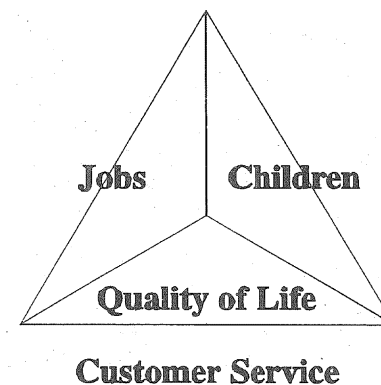


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Securing Our Future

Governor Carlson's 1994-95 Budget





Living within our means



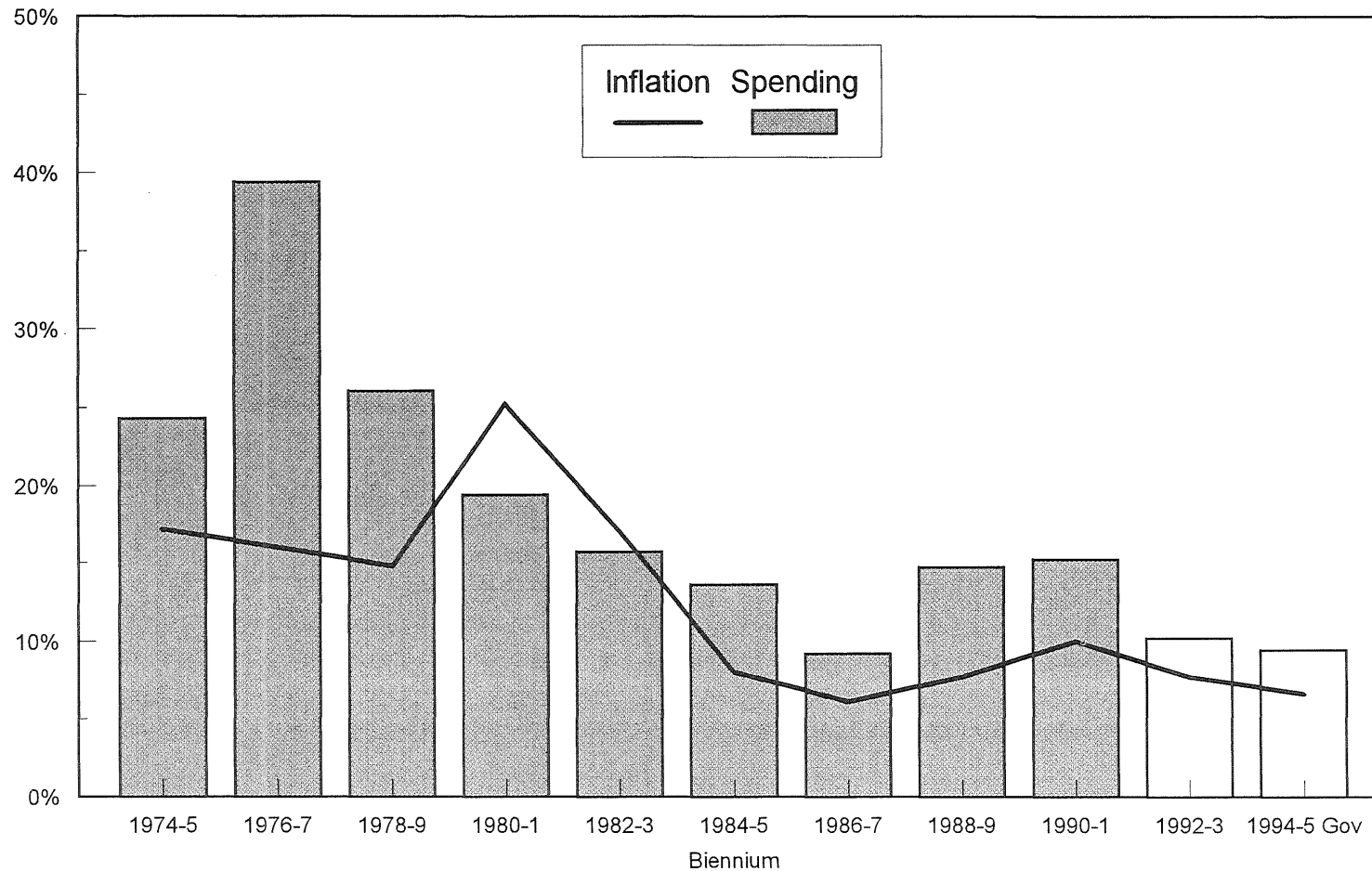
- **Problem is *not* a lack of revenue**
 - State will have \$1.3 billion more to spend
 - Problem is spending more than we have
- **Budget gap will be closed by**
 - Living within our means - controlling costs and reinventing the way we deliver services
 - Not by raising taxes
- **New budget process was used**
 - Performance budgeting
 - Baseline budgeting
 - Investment initiatives

