

STATE OF THE STATE SPEECH 2006

“We’ve changed Maryland, and there is more to do”

President Miller; Speaker Busch; Lieutenant Governor Steele; members of the General Assembly; Chief Judge Bell; Attorney General Curran; Comptroller Schaefer; Treasurer Kopp; members of our Congressional Delegation; County Executives, Mayors, council members, and commissioners; cabinet members; special guests, friends, family, and fellow Marylanders.

Since we began our public service together three years ago, we have witnessed the blizzard of 2003, “Isabel,” terrorist alerts, dynamic economic growth, the return of Coach Joe Gibbs, the emergence of the University of Maryland as an academic and athletic powerhouse, historic investments in public education, land preservation, transportation, and the Chesapeake Bay.

And, there has been an unprecedented effort to assist the citizens of the gulf coast in the aftermath of Hurricane Katrina. Aaron Broussard, the president of Jefferson Parish, Louisiana has traveled here today to thank the people of Maryland for their compassion, blood, money, and generosity. Mr. President, welcome to your second home.

When I first stood up here three years ago, we were in serious trouble. We faced:

- A major fiscal crisis;
- An uneven business climate;
- New unfunded mandates;
- A declining Bay; and
- Languishing transportation projects.

Since then, the Administration has managed the State and spent taxpayers’ dollars pursuant to our five pillars of state government:

- The Budget;
- Education;
- Health and Environment;
- Public Safety; and
- Commerce

Today, three years later, Maryland is strong and prosperous, we are growing a vibrant, knowledge-based economy, and our future has never been brighter.

With respect to **fiscal responsibility**:

- A new fiscal discipline has turned a \$4 billion deficit into \$2.4 billion in cumulative surpluses.

- Our Triple AAA bond rating has been reaffirmed.
- The size of the executive branch has been reduced.
- We are the nation's third-wealthiest state and home to two of its wealthiest counties.
- Welfare caseloads are at historic lows.
- Proposed increases in sales and income taxes have been defeated; and
- Sometimes in the very near future, our diverse and robust Maryland jobs machine will produce job number 100,000 created since January 2003.

We've changed Maryland, and there is more to do.

Once again, we will reward the good work of our talented state employers with step increases and a cost of living adjustment.

The essential role of our horse industry should be recognized through passage of a video lottery bill. I ask you to consider (one more time) the economic impact of horses and the farm industry in Maryland:

- \$5.2 billion of assets;
- 20,200 horse farms;
- 20,000 jobs; and
- The \$826 million economic impact of breeding operations and racing.

Helping this vital industry survive in an intensely competitive environment will also allow us to fund new school construction so desperately needed in every part of the State.

Finally, let's recognize the real estate market's impact on working families by expanding eligibility for the homeowner tax credit and lowering the state property tax by 15 percent. Such tax relief is merited and appropriate in light of the turnaround in our revenue and budget situation.

With respect to **education**, since our administration took office:

- K-12 funding has increased by more than \$1 billion dollars, and, funding for school construction has more than doubled. Few believed we could fund the Thornton formula without additional revenues. But we did.
- We passed our first-ever charter schools bill in 2003. Last September 14 new public charter schools opened for business in Maryland.
- Our elementary and middle schools improved reading and math scores for a second straight year, with African-American and Hispanic students closing achievement gaps in key measures; and
- We are the first State to partner with a "Museum in Development" – The Reginald F. Lewis Museum of African-American History and Culture – to create a public school curriculum around the African – American experience. Thank you, George Russell and Lou Grasmick, for your vision and leadership.

As far as higher education is concerned, our university system continues its unstoppable progress, with total enrollment at an all-time high. Additionally, last year we increased funding for higher education and “need based” scholarships while expanding our commitment to our historically black colleges and universities through major capital construction projects at Coppin, Morgan, UMES, and Bowie.

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With regard to K – 12 funding, for the third year in a row our budget contains the largest funding increase in Maryland history, with investments totaling \$462 million. School construction funds total \$281 million (the highest level since Governor Mandel in 1973). These funds represent appropriate levels of taxpayer investment in one of the leading public systems in the country.

Other critical K-12 initiatives include:

- A math and science academy;
- Increasing our investment in adult basic education by 58 percent; and
- Providing 27,000 additional children with nutritious breakfasts.

Thank you, Secretary Grasmick, for your firm and committed leadership on behalf of our children.

Regarding higher education, at my request Chancellor Kirwan and the system’s regents have implemented changes to core academic and administrative operations, including increases in faculty course load, decreasing students’ time to degree, increases online and out-of-classroom learning, and managing enrollment growth more strategically.

We recognize these efficiency measures by increasing support for higher education by \$172 million, including a \$121 million dollar increase to the university system, and increasing need-based aid by \$19 million - a 100 % increase since our term began.

