# The Governors Speak — 2007

# A Report on the State-of-the-State Addresses of the Nation's and U.S. Territories' Governors



April 2007



Prepared by the Institute for the Study of Knowledge Management in Education

For the National Governors Association

Center for Best Practices

# **Contents**

Introduction and Executive Summary	1
Innovation and the Knowledge Economy	3
Economic Development of Traditional Industries	6
Economic Outlook and State Budget Picture	6
Education	7
Health Care1	1
Energy and the Environment1	2
Crime and Corrections	4
Homeland Security and Information Infrastructure1	5
Social Services	5
Source Information	6
About the Author	7
About the Institute for the Study of Knowledge Management in Education (ISKME) 1	7

### **Introduction and Executive Summary**

As improved economic conditions and higher state revenues offer governors an opportunity to invest in long-term priorities, most are focusing action on strengthening their state's prospects for long-term economic growth, according to the 2007 state-of-the-state addresses.\* For most of this new century, state budgets have struggled to keep pace with education and health care spending. However, improved economic conditions are enabling governors to pursue bolder initiatives that focus on building their state's innovation economy and knowledge-based enterprises.

The governors' highest priorities in their 2007 state-of-the-state addresses included:

**Innovation Economy.** Governors across the country are seeking to strengthen their economies and improve their residents' livelihoods by investing in the growth of knowledge-based industries. Their proposals were in the following areas:

- **STEM K-12 education:** new initiatives that enhance the teaching of science, technology, engineering, and math (STEM) in K-12 schools.
- **R & D partnerships:** initiatives that bring together higher education and business for targeted research and development (R & D), particularly in industries such as biomedicine and new energy or fuels development.
- Higher education and workforce development: programs that enhance skillbuilding in knowledge-based fields through higher education and training centers.

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<sup>\*</sup> This analysis captures the key themes of the state-of-the-state addresses delivered by the governors of 49 states, Guam, and the U.S. Virgin Islands—all the states and U.S. territories that made available a state-of-the-state or comparable speech in English on their Web site as of March 23, 2007. Louisiana Gov. Kathleen Blanco did not deliver a state-of-the-state or comparable speech.

- Regional clusters: regional collaborations or "innovation zones" that focus
  resources and programs around the development of high-paying, high-growth
  businesses.
- **Tax policy:** tax incentives that promote private investment in and development of knowledge-based industries; and
- **Seed funds:** incentive funds that provide seed money for economic and skills development.

**Education.** All governors outlined plans to improve education. The most commonly cited proposals addressed: early childhood education; funding levels and finance reform for K-12 education; K-12 teachers and compensation; the improvement of teaching and learning in STEM subjects; high school reform and graduation rates; the role of community colleges and four-year colleges and universities in building a knowledge-based economy; and access to and affordability of higher education.

**Health Care.** As in previous years, health care remained an important theme in 2007, with almost all governors (94 percent; 48 of 51) discussing health care challenges. The three most prominent areas of concern were health insurance coverage, health care for children, and the escalation of health care costs.

**Energy and the Environment.** Almost all governors (92 percent; 47 of 51) highlighted policies on the environment, energy, and natural resources. This year, 88 percent of governors (45 of 51) discussed efforts to develop traditional or alternative sources of energy or promote conservation, an increase from 69 percent in 2006 and 45 percent in 2005.

### **Innovation and the Knowledge Economy**

The big picture from this year's state-of-the-state addresses involves governors' plans to build on their states' educational and economic strengths. Governors across the country are greeting the improved economic conditions of 2007 with new investments and incentives to develop a more highly educated citizenry, create high-paying jobs, support knowledge-based industry, and otherwise build an innovative economy.

These state-led initiatives span traditional boundaries to include K-12 education, higher education, and economic development. For example, Vermont Gov. James H. Douglas highlighted several initiatives in education and industry that would favor the development of intellectual resources and an economy that "embraces our old ways, and encourages their advancement through new means." Hawaii Gov. Linda Lingle said, "We have to change our economy from one

"We have to change our economy from one based on land development, to one fueled by innovation and the new ideas generated by our universities and a highly-trained workforce."