Spending will increase over \$1.3 billion, without higher taxes

	Millions	
Forecast Resources	\$16,054	
New Taxes	0	
All Other	(47)	
Available Resources		\$16,007
Current Spending	14,675	
Spending Increase	1,331	
1994-95 Spending		\$16,006
Balance		\$1

Spending growth will be the lowest in 20 years

Percent Change



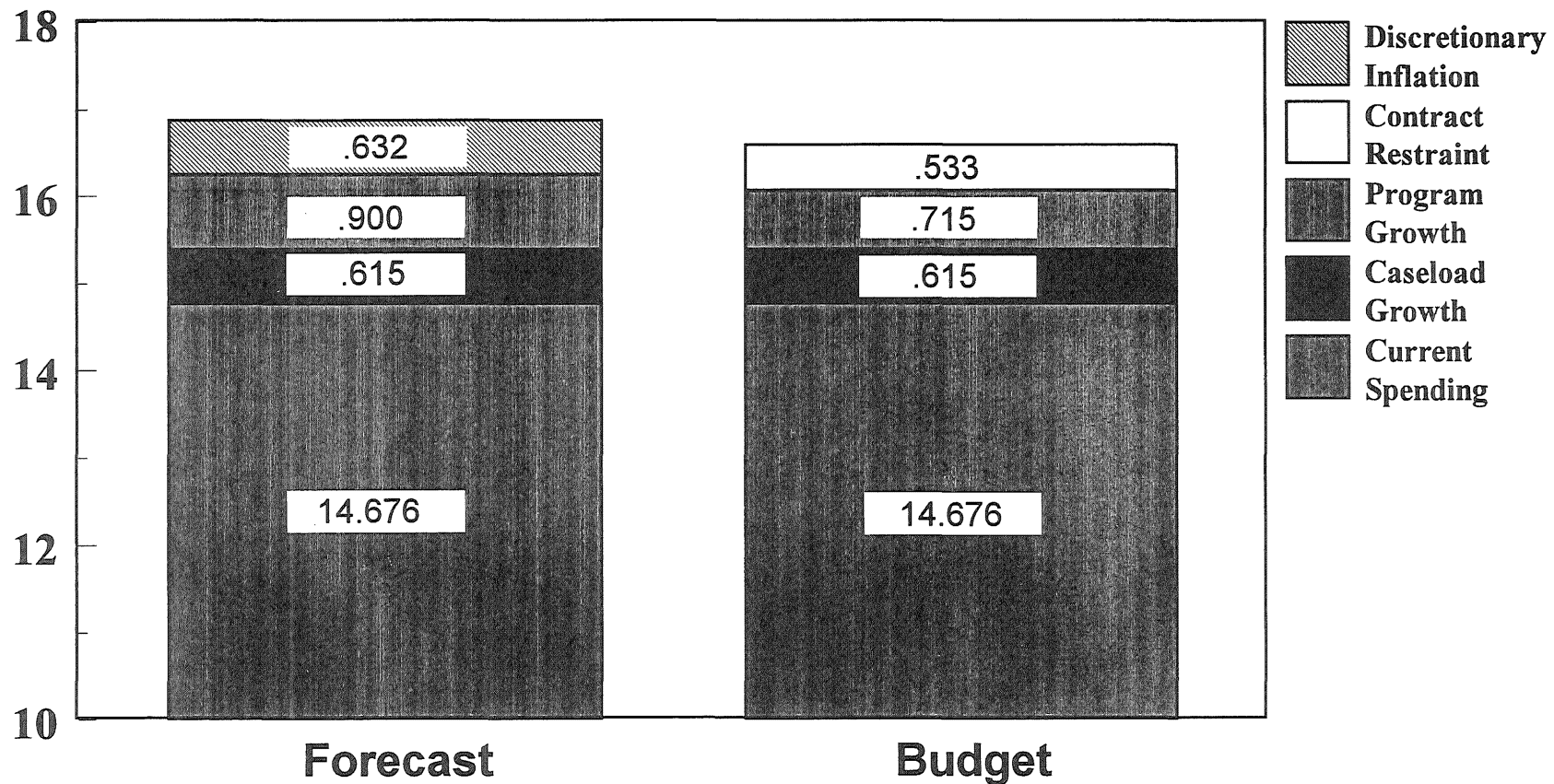
Budget will be balanced with cost controls, not higher taxes