In addition, I have proposed:

- Full funding for our community colleges;
- Full funding for our independent institutions; and
- Specific stems to increase operational funding for our four HBCUs.

With historically low unemployment and our growing technology infrastructure, post-secondary institutions must maintain focus and funding on sector-specific workforce needs to meet the demands of a knowledge-based, post-industrial economy.

Therefore, with respect to workforce development, we propose to increase funding for scholarships aimed at attracting students to workforce shortage areas and increase funding for loan assistance repayment.

We also propose to consolidate the existing nursing and teaching scholarships into a single “workforce shortage scholarship” to be administered by the Maryland Higher Education Commission.

In addition, through the work of the Health Services Cost Review Commission, MHEC, and the private sector, we have launched an ambitious initiative to ensure an adequate supply of nurses for the 21st Century.

Thank you, Secretary Burnett, Chancellor Kirwan, and your colleagues from Maryland’s independent institutions and community colleges. Your collective leadership is strong – and needed more than ever as Maryland meets the reality of economic globalization and the “knowledge economy.”

With respect to **the environment**, since our administration took office:

- We enacted the most important environmental initiative a generation - “The Chesapeake Bay Restoration Fund.” Thanks, Speaker Busch and President Miller, for your partnership in passing this historic law.
- We funded an aggressive plan to restore Bay grasses and increase the planting of winter cover crops;
- We preserved nearly 60,000 acres of fields, forests, open space and farmland and are planning to preserve 80,000 more. Today, twenty percent – one in five acres - of Maryland is now under permanent environmental protection.
- We substantially increased farmer participation in nutrient management. Today, 75 percent of Maryland’s farmers are actively implementing nutrient management plans on their farms; and
- In November, we issued the “**Maryland Clean Power Rules**,” the most significant emission-reducing regulation ever issued in our State.

With respect to **healthcare**, since our administration took office:

- The State now covers health services for 640,000 lower income Marylanders.
- We established the first-ever state “Department of Disabilities.”
- We expanded access to 12 community health centers through our capital grant program; and
- We ensured continued access to prescription drug coverage for 30,000 low-income Marylanders.

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Regarding drug treatment, we are currently treating over 11,000 offenders in the criminal justice system alone. Because treatment works, our budget again expands treatment slots to save lives and, ultimately, taxpayer dollars.

Regarding infant mortality, healthy babies must be a priority in this prosperous State. Accordingly, I am proposing a multi-year comprehensive strategy, led by Dr. Michelle Gourdine, to combat infant mortality in Maryland. Our initiative will:

- 1) Increase outreach to high risk, hard-to-find women; and
- 2) Collect clinical data so that providers can follow up with babies born with genetic disorders and/or hearing loss to ensure proper care.

Regarding legal reform and the cost of malpractice insurance, I repeat my request for balanced, meaningful medical liability reform to help curb explosive growth in health care costs. Passing a short-term subsidy to fix a long-term structural problem will not stand the test of time. Even incremental progress here will reflect well on a State so proud of its healthcare providers and institutions.

Regarding improved services for people with disabilities, our budget fully funds the “Medicaid Buy-In Program.” This \$5.3 million initiative will gain an identical federal match and allow over 1,500 Marylanders with disabilities to work while retaining their health benefits.

I propose additional investment in:

- o People with traumatic brain injuries and autism
- o Senior nutrition
- o Programs for people with developmental disabilities; and
- o The “Living at Home” Waiver Program.

Regarding future medical care, one of our priorities should be expanding the availability and purchase of long-term care insurance. This coverage keeps individuals out of hospitals and nursing homes. It also protects our elderly from “spending down” their assets in order to qualify for Medicaid. Accordingly, I ask you to pass our “Long Term Care Initiative” for individuals who care for a spouse or dependent. Thanks, Delegate Mike Gordon, for your past and present leadership on this important issue.

Finally, regarding science and research, we will create the Maryland Regenerative Research Center at UMB’S BioPark.

This Center will provide a home to Maryland’s most promising companies and to leading national and international companies that relocate or expand into our State. The academic facility will be leased to university faculty who are leaders in regenerative research.

The Center will capitalize on advances in tissue engineering, including the use of stem cells, to develop therapies directed to the repair of damaged or diseased tissues and organs.

Through close collaboration with existing state-sponsored business development programs, the Center will focus on projects with the greatest opportunities for therapeutic breakthroughs and commercialization.

Also included in this year's budget submission is \$20 million to fund both discoveries and translation of new stem cell knowledge for research purposes.

Our "Stem Cell Research Fund" will foster cutting edge research opportunities at Maryland-based research institutions or private sector companies to promote our leadership position in stem cell research.

Here again, our goal is to ensure dollars are directed to promising projects with the greatest opportunity for therapeutic breakthroughs, while respecting the diversity of social, religious, and ethical views pertaining to the stem cell issue.

