



**State of the State: Forward Together, Stronger Together**  
***Remarks by Governor Martin O'Malley***

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*Annapolis, MD, January 23, 2014*

**Acknowledgements**

Speaker Busch, Senate President Miller, Minority Leader of the Senate, Senator Brinkley, Minority Leader of the House, Delegate Kipke; Lieutenant Governor Brown, Treasurer Kopp, Comptroller Franchot, Attorney General Gansler; Governor Hughes, Governor Glendening, Attorney General Curran, Senator Sarbanes; Chief Judge Barbera; colleagues in city and county governments; Senator Cardin, Congressman Van Hollen, Congresswoman Edwards; Tribal Chair Proctor, Tribal Chair Savoy; and Ambassador Zamora of El Salvador—a country whose sons and daughters are contributing in so many ways to the life of our State.

Members of the hardest-working cabinet in America; men and women of the Maryland General Assembly.

And my mother, who is here with us today.

There is one more person I would like to especially acknowledge. She is here today as she has been at my side every day for 23 years. She is my best friend, my partner in life, the finest wife and mother any family could want. She is the First Lady of Maryland, Judge Katie Curran O'Malley.

**Introduction**

My fellow Marylanders, over the course of these seven years, you and I have carried with us a commitment....

It is a commitment to a better future: the better future our children deserve.

A commitment founded on the belief we share in the dignity of every individual.

A commitment strengthened by the belief we share in our own responsibility to advance the common good.

A commitment sanctified by the belief we hold,... that we are all in this together, and each of us is needed in God's eyes.

I have seen this commitment myself, in the eyes of our teachers, firefighters and police officers. In the eyes of our veterans and their brave families. In the quiet fortitude of hard-working moms and dads throughout our State.

It is a commitment that has been shared by each of you, who have the privilege to represent the citizens of Maryland in this historic place.

I remember the first time I set foot in this building, as a young boy with my father. He was a lawyer and he had a case here in Annapolis at the Court of Appeals.

He took my hand as we climbed the steps of this Revolutionary building.

He brought my brother and me to the room down the hall where General Washington gave his authority over the Army, back to the elected representatives of the People.<sup>1</sup>

And in that doorway, he leaned down to me and explained the significance of this very House Chamber, the duties of the men and women who are elected to serve here.

I was awed by the fact that this is the place we have come together as a people for more than 200 years, to make a better life. To make this place, our place, a better place.

It has been a tremendous and humbling honor to serve the people of Maryland—through these difficult and important days—with each of you.

All of us, together.

### **The State of Our State is Strong**

On this occasion, we take time to reflect on the way we have traveled, and where we have come.

Through the longest wars in American history, and the greatest recession since the Great Depression, our goals as an Administration, have remained constant and true:

To strengthen and grow the ranks of our middle class, including our family-owned businesses and farms.

To improve public safety and public education.

To expand opportunity to more people rather than fewer – the opportunity to learn and to earn, the opportunity to enjoy our health, to enjoy the health of the people we love, and the health of this land we love—the Chesapeake Bay, the Patuxent, the mountains of Western Maryland, the marshes of the Eastern Shore.

Today, because of the hard work and courage of our people, I can report to you that the state of our State is strong, and growing stronger by the day.

In fact, not only is Maryland stronger than before — Maryland is cleaner, smarter, safer, healthier, more entrepreneurial, and more competitive than she was before the recession hit.

### **Fiscal Discipline**

Think back: When we took office, Maryland had a \$1.7 billion structural deficit.<sup>2</sup> No sooner had we taken action together to address that deficit, than the recession hit.<sup>3</sup>

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<sup>1</sup> The Continental Congress met in the Old Senate Chamber from November 26, 1783, to August 13, 1784. During that time, George Washington came before Congress to resign his commission as commander-in-chief of the Continental Army and the Treaty of Paris was ratified, marking the official end of the Revolutionary War.

<sup>2</sup> In 2007, the State faced a \$1.7 billion structural deficit, a result of \$1 billion in income tax cuts in the late 1990s, \$1.5 billion in increased education spending starting in 2002, and four years of insufficient action to close the structural deficit from 2002 to 2006.

<sup>3</sup> According to the [National Bureau of Economic Research](#), the Great Recession began in December 2007.

Parents lost their jobs; children lost their homes; families struggled to hold on to their dignity.

Even as we fought to help every family we could – to save every home and every job we could – our State revenues took a huge hit,<sup>4</sup> right along with so many family incomes.

Since that time, the O'Malley-Brown Administration has used the challenge of these times to make our government more efficient, and more effective.

We have cut spending by \$9.1 billion dollars.<sup>5</sup>

We have made more cuts than any administration in modern Maryland history.<sup>6</sup>

Today, we now have the smallest executive branch since 1973—<sup>7</sup>and the budget I presented to you last week puts us on a track to totally eliminate that structural deficit without the need for any new fees or taxes.<sup>8</sup>

We remain one of only seven states that has maintained a triple-A bond rating all through the recession, and to this day.<sup>9</sup>

We have built up our Rainy Day Fund to \$800 million dollars,<sup>10</sup> and we have placed this year in our general reserve an operating surplus of \$37 million dollars.<sup>11</sup>

## **A Balanced Approach**

But cuts are only part of our story.