	Forecast	Budget	Difference
Begin Balance	\$ 217	\$ 200	
Revenues	15,837	15,807	(30)
Expenditures	16,823	16,006	(817)
End Balance	\$ (769)	\$ 1	

Budget solution will meet over 98% of all forecast needs



Billions

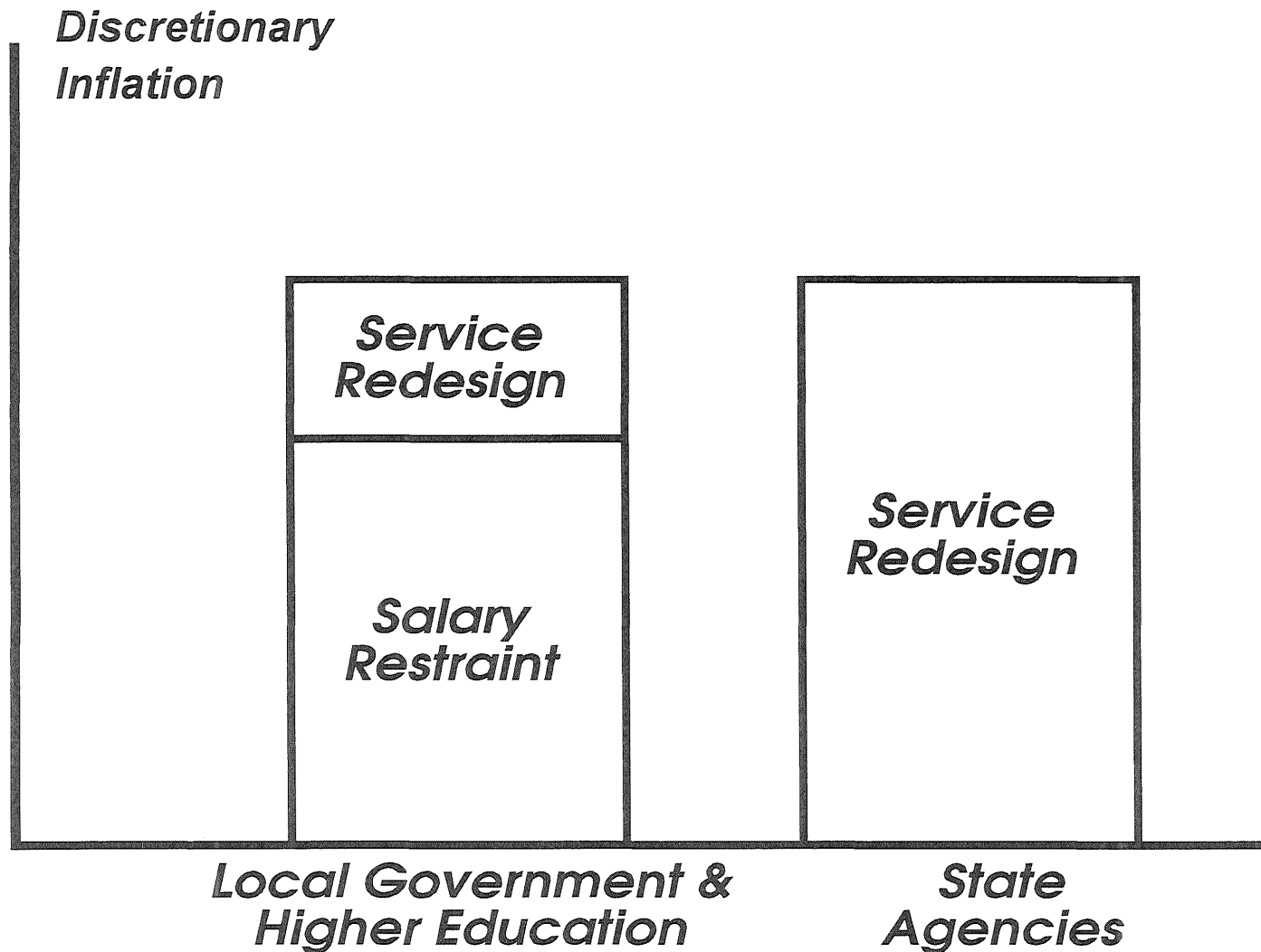


Services will be protected by redesign & salary growth restraint



- **State and local salary restraint will**
 - Save over \$600 million and 9,700 jobs
 - Allow time for cooperative service redesign
- **Governor supports better public disclosure of public employee compensation costs**
 - Both state & local settlements subject to expanded truth-in-taxation
 - Vote required for 1994 property tax increases necessitated by budgets that include higher salary costs

Discretionary inflation will not be automatically funded - Services must be redesigned

