



State of the State Address

The Honorable Tim Pawlenty
Governor of Minnesota

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STATE OF THE STATE ADDRESS

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“Why do we live here in Minnesota?” It’s been 25 below, it seems like we only see the sun for a few hours during winter days, and we spend a lot of time shoveling snow. There are other places to live. Why do we live here?

That’s the question I’ve been asking Minnesotans lately, and I’ve heard many different answers.

Some people told me they love being able to go “up north, to the cabin.” Others said they love our great outdoors. Good schools. Less crime than other places. The value of being near family. Others say they love the change of seasons and all the fun things to do... like ice fishing.

I did hear a common theme from everyone: There’s a special Minnesota spirit, and that’s the reason we love our state.

Perhaps the greatest examples of our Minnesota spirit are the brave Minnesotans who serve in the United States Military.

Some of these men and women have made the ultimate sacrifice.

Seated in the gallery are Caroline and Larry Erickson and Karen and Arland Panchot, whose sons Brian Hellerman and Dale Panchot were two Minnesota soldiers who gave their lives in Iraq. Two other Minnesota soldiers, Ed Herrgott and Patrick Dorff, also lost their lives in combat in Iraq. While so very proud of their sons, their loss pains their families deeply. To the families: Your sons’ sacrifices helped make this world a better place. We’re grateful to them and to all the men and women who serve. Please join me in expressing our appreciation for these brave Minnesotans.

In the last couple years, we've been tested by war, recession, layoffs, terrorism and budget deficits. But I'm here to tell you, the spirit of Minnesota is strong and so is the state of our state.

We have reason to be optimistic.

A year ago, I stood here and said Minnesota government was 4.5 billion dollars in the hole. It was devastating news.

One year later, what story does Minnesota's checkbook tell?

When the budget forecast comes out later this month, I expect it to say we've made about 4 billion dollars worth of progress towards balance, and that we've built 600 million in reserves.

And we did it without raising taxes!

We're not out of the woods yet. We still have some deficit yet to fix now and in the future. But we've made tremendous progress.

The budget was not all we did this past year.

We finally repealed the convoluted Profile of Learning! And, we're replacing it with rigorous, high-quality learning standards.

Even with a mammoth deficit, we maintained per-pupil funding for core K-12 classroom functions.

With a record number of Minnesotans overseas defending that flag and what it represents, we reinstated the Pledge of Allegiance in our schools. It's high time we did.

We established Job Opportunity Building Zones to bring jobs and growth back to rural Minnesota.

We put the visa expiration dates of foreign visitors right on their Minnesota driver's licenses to help law enforcement fight terrorism.

We positioned Minnesota to become a world leader in the coming bioscience revolution.

We jump-started road and bridge construction with the largest infusion of funding in our history.

We once again made work the focus of welfare reform.

We promoted justice and fairness by enacting lawsuit reform.

We enhanced the environmental protection of our land, air and water, including reaching a one billion dollar agreement to clean up old coal plants. The agreement will yield the most significant reduction in emissions since the federal Clean Air Act.

And remember, we did all this without raising taxes!

But as we contend for Minnesota's share of the future, we've not yet begun to fight.

The future is coming at us faster than it ever has. It's a tidal wave of change. If we don't get on top of it and ride it, it will drown us. We need to prepare Minnesota to take advantage of the change that's coming. The global economy is impacting our Minnesota economy with all the subtlety of a deploying airbag.

My passion as Governor is this: I want Minnesota to contend for its share of the future right now, and I want Minnesota to face its challenges and win.

To do that, we'll need to be at the top of our game. We're not going to carry the day on the size of our population and certainly not because of our weather.

We do need to be more competitive on things like taxes, regulations and health insurance costs, but we're never going to be a "bargain

basement” state that can low-ball China or Mexico or even lots of other states on price. That’s not our tradition in Minnesota, it’s not our culture and it’s not our future.

But that means to compete, we need to be quicker, faster, smarter, more energetic, more creative, more nimble, and more strategic than other states and our international competitors.

I’m excited about the challenge, and hope you are too. I want to develop every option, push every button, and explore every idea I can to get us another inch closer to being great.