No state has ever cut its way to greater prosperity.

Growth requires investment.

Together, we have made those critical investments—investments to educate,<sup>12</sup> to innovate<sup>13</sup>, to rebuild, to grow jobs<sup>14</sup> and create a better economy.

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<sup>4</sup> According to Maryland's Department of Budget and Management, the Great Recession caused an annual \$2 billion state revenue shortfall.

<sup>5</sup> Since 2007, the Administration has made [\\$9.1 billion in total spending reductions](#), including the proposed FY15 budget.

<sup>6</sup> According to the Maryland Department of Budget and Management, total cumulative cuts include proposed FY15 budget.

<sup>7</sup> The O'Malley-Brown Executive Branch has fewer employees per capita than any Administration since 1973. The O'Malley-Brown Administration has abolished 5,800 positions since 2007.

<sup>8</sup> The O'Malley-Brown proposed FY15 budget, which contains no tax or fee increases, completely eliminates the \$1.7 billion structural deficit by FY2017.

<sup>9</sup> Maryland's AAA bond rating was reaffirmed by all three ratings agencies in July 2013.

<sup>10</sup> Rainy Day Fund total comes from cumulative Administration total, including proposed FY15 budget.

<sup>11</sup> From proposed FY15 budget.

<sup>12</sup> 48 cents of every General Fund Dollar in Governor O'Malley's proposed FY15 budget goes to education. This year, Maryland will fund K-12 education at \$6.117 billion, a rise from \$4.468 billion in FY07. Under Governor O'Malley, [education funding has increased every year](#), even during recession years. And Maryland was only one of a handful of states that continued to increase education funding, in contrast to states like Virginia and Wisconsin that saw a decrease in per pupil spending between FY08 and FY14, according to the [Center on Budget and Policy Priorities](#).

This is what a balanced approach is all about.

Seven years ago, we were failing to live up to our state's full potential.

Seven years later, we are not just One Maryland. By many measures, we are Number One Maryland:

Just listen with me for a quiet moment.

Maryland today is number one in our students' AP success for seven years in a row;<sup>15</sup>

Number one in education five years in a row;<sup>16</sup>

Number one in holding down the cost of college tuition;<sup>17</sup>

Number one in innovation and entrepreneurship for two years in a row, according to the United States Chamber of Commerce;<sup>18</sup>

Number one in Ph.D. scientists and researchers;<sup>19</sup>

Number one in businesses owned by women;<sup>20</sup>

And number one in median household income.<sup>21</sup>

This is what the people of our state have achieved together. And together we applaud their hard work.

## **Governing in a Different Way**

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<sup>13</sup> Governor O'Malley's proposed FY15 budget includes \$12 million for the Biotech Tax Credit; \$4 million for the Cyber Tax Credit; and \$9 million for the R & D Tax Credit.

<sup>14</sup> According to Maryland's Department of Budget and Management, Governor O'Malley's proposed FY15 budget supports 48,000 jobs.

<sup>15</sup> [For the seventh year in a row](#), Maryland led the nation in AP success, with 29.6% of the Class of 2012 scoring a 3 or higher on an AP exam during their high school career. In the past 10 years, that number has grown 13.1 percentage points, the largest increase in America. For the third year in a row, Maryland ranks #2 in participation, and more of Maryland's traditionally underserved public school students are participating and succeeding in AP.

<sup>16</sup> [Education Week](#) named Maryland's public schools #1 in the nation five years in a row. In 2014's report, Maryland had the top state composite score for the sixth consecutive year, but Education Week decided not to rank state education systems.

<sup>17</sup> From the 2007-2008 school year to the 2013-2014 school year, tuition at Maryland's four-year institutions increased only 3.3% in inflation-adjusted dollars for tuition and fees, according to [The College Board](#). This was the [lowest increase in the nation](#) during that time period.

<sup>18</sup> The U.S. Chamber of Commerce's "[Enterprising States](#)" report ranked Maryland #1 in the nation for Innovation and Entrepreneurship in both 2012 and 2013.

<sup>19</sup> According to the [Milken Institute's 2012 State Technology and Science Index](#), Maryland is #1 in Ph.D. holders per capita. Maryland also has the highest concentration of scientists and engineers of its state workforce, according to the [National Science Foundation](#).

<sup>20</sup> According to the [National Women's Business Council](#), Maryland has the highest percentage of woman-owned businesses of any state (excluding Washington, DC). According to the [National Women's Law Center](#), Maryland is tied for the lowest wage gap in America, with Nevada. Nationally women make 76.5 cents for every dollar a man makes. In Maryland, women make 85.3 cents for every dollar a man makes. In addition, the [Center for American Progress](#) named Maryland the best state in America for women.

<sup>21</sup> Maryland's median household income is \$71,122 – the highest in the nation, according to the [U.S. Census](#).

Seven years ago—in response to the desires of our people—we set out to govern in a fundamentally different way.

Setting goals. Measuring performance. Hitting deadlines. Getting Results. Making the work of progress visible for you to see, and for me to see.