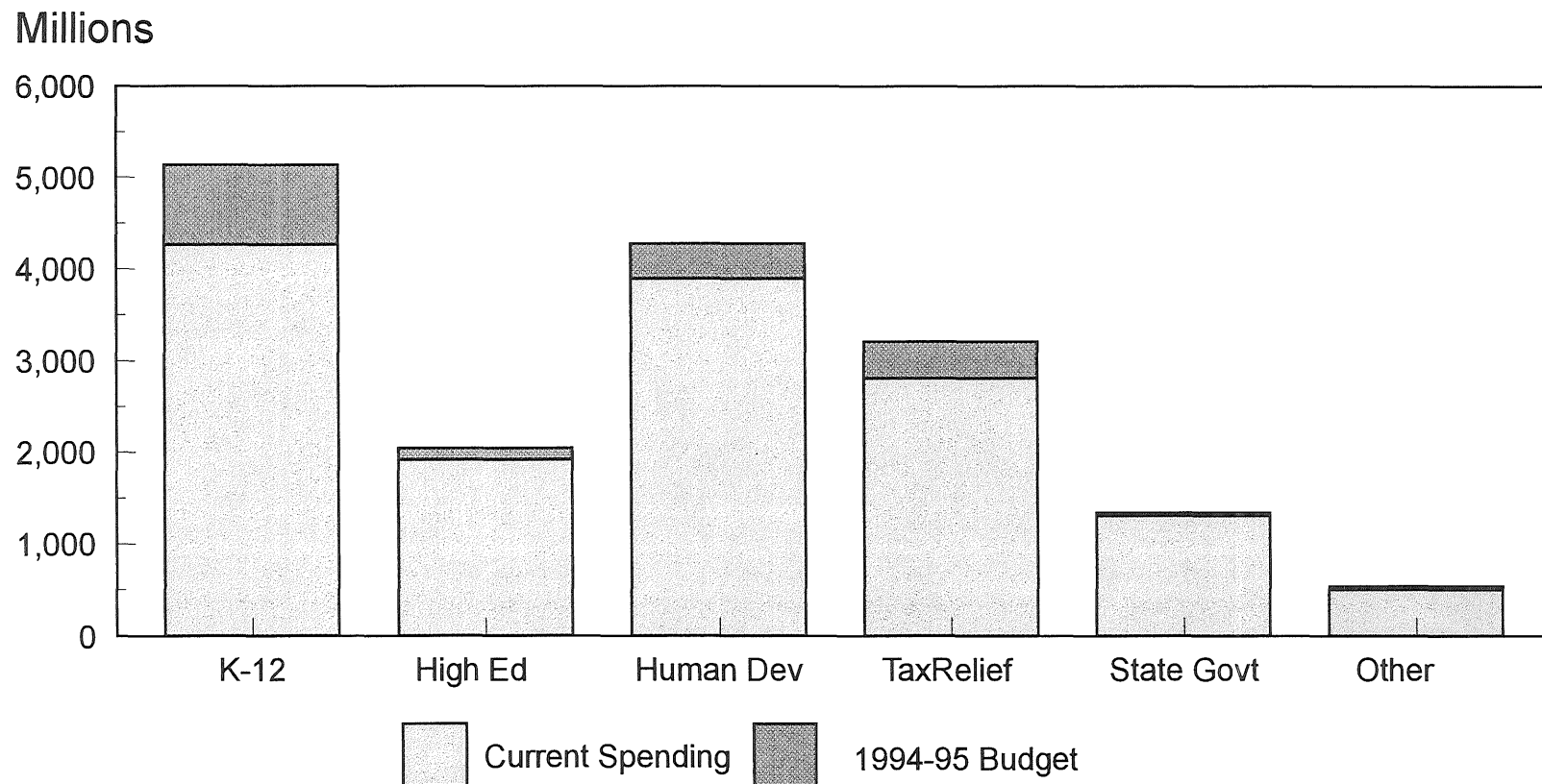


All spending areas will receive more funding - *none* will be cut

	Funding Increase	Percent Increase	Contract Savings	Total Support
Elem & Sec Educ	\$ 646	15.2%	\$234	20.6%
Higher Education	17	0.9	106	6.6