Some think we can secure Minnesota’s future just by adding more money to our past approaches.

Others think that all we need to do is cut taxes, regulations, and other government demands.

Government is not the answer and government is not the problem. We need to make government both leaner and more effective, and we can do both. To accomplish that, we need to do things differently.

At another time like this, FDR said:

“The country needs... the country demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and move on. But above all, try something.”

For starters, we need to forge a new spirit of unity and fair play in this place. We have huge challenges ahead us. We’ve got no energy to waste playing political splat ball.

There are three things on which we can all agree.

First, Minnesota is the most fertile place in America, not just for crops, but for ideas.

Second, Minnesota government lost its leadership edge a while ago, and we need to get it back. Good enough, isn't. We need more energy, vision and willingness to take risks.

And third, innovation and reform are the heart of who we are, the core of the Minnesota spirit.

The people in Two Harbors who invented sandpaper didn't know they were creating 3M. The people in Rochester who set up a new kind of hospital didn't know they were creating the Mayo Clinic. And I'm sure Mr. and Mrs. Hartman had no idea what they were doing when they created Sid.

Change creates new possibilities, new futures that never existed before.

The first big thing we should do is make sure no future Governor and Legislature has to face what we faced last year — a mammoth, historic budget deficit.

Let's face it. Government is hard-wired to spend because people in political office get rewarded for saying "yes," not for saying "no." Disciplined decision-making usually only appears in times of crisis.

Just like families and hard-working Minnesotans, we should take steps to make sure we live within our means. Even credit cards have limits. It's a time to explore ways to prevent runaway spending by state government, such as limiting the growth of state spending to something around inflation plus population growth. Many other states have taken this step, and if it's done reasonably, it works well.

In addition, my agenda focuses on four categories: Education, Jobs, Health Care and Quality of Life.

I begin where it all begins, with education.

Minnesota has a great and proud tradition of having tremendous schools. There are many wonderful teachers and educators working hard every day to keep our schools performing well.

But we also now know that if you peel back the onion and focus on certain districts or school sites, too many children are being left behind at a time when the importance of education to Minnesotans, their families and our future has never been greater. The education debate has changed. It's no longer just about how much we spend. It's also about how we hold the system accountable for better results for our children.

For decades, Minnesota was a hotbed of education innovation and we need to get back our edge.

First, we need to tackle the sacred cow of education policy — education finance reform. It's one of the most important things we can do. The current formula is too complex and that breeds a lack of accountability.

More importantly, we need to link the actual cost of educating a child to education funding. With standards, we know what children should learn and we can figure out how much that should cost.

The current formula is an artifact of history and political tweaking. It's become disconnected from accountability measures. It's reliance on only a per-pupil funding approach too dramatically impacts our districts with declining enrollment. We can do better.

Last year, I formed a task force on education finance reform. Their recommendations will be out soon. We're eager to hear them and work with you to develop a better school funding system for our children.

We also know that parents make or break student performance. In every way we possibly can, we need to encourage, challenge and require that parents do their job. Student to teacher ratios are

important. Even more important is the ratio of time parents spend on their children's education. Any discussion about education performance or accountability should start right there.

Beyond parents, teachers are the next most important contributor to a child's education. In the gallery today is one outstanding Minnesota teacher. Mark Johnson risked his own life to save the lives of his students during the Rocori High School shooting last year. Mark, thank you for your courage and Minnesota spirit.

We proposed a series of initiatives this fall to improve education in Minnesota that include:

- Paying "super teachers" a lot more for performance;
- Yanking drivers licenses from kids who skip class too often;
- Providing parents and others with school report cards to improve accountability;
- Making Internet access more affordable for rural schools; and
- Expanding charter schools in Minnesota and more.

The Minneapolis school district is our largest and our most challenged. I am enthusiastic about the bold moves advocated by Acting School Superintendent Dave Jennings in Minneapolis. I support his aggressive and innovative approach, and we urge the Legislature to do so as well.

It's also high time to strategically re-think the future of Higher Education in Minnesota. We need to make sure the system is structured, managed and governed in an optimal way to meet future needs. We've asked the Citizens League to lead a state-wide effort addressing the alignment and capabilities of our higher education programs.