- Hawaii Gov. Linda Lingle

based on land development to one fueled by innovation and the new ideas generated by our universities and a highly-trained workforce." Alabama Gov. Bob Riley said, "None of us can predict the future, but we do know the best jobs of tomorrow will require a strong foundation in math and science." New York Gov. Eliot Spitzer described several educational and economic programs, including the creation of a new investment fund that would help "catalyze our Innovation Economy."

Ninety percent of governors (46 of 51) described their efforts to engage education or provide incentives to business to stimulate economic development or skill-building around knowledge-based industries. The governors' actions were focused on six areas.

- **1. R & D Partnerships.** Seventy-six percent of governors (39) described initiatives to foster research and development (R & D) partnerships and centers, bringing together the research capacity of higher education with the practical applications of business.
  - Energy and Alternative Energy: Sixty-three percent (32) highlighted R & D or infrastructure-building projects related to traditional or alternative energy research and development, including oil, coal conversion, bio-fuels such as ethanol, and solar energy. For example, Oklahoma Gov. Brad Henry proposed the development of a bio-energy center as "a world-class facility [that] will bring together the top scientific talent in Oklahoma to undertake research in, and development of, bio-fuels." North Dakota Gov. John Hoeven proposed a state-of-the-art research facility to develop "breakthrough" energy technologies and work

with the state's Centers of Excellence for Ag-biotechnology and Oilseed Development to further develop and enhance biodiesel.

percent (20) described R & D projects related to the fields of medicine, pharmaceuticals, or bio-medicine, including stem-cell research. For example, Pennsylvania Gov. Edward Rendell proposed to create "topflight research capabilities among Pennsylvania's academic medical centers and our research centers and universities." Texas Gov. Rick

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Perry proposed a multi-billion dollar cancer research initiative to "attract worldrenowned researchers to Texas to find the cure for cancer." Florida Gov. Charlie Crist proposed to make Florida a national leader in using stem cell research to search for cures for diseases such as Alzheimer's and Parkinson's.

**2. Role of Higher Education in Workforce Development:** Forty-three percent of governors (22) described initiatives to engage higher education more effectively in preparing a workforce that can compete in the global marketplace, including the

development of school-to-work partnerships, mentoring programs, and collaborations between technical institutions, community colleges, and four-year colleges and universities. Kansas Gov. Kathleen Sebelius, in proposing a workforce development network, said that preparing young Kansans to succeed in a global economy "requires a new level of collaboration between education leaders and the business community."

**3. STEM K-12 Education:** Forty-one percent of governors (21) described efforts in the schools to improve the academic preparation of children and youth in science, technology, engineering, and math (STEM), primarily within the context of preparing students for the global economy. For example, Arizona Gov. Janet Napolitano proposed to raise the rigor of high school curricula in science, technology, engineering, and math

"None of us can predict the future, but we do know the best jobs of tomorrow will require a strong foundation in math and science."

- Alabama Gov. Bob Riley

so "every high school senior [graduates] prepared for work and postsecondary education in the 21<sup>st</sup> century." As well as efforts to increase the rigor of STEM curriculum, governors focused on improving the teaching and learning infrastructure in STEM subjects, such as providing teaching specialists in schools, developing after-school enrichment programs, and creating high schools focused on STEM.

- **4. Regional Clusters.** Twenty-nine percent of governors (15) described efforts to create regional clusters or collaborations that would focus resources and programs around the development of high-growth, innovative businesses through R & D partnerships, skills development, and other means. For example, Michigan Gov. Jennifer Granholm proposed to establish "Promise Zones" that would help distressed communities create public-private partnerships to stimulate economic growth.
- **5. Tax Incentives.** Twenty-five percent (13) of governors described tax incentives to support the development of knowledge-based industries. These include tax credits for research and development, tax exemptions for equipment used to build bio-fuel facilities,

tax reductions for business and individual use of bio-fuels, and tax incentives for individuals to improve their skills through educational programs.

**6. Incentive Funds for Economic or Skills Development.** Twenty-two percent of governors (11) highlighted the creation of "seed" funds to provide incentives for the development of knowledge-based industries and their workforce. For example, Delaware Gov. Ruth Ann Minner proposed a technology-based fund, Colorado Gov. Bill Ritter described a "Clean Energy Fund," and New Hampshire Gov. John Lynch proposed to reinstate a job training fund.

