

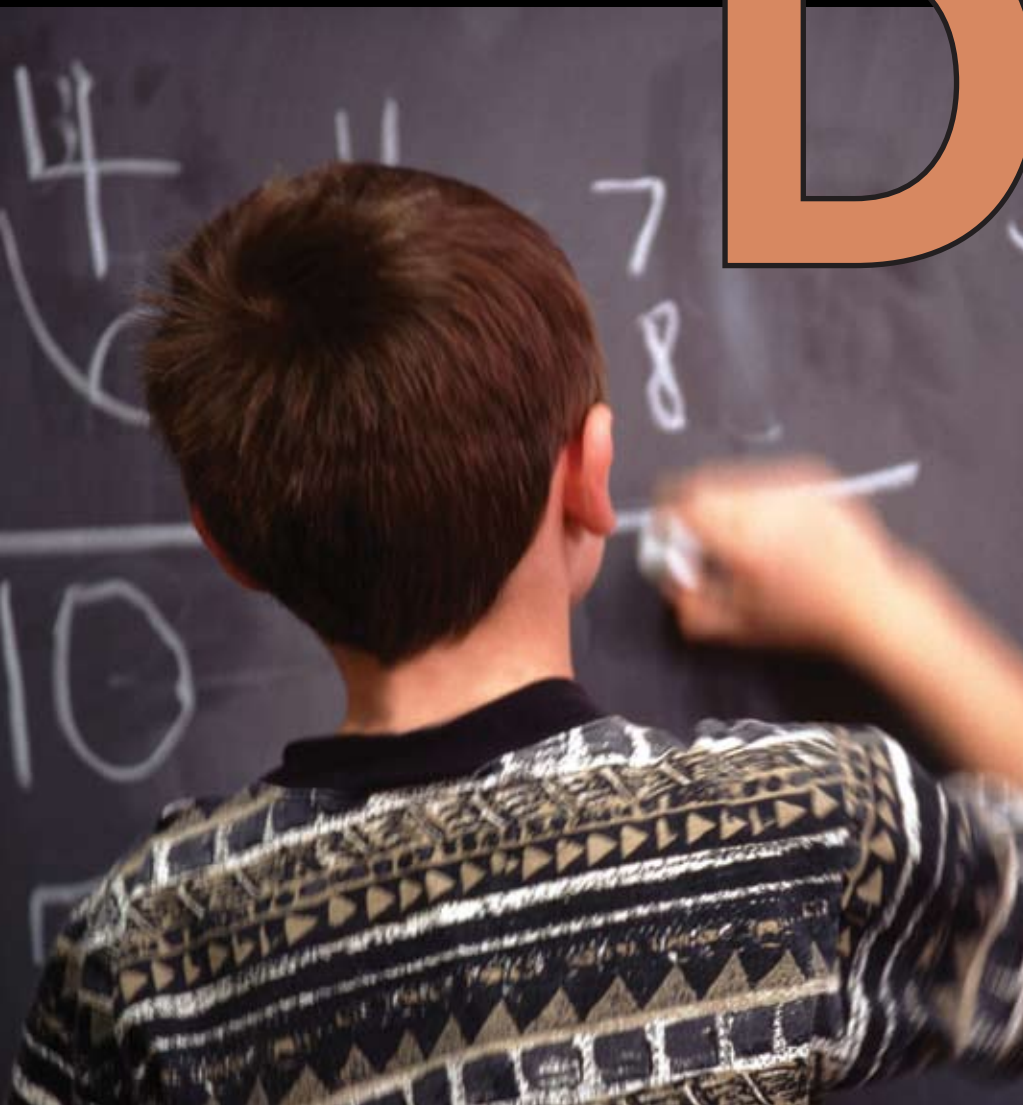


Seeking Solutions

Governors Address Key Issues in State of the State Speeches

From tight budgets to health care, states are facing many challenges. The nation's governors have offered insight into their plans to address these challenges in their annual State of the State addresses.

By Mikel Chavers



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espite the onset of several key problems in many states, many governors vowed to tackle major issues such as budget and spending, health care, education and other priorities like mental health reform and cracking down on sex offenders with—or without—the federal government’s help.

With slowing revenues and skimpier budgets, many states recognize the difficulty of addressing key priorities without the needed funds. Facing a budget crunch, several states are looking to the private sector—through public-private partnerships—to tap its wealth and efficiency.

“There isn’t enough money in the public sector, we all know that. Can’t do all of it,” California Gov. Arnold Schwarzenegger said in his State of the State address. “We need to expand partnerships where government and the private sector work together to meet the needs of the people.”

With that in mind, states are getting creative in solving issues new and old.

Budget and Spending

State budgets are expected to tighten in 2008 as revenues nationwide are flattening out, according to a National Governors Association and National Association of State Budget Officers report released Dec. 5.

