



STATE OF MINNESOTA
L'Étoile du Nord

Office of Governor Mark Dayton

A Fair and Balanced Budget

Budget for a Better Minnesota

When Governor Dayton took office in January 2011, Minnesota faced a \$6.2 billion deficit. That was the eighth-straight forecasted deficit since November 2007. Those chronic deficits were the product of previous administrations' decisions to repeatedly "solve" state budget deficits with short-term shifts and gimmicks that shortchanged students and limited investments in our future.

Since 2011, Governor Dayton has worked to restore Minnesota's fiscal health. The Governor asked the wealthiest two percent of Minnesotans to pay their fair share in taxes, while providing tax cuts to 2.3 million middle class Minnesotans and making needed investments in education and economic opportunity. Thanks to that sound fiscal management, Minnesota now has a balanced budget and was named in a recent study the "Best Run State in the Nation."

Now in his last year in office, Governor Dayton is committed to leaving behind a fair and balanced budget for the people of Minnesota. The Governor's 2018 Budget for a Better Minnesota would make investments in the state's most urgent needs, while protecting our state's fiscal stability. Read more below about what Governor Dayton wants to do to leave the state budget better than he found it.

Strategic, Fiscally Responsible Investments in Minnesota's Future

Policy	Description
A Balanced Budget into the Future	Governor Dayton's Budget for a Better Minnesota would make needed, strategic investments in Minnesota, while safeguarding our fiscal future. The Governor's proposal would build on his seven years of diligent, responsible financial management and would remain structurally balanced in future bienniums. This fiscally sound approach to budgeting would allow future governors and legislatures to focus on making investments in Minnesota, instead of cutting the services people depend on.
A Fair and Responsible Response to the Federal Tax Bill	Despite their rhetoric, at 429 pages long, the Tax Bill passed by President Trump and Republicans in Congress is unfair and irresponsible. The Republican bill has radically changed federal tax law – eliminating deductions and exclusions benefiting middle class Americans, while devoting 92 percent of the tax cuts to corporations.

	<p>Since Minnesota’s tax code uses federal income tax liability as a starting place, Governor Dayton and the Minnesota Legislature must balance the goals of federal tax conformity, which is necessary to simplify tax preparation, with the significant state tax increase conformity would cause. Governor Dayton’s Budget for a Better Minnesota would ensure no individuals see state tax increases and would cut taxes for working families, while delivering fiscal stability for balanced budgets into the future.</p>
<p>Securing the Long-Term Stability of the Health Care Access Fund</p>	<p>Minnesota’s Health Care Access Fund (HCAF) was created to increase Minnesotans’ access to health care, contain health care costs, and improve the quality of health care services for Minnesotans. Revenues for the HCAF come from a small tax on health care providers, which is set to expire on December 31, 2019. Without action from the Legislature, these essential revenues – which connect tens of thousands of Minnesotans to better, more affordable health care – will disappear and leave a \$530 million annual gap in our state budget.</p> <p>Governor Dayton is committed to leaving the state budget better than he found it, and to making sure that tens of thousands of Minnesotans who rely on programs funded by the Health Care Access Fund do not lose the high-quality, more affordable care they need. That is why the Governor’s budget would eliminate the expiration date of the provider tax – delivering long-term budget stability for the people of Minnesota, and protecting Minnesotans’ health care.</p>
<p>Ensuring that Minnesota Retirees Receive the Benefits They Have Earned for Decades to Come</p>	<p>Immediate action must be taken to ensure Minnesota’s public employee pension plans remain solvent, and that promises are kept to Minnesota workers and retirees. This year, Governor Dayton supports bipartisan legislation that would ensure these plans remain healthy and capable of meeting the needs of retired teachers and state and local government employees for decades to come.</p> <p>Governor Dayton’s plan would ask current employees, retirees, and the state budget to share the burden of ensuring the long-term solvency of the plans. The State of Minnesota would contribute \$27 million in 2019 and \$114 million in 2020-21 to stabilize the public employee pension plans. In return, current employees would be required to increase their contributions and current retirees would see changes to their cost of living adjustments in future years. Making these adjustments now would help ensure that more drastic and painful changes are not needed in future years.</p>

