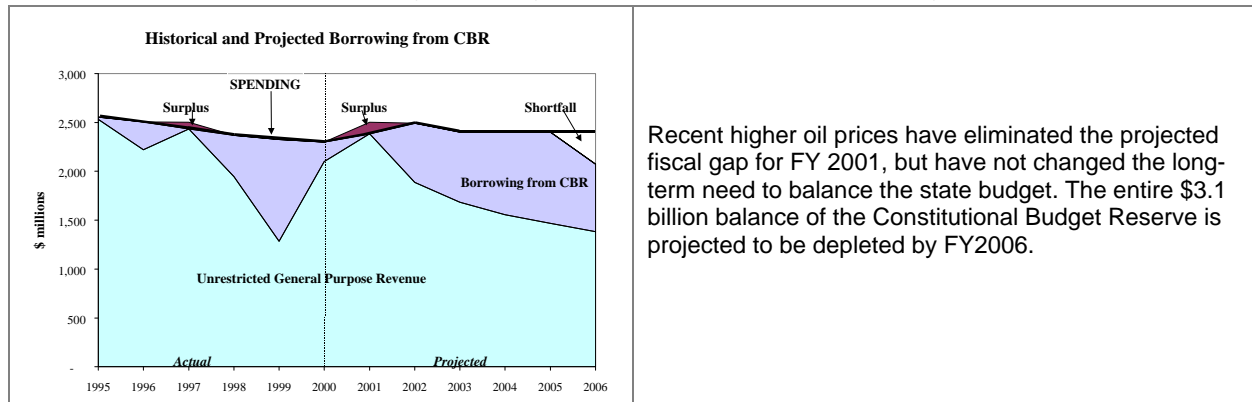


Governor's Priorities: Balancing The Budget

Desired Result: ***A balanced budget that protects the economy, essential state services, and the Permanent Fund.***

KEY BASELINE INDICATORS FOR BALANCING THE BUDGET:

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GOALS AND STRATEGIES:

1. Continue efforts to balance the state budget over the long term.

- Pursue discussions among Alaska's leaders and the public on how to pay for needed state services and balance the budget. Current higher oil prices have eliminated the projected fiscal gap for FY 2001, but have not changed the long-term need to balance the state budget.
- Continue strong budget discipline through cost control and efficiency measures.
- Reach an acceptable combination of diversified revenues to provide long-term stability for state services.

2. Protect the Permanent Fund.

- Ensure that the Permanent Fund remains truly permanent by protecting the principal of the fund for current and future generations of Alaskans.
- Pursue the concept of a Permanent Fund endowment approach, as recommended by the Permanent Fund trustees, to protect the Fund's purchasing power and provide stability to the earnings of the Fund. Promote government efficiency and performance to get the most out of state budget dollars.

- Continue development of results-based budgeting to outline clear goals and strategies, and inform the public of progress toward achieving measurable results. Minimize the effects of inflation and population growth on public service costs through efficiency and better business practices.
- Extend technology improvements, such as electronic payment capability for various state licenses and taxes, and the ability to access current official records and other data on-line.
- Protect public investment in state facilities with adequate annual and preventative maintenance, and clear up the backlog of deferred maintenance projects for state-owned buildings.
- Implement cost-control measures in services with high rates of annual expenditure growth, such as health care and corrections.

3. Invest in Alaska's future.

- Clear the backlog of school major maintenance and construction projects.
- Implement a plan for improving Alaska's transportation systems to support economic development into the next century and better access for residents and visitors.
- Develop a multi-year plan for eliminating the state's deferred maintenance backlog and preventing future deferred maintenance problems. Make targeted investments to reduce future operating costs, including prevention and training programs, improved technology, and energy efficiency. Invest in early childhood programs to reduce the ever-increasing costs of juvenile and adult crime. Invest in the University of Alaska to help foster Alaska's economy and ensure that Alaskans are trained for quality jobs in the technologies and industries of the future.

4. Implement a more effective state budget process.

- Allow programs to become more self-supporting and meet increasing demands

for service through user fees, where appropriate.

- Provide more understandable information for the administration, legislature and public on the total state budget, not just the general fund portion.
- Develop the capability to provide a two-year view of the state budget.
- Continue incorporating baseline indicators and performance measures of program effectiveness as integral parts of the annual budget process.

Highlights of Progress in 2000

- Implemented the second phases of the Governor's Quality Education and Smart Start Initiatives, which are beginning to show results toward improving children's well-being and reducing future costs that result from child abuse, neglect, poor education, and other factors.
- Established a rental structure for eight major state office buildings to improve maintenance, increase collection of federal and other funds to help fund that maintenance, and reduce long term facility costs.
- Improved statewide public access to the budget by providing extensive budget information from the Alaska Budget System on the Office of Management and Budget web site.
- Continued to streamline the Alaska Budget System to make the budget preparation process more efficient.