Every day, the test of any policy, action, or expenditure, has been whether or not it is actually working—working to produce the intended results.

In the past, our states and indeed our country, have been governed by a top-down approach. Hierarchical and bureaucratic. Shouting orders from somewhere above.

But that's not the world we live in any more.

This generation is not about command and control. This generation seeks good ideas on level ground. Everywhere.

It is fundamentally entrepreneurial, operationally collaborative, it is performance measured, connected, and relentlessly inter-active.

It is the new way.

This generation wants its government to be accountable for its action, and accountable for the results we seek.

Today in Maryland, you can go online right now, and see the 16 strategic goals we have set for our State's progress, in the areas of job creation, education, security, sustainability, and health.<sup>22</sup>

On some of these, we've already exceeded our initial goals. On others, we're making progress. And on a few, we still have a longer way to go.

Progress requires accountability.

But accountability means putting your commitment out there, for all of us to know and see, and hopefully to help drive.

One example: In 2007, one of the goals we publicly set was to drive down our infant mortality rate by 10 percent, by the end of 2012.<sup>23</sup>

A lot of people told us at the time not to make the commitment public.

You see, the old way of thinking says elected officials should never set measurable goals with deadlines, because you'll be criticized if you fall short.

We chose a different path.

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<sup>22</sup> Anyone can visit <https://data.maryland.gov/goals> to monitor the State's progress on Governor O'Malley's 16 strategic policy goals.

<sup>23</sup> See more information about Governor O'Malley's efforts to reduce infant mortality [here](#).

We set real goals with specific, and more immediate, deadlines.

We publish Plans of Delivery.

We call upon the public to hold us accountable and to help us achieve our goals.

And we use the pressure of public awareness to push for maximum progress.

By the way, at the end of 2012, together we had driven down Maryland's infant mortality rate—not by just 10 percent—but by 21 percent.<sup>24</sup>

That means 164 lives saved just in 2012.

Of course, as you might have guessed, the reward for hitting or exceeding your goal is to set an even higher goal.

So we have—to save even more lives.<sup>25</sup>

And we are in it together.

### **Measuring Progress**

Goals. Deadlines. Performance measures.

Doing what works, and doing what serves.

This is how continuous progress is made.

#### *Jobs*

This is how we create jobs.<sup>26</sup>

We are one of only 17 states that has now recovered all of the jobs we lost in the national recession.<sup>27</sup>

And since the lowest point of the recession, we have now achieved the fastest rate of new job growth of any state in our region.<sup>28</sup>

#### *Public Education and Public Safety*

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<sup>24</sup> The infant mortality rate fell by 21 percent between 2007 and 2012, which translates to [164 fewer infant deaths](#) in 2012 than in 2007.

<sup>25</sup> The Administration has set a new goal of [reducing the overall infant mortality rate by 10%](#) to 6.0/1,000 live births and the Black infant mortality rate by 10% to 10.8/1,000 live births by 2017.

<sup>26</sup> Read Governor O'Malley's jobs delivery plan [here](#).

<sup>27</sup> According to the [November 2013 jobs report](#), Maryland has recovered 101% of jobs lost in the recession. These were seasonally adjusted total non-farm jobs. Comparatively, Virginia has only regained 93.2%, Pennsylvania 79.4% and the nation 85.7%.

<sup>28</sup> Each state in the region reached an [employment low point](#) in February 2010, and since then Maryland has created a total job growth rate of 5.96%; Delaware has a 5.50% rate; Pennsylvania has a 3.68% rate; Virginia has a 4.93% rate; and West Virginia has a 4.93% rate.

This is how we improve public education.<sup>29</sup> This is how we improve college degree attainment.<sup>30</sup>

This is how we improve public safety.<sup>31</sup>

Today, with courageous law enforcement officers, we have now reduced violent crime to 30 year lows.<sup>32</sup>

With our first responders, shock trauma doctors and nurses, traffic deaths have been reduced now to the lowest levels in decades.<sup>33</sup>

We enacted common sense measures to reduce gun violence.<sup>34</sup>

We repealed the death penalty and replaced it with life without the possibility of parole.<sup>35</sup>

And there are now fewer people incarcerated in Maryland's prisons today than at any time since 1994.<sup>36</sup>

### *Sustainability*

Goals. Deadlines. Performance measures. This is also how we are making our air and our waters cleaner.<sup>37</sup>

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<sup>29</sup> Read Governor O'Malley's public education improvement delivery plan [here](#).

<sup>30</sup> According to the [National Center for Higher Education Management Systems](#), the percent of [Marylanders](#) aged 25-64 with at least an associate's degree has gone up from 44.5 percent in 2006 and 2007 to 45.5 percent in 2012. The attainment percentage of 45.5 percent in 2012 is 10th highest in the nation, including Washington, DC.

<sup>31</sup> Read Governor O'Malley's public safety delivery plan [here](#).

<sup>32</sup> According to the [Maryland State Police](#), violent crime in 2012 was at its lowest point since 1976. Violent crime statistics for 2013 will not be finalized for several months.