Newly elected Kentucky Gov. Steve Beshear described that economic climate—and it looks grim. “Because of the economic slowdown, the cooling of the housing market, oil prices and a gap between what we spend and what we earn, we are facing an unprecedented budgetary shortfall,” Beshear said in his address.

Wisconsin Gov. Jim Doyle echoed those sentiments. “America’s economy is in deep turmoil and this will be a year of great challenge for us,” Doyle said. “In Wisconsin, steps have been taken to prepare for a national economic downturn.”

In perhaps evidence of what’s to come, Wisconsin was the only state forced to make a midyear budget cut for the fiscal year ending in June 2007, according to the December NGA/NASBO report, “The Fiscal Survey of the States.”

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—New York Gov. Eliot Spitzer



And that predicted national economic downturn means even states with a surplus from last year's budgets—such as New Hampshire's record \$89 million rainy day fund—governors are still looking to rein in spending. "Barring an emergency, I will not support any bills that require additional spending this year," said New Hampshire Gov. John Lynch in his address.

South Dakota Gov. Mike Rounds said in his speech, "We cannot commit to expensive new programs or huge increases in existing programs, because we don't have the money to do so. We must live within our means."

In fact, governors in California, Delaware, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, Rhode Island, South Carolina and Wisconsin said they were looking to cut government spending. With the exception of a few remarks, Rhode Island Gov. Donald Carcieri's address was entirely about cutting government spending with the state facing a nearly \$600 million budget deficit—Rhode Island's largest since 1991.

In California, there's also a sizeable shortfall. California is spending \$400 million to \$600 million more per month than the state is taking in, according to Schwarzenegger. Put simply, he said, Sacramento is overspending. "The problem is that while revenues are flat, automatic formulas are increasing spending by 7.3 percent," Schwarzenegger said. "Now, even a booming economy can't meet that kind of increase. So the system itself is the problem."

To address next year's projected \$14 billion deficit in California, the governor will submit a budget that cuts spending across the board. He also pledged to propose a constitutional amendment aimed at spending—modeled after a process in Arkansas—that would prohibit the government from spending the entire state surplus in good years. Instead, "we would set some of that good-year money aside for bad years," Schwarzenegger said in the speech.

New Jersey is \$32 billion in the hole and Gov. Jon Corzine wants to freeze spending. "We are in a hole, and if we want to get out, we have to stop digging," Corzine said in his speech. "For nearly 20 years both parties bonded, begged and borrowed money from every pot we could find to fund a growing appetite for spending."

To pay off some of New Jersey's debt—and fund transportation projects at the same time—Corzine wants to capture the value in the state's toll roads. By raising tolls and forming a nonprofit entity to manage the toll roads—not leasing or selling state roads to the private sector—the governor plans to pay down 50 percent of the state's debt.

Other states are proposing creative ideas to pay off debt and increase revenue. To create a "reliable stream of revenue for cities, towns and the state," Massachusetts Gov. Deval Patrick urged legislators to pass a Resort Casinos Bill, which would license three proposed gambling venues.

Missouri has taken another creative approach, in this case, for transparency in government spending. Missouri's Accountability Portal is an Internet site that allows residents to monitor government expenditures in real time. Gov. Matt Blunt wants to make the Web site permanent.

Education

When it comes to the importance of educational priorities, perhaps New York Gov. Eliot Spitzer said it best: "Without world class education, we cannot have a world class economy," Spitzer said in his speech.

With that in mind, many states are focusing on education priorities. Alaska, Arizona, California, Delaware, Georgia, Hawaii, Idaho, Kansas, Massachusetts, Michigan, Mississippi, Nebraska, South Carolina, South Dakota, Tennessee, Utah, Vermont, West Virginia and Wisconsin are looking to improve K–12 education. Alaska, Arizona, Colorado, Delaware, Hawaii, Idaho, Kansas, Maine, Maryland, Massachusetts, Michigan, Nebraska, New York, South Carolina, Tennessee, Utah,

West Virginia and Wisconsin are looking to improve higher education.

In K–12 issues, Arizona Gov. Janet Napolitano wants her state to raise the high school dropout age from 16 to 18. She also wants to create a special scholarship program allowing high-achieving high school students graduating in 2012 and beyond to attend any of the state's universities or community colleges for free. Delaware Gov. Ruth Ann Minner similarly wants to expand the state's SEED scholarship program to offer free tuition to four-year colleges to program participants.

In higher education, Napolitano laid out plans to double the number of bachelor's degrees awarded by Arizona colleges and universities by 2020. To help college students finance higher education Napolitano recommends a fixed rate tuition to span all four years of college beginning with next year's freshman class. Other states are also considering similar fixed-rate tuition policies.

To pay for educational priorities, some states are considering creative solutions such as leasing their lotteries. New York is one of them. Spitzer wants to unlock some of the value in the state's lottery either by "taking in private investment or looking at other financing alternatives."

