The State of the States: Governors Aggressively Chip Away

By Katherine Willoughby

The recent economic recession has affected gubernatorial priorities. In the past five years, education has remained the primary focus of governors, but other traditional state functions have slipped off their radar. December 2007 was the official start of the Great Recession. In that year, the four issues most often discussed by governors in their state of state addresses after education, in descending order, were health care, natural resources, jobs and corrections. This year, the four top issues on the minds of governors after education, also in descending order, are jobs, government performance, taxes and health care. In fact, since 2007, corrections and public safety have not been in the top five issues for governors. Natural resources and energy concerns do not appear in the top five for either this year or last year. This research examines the 2011 state of state addresses of U.S. governors to explain their ideas for continuing to manage through the economic recession.[1] Findings indicate a more focused consideration of education reform and job development, sustained attention on cost-cutting and efficiency measures, and continued gubernatorial intransigence regarding "no new taxes."

The Politics

States went decidedly Republican in the November 2010 elections. Considering governors' seats only, a swath of red covers the southwestern and middle U.S. states, runs across the Southeast and includes the states surrounding the Great Lakes, except for Illinois. Democratic blue covers the country's Western border states, California, Oregon and Washington, a vein of states across the mid-Atlantic to middle U.S. states and in the Northeast. Dramatic turnover in gubernatorial seats resulted in 29 Republican governors (58 percent of state chief executives), 20 Democratic governors (40 percent) and one independent governor.

In 2010, 54 percent of state chief executives were Democrats. Twelve states did not have gubernatorial elections in 2010. But in the other states that did hold elections or changed governors,[2] a dozen state gubernatorial seats remained Republican; 11 seats changed from Democratic to Republican; one state—Rhode Island—switched from Republican to Independent (Gov. Lincoln Chafee); nine seats remained Democratic; and in just five states—California, Connecticut, Hawaii, Minnesota and Vermont—the governor's seat changed from Republican to Democratic.

The Republican sweep of state legislatures was equally dramatic in 2010. In 2010, state lower and upper houses were majority Democratic (67 percent and 58 percent, respectively). In 2011, state lower and upper houses are majority Republican (61 percent and 59 percent, respectively). Of the 49 bicameral state legislatures (Nebraska's is unicameral and nonpartisan), 26 are majority Republican, 15 are majority Democratic and eight are split in party affiliation.[3]

Twenty-one states are solidly Republican with a sitting Republican governor and a majority Republican state house and senate, up from just 10 states prior to the 2010 elections. Just three states have Republican governors with majority Democratic legislatures (Nevada, New Mexico and New Jersey). On the other hand, 11 states are majority Democratic, with a Democratic governor and legislature, five states less than last year. Five Democratic governors must work with a majority Republican legislature (Minnesota Gov. Mark Dayton, Montana Gov. Brian Schweitzer, Missouri Gov. Jay Nixon, North Carolina Gov. Bev Perdue and New Hampshire Gov. John Lynch). Chafee of Rhode Island is the lone Independent working with a majority Democratic legislature.

The Money Situation

Collectively, states had budget shortfalls of $191 billion in 2010. Cumulatively, budget shortfalls for 2011 through the 2013 fiscal years are estimated at $317 billion.[4] Many expect the 2012 fiscal year to be the worst year yet for states due to the slow recovery and the discontinuation of federal stimulus money from the American Recovery and

Reinvestment Act of 2009. Just six states are not expecting a deficit in 2012; 43 states have estimated deficits in this next fiscal year totaling $112 billion. Projected deficits as a percent of 2011 spending are estimated to reach 25 percent or more in five states—Nevada (45 percent), New Jersey (37 percent), Texas (32 percent), California (29 percent) and Oregon (25 percent).[5]

State tax revenues are slowly recovering, but have yet to grow quickly enough to advance the nation to pre-recession levels. State sales tax collections in 2011 increased by 4.5 percent from 2010. Personal income taxes increased by 4.7 percent from 2010. Corporate income taxes increased by 8.8 percent from 2010.[6] Still, 2011 total year-end balances as a percent of expenditures are down $3 billion or 0.8 percent from 2010.[7] Unemployment figures are better than those in 2010, but just barely. The nationwide unemployment rate hovers around 9 percent and rates are greater than 10 percent in 10 states—Nevada, California, Florida, Rhode Island, Michigan, South Carolina, Oregon, Kentucky, Georgia and Mississippi.[8]