<sup>33</sup> According to the [Maryland State Police](#), the 461 traffic deaths in 2013 were the lowest since 1961. This is a 29.1% decrease since 2006.

<sup>34</sup> Governor O'Malley signed legislation to [reduce gun violence](#) during the 2013 legislative session which implemented several common-sense gun violence measures, including fingerprint background checks, an assault weapons ban and a magazine limit.

<sup>35</sup> Governor O'Malley repealed the death penalty during [the 2013 legislative session](#). [The Maryland Commission on Capital Punishment](#), created by an act of the General Assembly in 2008, reviewed Maryland's policies on capital punishment. The 22-member Commission represented a broad diversity of views on capital punishment as well as the racial, ethnic, gender and geographic diversity of the State. The Commission recommended that capital punishment be abolished in Maryland for several reasons: racial disparities exist in Maryland's capital sentencing system; jurisdictional disparities exist in Maryland's capital sentencing system; the costs associated with cases in which a death sentence is sought are substantially higher than the costs associated with cases in which a sentence of life without the possible of parole is sought; despite the advance of forensic sciences the risk of execution of an innocent person is a real possibility; and there is no persuasive evidence that the death penalty deters homicides in Maryland.

<sup>36</sup> According to the [Department of Public Safety and Correctional Services](#), the last time there were this few people incarcerated in Maryland's prisons was in 1994.

<sup>37</sup> [Governor O'Malley's actions on the environment](#) include: led the region on Two-Year Milestone achievement; created the Chesapeake and Coastal Bays 2010 Trust Fund; supported renewal of dozens of Wastewater Treatment Plants; submitted a Final Watershed Implementation Act to the EPA; issuing new CAFO regulations; [established BayStat](#); passed the Living Shoreline Protection Act of 2008; enacted new regulations to reduce polluted stormwater runoff; expanded septic system upgrades; passed the Septics Law; implemented new regulations on environmental site designs; revised nutrient management regulations; adopted a new Phosphorus Management Tool; revitalized the Animal Waste Technology Fund; passed the Fertilizer Use Act of 2011; extended support of the Cover Crop Program; supported Maryland farmers through the Maryland Agricultural Water Quality Cost Share Program; established the Innovative

We have planted more trees on public lands in the last seven years than ever before.<sup>38</sup>

We have added more renewable energy to our grid than any time since the Conowingo Dam was built 85 years ago.<sup>39</sup>

More farmers are now planting cover crops to reduce nutrient runoff than ever before.<sup>40</sup>

To protect our farmlands, our forests and our open space for the future, this year Maryland passed the milestone of preserving 1 million acres for our children's future.<sup>41</sup>

Together, we have taken the strongest actions in decades to make the Chesapeake Bay cleaner and healthier;<sup>42</sup> strong actions that are restoring our menhaden,<sup>43</sup> our blue crab,<sup>44</sup> and our oyster populations.<sup>45</sup>

And we are leading the states of our Bay watershed in cleaning up the Chesapeake—consistently meeting our two-year milestones, allowing less nitrogen and phosphorus to pollute our Bay today than seven years ago.<sup>46</sup>

Measurable progress, by our hands, in our time, for the long term restoration of the Bay.

### *Children*

This is also how we better protect our most vulnerable young people.<sup>47</sup>

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Technology Fund; established a Nutrient Trading Program; worked with the U.S. Army Corps of Engineers to study beneficial uses of dredged material for island erosion; and implemented new wastewater conservation efforts.

<sup>38</sup> According to [Maryland's Department of Natural Resources](#), Governor O'Malley is the first Governor to ever implement programs and initiatives that planted 1 million trees during their Administration.

<sup>39</sup> The Conowingo Dam was built in 1928 when Maryland was producing 474 MW of electricity. Under Governor O'Malley's leadership, Maryland has increased its electricity production 42.5%. Read more about Governor O'Malley's energy efficiency plan [here](#).

<sup>40</sup> In FY13, [1,860 farmers planted 415,000 acres of cover crops](#) to control soil erosion, reduce nutrient runoff and protect water quality in streams, rivers and the Chesapeake Bay. Since 2007, Maryland farmers have planted over 1.89 million acres of cover crops.

<sup>41</sup> According to the Maryland Department of Natural Resources, the O'Malley-Brown Administration has added to Maryland's legacy of protecting green space, bringing the total number of acres protected to 1,066,505.

<sup>42</sup> Administration actions include [Two-Years Milestones](#), regional cooperation and proactive policies that protect wildlife while helping grow Maryland's economy.

<sup>43</sup> [Governor O'Malley led efforts](#) to protect the Atlantic Menhaden, including a 20% coast-wide harvest reduction and new management strategies under the authority of the Atlantic States Marine Fisheries Commission.

<sup>44</sup> The number of spawning-age female blue crabs [increased by 52 percent in 2013](#), showing that the O'Malley-Brown Administration's management techniques are helping restore Maryland's crab population.

<sup>45</sup> Maryland [produced and planted 1.25 billion oysters in 2013](#) - the largest production for any oyster hatchery in the nation.

