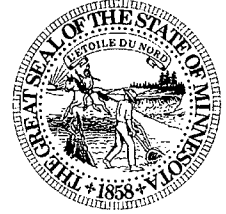


GOVERNOR TIM PAWLENTY

STATE OF THE STATE ADDRESS

JANUARY 17, 2007



In a State of the State Address that began with an expression of gratitude and support for members of the military and their families, Governor Tim Pawlenty used the imagery of the statue atop the Minnesota State Capitol, known as the Quadriga or "The Progress of the State," to focus on four "big horses" that will have a large role in powering Minnesota's prosperity and progress:

1. **Better Government:** State government must ensure that taxpayers receive value and should stop paying for good intentions and start paying for better performance.
2. **Better Energy:** We must lead the nation towards energy independence through more renewable energy, more energy conservation, and lower carbon emissions.
3. **Better Education:** Nation-leading student performance isn't good enough any more – we will enhance pay for performance initiatives and reinvent our high schools to make them more rigorous, relevant and results-oriented.
4. **Better Health Care:** "Healthy Connections" plan for health care reform will simultaneously focus on improving access, improving quality, and lowering cost.

BETTER GOVERNMENT:

- Tax-cutting legislation that provides property tax relief, tax relief for veterans and other tax cuts that will strategically help our economy.
- Keep state government living within its means.
- Cap property taxes by placing a limit on how much local governments can increase them without voter approval. Cities and counties that receive less than one-third of their revenue from the state would be exempted.

"I'll be more likely to reach for the signing pen, rather than the veto stamp, if the bill on my desk clearly defines expected results. It should also have clear measurements for those results and link spending to performance, rather than just wishful thinking."
– Governor Tim Pawlenty, January 17, 2007

BETTER ENERGY:

- "Next Generation Energy Plan" builds on Minnesota's nation-leading per capita renewable fuel use, while increasing energy cost saving measures.
- Plan moves Minnesota closer to 25x '25 strategic goal -- 25% of all types of our energy will come from renewable sources by 2025.
- Put E-85 pumps at nearly every gas station, dramatically increase wind energy production and reduce carbon emissions.

"Our nation has been asleep at the switch on energy policy for decades. The good news is that, while much of the country has just begun to hear the energy wake up call, Minnesota has been an early riser."
– Governor Tim Pawlenty, January 17, 2007

"We need to do our duty by supporting them and all members of the military with our words and our deeds. We need a surge of support for our military families, and we need it now. I'm calling on every Minnesotan to find a way to express support for these outstanding Americans."
– Governor Tim Pawlenty, January 17, 2007

BETTER EDUCATION:

- Increase funding up to 4 percent per year for K-12 schools for general purposes, plus increases in many special aspects of education.
- Pay for better performance as part of new "Successful Schools" initiative.
 - Every district receives general formula increase of 2 percent in each of the next two years.
 - Each school also eligible to receive additional 2 percent per year as performance bonus if school achieves or maintains at least a three star rating in reading and math on their Minnesota School report card. Budget will include extra \$150 million for bonus portion of initiative.
- American high schools are obsolete and in need of dramatic reform. Make Minnesota number one in the nation for high school reform by creating "3R High Schools" in a pay for performance deal.
 - The three R's stand for rigor, relevance and results and will better prepared students for their future in a globalized, technologically advanced world.
 - \$75 million in funding to encourage high schools to become "3R High Schools."
- Offered alternative tuition proposal called ACHIEVE II. High school students who take rigorous college level courses can earn college credit and receive scholarships they can use at any college or university in Minnesota, regardless of ACT score or class rank.
 - Students who take full advantage of ACHIEVE II will get at least a free year of college.

"Another hard reality we must face is this: American high schools are obsolete ... Too many of our high school students are engaged in academic loitering for much of their high school career. It's costing us a lot of money and it's costing them their future."

– Governor Tim Pawlenty, January 17, 2007

BETTER HEALTH CARE:

- Under current law, access to state subsidized health care programs will expand to cover an additional 45,000 Minnesotans this biennium; expand coverage to include more children.
- Reduce health care administrative costs, move toward interoperable electronic medical records and streamline coding into a single operation.
- Reduce costs by creating the Minnesota Health Insurance Exchange to allow uninsured individuals access to health insurance that will lower premium costs by roughly 30 percent.
- Pay for better health care quality, not just the volume of procedures.

"Expanding [health care] access is a priority. But expanding access to a broken system is not a complete solution. We need to have a comprehensive approach that simultaneously focuses on improving access, improving quality and lowering cost."

– Governor Tim Pawlenty, January 17, 2007

"We don't have certainty about what lies ahead for our economy, our national security or our society, but we do know that the people of Minnesota have chosen the people in this room to do our very best to make decisions that lead us toward a better Minnesota and prosperity for all our citizens."

– Governor Tim Pawlenty, January 17, 2007

The complete text and downloadable audio of the Governor's State of the State Address are available at www.governor.state.mn.us.