According to the National Association of State Budget Officers, known as NASBO, the Great Recession has created an "unprecedented fiscal situation" in that state spending from general and some other funds declined in both 2009 and 2010, which had not happened in more than 20 years.[9] State general fund spending is predominantly for education—elementary and secondary education makes up the largest portion—and Medicaid. Together with higher education, these categories make up approximately two-thirds of general fund spending by states. Spending in these and all other major expenditure categories continues to increase—especially as the recession drags on. From 2009 to 2010, only corrections spending realized a drop of 2.8 percent. As NASBO points out, "… State funds comprise approximately 95 percent of total corrections expenditures, and so corrections has not been as supported by the influx of federal stimulus spending."[10]

What's on the Agenda?

Governors presented their agendas to legislators, citizens and the media in a number of interesting ways this year. Some, like Florida Gov. Rick Scott, presented a number of principles, but few details. Michigan Gov. Rick Snyder's transcript of his address is an outline. California Gov. Jerry Brown brought up important state issues, but provided little substance. Recognizing that journalists have called California a failed state, he urged citizens to actively participate in solving the state's problems by quoting Article 2, Section 1 of the California Constitution: "All political power is inherent in the people. Government is instituted for their protection, security and benefit, and they have the right to alter or reform it when the public good may require."

Other governors did some quoting as well. Connecticut Gov. Dan Malloy's inaugural address, titled "Shared Sacrifice, Shared Prosperity," was peppered with quotes from numerous historical figures, including past Connecticut governors and the writers, Robert Frost and Harriet Beecher Stowe. Iowa Gov. Terry Branstad took a slightly different approach, stating, "At the risk of sounding a bit like the grandfather I am now, I think we need to start with a stern talking to." Perhaps the most novel and comprehensive speech was that of Maryland Gov. Martin O'Malley, who presented a 12-page, single-spaced treatise that included 74 footnotes inclusive of all sorts of measurements, code, descriptions, statistics and explanations of various issues addressed by the governor.

A few other governors included interesting data about their state's fiscal situation to get attention. Montana Gov. Brian Schweitzer explained that his state is, "… one of the few states with cash in the bank. I asked Doctor No, the director of our budget office today, 'David, how much cash do we have in the bank?' And he said, '$330,997,350.84.'" Schweitzer also pointed out that "Wall Street has improved Montana's bond rating for the first time in 30 years, and for the first time in the history of Montana, we now have a double A plus bond rating." Chief executives in a number of states also reminded citizens of their strong credit ratings. Indiana Gov. Mitch Daniels explained that "many states exhausted any reserves they may have had and plunged into the red, but our savings account remains strong and our credit AAA." Delaware Gov. Jack Markell claimed, "Our focus on fiscal responsibility has made Delaware one of only eight states with a AAA rating from all three bond rating agencies." Georgia Gov. Nathan Deal said the same thing, "Georgia is one of only eight states in the nation with a Triple A bond rating by all three major bond rating agencies. I intend to maintain that rating." Missouri Gov. Jay Nixon pointed to fiscal responsibility that has "earned Missouri a Triple-A credit rating—the best you can get—from all three rating agencies. We're one of the few states in the nation that can make that claim."

Table A:
Issues Expressed by Governors in State of the State Addresses, 2007–2011

Issue expressed by governors	*2007 percentage of governors mentioning issue (N=43)*	*2008 percentage of governors mentioning issue (N=42)*	*2009 percentage of governors mentioning issue (N=44)*	*2010 percentage of governors mentioning issue (N=42)*	*2011 percentage of governors mentioning issue (N=47)*
Education	100.0%	90.5%	86.4%	90.5%	93.6%
Economic development/jobs	79.5	81.0	79.5	88.1	87.2
Performance/accountability	72.7	42.9	52.3	73.8	83.0
Health care	86.4	83.3	79.5	57.1	72.3
Tax/revenue initiative	84.1	59.5	65.9	83.3	70.2
Transportation/roads/bridges	52.3	59.5	65.9	50.0	46.8
Natural resources/energy	84.1	71.4	79.5	73.8	44.7
Safety/corrections	75.0	59.5	50.0	54.8	38.3
Pensions/OPEBs	36.4	21.4	18.2	19.0	36.2
Surplus/deficit/rainy day funds/reserves	70.5	54.8	45.5	78.6	34.0
Local government	52.3	35.7	20.5	11.9	17.0
Debt reduction	13.6	9.5	4.5	0	8.5
Ethics reform	13.6	11.9	15.9	26.2	8.5
Borders/illegal immigrants	11.4	16.7	6.8	4.8	8.5
Transparency	20.5	14.3	31.8	14.3	2.1