<sup>46</sup> In 2009 Maryland began using [Two-Year Milestones](#) to chart progress on protecting the Chesapeake Bay. [The Chesapeake Bay Program certified Maryland](#) achieving their 2010 - 2011 goals. The Chesapeake Bay Program lauded Maryland's efforts, noting that even with an unexpected 150,000 pound nitrogen increase, Maryland still met its 2009-2011 milestone goals. [An May 2013 EPA Assessment](#) shows that Maryland achieved its 2013 nitrogen and sediment targets and was within 1% of achieving its phosphorus milestone.

<sup>47</sup> Read Governor O'Malley's childhood hunger delivery plan [here](#), and his plan to reduce violent crime against women and children [here](#).



Together, we've reduced childhood hunger,<sup>48</sup> and today more children receive healthcare in Maryland than ever before.<sup>49</sup>

We have reduced juvenile homicides by 44%.<sup>50</sup>

We have reduced the number of children placed in foster care and group homes by 42%.<sup>51</sup>

### *Dignity*

And along the way, we have come together, time and again, to protect the dignity of every Marylander.

For the first time in 350 years, we have now officially recognized our brothers and sisters of the native Piscataway People.<sup>52</sup>

Together, so that the children of New American immigrants, can realize their full potential, we passed the DREAM Act in Maryland.<sup>53</sup>

And, to protect the dignity of every child's home—and ensure equal rights under the law for all Marylanders—we passed Marriage Equality.<sup>54</sup>

### **Urgent Work to Do**

For all of our achievements, being accountable also means acknowledging when we have fallen short.

The healthcare website failed to perform as designed when it was launched – a source of great frustration—especially for those who were trying to obtain healthcare for the very first time.

My Administration and I have not succeeded at every first try, but we have never given up.<sup>55</sup>

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<sup>48</sup> The Administration has invested \$1.8 million to [increase access to school breakfast](#) during the 2013-2014 school year to 57,000 additional children. Since 2010-2011, we have increased breakfast access 37% among students.

<sup>49</sup> According to the [Maryland Department of Health and Mental Hygiene](#), the O'Malley-Brown Administration has expanded healthcare to over 180,000 children.

<sup>50</sup> [In 2006 there were 50 juvenile homicides](#) and in 2013 there were 28 juvenile homicides.

<sup>51</sup> [This reduction](#) includes children in foster care, group homes and independent living (a therapeutic setting for children who have severe needs).

<sup>52</sup> In January 2012, Governor Martin O'Malley signed [two historic Executive Orders](#) recognizing Maryland Indian status of two groups indigenous to the State of Maryland. With the signing of the Executive Orders, Governor O'Malley officially made the Piscataway Indian Nation and the Piscataway Conoy Tribe (including the Piscataway Conoy Confederacy, its subtribes, and the Cedarville Band of Piscataway) the first state recognized tribes in Maryland history.

<sup>53</sup> Governor O'Malley signed the [DREAM Act](#) in May 2011. [In November 2012](#), Marylanders passed the DREAM Act by a vote of 58% to 42%, making Maryland the first state to pass the DREAM Act through a popular vote. In Maryland, an estimated 36,000 Dreamers will benefit from the DREAM Act, creating more than 19,000 jobs and generating nearly \$5 billion in economic activity through 2030.

<sup>54</sup> Governor O'Malley signed [Marriage Equality](#) in March 2012. The coalition that passed Marriage Equality included a variety of religious leaders and union leaders. [In November 2012](#), Marylanders voted in favor of the Civil Marriage Protection Act, which upheld the state's same-sex marriage law, 52.4% to 47.6%.

<sup>55</sup> Governor O'Malley has taken proactive steps to continue improving the Maryland Health Connection site. These steps include working to get the [9 critical fixes done](#); the [hiring of Optum/QSSI](#) to improve the end-to-end project management of the website; installing new leadership including [Isabel FitzGerald](#), Secretary of the Maryland Department of Information Technology, who currently leads IT operations; working with insurers to [extend the deadline](#) for families and individuals to access coverage; and [establishing retroactive coverage](#) for Marylanders who attempted to enroll in the exchange and who through no fault of their own, are without insurance and facing potentially costly medical bills.

We learn from both success and failure.

Sometimes failure kicks the deepest spur.

So we will continue to improve. We will continue helping those seeking healthcare. And we will continue to enroll as many Marylanders as possible by the March 31<sup>st</sup> deadline.<sup>56</sup>

But let's not lose sight of the larger goal.

We have already extended healthcare coverage to 453,000 people—many of them children—who did not have coverage before.<sup>57</sup>

Now, thanks to President Obama and the Affordable Care Act, not a single person can be denied coverage because of a preexisting condition, and no one can be dropped from their insurance because they get sick.<sup>58</sup>

And with the leadership of Lieutenant Governor Brown and Secretary Sharfstein— and I must add, the support of our Congressional delegation led by Sen. Barbara Mikulski, Senator Cardin, Congressman Van Hollen and Congresswoman Edwards – earlier this month we embarked on a new and better way to improve wellness and reduce overall healthcare costs.<sup>59</sup>

Let me talk about this for a second.

The old payment system for health care, encouraged the volume of services instead of the wellness of our people. The more sickness, the more pay.