#### **Economic Development of Traditional Industries**

In addition to offering initiatives to foster development of knowledge-based industry, 82 percent of governors (42) described proposals to spur the development of traditional businesses, such as manufacturing, agriculture, small business, and rural business. Fifty-five percent (28) identified tax reductions or tax incentives to spur economic development. Examples include providing tax incentives for the purchase of health insurance by small businesses, phasing out the state tax on utilities for manufacturers, and offering tax incentives for employers that provide jobs in rural areas. In addition, 33 percent (17) proposed state investments in programs to support development of traditional industry, such as tourism promotion and outreach to bring businesses into the state. Twenty-two percent (11) described efforts to streamline government regulations.

# **Economic Outlook and State Budget Picture**

In their 2007 state-of-the-state addresses, governors across the country described state economies that are thriving and highlighted several promising trends: new businesses opening in their states, new jobs being created, low unemployment rates, and increased wages. Governors' descriptions of strong economic conditions during 2007 maintain a trend that reaches back to 2004, which was a turnaround year for many states in terms of economic growth.

This year, 67 percent of governors (34) described their state economic outlook as excellent or good. Idaho Gov. C. L. "Butch" Otter called his state's unemployment rate "the lowest in history." North Dakota Gov. John Hoeven said, "Our economy is expanding, unemployment is down, and wages and income are growing." South Carolina Gov. Mark Sanford said, "We've gone from losing to gaining jobs, with over 150,000 more people working and 2,500 net more small businesses over the last four years." And

California Gov. Arnold Schwarzenegger said, "This year California has the highest revenues in its history ... and the lowest unemployment rate in 30 years."

This year, governors also described state revenues that are growing and sufficient to meet expenditures without significant cost-cutting efforts. Many governors emphasized the need for continued prudence in spending,

"Our economy is expanding, unemployment is down, and wages and income are growing."

North Dakota Gov.John Hoeven

but they also highlighted the progress that had been made in increasing cash reserves — through past fiscal discipline and increased revenues from economic growth.

#### **Education**

In their 2007 state-of-the-state addresses, every governor described his or her initiatives to improve education. In highlighting their education policies, most governors emphasized the importance of education in providing residents with the skills necessary to succeed in today's competitive global economy. For example, Arizona Gov. Janet Napolitano discussed the need for schools to create "an educational environment for our children to learn and compete in the 21<sup>st</sup> century."

**Higher Education.** In 2007, 90 percent of governors (46) discussed the importance of higher education, which represents a steady increase from previous years: 84 percent in 2006, 80 percent in 2005, and 71 percent in 2004. This year, governors emphasized the importance of higher education in several ways, including: providing opportunities for

residents to expand their skills and qualify for high-paying jobs, driving economic development through research partnerships with business, and developing workforce skills for a knowledge-based economy. For information about the role of higher education in fostering research partnerships and developing workforce skills for a knowledge-based economy, see "Innovation and the Knowledge Economy" above. Governors' other themes in higher education included:

- Access and Affordability: Fifty-seven percent (29) discussed efforts to improve access to or affordability of colleges and universities, approximately the same percentage as last year (53 percent). Twenty-two governors highlighted proposals to increase in-state funding for financial aid or scholarship programs, including 10 governors who proposed increased funding for need-based financial aid. Several governors also proposed tuition freezes or limiting tuition increases to the rate of inflation.
- **Higher Education Finance:** Fifty-three percent (27) described their budget recommendations for colleges and universities. Several governors called for the creation of performance measures for higher education.
- **Technical and Community Colleges:** Thirty-five percent (18) highlighted the importance of improving technical and community colleges, including support for governance reform, capital construction, and alignment of workforce development programs with offerings at four-year institutions and business needs.

**K-12 Teachers.** Similar to previous years, some of the most commonly cited proposals for K-12 education focused on teacher compensation or professional development for teachers. These issues remained important for governors in 2007, with 55 percent (28) describing efforts in these areas — a decrease from 64 percent last year.

• **Teacher Compensation:** In 2007, 33 percent of governors (17) proposed increases in teacher salaries.

- Merit Pay or Pay for Performance: Twenty-four percent (12) called for plans to develop merit-based compensation systems for teachers or financial incentives to attract teachers to high-need fields or low-achieving schools.
- **Teacher Training:** Twenty-four percent (12) described proposals to improve or expand professional development for teachers.