Source: Content analysis of 2007–2008 State of the State Addresses from Table C of Katherine G. Willoughby, 2008, "The State of the States: Governors Keep Agendas Short," *The Book of the States*, Vol. 40 (Lexington, KY: The Council of State Governments): 157–64; Content analysis of 2009 State of State Addresses conducted by Tanya Smilley, MPA candidate and Soyoung Park, Ph.D. candidate, Public Policy, Andrew Young School of Policy Studies, GSU; Content analysis of 2010 State of State Addresses conducted by Soyoung Park, Ph.D. candidate, Public Policy and Scott Allen, MPA candidate, Andrew Young School of Policy Studies, Georgia State University, Atlanta, Georgia; Content analysis of 2011 State of State Addresses conducted by Byungwoo Cho, MPA candidate, Andrew Young School of Policy Studies, Georgia State University, Atlanta, Georgia.

Other governors painted no-growth budgets in a positive light. Arkansas Gov. Mike Beebe put it this way:

> "You have before you a list of these challenges facing other states. It's on your desks. It is only a sample of the unenviable dilemmas other state legislatures face this year. That we do not face such bleak crises here is a source of pride. My proposed budget for the coming fiscal year is generally flat. Nearly all agencies and services will remain funded at the same levels as this year. With our state economy recovering, we anticipate a small increase in revenue."

On the other hand, more governors pointed to continuing dark clouds. Compared to Montana's $331 million cash in the bank, Kansas Gov. Sam Brownback pointed to just $876.05 in the bank on the first day of this fiscal year. Kentucky Gov. Steve Beshear said, "Perks like take-home cars are a thing of the past." And Idaho Gov. C.L. "Butch" Otter prepared citizens for impending policy discourse that "could be the kind of legislative session that leaves people wondering why anyone would want to go into politics or public service."

Somewhat uncharacteristic for public officials, Hawaii Gov. Neil Abercrombie claimed "full responsibility for our current situation," which includes an $844 million deficit in the next two years. He warned that the problem is so bad in the state that balancing the budget "will merely be life support for what has become a battered, under-resourced and often dysfunctional democracy."

Table A presents issues mentioned by governors in their state of state addresses for the past five years. In 2011, education remained the top priority of governors, as it has in the past. But jobs and health care are the only other state functions specified by more than half the governors. As national health care reform celebrated its first birthday, governors were 15 percent more likely to talk about their plans for their state to accommodate, or fight, the federal legislation than in 2010.

Also in 2011, governors were more likely to discuss performance improvements, cost-cutting and efficiency measures and accountability efforts than

Table B: Issues Expressed by at Least Two-Thirds of Governors in Addresses, 2007–2011

2007	*2008*	*2009*	*2010*	*2011*
Education	Education	Education	Education	Education
Health Care	Health Care	Health Care	Jobs	Jobs
Natural Resources	Jobs	Jobs	Taxes	Performance
Taxes	Natural Resources	Natural Resources	Surplus/Deficit	Health Care
Jobs		Taxes	Natural Resources	Taxes
Public Safety		Transportation	Performance	
Performance				
Surplus/Deficit				

Source: Katherine G. Willoughby.

in 2010. Mention of such measures was up by 9 percent in 2011, while mention of taxes and revenue initiatives was down by 13 percent, although they were still brought up by 70.2 percent of governors. Mentions of natural resources and energy initiatives were down by 29 percent; less than 50 percent of governors mentioned this or a transportation agenda. Talk of public safety and corrections was down by more than 16 percent from 2010.