Human Development	385	9.9		9.9
Local Tax Relief	204	7.2	194	14.2
State Government	34	2.6	[50]*	2.6
All Other	45	9.0		9.0
Total	\$1,331	9.1%	\$533	12.7%

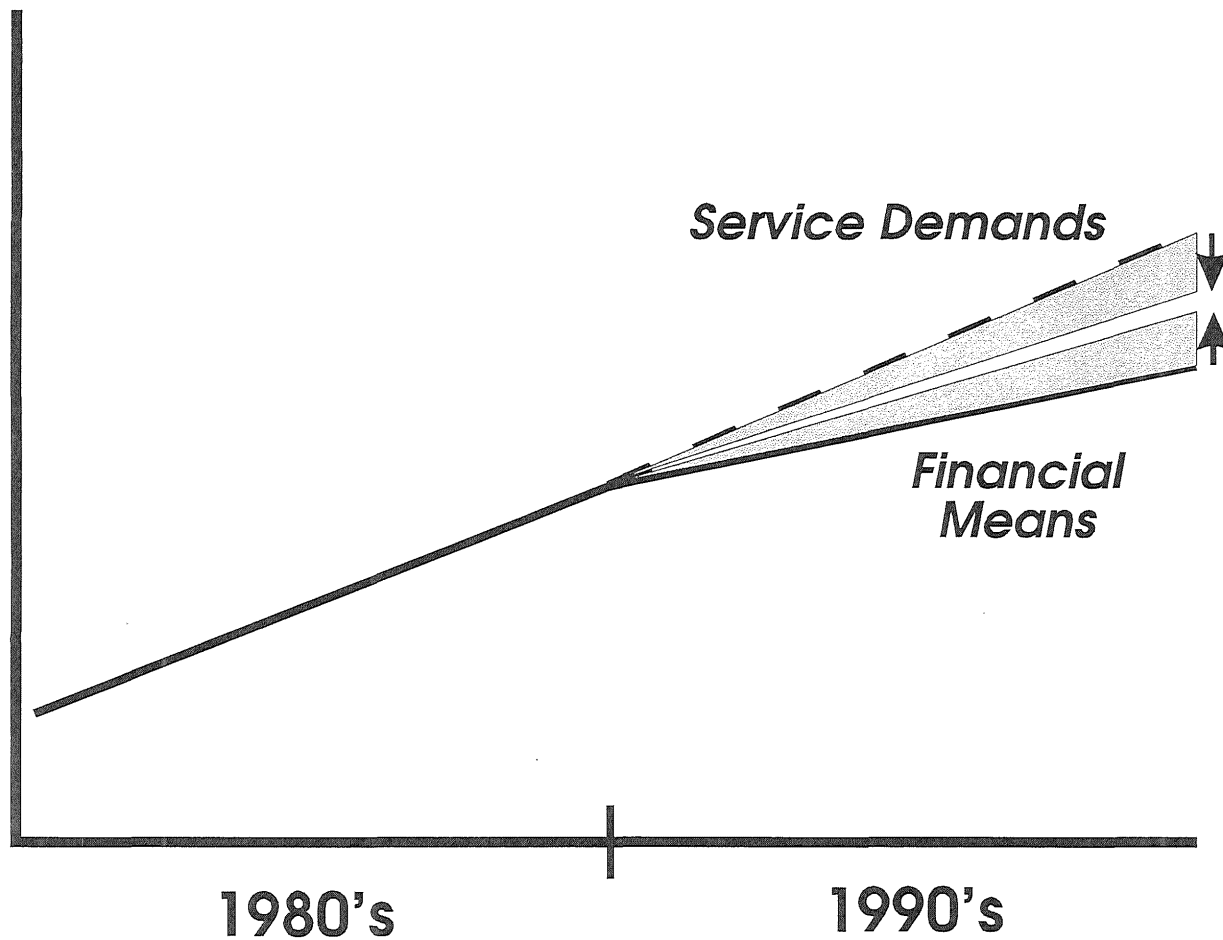
* State Government contract savings cancelled and reallocated for new initiatives

