



OFFICE OF GOVERNOR MARK DAYTON

www.mn.gov/governor | January 2013

Budget for a Better Minnesota: Reform

Managing the Cost of Government

It is the job of government to serve its citizens as effectively and efficiently as possible. Governor Dayton is committed continuously improving upon that service and finding ways to make government provide better value at a better price. The Governor has already made great strides in improving government effectiveness in his first term and he builds upon those efforts with his budget. Since he took office, the Governor has found \$5.1 billion in cost savings and reductions in state government.

Cost Reductions In Last Year's Budget

» **\$2 Billion in Permanent Cuts.** In the last biennium's budget, the Governor agreed to \$2 billion in permanent cuts, including \$364 million in cuts to higher education and almost \$1 billion in cuts to health care.

» **\$1 Billion in Inflationary Costs.** State agencies had to absorb \$1 billion in program costs due to inflation. Those costs were estimated in the February 2011 forecast and not factored into the final budget solution. State agencies were asked to provide the same level of service for a lower price.

» **\$1 Billion Realized Budget Savings.** Since the Governor's last budget, the economic forecasts have recognized an additional \$1 billion of lowered spending that has been redirected to pay off our debt to schools.

Cost Reductions In This Budget Proposal

» **Another \$225 Million in Cuts This Biennium.** In addition to the \$2 billion in cuts in last biennium's budget, the Governor's proposal has another \$225 million in real cuts. Those cost savings are being reinvested into more effective programs as a part of the Governor's budget proposal.

» **Absorbing Another \$890 Million in Inflationary Costs.** Due to inflation, providing Minnesotans with the same level of service they are accustomed to would cost the state \$890 million more than it did in the last budget. Outside of public safety, the Governor's proposal does not provide additional funding to compensate for inflation, and therefore state agencies again are asked to provide the same service with fewer resources.