Of the rest of the issues listed, gubernatorial mention of deficits and the use of reserves or rainy day funds was down the most, by almost 45 percent. This is certainly indicative that states have already raided these funds in the past year. Most of the talk in 2011 around rainy day funds regards efforts to shield or restock them. Governors in Indiana, Texas, Utah and West Virginia talked about protecting their rainy day funds from raids. Others, like Gov. Nathan Deal of Georgia, Lynch of New Hampshire and Haslam of Tennessee talked about restoring, rebuilding and replenishing these funds.

Discussion of state debt (up by 8.5 percent) and state retirement funds (up by 17 percent) increased from 2010. More than one-third of governors brought up employee pensions and other post-employment benefits, explaining their ideas for reducing and controlling these obligations in the future. Not surprisingly, talk of ethics reform and government transparency in these fiscally stressful times was down, by almost 18 percent and 12 percent, respectively. Finally, in their addresses, governors in 2011 were more likely than in 2010 to recognize state-local relationships, though generally by way of pushing more responsibilities onto, and pulling fiscal support from, local governments. Mentions of the protection of state borders and illegal immigration saw a small uptick as well.

Table B presents the issues addressed by two-thirds or more of governors in their addresses from 2007 to 2011. The items are listed in descending order of popularity in terms of consideration by chief executives. This table provides a clearer trend in gubernatorial focus since the start of the Great Recession in December 2007.That year, 66 percent or more of governors mentioned their vision regarding eight areas, five of which are traditional functions of state government: education, health care, natural resources/energy, economic development/jobs and public safety/corrections. Then, as the Great Recession kicked in, governors focused on education, health care, jobs and natural resources/energy. Public safety and corrections did not find its way into the most popular issues considered by governors after 2007. Transportation replaced public safety in 2009.

Gubernatorial hesitancy about the future of health care is evident in its absence from the list in 2010, as national health care reform was debated. Compared to 2009, 22 percent fewer governors discussed their health care agenda in 2010. But in 2011, health care is back on the docket and the only other state function addressed by more than half the governors, after education and jobs. The next most popular issues mentioned in 2011 were natural resources and transportation, but just under 47 percent of governors addressed each issue.

These results suggest that as the economic recession continued, as slow growing revenues failed to cover increasing expenditures, governors honed in on the most important functions of states—education and jobs. Health and welfare concerns are certainly important, but consideration of the state role has been tempered by federal intervention plans. Continued fiscal pressures pushed governors to question government performance and to consider additional and new cost-cutting and efficiency measures. No doubt, the dramatic influx of Republican governors into the top state seat contributed to a focus on cost-cutting in 2011. That is, the conservative movement to reduce the size of government played into the results presented here.

Education

Governors talked of many things to shore up education in their states; some of their ideas seem like baby steps, others Herculean. Alabama Gov. Robert Bentley spoke of protecting education programs and devoting $5 million of the education budget for teaching supplies. "We expect our teachers to lead our children to succeed and excel in the classroom. By funding classroom supplies, we are giving our teachers the resources they need to meet those expectations," Bentley said. In Alabama, where the Education Trust Fund overshadows the general fund, the governor called for legislation to provide a sustainable funding base for the education fund. In terms of baby steps, Markell of Delaware pointed to his state as "one of a handful to require completion of a world language in order to graduate," and explained that offering a high quality online Chinese language course is important to the educational future of the state.

Many governors pushed funding for prekindergarten programs to advance the state educationally as well as economically. Malloy of Connecticut pressed for pre–K education for every child in the state just as Minnesota Gov. Mark Dayton promoted all-day kindergarten for his state's children. Dayton also wanted to increase state funding for K–12 education, re-establish the Governor's Council on Early Childhood Education and the Children's Cabinet, and continue to expand public-private partnerships that support educational programs.

Kansas's Brownback focused on early childhood learning in his address, calling for $6 million for early childhood centers for the neediest school districts. Hawaii's Abercrombie was seeking to establish a Department of Early Childhood to foster advancements in education programs. Branstad's Iowa budget "proposes a $43 million annual investment in providing preschool assistance to those families in greatest need."