**High School Reform.** High school redesign and improvement have been priorities for governors for the past several years, particularly since 2005, when the National Governors Association launched an initiative on redesigning the American high school. In 2007, 53 percent of governors (27) described education initiatives focused on high schools, down slightly from the 58 percent who did so last year. Thirty-three percent (17)

discussed the need to raise graduation rates, including proposals to increase the age for compulsory attendance, improve supports for students, and assist re-entry students. For example, Georgia Gov. Sonny Perdue proposed to provide graduation coaches for every high school. Twenty-five percent of governors (13) discussed efforts to improve student preparation for college.

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Governors also addressed the following issues regarding K-12 education:

- **School Finance:** Seventy-one percent of governors (36) discussed school finance issues, an increase from the 62 percent who did so last year. In 2007, 23 governors proposed to increase funding for schools; eight governors discussed school finance reform.
- **Early Childhood Education:** Fifty-seven percent (29) supported or proposed programs to enhance early childhood education. Most of the governors discussed plans to expand access to pre-school or extended-day kindergarten.
- **STEM Education:** Forty-one percent (21) described efforts in the schools to improve academic preparation of students in science, technology, engineering,

and math (STEM). (For more information, see section on Innovation and Knowledge Economy.)

- **Accountability:** Forty-one percent (21) discussed educational accountability, approximately the same percentage (42 percent) as last year. Several governors proposed new performance measures for schools, while others highlighted the need to invest in interventions and supports for students with academic need. Texas Gov. Rick Perry proposed \$300 million in new funding to educational institutions meeting the following performance targets: degrees awarded in critical fields, graduation rates, and success with at-risk students.
- **Student Supports:** Thirty-five percent (18) discussed proposals to improve or increase programs that assist students with academic preparation, including afterschool projects, extensions of the school day, mentoring and tutoring programs, and efforts to increase parental involvement. Florida Gov. Charlie Crist proposed a new "virtual" tutoring program, "to provide a way for every student to have access to teaching at a time that is convenient for them."
- School Choice and Charter Schools: Fourteen percent of governors (7) described efforts to promote or expand charter schools or pursue other options for increasing school choice, a decline from the 33 percent who did so last year. Six of the seven

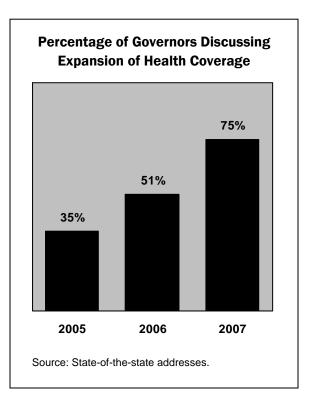
Ohio Gov. Ted
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governors who spoke about this issue favored the expansion of charter schools. Ohio Gov. Ted Strickland, however, proposed a moratorium on new charter schools and a prohibition on for-profit management companies running charter schools.

#### **Health Care**

As in previous years, health care remained an important theme in 2007, with almost all governors (94 percent; 48) discussing health care challenges. The three most prominent areas of concern were health coverage, care for children, and overall costs.

- **Health Coverage and the Uninsured:** Seventy-five percent of governors (38 of 51) emphasized the need to expand health insurance coverage, up from 51 percent in 2006 and 35 percent in 2005 (see figure, next page). Many governors focused in particular on the need to expand access for children and the elderly, and several offered proposals to improve coverage for broader populations, as well. For
  - example, Illinois Gov. Rod Blagojevich proposed expanding health insurance coverage for adults, providing assistance to middle-class families so they can afford health care, and helping small businesses pay for health insurance for their workers.
- Children: Fifty-five percent (28)
   discussed health care proposals for
   children, focusing primarily on
   health insurance coverage,
   wellness programs, and preventive
   care.



• **Health Care Costs:** Fifty-five percent of governors (28) discussed the rising costs of health care or the need for health care reform in 2007. As in previous years, states were experimenting with a number of options to lower the cost of health care. Some of the common proposals focused on the need for significant reform of the health care system, cost-cutting efforts for Medicaid, expanding

coverage to reduce the costs associated with the uninsured, and digitizing health care processes.