Support will increase for human needs, education & local tax relief

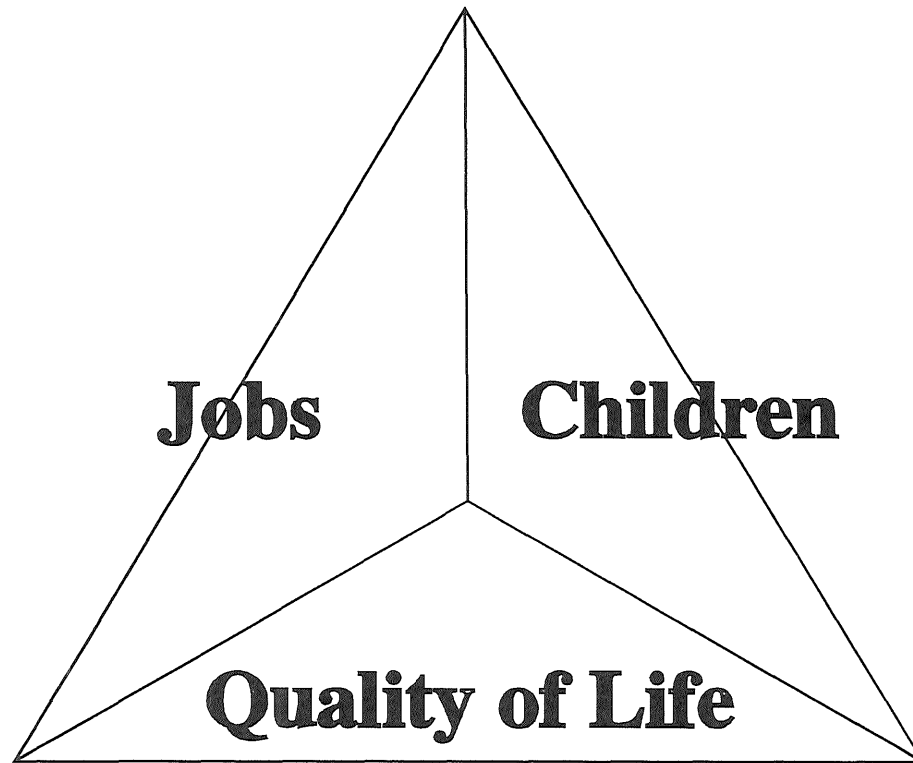




Investments will close the gap between means and demands



Securing Our Future



Customer Service

Preparing for Tomorrow's Jobs



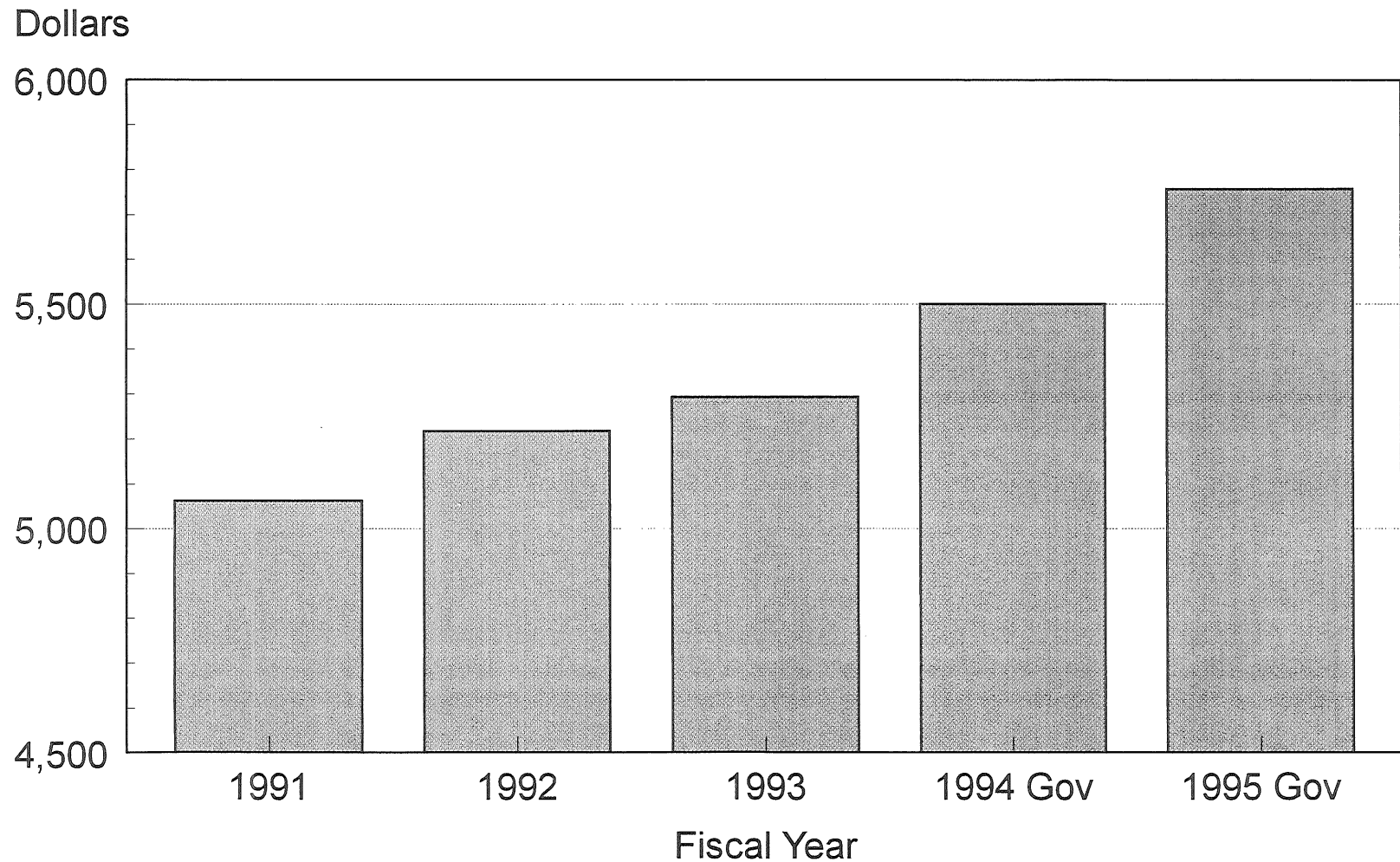
- **Lowering the cost of business**
 - Tax relief
 - Workers comp reform
 - Regulatory & processing reform
- **Growing small businesses**
 - Capital needs
 - Technical assistance
- **Special needs workers**

Meeting the Needs of Our Children



- **Dept of Children & Education Services**
- **Supporting families in their communities**
- **Increased funding for children**
- **K-12 education**
 - Total revenues will increase 6.3% & 7.0%
 - Marginal cost funding & greater equalization
 - Certificate of Mastery assessment
 - Youth apprenticeship program
- **Higher education**
 - Education and Training Accounts
 - More resources directly to needy students

