



Mary Fallin
Governor
State of Oklahoma

2011 State of the State Address of Governor Mary Fallin

(As prepared for delivery)

Lieutenant Governor Lamb, statewide elected officials, Speaker Steele, President Pro Tem Bingman, members of the court, Honorable Senators and Representatives, cabinet members, distinguished guests, and citizens of Oklahoma:

Thank you for giving me the opportunity to stand here today as your governor.

I'm joined today by my family, my husband Wade and our wonderful children. Thank you for your love and support.

We are gathered here to discuss the state of the state. I am proud to say, it is strong.

Oklahoma continues to be proud and beautiful ... a wonderful place to live and raise a family, and the only state I would ever choose to call home.

We have one of the lowest unemployment rates in the nation, at 6.9%.

Our economy is propelled by thousands of successful small businesses, our energy and agricultural sectors and a strong aerospace industry.

Oklahomans are helping to feed our nation by raising crops and livestock and helping to power our nation with the extraction of oil and gas and by harnessing the wind.

Oklahoma is the home to the largest aerospace maintenance and repair facilities in the nation, and our aerospace technicians are keeping military and commercial aircraft flying safely throughout the world. Here in Oklahoma City, we see a new floor added every few days to the Devon Tower, one of the tallest buildings west of the Mississippi river. And we are blessed with a low cost of living, abundant natural resources, ease of travel, great family values and an incredible people who form an unbreakable community.

It hasn't always been easy for Oklahoma. We have felt the affects of the national recession, and it has been hard. However, we have worked through it, and we will come out stronger. As Oklahomans have done for years, we will continue to manufacture goods and build skyscrapers on the land that was once known as the Dust Bowl.

That is the unshakeable spirit of the people of Oklahoma. We are a state that has survived the injustices of the Trail of Tears and the Tulsa Race Riots, the great depression, oil booms and busts and the horrors of the Murrah bombing, only to emerge as a stronger community and a prouder people.

That's the Oklahoma Spirit. It's a pioneer spirit, a spirit of resilience and a love for one's neighbors. And it is because of the love, appreciation and respect I have for my fellow Oklahomans that it pains me, as I know it pains you, when we fall short in some areas.

It is unacceptable and unimaginable that a people who perfected amazing technical feats in areas like horizontal drilling and hydraulic fracturing cannot successfully address preventable illnesses like diabetes and heart disease that cost our state thousands of lives and hundreds of millions of dollars in medical bills each year.

We don't tolerate mediocrity in our football teams, and yet our student performance continues to lag behind. We allow overregulation and costly workers compensation and legal systems to slow our recovery and drive jobs out of the state.

And we have allowed our government institutions, in many instances, to become outdated 8-track bureaucracies in an I-pod world, rather than moving forward to adopt more efficient and effective practices, as we must.

None of these problems are insurmountable. But they require action. And for too long, we've kicked the can down the road. And it's our citizens and our state that have paid the price.

Now, going into the next legislative session, we have two distinct sets of challenges.

The first is to deal with an immediate revenue shortfall that has left our state budget with a 600 million dollar gap between revenues and last year's expenditures.

The second challenge is how, even in the midst of that revenue crisis, we can push forward to pursue the reforms that will make Oklahoma more prosperous for years and generations to come.

Voters understand these challenges. And in the last election, the people of Oklahoma had the opportunity to speak, and they sent us a message.

They told us that it's time to get serious about controlling spending, and that the growth of government shouldn't outpace growth in the private sector.

They asked us to eliminate government bureaucracy that holds back private sector growth.

They reminded our government officials that when hard times hit, the public expects a leaner, more efficient government, not one that raises taxes to avoid making tough decisions and sacrifices.

That is the philosophy I've embraced as I've worked with my administration and legislative leaders to put together the governor's budget and our leadership agenda.

The agenda I am presenting today represents a forward thinking plan of action that lays the groundwork for generations of prosperity. It will create jobs and grow the economy. It will reform our government to make it more efficient and effective. It will work towards a healthier, better-educated Oklahoma. Ultimately, it will help to build a state whose future is secure in a competitive global economy.

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Our first priority will be to balance our state budget without raising taxes, which we can do by carefully prioritizing our spending and enacting government reform.

I have proposed a series of cost-saving measures that will make government more efficient and effective while focusing on eliminating wasteful spending.