Farther down the education road, many governors are looking to expand options for students in higher education through community and technical college offerings. Illinois Gov. Pat Quinn asked for increased funding to provide scholarships for qualified, needy students, with a focus on community college students. Maine Gov. Paul LePage promoted community colleges and alternative programs in his budget because "not every student is well served by traditional schools." North Carolina Gov. Bev Purdue talked of rebranding programs in her state's university system by consolidating and more closely linking high schools and community colleges to support greater student affordability. South Dakota Gov. Dennis Daugaard wanted to expand technical education opportunities in his state and offer post-secondary tech schools increased bonding capacity to help the effort.

The words "incentive" and "education" are linked throughout the governors' addresses and ideas about improving performance abound. Governors in Florida, Indiana, Mississippi and New Jersey discussed the expansion of charter schools in their states. And New Jersey Gov. Chris Christie laid out a comprehensive education reform agenda:

> "We must empower principals. We must reform poor-performing public schools or close them. We must cut out-of-classroom costs and focus our efforts on teachers and children. I propose that we reward the best teachers, based on merit.… I demand that layoffs, when they occur, be based on a merit system and not merely on seniority. I am committed to improving the measurement and evaluation of teachers.… And, most important, the time for a national conversation on tenure is long past due. The time to eliminate teacher tenure is now."

Arkansas Gov. Mike Beebe asked for a 1 percent increase in spending for higher education and to incentivize funding by linking it to coursework completion and graduation rates. "We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive," he said. New York Gov. Andrew Cuomo wanted to establish two competitive funds that reward performance—one for school districts to compete by increasing student performance and one for districts to compete by implementing administrative efficiency measures. Cuomo suggested a $250 million fund for each competition.

North Dakota Gov. Jack Dalrymple supported a strategy "to foster a culture of entrepreneurship where all of our four-year universities operate business incubators that support start-up enterprises of all kinds." In New Hampshire, Lynch stated that, "with this budget, state government is getting out of the financial aid business and redirecting those funds to support our community college and university systems." He wanted to consolidate functions within the Department of Education and restructure an education commission to allow funding the community college and university systems at 95 percent of their current levels. "The Community College System will also receive an additional $2 million a year to create an advanced composite manufacturing program, which will help make possible the expansion of Albany International in New Hampshire and attract additional businesses in this growing field," Lynch said.

Texas Gov. Rick Perry wanted to expand online educational opportunities "that will not only enable students who have dropped out to earn a diploma online, but also give students across the state access to classes their own schools may not offer." He suggested linking school enrollment to getting and keeping a Texas driver's license. Perry also advocated for an incentive program that provides $1,500 to employers for every employee who earns a high school diploma or GED. Employees would have to receive time off with pay to study or go to class.

New Mexico's Gov. Susana Martinez claims her "Kids First, New Mexico Wins" plan will trim education bureaucracy and direct savings to the classroom. Her plan includes grading schools' performance and posting those grades on the Web, targeting immediate help to the lowest-performing students and failing schools, ending social promotions and rewarding the best teachers. Oklahoma Gov. Mary Fallin wants to cut "educational bureaucracy" by sharing resources, encouraging innovation, matching private to state funds for innovative learning programs, eliminating "… trial de novo, a system that makes it nearly impossible to dismiss even the most underperforming teacher," cutting out social promotions, increasing the use of electronic textbooks and reducing remediation rates.

In Kentucky Beshear pressed to improve high school graduation rates by keeping students in school to age 18 and motivated to learn through alternative programming. Mississippi Gov. Haley Barbour supported dual enrollment so that "students can learn more and their parents will save money as college credits are earned while in high school." Nebraska Gov. Dave Heineman supported development of a virtual high school, with support of $8.5 million from lottery funds.

Indiana's Daniels spoke about cleaning up union and collective bargaining of teachers and red tape. "While unions and collective bargaining are the right of those teachers who wish to engage in them," Daniels said, "they go too far when they dictate the color of the teachers' lounge, who can monitor recess or on what days the principal is allowed to hold a staff meeting. We must free our school leaders from all the handcuffs that reduce their ability to meet the higher expectations we now have for student achievement." He also suggested that some students should be able to graduate in 11 years rather than 12.

