other services tend to grow faster than overall inflation, Colorado routinely was short "about one or two percentage points of what you need to maintain the same level of services as the previous year," said Iris J. Lav, a senior adviser at the Center on Budget and Policy Priorities, a liberal think tank.

Mr. Pawlenty said that under his plan, Minnesota lawmakers could keep extra revenue and spend it on one-time items such as construction projects.

A change to the Minnesota constitution requires approval by a majority in both legislative chambers. The amendment must then be ratified by voters.

Minnesota state Sen. Tom Bakk, chairman of the Senate Taxes Committee, said he would consider the governor's proposal once he saw more details. He raised concerns that lawmakers could circumvent the amendment by levying a new tax and putting the money in an account outside the state's general fund. "That's a hole big enough to drive a truck through," said Mr. Bakk, a Democratic-Farmer-Labor candidate for governor.

A spokesman for the governor said the amendment could be expanded to cover all funds, not just the general fund.

Mr. Pawlenty has said that he wouldn't seek a third term next year, and that he hadn't made any decision about his political future. He has started a political action committee to raise money, and he recently visited the presidential campaign battleground states of Iowa and New Hampshire.

Some Minnesota residents already are upset with Mr. Pawlenty for spending cuts he made this summer. The governor invoked a rarely used "unallotment" law to unilaterally shrink a \$2.7 billion budget deficit. The sharpest criticism has been aimed at his decision to eliminate subsidized medical care for about 30,000 low-income residents.

Minnesota's budget office said this month that the state faces a \$1.2 billion deficit over the next 18 months and a \$5.4 billion deficit for the two-year budget period beginning July 1, 2011.

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