We educate our children to prepare them for citizenship, life and to be ready for the workplace. Jobs are the glue that holds our state together.

One of the most important things we can do to grow jobs in this state is to not raise taxes. Tax increases hit job creators right where it hurts: the bottom line. If we want to compete, we need to prove to job creators we mean business on taxes.

But there's also much more we can do to make Minnesota more job-friendly.

Our current tax code contains a penalty on businesses for creating jobs and investing in Minnesota. We need to eliminate this anti-jobs tax and adopt a single factor formula for business taxes.

We need to leverage our strategic advantage in the emerging bioscience economy. I am asking you to fund, through the bonding bill, the historic new research partnership between the Mayo Clinic and the University of Minnesota. I also ask your support to enhance the bioscience zones we created last year. This is a huge opportunity and we can compete and win in this area.

Building the economy of the future also means helping Minnesota's bedrock industries find their place in the new economy. Citizens and members of my cabinet are working aggressively on ways to improve the competitiveness of our timber, mining and livestock industries. All three of these industries find themselves greatly impacted by domestic and global challenges.

The strength and vitality of our agricultural economy depends on the livestock industry, which is one of the best ways to add value to the crops we grow here. We hope you'll support our proposal to provide low-interest loans for modernization that will help farmers grow and compete.

Job creators in Minnesota need access to global markets for their products. Too many businesses have to ship through Chicago, which

drives up their transportation costs. I propose that we lead efforts to have the private sector develop a large-scale regional distribution center for cargo.

We're also creating a one-stop shop for job providers to untangle red tape. We're improving the permitting process. We're streamlining technology so that more government services can be provided online. And, in a few weeks, we'll be proposing a major overhaul of our tourism marketing efforts.

As the national economy recovers, these steps and others will put Minnesota in a position to retain good jobs and compete for the jobs of the future.

Next I want to talk about something for which Minnesota is world famous: our health care and the health of our people. But even we have a major problem.

Medical costs and insurance premium increases are a tourniquet that is squeezing off the blood supply to every family, business and government budget in Minnesota. We need to act before these costs permanently damage our quality of life and our ability to compete.

You shouldn't have to get on a bus to get a fair deal on prescription medicines. You should just have to get online.

Last Friday was a historic day in Minnesota. With a click of a mouse, we became the first state in the union to give our citizens access to safe, effective and less expensive prescription drugs from Canada.

Powerful forces are gathering against this initiative. I need your support to stay the course. This is not the final answer to medical costs, but it will help.

As our population ages, we also need to ensure we have the best nursing homes and long-term care for our parents, grandparents, and soon enough, ourselves. We'll be announcing a full long-term care

reform package in the coming weeks. But I'm asking the Commissioner of Health to implement the first step. We want to create a report card that can be used by consumers to evaluate the quality of care at each of Minnesota's nursing homes. We owe it to our seniors to have the best possible care available – and that starts with accountability.

Tomorrow, we'll be announcing the principles that will guide the next generation of bold health care reform in Minnesota. The Citizens Forum on Health Care Costs, led by Senator Dave Durenberger, will issue its recommendations.

Our approach will include leveraging the purchasing power of the state and other partners to force health care providers to use best practices and deliver higher quality results.

I'm also excited about several good ideas proposed by Representative Bradley, Senator Berglin, and others.

Now, I want to talk about our quality of life.

We love it here, but not everybody appreciates our Minnesota way of life. If we're going to convince talented, innovative people to stay here, invest here, and relocate here, we've got to have plenty of live bait on the hook. That will be a big part of whether we succeed in the new economy.

We need to continue to improve our quality of life and here's what I propose.

We absolutely need to improve public safety.

Nothing much matters if you don't feel safe. The disappearance of Dru Sjodin is the latest mile marker along a trail of tragedy that is traveled far too often. Those tragedies threaten to undermine our sense of safety.

In order to maintain Minnesota nice for everybody else, we need to get Minnesota tough on criminals.

In my bonding proposal, I've allocated funding for 875 new Minnesota prison beds, one of the largest prisons expansions in our history.