Governors also mapped out plans for pushing more responsibility to local governments for some educational services. Nevada Gov. Bryan Sandoval called for redirection of property tax receipts among counties to "the support of universities and community colleges in those counties, because property values rise and economic growth occurs where universities contribute to economic development," as well as retooling bonded indebtedness for local school construction. South Dakota's Daugaard suggested that local school boards and school administrators run their own districts "to repeal the 100 student minimum for state aid to school districts, and to remove the cap on school district reserve fund balances." He added, "We must trust local officials to make the best decisions for their districts. And if they fail, we must trust local voters to find new local officials." Connecticut's Malloy suggested that control of state vocational technical schools should be transferred to local districts and regions. Illinois Gov. Pat Quinn promoted consolidation of local school districts to lower "administrative overhead, improve efficiency and save taxpayers $100 million."

Jobs, Jobs, Jobs

The second most discussed topic by governors this year regarded economic development and jobs. Many governors talked about lowering and/or eliminating taxes, exploring and extracting natural resources, advancing tourism and the film industry, infrastructure investments and various organizational changes, such as creating or consolidating offices, public-private partnerships and/or councils. They also talked about cutting red tape, improving workforce training and leveraging relationships with university systems, college student internships and keeping college graduates in the state and employed as ways to expand business opportunities and increase jobs.

Alaska Gov. Sean Parnell provided one of the more detailed plans for economic development, including the suspension of the state's 8 cent per gallon motor fuel tax, completion of various road projects to improve access to resources, and investment in energy generating plants and projects. He also promoted mining untapped rare earth elements, claiming that "today, our Pacific Rim neighbor, China, controls 97 percent of the world market for these rare earth elements. We cannot afford to rely on foreign sources to meet our nation's demand. Alaska is a storehouse of rare earth minerals. Let's explore them." Similarly, Kansas's Brownback discussed how to grow his state's animal agriculture sector.

To incentivize businesses to come into the state, governors also talked about tax changes. Brownback explained his plan, "Enhanced Expensing," will allow businesses in the state to immediately deduct a higher percentage of the cost of an investment. And the Kansas governor's "Rural Opportunity Zones" would waive the state income tax for individuals relocating from out-of-state into a participating county that has experienced a double-digit percentage population decline in the last 10 years. Florida's Scott pushed eliminating that state's corporate income tax. Iowa's Branstad mapped out numerous tax changes: "The small business income tax rate will be cut in half and made a flat 6 percent. Commercial property taxes will be reduced by 40 percent…. New investment will be immediately taxed at 60 percent of its valuation. And existing commercial property tax will be rolled back by 8 percent a year over five years." New Mexico Gov. Susana Martinez wanted to eliminate the tax on locomotive fuel to become more competitive with neighboring states. She also encouraged, "small businesses to hire unemployed workers by covering part of their salaries for the first six months through the unemployment fund."

Pennsylvania Gov. Tom Corbett suggested eliminating the state's capital stock and franchise tax. Also, his budget retains an array of tax credits, such as, film, research and development. Rhode Island's Chafee pointed out that his state's corporate tax code "creates an unfair advantage for multistate companies with operations in Rhode Island by allowing them to send profits out of state to avoid taxes here." He asked for combined reporting to "treat all of our businesses fairly." He also is seeking to phase out other tax credits, lower the corporate minimum tax and reduce the state corporate tax rate to be more competitive with neighboring states.

A number of states are looking at information technology advancements and the expansion of broadband as ways to streamline processes, expand access to opportunities and resources and to grow businesses. Governors in Hawaii, Kansas, Maryland, Missouri, New Hampshire and Nevada discussed such plans specifically. Wyoming Gov. Matthew Mead wants to use state funding to recruit mega data centers. "We have what those centers need," Mead said. "We have the natural advantages: We have a favorable weather climate with a low number of required cooling days; we can produce abundant, relatively inexpensive electricity; we have relative safety from natural catastrophes such as hurricanes, and we have available land."

Delaware's Markell claimed that health care support to businesses can advance economic development. "Too often, small business owners have trouble negotiating and paying for health care coverage for their workforce or attracting the best workers when they don't," Markell said. "We will implement the new federal health care act in a way that most helps our small businesses." Oklahoma's Fallin asked for reform of the state's workers' compensation system so that it "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." Washington's Gov. Christine Gregoire proposed changes to her state's unemployment insurance and compensation rates.