Those cost-saving measures are essential, because the bottom line is we can't spend what we don't have. Some of the cuts and the reforms I am proposing will be painful. But I am not asking our state agencies to do the impossible. I don't believe there is anyone, either in government or the private sector, who does not believe that our state agencies can't find more ways to save money.

And the fact of the matter is, if we grow the government faster than the economy, then our state will sink under the weight of government spending. To prevent that, every agency will have to tighten its belt, just like families and businesses across the country have done.

We can do that even as we keep our commitments to important public priorities, like keeping our citizens safe, building our transportation infrastructure, educating our children, and caring for the less fortunate, the sick and the elderly. To reflect these priorities in my budget, agencies that deal with those issues will receive lesser cuts than the rest of our state government.

But the reality remains: all of us will have to do more with less. And I am asking our agency heads: resist the urge to tell the people of Oklahoma what you can't do. Instead, tell us what you can do. Find ways to innovate and succeed. And just as countless Oklahomans have found ways to push through this recession, to put food on the table even when times are hard, find a way forward.

All of us in government can find ways to provide our services to our customers – the taxpayers – in a more efficient, cost-effective manner.

That's why I'm asking our legislative leaders to send me a series of reforms that will create a smaller, smarter state government, a better business climate for job growth and job creation, improved access to health care and higher academic achievement for our children.

This is Oklahoma's roadmap to prosperity.

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That roadmap begins with one goal: to create the very best business climate to retain and expand jobs and investments in Oklahoma. Our actions must send a signal to the rest of the nation: that Oklahoma is ready and open for business.

I recently attended the National Governor's Association conference and I ran across one of our neighbors, Governor Rick Perry. Governor Perry told me he's been using some scare tactics in Texas. He's been telling legislators they had better get busy and pass his pro-business reforms because Oklahoma and Mary Fallin are nipping at his heels.

And I told him then: you're darn right. And you had better watch out because Oklahoma is on the move, and we are dead serious about building a state that's pro-business, pro-growth and committed to creating more and better jobs for our citizens.

We can start by reforming our workers compensation system into one that takes care of our injured workers in a more timely fashion, reduces fraud and waste, and puts the brakes on runaway costs that have spiraled upwards each year.

Our system is one of the most expensive and inefficient workers compensation systems in the country. In some cases, when our workers get hurt, we pay them to stay at home. We need to start focusing on what workers can do, not what they can't. If at all possible, let's get them healthy, retrained and back into suitable jobs.

So to the legislators here today – I'm challenging you to send me a reform bill that will reduce legal and medical costs, get our workers healthy and back to work, and allow claims to be processed quickly and efficiently without unnecessary expenses to businesses.

I'm also asking our legislators to work with me to get a lawsuit reform package signed into law, one that includes a hard cap of \$250,000 for non-economic damages. We believe in justice for every Oklahoman. But we don't believe in jackpot justice. And excessive awards for non-economic damages hurt businesses, destroy jobs and give a bad name to a legal system whose professionals are, for the most part, dedicated to ensuring fair outcomes for all parties.

Moving forward, we should also carefully scrutinize new rules and regulations so that we can study how they might affect our economy and whether they achieve their intended goals or simply throw up more bureaucratic hurdles to growth.

As another tool for economic development, I'm asking the legislature to work with me to create a Governor's closing fund ... so that when a business is deciding between, say, Texas and Oklahoma, we can reel that business in and get those jobs for our citizens and that revenue for our state.

That's why I'll continue to support the implementation of the income tax cut trigger, which lowers taxes for Oklahoma families and businesses and continues to make our state more competitive.

And on the subject of tax credits, I know a lot has been said. Representative Dank and Senator Mazzei are conducting a study to investigate which credits are effective and create jobs, and which do not. I'm looking forward to the results of that study, and our course of action will be simple: only tax credits that create jobs will stay. For instance, my budget begins the process of restoring the Aerospace Engineer Tax Credit, which brings good, high tech jobs to Oklahoma. But those tax credits that do not create jobs must be eliminated.

If we can do these things – reduce the costs of doing business here in Oklahoma, get government and legal hurdles out of the way of private sector growth, and retain jobs and businesses here while attracting new ones – we can do more and think longer-term than just ending the recession. We can make this state more competitive, more prosperous and more successful for many years to come. I'm asking you today to join me in pursuing that goal.