It was a system that made it look as if even our hospitals needed hospitals. But not any more.

This new approach will change our payment system to reward hospitals for actually keeping people well.

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<sup>56</sup> [Governor O'Malley announced on January 14, 2014](#) that anyone who experienced technical challenges on the health reform website will be able to enroll in the private plan of their choice with coverage retroactive to January 1.

<sup>57</sup> Department of Health & Mental Hygiene, total number of new Medicaid recipients under the O'Malley-Brown Administration, current through December 2013.

<sup>58</sup> Under the law, a new "[Patient's Bill of Rights](#)" gives the American people the stability and flexibility they need to make informed choices about their health. Some additional Affordable Care Act protections include allowing young people to stay on their parents' insurance until they are 26 and preventive care coverage, including mammograms, autism screenings and mental health services.

<sup>59</sup> Under Maryland's current Medicare waiver, Maryland has set its own rates for hospital services for 36 years. Maryland is the only state in the nation to operate an all-payer hospital rate setting system, under which all patients pay the same rate for services at the state's hospitals. [Under the new system](#), hospitals will no longer operate a fee-for-service model. Instead, Maryland will set global budgets to reward systems of care that provide improved health outcomes at lower cost. The model will limit the growth in hospital spending per capita, including inpatient and outpatient care, to growth in the state's economy. It will also limit annual Medicare per capita hospital cost growth to a rate lower than the national annual per capita growth rate. The model is expected to save the federal government at least \$330 million in Medicare spending over the next five years.

It has been described by healthcare experts as “without any question, the boldest proposal in the United States in the last half century.”<sup>60</sup>

Ten of our forty-six hospitals in Maryland have already adopted this new approach – partnering with nursing homes, public health agencies, primary care doctors, wellness professionals and others, to keep their communities well.<sup>61</sup>

It works. It achieves results. It’s a better way. And it will improve wellness.

For us here in Maryland, the question has never been whether we move left or whether we move right, it is whether we move forward or whether we move back.

As One Maryland, we choose to move forward.<sup>62</sup>

### **An Economy with a Human Purpose**

Because progress is a choice.

And we have important work to accomplish this year.<sup>63</sup>

With all of the strides we’ve made in education, this session we have the ability to advance universal pre-k in Maryland.<sup>64</sup>

This session, we have the responsibility to improve our laws to better protect victims of domestic violence.<sup>65</sup>

We also have the chance, this session, to come together, forge consensus, and raise the minimum wage in Maryland.

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<sup>60</sup>“This is without any question the boldest proposal in the United States in the last half century to grab the problem of cost growth by the horns,” said Uwe Reinhardt, a health care economist at Princeton University, in [The Washington Post’s article “Maryland’s Bold Hospital Spending Plan Gets Federal Blessing” on January 10, 2014.](#)

<sup>61</sup> [See the list of Maryland hospitals](#) that have adopted this new approach.

<sup>62</sup> One program that is moving Maryland forward is CRISP. [CRISP is formally designated as Maryland’s statewide health information exchange \(HIE\)](#) by the Maryland Health Care Commission, as directed by the state’s legislature and Gov. Martin O’Malley. CRISP has also been named Maryland’s Regional Extension Center for Health IT (REC) by the Office of the National Coordinator for Health Information Technology (ONC), with an objective of assisting 1,000 primary care providers to deploy Electronic Health Records (EHRs) and achieve meaningful use by 2014. Together, CRISP’s REC and HIE efforts serve to advance health and wellness of Marylanders by helping healthcare providers to use EHRs in a meaningful way and enabling those providers to share clinical data with other providers and hospital systems across the state.

<sup>63</sup> [The O’Malley-Brown legislative agenda](#) includes designating new wildlands, modernizing Maryland’s health care system and codifying the Statewide Communications Interoperability Program.

<sup>64</sup> Two comprehensive, randomized studies that tracked the progress of individuals who received a quality pre-K education compared to those who did not conclusively show that quality pre-K produces better educational, financial and safety outcomes in the long-term. The studies were the [HighScope Perry Preschool Project](#) and [The Abecedarian Project](#).

<sup>65</sup> The O’Malley-Brown Administration’s [domestic violence agenda](#) includes three bills. The first bill will end Maryland’s distinction of being the only state in the nation whose standard of proof to obtain a final peace or protective order is “clear and convincing evidence” by changing it to a “preponderance of evidence.” The second bill will add second degree assault to the list of crimes for which domestic violence victims can obtain a final permanent protective order. The third bill gives judges the ability to impose an enhanced penalty for violent crimes that are domestically related when they are committed in the presence of a minor

To strengthen and grow our middle class—this has been the North Star of everything that we have done as an Administration. Our fiscal discipline. Our strategic investments. Our different way of governing for results.