- **Elderly:** Forty-one percent (21) discussed health care proposals for the elderly, including efforts to improve Medicaid and Medicare policies, provide better long-term coverage, expand health insurance coverage, and increase the availability of community-based care.
- **Medicaid:** Thirty-nine percent (20) described efforts to reform or otherwise reduce the costs of Medicaid.
- **Prevention and Wellness Initiatives:** Thirty-five percent (18) highlighted wellness, prevention, and early intervention programs focused on promoting healthy lifestyles and detecting diseases and conditions early.
- efforts to improve the use of information technologies in the health field. This included digitizing health care processes to improve efficiency and quality, creating interoperable electronic medical records systems, developing electronic prescription-writing

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- Wisconsin Gov. Jim Doyle

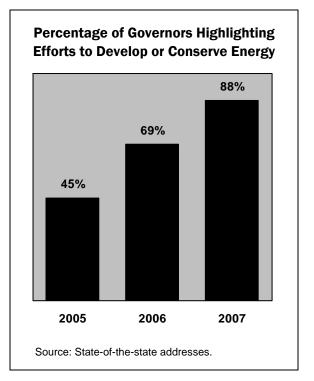
capabilities, and implementing telemedicine opportunities to reach patients in rural areas more effectively. For example, Wisconsin Gov. Jim Doyle proposed to "provide resources to help doctors and hospitals use computer technology to greatly reduce medical errors that cost thousands of lives and billions of dollars every year."

# **Energy and the Environment**

Almost all governors (92 percent; 47) highlighted their policies on the environment, energy, and natural resources. During 2007, governors emphasized the development of

alternative sources of energy; land use planning to protect open spaces, waterways, and farmland; and clean-up and pollution.

**Energy and Power:** Eighty-eight percent of governors (45 of 51) discussed efforts to develop traditional or alternative sources of energy or promote conservation, an increase from previous years (see figure). This year, a key focus for many governors was development of renewable energy: 76 percent (39) offered proposals to pursue alternative sources of energy, including wind, solar, hydro, and bio-fuels. For example, Colorado Gov. Bill Ritter proposed a New



Energy Economy for his state — "creating jobs, adding economic value to the state and establishing Colorado as a national leader in renewable energy." Twenty percent of governors (10) described plans to promote the use of cleaner coal technologies or coal gasification plants.

- Land Use and Planning: Sixty-one percent (31) discussed the importance of environmental, land, and natural resource planning and management. Forty-five percent (23) described efforts to preserve open or green space, and 22 percent (11) described plans to improve drinking water storage or protection.
- **Pollution and Climate Change:** Fifty-one percent (26) described projects related to environmental pollution and clean-up, including efforts to reduce air pollution, reduce greenhouse gases, and clean up waterways. Thirty-one percent (16) specifically mentioned climate change and efforts to reduce global warming. For example, Maryland Gov. Martin O'Malley proposed "to fight against global

warming by supporting stricter pollution emission standards for cars sold in Maryland by adopting the Clean Cars Act."

• **Transportation:** Forty-one percent (21) highlighted efforts to improve transportation in their state, including congestion management along high-traffic corridors and infrastructure development and financing.

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#### **Crime and Corrections**

Seventy-five percent of governors (38) discussed efforts to reduce crime or improve the criminal justice system. Three major themes surfaced:

- Justice system reforms and prison overcrowding. Thirty-three percent (17) discussed efforts to reduce prison overcrowding, decrease probation caseloads, or reform the criminal justice system. In many cases, governors emphasized the need to provide rehabilitative support to nonviolent offenders to reduce prison stays and recidivism. For example, Montana Gov. Brian Schweitzer proposed to stop "warehousing" people for nonviolent offenses and focus resources on treating drug or alcohol addiction and mental illness.
- **Drugs.** Thirty-three percent (17) highlighted efforts to crack down on drug production and distribution, expand access to rehab centers, or develop drug courts. Six governors discussed initiatives to impact the production, distribution, or use of methamphetamines, a sharp decline from the 22 who did so last year.

Montana Gov. Brian
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Sex offenders and pornography. Twenty percent

(10) described efforts to increase penalties for sex offenders, track sex offenders more effectively, or protect children from pornography, including on the Internet.