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I'm also asking you to join me in pursuing another goal: the goal of creating a modern, efficient and effective state government.

For the past several months, I've worked with some of the most innovative minds in the private and public sector to target waste and inefficiency in government.

Today we are proposing the first round in a series of reforms that streamline and modernize our state agencies.

For starters, we're going to require our state government to finally move from paper to electronic billing and payment services. Currently, the state of Oklahoma pays \$13.50 for every check it writes. That's inefficient. Moving to paperless billing and payment will be faster, more efficient and save the state around 3.5 million dollars a year.

We'll create a user-friendly one-stop shop for business licensing, so entrepreneurs looking to start companies can go to one location rather than several to do their paperwork, because it shouldn't be any easier to open a business in Texas than in Oklahoma.

I'm also going to ask our colleges and universities to move off of their individual purchasing card systems and onto the state system, a move that will save \$1.6 million annually and bring more accountability and transparency to the process. Oklahoma State University recently made this change, and I'd like to thank the university and President Hargis for their leadership on this issue.

In the next year, I'm also proposing a consolidation of IT services and personnel across state agencies. And while we're at it, I'm going to call on our agencies to use a uniform system for financial and administrative services. The state of Oklahoma doesn't need 76 different programs for financial bookkeeping. It needs one.

And by moving towards that one system and consolidating services, we'll save a whopping \$146 million each year. I already have commitments from our Secretary of State and the departments of health, agriculture and commerce to move to such a system, and I thank those agencies for their dedication to making government more efficient.

These are the kind of simple, common sense solutions we can pursue to save taxpayer dollars.

I'm challenging our citizens and our government employees: help me find more places to save money and cut waste. Tell us how we can make our state serve our customers – the people of Oklahoma – more efficiently.

If you have an idea, share it with my administration by going to the website www.ideas.ok.gov and tell us where we need to look to find waste or abuse.

Besides finding ways to make government operate more efficiently, we'll also need to work this legislative session to address one of the most serious long term budget problems facing the state: our underfunded and unsustainable pension systems. Currently, Oklahoma has an unfunded liability of \$16 billion dollars.

Without taking action, our pension systems will run out of money. The consequences for the state, its employees and our economy will be severe.

I know that our public employees and legislators do not want Oklahoma to go down the same path as states like California, states which refused to fix their pension problems. So I am looking forward to working with both the House and the Senate to passing reforms that protect the solvency of our pension systems. These reforms are necessary if the state of Oklahoma is going to keep its commitments to our current public employees without jeopardizing our future and the health of our economy and our state.

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We've talked now about the health of our economy; it is important that we also turn our attention to the health and welfare of our citizens.

Studies now rank Oklahoma 46th in the nation for the health of our citizens. That ranking is unacceptable, and comes hand in hand with lost workforce productivity, hundreds of millions of dollars in medical bills, and thousands of preventable deaths.

For Oklahoma to move forward it must get healthier. We can do that by increasing access to affordable health care through free market initiatives, but also by encouraging personal responsibility. These changes can and should come from the people of our state, not Washington.

Last November, Oklahomans sent a message when they voted to pass a ballot initiative stating that the federal government cannot force our citizens to purchase private health insurance. Many Oklahomans, including myself, feel that the federal mandate is unconstitutional and wrong. That's why Attorney General Scott Pruitt and I have acted to add Oklahoma to the list of states that are now challenging the president's health care law in court.

And while we pursue that challenge, the state of Oklahoma must continue to work on local solutions to help our citizens gain access to affordable health insurance. We can do that by supporting innovative, state-based programs like Insure Oklahoma, a public-private partnership that helps small businesses provide affordable health insurance options to their employees.

Likewise, Speaker Steele has also introduced the foundation for another Oklahoma-based reform effort with potential to help health insurance consumers.

Two years ago Speaker Steele passed legislation authorizing the creation of a website where every health insurance plan in the state could be compared side by side. In the coming years, we'll take that idea and build on it, allowing Oklahoma consumers to actually purchase health insurance through an Oklahoma exchange, knowing that the plan they've chosen has the right benefits at the right price.

Ultimately, the choice to live healthier and be healthier is just that: a choice. But I'm happy to say that the Department of Health has introduced innovative public-private initiatives like the Certified Healthy Businesses program to encourage healthy living and eating.