In Vermont, Gov. Jim Douglas also wants to tap the state's lottery and proposes a long-term lease of the state lottery for an upfront payment of \$50 million, plus a share of future revenues. Douglas proposed in his address to spend \$25 million for school modernization projects. Georgia Gov. Sonny Perdue wants to pledge another \$6.4 million in lottery funds to expand the state's pre-K program by nearly 80,000 slots.

Idaho Gov. Butch Otter proposes doubling the amount of funding allocated to community colleges from state liquor sales.

Health Care

Most states' governors mentioned health care as a major issue for 2008. Many of



State of the State Speeches

Governors in 33 states gave State of the State speeches before Feb. 1, however the speeches won't be given in some states this year.

No State of the State speech will be given in: Arkansas, Montana, Nevada, North Carolina, North Dakota and Texas.

Upcoming State of the State speeches will be given in Florida on March 4 and in Louisiana on April 18.

those governors want to expand access to health care, with strategies ranging from making health care more affordable to adopting universal health care. Thirteen of the 33 governors who gave State of the State addresses before Feb. 1 specifically mentioned expanding health care coverage in their state as a top priority. Countless others mentioned health care in general as a priority.

Governors aren't waiting for a national cure to health care reform, either. "In Colorado, we won't wait for reforms to come from Washington," said Colorado Gov. Bill Ritter Jr. "Instead, we will make smart changes to the system and do what we can afford as we work toward our long-term goals."

Maine isn't waiting either. "When the federal government passed a poorly designed Medicare drug benefit that actually hurt some senior citizens in our state, Maine stepped forward to ease the transition," said Maine Gov. John Baldacci in his speech. "When the federal government failed to deliver on affordable health care, Maine stepped forward. We will continue to step forward." The governor wants to expand the state's universal health care program known as Dirigo Health by finding more sustainable funding and by contracting with new health partners.

New Mexico Gov. Bill Richardson, who dropped out of the Democratic presidential primary in January, wants to expand health care coverage to all New Mexicans by 2010. He said 20 percent of New Mexicans do not have health insurance coverage. He proposed that 85 percent of premiums go directly to health care—not to overhead or profits—and advocates using technology to reduce medical costs and medical errors.

"A system that covers only those who can afford it leaves the most vulnerable behind, and values profits over patients," Richardson said.

In New Hampshire, the governor wants to expand health care insurance coverage

by making it more affordable for small businesses to cover their workers. The plan, known as New Hampshire Health-First, will require insurance companies to offer a wellness insurance plan to small businesses—a more affordable choice for coverage, Lynch said in his speech.

A similar plan is in effect in Georgia and Perdue wants to invest another \$17 million into the state's Health Insurance Partnership for small business employees. Several governors, including those in Wisconsin and South Carolina, unveiled similar plans aimed at making health care insurance more affordable for small businesses.

States are also jumping on board with strategies in preventive health care and are looking to reduce disparities in health care. In Delaware, Minner touted the successes of the state's Screenings for Life program, resulting in record rates of colorectal and breast cancer screenings. The state's cancer mortality rate is declining twice as fast as the national average, Minner said in her speech. That's in stark contrast to Delaware in 2001, when cancer incidence and death rates were among the worst in the nation. To combat gaps and inequalities in health care among minority and ethnic populations, Minner recommended the establishment of a health disparities registry, so the state can target its efforts.

In West Virginia, Gov. Joe Manchin III announced that every child entering kindergarten in the state will receive a wellness screening before they start school. After that, the program will conduct follow-up screenings when the children reach second, fifth and eighth grades. The program is funded through the State Children's Health Insurance Program.

Iowa Gov. Chet Culver has several wellness initiatives. Culver wants to provide additional funding for early detection dedicating resources to early screening for cancer. "After all, wellness and pre-

vention are the key to reducing costs, reducing medical claims filed, and reducing the number of procedures performed, and most importantly, keeping people healthy," Culver said in his address.

Other priorities

Other priorities were brought to the surface by recent tragedies. In Virginia, Gov. Tim Kaine highlighted the need for mental health reform in the wake of the tragic shootings at Virginia Tech in April 2007. The gunman in the incident had been declared mentally ill by a Virginia special justice.

Kaine said 6 percent of Virginians have a serious mental illness and one in every four has a diagnosable mental illness of some kind. But in recent years chronic underfunding has plagued Virginia's mental health system. Kaine is calling for increased funding for more mental health clinicians and case managers as well as additional support for emergency care.

"We also need to do a better job of keeping people with mental illness from entering the criminal justice system and to provide better treatment to individuals when they are in jail," Kaine said.

He also wants to close a loophole in the law that allows individuals to purchase firearms at gun shows without a background check.

In Washington, after a 12-year-old Tacoma girl was killed last year, Gov. Chris Gregoire asked lawmakers to build on Operation Crackdown, a state program that targets the monitoring and tracking of sex offenders. In her speech, Gregoire proposed a new program that would automatically e-mail families if a sex offender moves into their neighborhood. She also wants to require DNA samples from every sex offender in the state.

—Mikel Chavers is associate editor for State News magazine.