South Dakota's Daugaard provided one of the most comprehensive plans for economic development in his state. In a little more than 1,800 words, this chief executive promoted an economic development fund, a small town focus and microloan program, business attention to the state's agriculture sector and improved tourism. He also asked for reform of the state's large project refund program so that "refunds only be given to those projects that would not otherwise be undertaken, and to give discretion to determine when a project meets that standard. … I would ask that you would provide this authority so that South Dakota can be protected from unnecessary tax giveaways." He did not forget to mention the Homestake Underground Science Laboratory as well as improvements to the state's aviation industry as ways to grow jobs and state wealth.

Wisconsin Gov. Scott Walker, who kept the newspapers and media outlets working for most of the early spring of 2011 with his effort to cut back union bargaining rights, explained his proposed eight pieces of legislation "to instill in our state an environment that encourages job creation, and to send the message to employers that now is the time to start hiring." Walker said his plan included lower taxes, less regulation, and lower litigation and health care costs, "so that more employers are able to create jobs for our people."

Performance and More

Mentions of government performance, cost-cutting measures and accountability standards made it to third place in 2011 in governors' state of the state addresses. Colorado Gov. John Hickenlooper said, "we are going to undertake a frank analysis of how and where government works—what is the real impact being realized in terms of tax dollars being spent? For those programs and policies that, while undertaken with good intent but have not proven to be effective, we are going to collectively make the decision on how to cut. Our goal is to redefine the role of government to match what the people of this state can afford." He then defined his vision of effective, efficient and elegant public service. "When I say elegant, I'm talking about the delivery of state services in a way that elevates both the state employee and the person receiving state services," Hickenlooper said. "When someone applies for a driver's license or inspection, they shouldn't feel disrespected by the interaction and neither should the state employee. This is the essence of customer service." Other efforts covered accounting rules changes, like Connecticut's Malloy's request to, "… require the state to keep its books according to GAAP principles." His other ideas included reorganizations, consolidation of services and offices, making state buildings more energy efficient, tort reform, cleaning up government regulation, performance awards to state employees and various personnel changes, especially as relates to funding employee benefits.

Wisconsin's Walker's efforts are well known in the employee benefit area. But others, like Florida's Scott, also pressed for such changes. "… We will also modernize our state government," Scott said. "Florida is currently the only state where taxpayers pay for the entire pension of state workers. We need to secure the state's pension system and be fair to the taxpayers of Florida. We will bring Florida's retirement system in line with other states by having government workers contribute towards their own retirement, just like everyone else."

In Maine, LePage includes in his budget "a retirement incentive for state workers. Age-eligible employees who leave the workforce before the end of this calendar year will receive a small cash payment and enter the retirement system before cost-saving adjustments are made to the program." And Pennsylvania's Corbett explained he would be "looking for salary rollbacks and freezes from state employees, as well as asking them to increase their contributions for health care benefits. We also need to start the conversation about the necessary repairs to our public retirement system."

Georgia's Deal promoted downsizing by "eliminating about 14,000 positions." Similarly, Kansas's Brownback noted that "in my FY2012 budget recommendations, I have eliminated over 2,000 unfilled employee positions." Brownback also established an "Office of the Repealer to identify regulations or statutes for repeal that are costly, outdated and ineffective." North Carolina's Perdue talked of consolidating 14 state agencies into eight and "shedding as many as a thousand workers." New Hampshire's Lynch echoed this; his budget "eliminates 1,100 positions, reducing our state employee position count by almost 10 percent." He also explained his consolidation of services and offices, the institution of a new financial management information system and leveraging Internet technology to streamline some state services.

Nevada's Sandoval pointed out that his budget "recommends the consolidation, elimination or centralization of 20 departments and agencies." Tennessee's Haslam also slashed personnel, saying, "there will be 1,180 fewer state positions—almost 90 percent of the reductions come from eliminating unfilled positions and the projects tied to non-recurring state and federal stimulus funds." Haslam also called for "an across-the-board paperwork reduction plan."