Together, here in Maryland:

- We've invested dearly,<sup>66</sup> to improve education as a ladder to success.<sup>67</sup>
- We are investing more than ever in our transportation infrastructure, to get more of our people back to work.<sup>68</sup>
- We raised the Earned Income tax credit. Why? To better reward hard work.<sup>69</sup>
- We've maintained the highest goals for minority and women-owned business participation, and for the first time ever, we actually exceeded it.<sup>70</sup>
- We became the first state in the country to pass a living wage.<sup>71</sup>
- We put in place for the first time a progressive income tax,... reducing income taxes for 86 percent of Marylanders.<sup>72</sup>
- Just last calendar year, we moved more people than ever from welfare to work.<sup>73</sup>

Because of these actions, the Pew Foundation now ranks Maryland one of the top three states for upward economic mobility.<sup>74</sup>

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<sup>66</sup> Despite budget strains inherited from the previous administration and revenues that dried up during the recession, Governor O'Malley continued to [increase education spending every year in office](#). In addition, The O'Malley-Brown administration has made school construction a priority. In the administration's first term, school construction averaged \$325 million a year, and increased to \$345 million in the second term, compared to \$211 million under the previous administration. In addition, [Governor O'Malley froze in-state tuition for four years in a row](#), doing more to hold the line on the rising cost of college tuition than any Governor in America.

<sup>67</sup> According to Education Week, Maryland is one of only five states that closed the poverty achievement gap by more than 5 percentage points. Maryland's total combined closure (math and reading) was 7.1%, at least 10 times higher than the national average of 0.5%. In addition, [Governor O'Malley froze in-state tuition for four years in a row](#), doing more to hold the line on the rising cost of college tuition than any Governor in America.

<sup>68</sup> In response to growing traffic and a decreased ability to pay for infrastructure upgrades, Governor O'Malley and the legislature passed the Transportation Infrastructure Investment Act of 2013, which will generate \$4.4 billion over six years for highway and mass transit projects, creating more than 57,200 jobs. Read Governor O'Malley's transportation delivery plan [here](#). Travel on Maryland's roads has increased nearly 40% in the past two decades and is expected to increase another 20% by 2030. Yet Maryland's formula for funding infrastructure improvements has remained unchanged since 1992. A dollar for transportation in 1992 is only worth about 30 cents today.

<sup>69</sup> Governor O'Malley extended the Earned Income Tax Credit for Maryland families during the [2007 special legislative session](#).

<sup>70</sup> According to the [Governor's Office of Minority Affairs](#).

<sup>71</sup> Governor O'Malley passed the nation's first living wage bill during the [2007 legislative session](#). The bill required employers with state contracts to pay a minimum amount - \$11.30 per hour in the Baltimore-Washington corridor and \$8.50 per hour in rural counties.

<sup>72</sup> The O'Malley-Brown Administration has taken several actions to make Maryland's tax code more progressive, asking our highest earners to pay a little more while providing tax relief for middle and low income earners. In 2007, the O'Malley-Brown Administration added progressivity for the first time in Maryland history. Middle and low income earners saw their personal exemptions increased and their refundable earned income credits expanded, that lowered total state income tax burdens for nearly 92% of Maryland taxpayers. In 2008, a three year income tax surcharge was imposed on millionaires; it expired as expected. In 2012, we further adjusted rates, phasing out exemptions for the highest earners, leaving a full 86% of Marylanders with lower state income tax bills than before the O'Malley-Brown Administration, while the top 13.7% of Maryland taxpayers were asked to pay a little more.

<sup>73</sup> According to the Maryland Department of Human Resources, [12,504 Marylanders moved from welfare to work in 2013](#). 27% of those Marylanders were placed in jobs paying \$10/hour or higher.

But we, of course, are part of a larger national economy. And something is still very wrong.

We've lost sight of how our economy works when it is working well.

Prosperity doesn't trickle down from the top.

It never has.<sup>75</sup>

It's built from the middle out—and from the middle up.

Henry Ford understood that 100 years ago, when he doubled the pay of all his workers.<sup>76</sup> His fellow capitalists thought he was crazy. But he understood that America worked best – and our economy worked best – if workers could afford to buy the products they were making.<sup>77</sup>

In other words, in a properly functioning capitalist economy, a thriving middle class is not a consequence of growth and prosperity—it is the source of growth and prosperity.<sup>78</sup>

When every worker earns more money, every business has more customers, and – by the way – every taxpayer is relieved from funding poverty programs, for workers who are being paid poverty-level wages.<sup>79</sup>

We have all met the hard-working people who toil away—very often—at not one but two jobs that pay minimum wage.

Most often they are women. Very often they are moms who are trying support a child or two on their own.<sup>80</sup> Leaning on everyone around them for day care. Working 16-hour days, and yet falling further behind.

This is not how our economy should work – no person who works full-time and plays by the rules, should be forced to raise their family in poverty.<sup>81</sup> Not in our state.

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<sup>74</sup> [Maryland was one of only three states to demonstrate consistently higher upward mobility](#) in each of three categories: absolute mobility (Measures residents' average earnings growth over time); relative mobility (Captures residents' rank on the earnings ladder relative to their peers); upward or downward movement on the earnings ladder.

<sup>75</sup> Center for American Progress President Neera Tanden's article in [Democracy](#) provides a strong repudiation of trickle-down economics.

<sup>76</sup> Ford increased the wages of his workers from \$2.38 to [\\$5.00 per nine-hour day](#).