Revenues per student will increase by 3.9% & 4.7%



Protecting and serving citizens

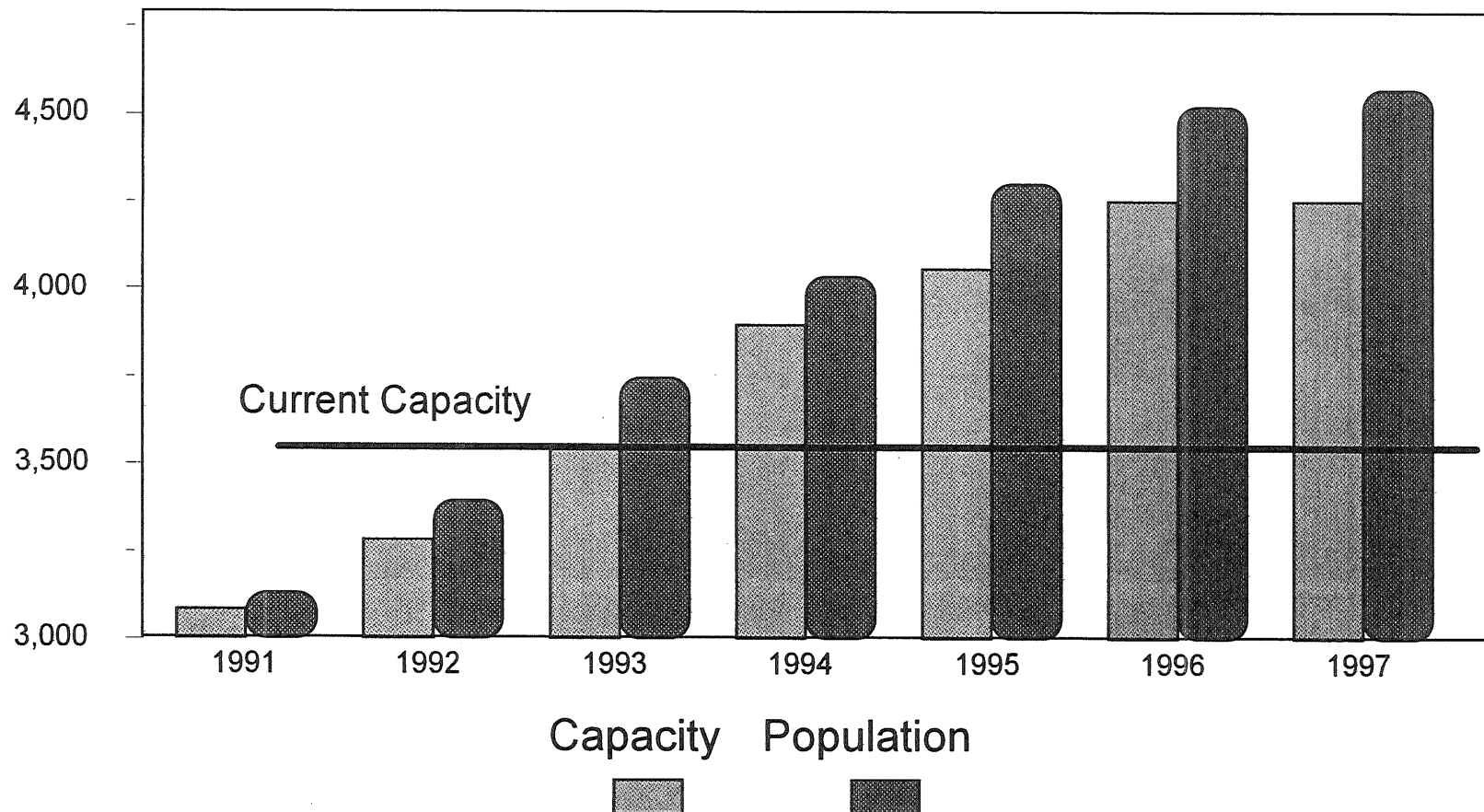


- **Protecting our citizens**
 - Crime & violence against women
 - Assistance to victims increases 50%
 - Corrections partnerships
- **Serving our vulnerable citizens**
 - Service choices for the disabled
 - Better long-term care at lower cost

Growing prison needs will be met with creative investments

Prison Population Versus Capacity

Male Inmates



Preserving our environment



- Reorganization of environmental agencies
- \$116 million initiatives package
- Environmental stewardship
 - Water pollution
 - Hazardous waste
 - Environmental block grants
 - Sustainable development
 - RIM & Wetlands preservation
- Enhancing recreational opportunities

Serving Our Customers Better



- **Making services more accessible**
 - Customer service
 - Technology investments
- **Making government work better**
 - Competition
 - Reorganization and consolidation
 - Technology investments
- **Helping government work together**
 - Forum for issue resolution
 - Eliminate & convert unfunded mandates
 - Local service cooperation

State budget will total \$25.2 billion