Ended Shifts and Gimmicks, Restored Minnesota’s Budget Health

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<p>Delivered Nine Forecasted Budget Surpluses</p>	<p>When Governor Dayton took office in January 2011, Minnesota faced a \$6.2 billion budget deficit. That deficit was the eighth-straight forecasted deficit since November 2007. With sound fiscal management, Governor Dayton has restored a balanced budget in Minnesota – delivering repeated budget surpluses. In fact, between November 2013 and February 2018, Minnesota Management and Budget forecasted nine budget surpluses.</p> <table border="1" data-bbox="607 583 1370 871"> <thead> <tr> <th>Date</th> <th>Forecast</th> <th>Date</th> <th>Forecast</th> </tr> </thead> <tbody> <tr> <td>Nov. 2010</td> <td>(\$6.19 billion)</td> <td>Nov. 2014</td> <td>\$1.04 billion</td> </tr> <tr> <td>Feb. 2011</td> <td>(\$5.03 billion)</td> <td>Feb. 2015</td> <td>\$1.87 billion</td> </tr> <tr> <td>Nov. 2011</td> <td>\$0</td> <td>Nov. 2015</td> <td>\$1.21 billion</td> </tr> <tr> <td>Feb. 2012</td> <td>\$0</td> <td>Feb. 2016</td> <td>\$900 million</td> </tr> <tr> <td>Nov. 2012</td> <td>(\$1.1 billion)</td> <td>Nov. 2016</td> <td>\$1.4 billion</td> </tr> <tr> <td>Feb. 2013</td> <td>(\$627 million)</td> <td>Feb. 2017</td> <td>\$1.65 billion</td> </tr> <tr> <td>Nov. 2013</td> <td>\$825 million</td> <td>Nov. 2017</td> <td>(\$188 million)</td> </tr> <tr> <td>Feb. 2014</td> <td>\$1.23 billion</td> <td>Feb. 2018</td> <td>\$329 million</td> </tr> </tbody> </table>	Date	Forecast	Date	Forecast	Nov. 2010	(\$6.19 billion)	Nov. 2014	\$1.04 billion	Feb. 2011	(\$5.03 billion)	Feb. 2015	\$1.87 billion	Nov. 2011	\$0	Nov. 2015	\$1.21 billion	Feb. 2012	\$0	Feb. 2016	\$900 million	Nov. 2012	(\$1.1 billion)	Nov. 2016	\$1.4 billion	Feb. 2013	(\$627 million)	Feb. 2017	\$1.65 billion	Nov. 2013	\$825 million	Nov. 2017	(\$188 million)	Feb. 2014	\$1.23 billion	Feb. 2018	\$329 million
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<p>Secured the Largest State Budget Reserves in History to Protect Minnesota from Future Economic Downturns</p>	<p>When Governor Dayton took office in January 2011, Minnesota had \$0 in the state budget reserve account. But in 2013, the Governor and DFL Legislature changed the law to require more funds to be put into the state budget reserves to protect Minnesota from future economic downturns. By 2017, the state budget reserves were the largest in Minnesota history, at \$1.6 billion – protecting the state’s fiscal integrity, and the services that Minnesotans rely on. In addition, the state of Minnesota has an additional \$335 million cash on hand that could be used in the event of an economic downturn.</p>																																				
<p>Paid Back All the Debt Owed to Minnesota Schools</p>	<p>Before Governor Dayton took office in January 2011, previous Legislatures had used numerous shifts and gimmicks to balance the state budget. Borrowing from local school districts and shifting funds from dedicated accounts ultimately racked up billions of dollars in shifts and gimmicks. During his tenure in office, the Governor has worked to reduce shifts and gimmicks in the state budget, to truly balance the state’s books. In total, Governor Dayton eliminated the \$2.7 billion school aid shift, returning the state to fiscal integrity.</p>																																				
<p>Returned Minnesota to Tax Fairness</p>	<p>When Governor Dayton took office in January 2011, the richest Minnesotans paid about 9.5 percent of their incomes in state and local taxes, compared to 12 percent for most Minnesotans. Tax policies enacted by Governor Dayton during his tenure have restored tax fairness in Minnesota, with the wealthiest Minnesotans now paying 11.4 percent of their incomes in state and local taxes. These new revenues were invested in a state budget for a stronger economy, in better educations for all Minnesota students, and more.</p>																																				