For our most dangerous sex offenders, we need to keep them locked up longer. I also ask you to approve my comprehensive plan to bolster the system of civil commitment for those who should never be released into the community. For those who are required to be released, I ask for your support for our proposal to make those criminals wear GPS monitoring devices for more intensive supervision of such offenders.

It's time to give the people the chance to speak on the death penalty for those who commit unspeakable crimes, such as the murder of a child. The punishment needs to fit the crime. We ask that you let the people of Minnesota be heard on this issue by putting it on the ballot.

We also need to make our travel more safe by lowering the limit for drunk driving in Minnesota to the .08 standard. That change is overdue.

In addition to public safety, Minnesotans value our natural resources.

Minnesota's farmers are the original conservationists, because the land and water are their livelihood and their heritage. With their help, I know we can do a better job of protecting Minnesota's great outdoors. That's why I've proposed that we set aside 100,000 acres of marginal farm land to act as buffer strips between runoff and some of our most environmentally sensitive waterways, to create habitat and improve water quality. Let's move forward with this initiative.

In Minnesota, hunting and fishing aren't just hobbies, they're a constitutionally-protected way of life. We're bringing a new level of accountability to the Minnesota Department of Natural Resources.

We're trying to better serve the men and women who pay the bills for wildlife and habitat conservation. We've already taken action to consolidate the DNR's four fish and wildlife divisions into one, and to make sure that fish, wildlife and conservation are the agency's top priorities. We'll also continue with efforts to maintain and improve that focus.

After a decade of neglect and increased traffic congestion, in 2003 we made unprecedented progress in new and refurbished roads and bridges. Lt. Governor Carol Molnau's outstanding work at Mn/DOT financed the largest cash infusion in Minnesota history, jumpstarting many delayed projects.

We're pushing ahead with HOT lane and FAST lane projects to both expand capacity and finance the construction of new lanes. We're also working hard on local bridges and roads.

We also need to move ahead with more effective transit.

My bonding proposal contains preliminary funding for the Northstar commuter line, through one of the nation's fastest growing and most congested corridors. After rigorous review, this proposal has received support from President Bush, Senator Coleman, Congressmen Kennedy and Oberstar and many others. I also propose funding for a high-speed bus line following Cedar Avenue in the South metro.

We need to end chronic homelessness in Minnesota in the next ten years. We've developed a business plan to bring together the available public and private sector resources and expertise to tackle this problem once and for all, and we hope you'll help.

And I have one last issue that is very much on the minds of Minnesotans: gambling. I opposed the expansion of gambling in the past. However, we need to recognize that times have changed. The compacts negotiated with the American Indian tribes almost fifteen

years ago do not reflect current circumstances – and we need to address the issue.

My preference is to keep gaming within its current contours, but we need to explore a better deal for Minnesotans, and that's what we're going to do.

This past year, Minnesota lost its head coach, Herb Brooks. During this NHL All Star week, he is being honored for all his contributions to the State of Hockey and America. He was a regular guy from the Eastside who stepped onto the world stage to face the toughest of opponents.

Herb's life is a model of the Minnesota spirit, the spirit of confidence in the face of incredible challenges. He understood that great challenges demand the best from within us.

We need to listen to Herb's locker room advice: This is our time, this is our moment.

Herb's son Dan is with us in the gallery. Dan, on behalf of us all, thanks for keeping your Dad's spirit alive.

But the Minnesota spirit is about more than tough-minded hockey coaches or military heroes, or special teachers. It's about all of us.

It's the spirit that makes us dance in the snow near castles made of ice.

It's the spirit of our rural neighbors who show up to harvest a friend's corn when they hear he's been hurt or sick.

It's the spirit that brings out volunteers for countless youth soccer teams, charity walks, food shelf collections, and mentoring programs.

It's the spirit that raises an army of friends to walk the frozen, snow-covered roads and ditches of Polk County in search of a missing

friend.

And, it's that spirit that has brought generations of leaders to this historic room to serve.

The Minnesota spirit. It's our legacy. It's our tradition. It's our future. It's made us different. It's made us great. And that's why we're here.

Thank you and may God bless you. And may God continue to bless the great state of Minnesota.