## **Homeland Security and Information Infrastructure**

Fifty-three percent of governors (27) described priorities for homeland security, including disaster preparedness and developing information infrastructure within the United States. Twelve governors highlighted their plans to improve state preparedness for natural and manmade disasters, including a system for electronic reporting of chemical spills, the development of first-responder communications capabilities, and the building of

preventative infrastructure, including levees and improved waterways. Nine governors described initiatives to increase access to telecommunications, particularly broadband and cell phone coverage. Several governors favored proposals to increase pay or benefits for National Guard members and veterans of the Armed Forces. For example, Minnesota Gov. Tim Pawlenty proposed a tax exemption for military pension benefits, a state "GI Bill" for college expenses, and budget increases for state veterans programs.

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#### **Social Services**

Forty-nine percent of governors (25) described efforts to improve or expand social service programs to support children, youth, or the working poor. Thirty-one percent (16) outlined proposals for the working poor, including 10 governors who described proposals for tenant and homeownership assistance. Several governors described plans to expand health insurance coverage for low-income families and increase the minimum wage. Twenty-five percent of governors (13) discussed efforts to improve the foster care system for children and youth, prevent child abuse, or otherwise support children in need.

#### **Source Information**

This analysis captures the key themes of the state-of-the-state or comparable addresses delivered by the governors of 49 states, Guam, and the U.S. Virgin Islands—all the states and U.S. territories that made available a state-of-the-state or comparable speech in English on their Web site as of March 23, 2007. Louisiana Gov. Kathleen Blanco did not deliver a state-of-the-state or comparable speech within that timeframe, and is therefore not included. All but nine of the 49 speeches from the states were state-of-the-state addresses: the governors of Connecticut, Illinois, Ohio, and Pennsylvania delivered state budget addresses, and the governors of Massachusetts, New Hampshire, Oregon, South Dakota, and Vermont delivered inaugural addresses. The governors of Guam and the U.S. Virgin Islands delivered state-of-the-commonwealth speeches.

Comparisons with 2006 were based on state-of-the-state or comparable addresses delivered by the governors of 44 states and Puerto Rico. State-of-the-state or comparable addresses were not available online for other U.S. territories or for these six states: Arkansas, Montana, Nevada, North Carolina, North Dakota, and Texas.

Comparisons with 2005 were based on the state-of-the-state or comparable addresses of 51 governors, including the governors of American Samoa and Guam. Of the 50 states, only Louisiana was not included, as Gov. Kathleen Blanco did not deliver a comparable address during the time frame studied.

Comparisons with 2004 were based on 45 addresses: 43 state-of-the-state addresses, the budget address of Pennsylvania Gov. Edward Rendell, and the inaugural address of Louisiana Gov. Kathleen Blanco. Because no state-of-the-state, budget or inaugural addresses were available for Arkansas, Montana, Nevada, North Carolina, or Texas, these states were not included in the analysis of 2004 information.

#### **About the Author**

Thad R. Nodine, Ph.D., is Vice President of the Institute for the Study of Knowledge Management in Education. His areas of expertise include public priorities for education policy; open educational resources; evidence-based and performance-driven strategies to achieve better educational outcomes; and improving the ways educational systems use information and knowledge to advance student learning. As well as writing this annual series on the governors' state-of-the-state addresses for the National Governors Association, he is co-author of, most recently: "Using Data to Improve Instruction," in *THE Journal*; *Anatomy of School System Improvement: Performance-Driven Practices in Urban School Districts*, a report published by NewSchools Venture Fund; and "Using External Accountability Mandates to Create Internal Change," in *Planning for Higher Education*. He can be reached at <a href="mailto:thad@iskme.org">thad@iskme.org</a>.

# About the Institute for the Study of Knowledge Management in Education (ISKME)

The Institute for the Study of Knowledge Management in Education (ISKME) is a nonprofit research institute whose mission is to understand and improve how schools, colleges, universities, and the organizations that support them build their capacity to collect and share information systematically, apply it to well-defined problems, and create knowledge-driven environments focused on learning and success—whether through the use of assessment data to improve instruction; the use of professional development to catalyze change; the use of evaluative findings to improve programs and policy; the use of research to engage practice; or the use of open educational resources to advance learning opportunities for all. ISKME (<a href="www.iskme.org">www.iskme.org</a>) partners with and receives support from educational institutions, foundations, business and government.

Cynthia Jimes and Anastasia Karaglani contributed to this report.