<sup>77</sup> During the three decades following World War II, [wages rose at a rate similar to productivity](#). In the four decades since, gains in wages have not come close to matching gains in productivity, and the gap between the two has widened dramatically.

<sup>78</sup> According to the [Economic Policy Institute](#), a phased-in increase of a national minimum wage to \$10.10 would increase GDP by roughly \$32.6 billion, resulting in the creation of approximately 140,000 net new jobs (and 284,000 job years) over that period.

<sup>79</sup> [According to the University of California at Berkeley](#), the United States' ten largest fast food companies are costing U.S. taxpayers \$7 billion a year in federal assistance programs.

<sup>80</sup> The [Economic Policy Institute's analysis](#) of BLS' Current Population Survey shows a worker who would benefit from a minimum wage increase to \$10.10 by July 1, 2015 is: 56% of affected workers are women; 88% of affected workers are at least 20 years old; 43% have taken some college courses; 54% are full-time workers; 70% belong to families with incomes of less than \$60,000; and nearly 28% of affected workers are parents.

<sup>81</sup> [According to the University of California at Davis Center for Poverty Research](#), a full-time minimum wage employee earns \$15,080 annually. For a family of four with two children the poverty level was \$22,283 – far exceeding the annual earnings of a full-time minimum wage employee.

Should we be satisfied as a people, as a country, as a State, if our corporations are becoming ever more profitable<sup>82</sup> and yet so many of our people are unemployed?<sup>83</sup>

Can we really say that our economy is working, if our stock market is booming,<sup>84</sup> but middle class earnings are declining?<sup>85</sup>

The economy we seek in Maryland is an economy with a human purpose.

Where the ranks of our middle class are growing, so our economy itself can grow.

And the only way we're going to grow our economy is to grow our middle class.

### **Increase the Minimum Wage**

The minimum wage in Maryland is no longer a wage that anyone can live on.<sup>86</sup>

Even though Maryland has the highest median income in the nation<sup>87</sup> – 21 other states have now set a higher minimum wage than ours.<sup>88</sup>

We can do better.

Raising the minimum wage to \$10.10 is going to create more and better customers for Maryland businesses.

And that is why raising the minimum wage in Maryland is not only good for the hundreds of thousands who will see a boost in their paychecks,<sup>89</sup> it is good for every Marylander, because it is good for our economy.

It's time to raise the minimum wage.

### **The Future We See**

I believe...

I believe in my heart that we are poised for a generation of greatness.

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<sup>82</sup> According to the [New York Times](#), in 2012, corporate profits after taxes rose to an all-time high of 9.7 percent of GDP. From 1960 through 2012, the yearly average was only 6.3 percent.

<sup>83</sup> According to the [December 2013 BLS jobs report](#), 10.4 million people were unemployed.

<sup>84</sup> According to [CNBC](#), the Dow Jones Industrial Average closed at an all-time high 50 times in 2013 and the S&P 500 closed at an all-time high 44 times in 2013.

<sup>85</sup> According to the [U.S. Census](#), the mean income of families in the middle fifth of America were \$67,663 (2012 dollars) in 2000, but they dropped to \$63,355 (2012 dollars) in 2010.

<sup>86</sup> In 1968, the federal minimum wage was \$1.60. In [2013-adjusted dollars](#), that \$1.60 minimum wage is equivalent to \$10.71 today.

<sup>87</sup> Maryland's median household income is \$71,122 – the highest in the nation, according to the [U.S. Census](#).

<sup>88</sup> [21 states](#) have minimum wages at various levels higher than Maryland's \$7.25.

<sup>89</sup> Maryland has [317,000 workers](#) who would be directly affected by a fully-phased minimum wage of \$10.10. [According to the Bureau of Labor Statistics](#), Maryland has 67,000 workers who make \$7.25 an hour or less.

I can see the day on our horizon when the achievement of our students leads not just our nation, but the world.

I can see the day when all of our teachers have the technology to provide personalized learning, tailored to every student's unique abilities in the classroom.

A day when every high school student in Maryland graduates with a modern technical skill and a year of college credit already earned.

I see Maryland's children enjoying the benefits of a State that wisely safeguards its waters and woodlands and open spaces, for the 22<sup>nd</sup> century and beyond.

A State that leads the green economy of the future, creating thousands of new jobs.

I see a time fast approaching when our booming high tech economy is fueled by the talent of an ever more highly-skilled workforce.

And yes, I see a rapidly growing middle class whose standard of living is rising – a growing and diverse middle class that has become the forerunner of a newer, better American economy.

I can see the year that is coming when not a single child in Maryland will die a violent death.

This is the future that remains to be won. And it will be won.

## **From Many, One**

Conclusion...

We are standing at the threshold of a new era of American progress.

As our world becomes more complex, it is also becoming more personalized and better connected. And no state is better poised to succeed in this new era than Maryland.

The future is where we look. The past is what we have learned from.

The only things worth doing are the things that might possibly break your heart.

For 230 years, we have helped lead our country forward, into the future – especially through moments of doubt and adversity. When others said it was impossible, that all was lost, or it could not be done, we stood our ground. And we made it happen.

From many, one. From one, many.

It is time for us to do it again.

Thank you.