Currently, over 900 private businesses have become "certified." And I'm excited to see our healthy living initiatives grow to include the Certified Healthy Schools and Certified Healthy Communities programs.

By asking our citizens to take responsibility for their own health, we're building a healthier, more prosperous state, business by business, school by school and block by block.

We're also asking our citizens to take responsibility for their lifestyles and their wellbeing. It's no secret that many Oklahomans struggle with addiction issues that can lead to incarceration. As a result, Oklahoma is one of the highest rated states in the nation for female incarceration.

As we know, the costs to our state and our communities don't end with the original offender. Children with a parent in prison are five times more likely to end up in the correctional system.

As Oklahomans, we must always place a priority on protecting our citizens and keeping our streets safe. But we can be tough on crime and smart on crime.

That's why I'm continuing to offer my full support to programs like "Women in Recovery" and other initiatives that address substance abuse, prevent incarceration, and allow more families to stay together. By fighting the hold that substance abuse has on our communities, we can make Oklahoma healthier and safer while working towards reducing our incarceration rates.

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Lastly, there is nothing more important to our future and our long-term prosperity than education. It is the cornerstone of a prosperous society.

We have pockets of excellence in education throughout the state. Many of our teachers – like my sisters in law Rameen and Jane—along with many such as my sisters in law and administrators can be counted as some of the best in the country.

But the unfortunate truth is that Oklahoma too often comes up short when it comes to quality education. We can do better. And we must do better in a challenging environment, in the midst of a serious and prolonged budget shortfall.

It is critically important that we restructure our spending and our educational programs in order to get more money into the classroom, where it can do the most good. That will require cutting down on overhead and educational bureaucracy by sharing administrative resources.

And like in any industry, we also need to find ways to encourage innovation and good results. That's why I'm working with Superintendent Barresi to find available funds for a new public-private partnership where private money matches state dollars to fund innovative learning programs that are shown to increase student performance and close the achievement gap.

And to address the limited circumstances where teachers are underperforming, I'm asking the legislature to send me a bill eliminating a practice known as "trial de novo," a system that makes it nearly impossible to dismiss even the most underperforming teacher. By implementing these reforms, we'll make the system more accountable and better able to reward good results.

We have a lot more work to do.

It has been shown that from the first through third grade a child "learns to read," but from the fourth grade on a child "reads to learn." Our children must be able to read at grade appropriate levels to be successful, and so I will work with our superintendent and my secretary of education to take steps towards the elimination of social promotion.

We also need to make some common sense changes that save money, like moving towards electronic textbooks where appropriate. And we must reduce remediation rates and develop better and more accurate systems to track student progress, so we know what's working and what isn't.

In the next few years, I am confident Oklahoma will be the beneficiary of true education reform that delivers on many of these fronts.

Superintendent Janet Barresi and Secretary of Education Phyllis Hudecki are two of the strongest, most dedicated and most qualified women ever to spearhead education reform efforts in Oklahoma.

I know the legislature is committed to improving our schools as well.

And it must be. Because nothing – and I mean nothing – is as important to the success of this state than raising the bar in education.

With the right tools, our children will be the business leaders, the entrepreneurs, the social workers, and the teachers of the future. They will be our innovators and our civic leaders.

But to get there tomorrow, they need us to make the right choices today ... to budget responsibly, to ensure that our government operates efficiently and effectively and to reform those agencies that don't, to pursue an agenda that is pro-jobs and pro-business, to empower our citizens, to improve our health and to recommit ourselves to providing quality education and quality schools.

It won't happen overnight. But it starts now.

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One hundred and twenty-two years ago, many thousands of pioneers came in covered wagons to the unsettled lands of Oklahoma. They built tent cities in the unsettled wilderness.

In 2011, we're done with tent cities and covered wagons. Now we build skyscrapers and jet engines, develop new crops and find new cures for disease. And our future is every bit as exciting today as it was then.

We have the tools we need to move Oklahoma forward, to forge a prosperous future and to ensure that the next century of history in this state is as impressive as the last.

Let's work together to build that future, for ourselves, our children and our children's children. In closing, let's share this simple goal: every year, when we return to these chambers, the state of our state will be stronger, healthier, better educated and more prosperous than it was the year before.

Thank you. God bless you and God bless Oklahoma.