In addition, I have included \$2.5 million to help fund the emerging field of nanotechnology. Our university system is launching the Maryland Integrated Nano-Biotechnology Initiative ("MINI"), to partner its assets with federal laboratories and the private sector. "Mini" will target applied research and commercialization of intellectual assets to further advance our goal of technology dominance.

With respect to **public safety**, our achievements include:

- Establishing the Governor's Office of Homeland Security.
- Creating the Maryland Coordination and Analysis Center (MCAC), the first joint federal, state and local intelligence data collection and analysis center in the country.
- Launching "Project C-SAFE," our local law enforcement partnership, which is firmly established across the State.
- Passing and funding Projects "RESTART" and "Diversion."
- Announcing a timetable to close the infamous Hickey School and reached a settlement with the federal government regarding systemic reforms to our juvenile justice system;
- Awarding GOCCP grants worth nearly \$123 million across the State; and
- Enacting new initiatives related to witness intimidation, police officer safety, and teen driving.

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Regarding impaired drivers, we propose that anyone under 21 years of age convicted of drugged or drunk driving face a mandatory license revocation for three years or under the offender reaches age 21 – whichever is longer.

This is one initiative remaining from last year's package of teen driving bills. Let's complete the job – for the safety of our kids and the nerves of our parents!

Regarding sex offenders, I ask you to pass, intact, our “Sex Offender Compliance and Enforcement in Maryland Act” (SOCEM).

The most comprehensive child protection initiative ever offered in Maryland, SOCEM includes:

- Mandatory supervision with lifetime electronic monitoring for any sexually violent predator or child sex offender who does not receive a life sentence.
- A requirement that all sex offenders register in person and provide an updated photograph every year, with the registration requirement for child sex offenders increased to four times per year.
- Banning sexual offenders from entering public or private school property or property used as a childcare facility without permission; and
- Banning sexual offenders from living within 1,000 feet of a school or childcare facility.

We have led on this issue for many years, but technology has allowed pedophiles to operate in increasingly secretive and effective ways.

We must adapt accordingly.

We must do a better job of protecting our children from sexual predators.

We must pass this bill this year.

With respect to commerce, since taking office:

- We reformed Maryland's minority business laws to increase minority entrepreneurs' access to state contracts.
- We fast-tracked, funded, and will soon begin construction of the Inter-County Connector.
- We passed a transportation bill that has funded additional highway, road, and transit projects from Oakland to Ocean City.
- We enacted economic incentive in support of filmmaking, higher technology, and historic preservation.
- Thanks to the most successful base closure response strategy in the country, Maryland stands to gain up to 60,000 civilian and military jobs over the next six years.
- Working together, we implemented and funded community revitalization programs including “Priority Places,” “Community Legacy,” “Rural Legacy,” “Historic

- Preservation Tax Credit,” and a reformed “Brownfields program”; and
- By the end of 2005, seven out of 10 Maryland businesses rated our state “Business Friendly” – the highest ranking ever!

We’ve changed Maryland, and there is more to do.

We can pass a bill that should have been signed into law last year, and I have brought along a certified American hero to support it.

Jack Fellowes is 72 years old, a 1956 graduate of the U. S. Naval Academy, and a captain in the U. S. Navy.

On August 27, 1966, during his 55th combat mission, Jack was shot down over North Vietnam. For the next six and a half years, he suffered horrific beatings and torture at the hands of his captors. He was released on March 4, 1973, and served in the Navy until 1986.

Jack, who has worked in the General Assembly’s mailroom for the past year, is here today to support our bill to exempt from State taxes military retirement income earned by those with two decades of service

Passing this bill is not only the right thing to do, it is also the smart thing to do. Maryland should be attracting and retaining these talented individuals and their families, not driving them away. Pennsylvania, Delaware, and North Carolina have already passed similar laws.

This year, veterans are watching. Let’s make this bill retroactive.

Let’s correct last year’s mistake. Let’s get this done!

This assembly includes many principled members with wildly divergent views on how to make life better for our citizens.

Healthy debate and respectful dissent are expected byproducts, especially in a competitive, two party state.

We only fail our citizens when politics trump policy. You see, the people we serve care little about our minor political dramas. They reject the notion that a blue state can’t pass tort reform, or a red state can’t pass the Bay Restoration Act.

The majority of Marylanders do not even follow the daily dispatches from Annapolis. Most simply want safer streets, schools that work, a cleaner Bay, and a job that pays the bills and enables them to put some money aside for a rainy day. They have a right to expect results from us – and we, in turn, have an obligation to deliver for them.

Most pundits regard an election year session as an opportunity for the two parties to frame issues and garner political advantage in advance of the approaching election.

The people we represent see things differently. They want results. They want responsiveness. They know we've changed Maryland, but they know there is more to do.

As we prepare to deliver for them, we ask God to bless our State, our country, our troops, our public safety professionals and first responders, and everyone who protects our hard-won freedoms.

Thank you and Godspeed.