Reduced the “Price of Government” by 4.4 Percent, While Investing in Minnesota’s Future

In the 1990s, when they pushed for its adoption, the Minnesota Chamber of Commerce and Minnesota Business Partnership called the “Price of Government” the definitive measure of the cost of government to taxpayers. The index calculates the aggregate cost that Minnesota taxpayers pay for public services as a percentage of total statewide personal income.

Under Governor Dayton’s leadership, the “Price of Government” has decreased 4.4 percent since 2011. The decline is a result of sound fiscal management over the past seven years, strong growth in the state’s economy, and rising personal incomes for Minnesotans.

Year	Price of Govt.	Year	Price of Govt.
2006	16.2 percent	2013	15.3 percent
2007	15.9 percent	2014	15.8 percent
2008	15.8 percent	2015	15.6 percent
2009	14.7 percent	2016	15.7 percent
2010	15.6 percent	2017	15.4 percent
2011	15.8 percent	2018	15.1 percent
2012	14.9 percent	Δ since 2011	- 4.4 percent

MMB: State and local revenues as percentage of personal income, 2004-2018

Saved Taxpayers Billions of Dollars Through Reforms

Governor Dayton has worked to make state government more efficient, effective, and accountable to taxpayers. Under his leadership, Governor Dayton’s Administration has saved Minnesota taxpayers billions of dollars through reforms, efficiencies, and improvements to the ways government delivers services. Read below to learn about just some of the savings that the Dayton Administration has found for Minnesota taxpayers since 2011.

- **Saved \$1.5 Billion in Health Care Contracting** – In 2011, Governor Dayton and the Department of Human Services began requiring health plans to compete to provide health care coverage for enrollees in state programs. By requiring competitive bidding, Governor Dayton’s Administration has saved Minnesota taxpayers more than \$1.5 billion.
- **Saved Taxpayers \$217 Million Through Efficiencies** – Under Governor Dayton’s leadership, the Minnesota Department of Transportation implemented reforms that improved the efficiency of construction projects and project development. The agency also made reforms to its administration, maintenance and operations divisions. Overall, these reforms have saved more than \$217 million since 2015. The funding saved through these efficiencies were then used to support additional road and bridge projects across the state.
- **Saved \$213 Million in Health Care Delivery Reforms** – In 2013, Minnesota launched its Integrated Health Partnership program in which people receive more coordinated care and health care providers are paid based on the quality of care they provide to their patients. This encourages providers to be innovative in how

	<p>they provide care and allows them to focus on the quality of care versus the amount of care they provide. The program now serves 462,000 Minnesota with 21 provider groups involved. It also has reduced health care spending by \$213 million since 2013.</p> <ul style="list-style-type: none">• Saved Taxpayers Approximately \$105 Million Through IT Consolidation – In 2011, the Office of Enterprise Technology was transformed into Minnesota IT Services, a state department charged with managing technology across state government and protecting information, including personal information of citizens, from cyber-attack. Thanks to this consolidation, the Dayton Administration reduced the state’s data center footprint by more than 50 percent, making Minnesota more secure, while saving taxpayer money. In addition, Minnesota IT Services is able to leverage economies of scale to reduce technology purchasing costs. Since 2011, these reforms have saved taxpayers approximately \$15 million a year, or \$105 million in total.
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To learn more about other proposals included in Governor Dayton’s Budget for a Better Minnesota, [CLICK HERE](#).