Rhode Island's Chafee was one of the few who spoke of direct program cuts to affect performance. "I also propose $20 million in cuts to other departments as a first step in a larger review of their operations and management," Chafee said. South Carolina Gov. Nikki Haley spoke of "commonsense savings, such as physically moving the Department for Alcohol and other Drug Abuse Services from a privately leased space to offices sitting empty in a government-owned building. This simple act will save the people of South Carolina $700,000 over the next four years."

More than half of governors (55.3 percent) mentioned the federal government this year in their addresses and 17 percent mentioned local government. Many of the comments about the federal government regarded national health care reform and its impacts on state functioning. Such comments characterized the health care reform as stifling, limiting, seriously damaging, a takeover, and jeopardizing other state priorities. Alaska Gov. Sean Parnell said his state would "not stand down in the fight to protect the state's sovereignty, while Kentucky Gov. Beshear claimed that "Kentuckians are rightly disgusted by a federal government that defines fiscal management as the speed at which you can print money."

Thoughts about local governments were likely to push more responsibility onto these governments or to promote efficiencies at this level. Indiana's Daniels called for reorganization of local government in that state. "We should join the rest of America in moving to a single, elected county commissioner, working with a strengthened legislative branch, the County Council, to make decision making accountable and implementation swift and efficient," Daniels said. Likewise, New York's Cuomo promoted a consolidation bonus to local governments to share services, suggesting that "50 percent of the bonus money [go] to direct property taxpayer relief for the people of that government."

Conclusion

In the past few years, governors have honed in on the most critical of state functions—education and economic development. In 2011, governors were not shy about presenting their plans for righting the fiscal ship. Idaho's Otter claimed "a new culture of responsible austerity" that seemed to pervade the thoughts of other chief executives around the nation.

Chief executives are holding firm on education, presenting numerous tax relief and other options to draw jobs and business in-state, and requesting a wide variety of cost-cutting initiatives (slashing vacancies, reorganizing state offices, etc.), program changes (highlighting community colleges and online education) and evaluations to continue chipping away at state expenditures. In the words of New York's Cuomo, "The economy has retrenched; states now have to recalibrate." And that is what governors are attempting very aggressively in their state of state speeches.

Notes

[1] Chief executives of state governments report annually or biennially to their legislatures regarding the fiscal condition of their state, commonwealth or territory. Governors often use their address to lay out their policy and budget agendas for their upcoming or continuing administration. The 2011 state of the state addresses were accessed from January 1 through March 21, 2011, via *www.nga.org* or *www.stateline.org* or using the state government's home page. This research considers those 47 states with transcripts available at these sites as of March 21, 2011. Speeches not available by this date included Oregon and Vermont. Gov. Jan Brewer's address of Jan. 10, 2011, to the Arizona legislature and state residents is not included in this analysis as she spoke only of the Jan. 8, 2011, shooting of U.S. Rep. Gabrielle Giffords and others in Tucson. Gov. Brewer explained that, "I had intended to deliver a State of the State address to you today—remarks that outline an exciting and solid plan for job creation, education, and tax reform and I will deliver that plan to you. But, not now. Not today." All quotes and data presented here are from the addresses accessed on these websites, unless otherwise noted.

To conduct a content analysis of governors' state of state addresses, as in the past, topics were considered addressed if the chief executive specifically discussed them as relevant to state operations and the budget *going forward*. The governor needed to relay that the function, activity or issue is an important item in next year's—fiscal 2012—budget and policy direction. Just mentioning a state function or policy area like economic development in a speech did not classify the issue as an agenda item addressed by a governor. Further, a review by the governor of past accomplishments alone in any particular issue area did not count in this content analysis.

[2] Includes West Virginia, in which Earl Ray Tomblin, as president of West Virginia's Senate, assumed the governor's seat because of the resignation of Gov. Joe Manchin III, who won the special election in November 2010 to replace U.S. Senator Robert Byrd, who died in office. Both Tomblin and Manchin are Democrats.

[3] National Conference of State Legislatures 2011. State-Vote 2001 State and Legislative Partisan Composition (March 9). Accessed on March 15, 2011 at: *http://www.ncsl.org/documents/statevote/2011_Legis_and_State.pdf*.

[4] McNichol, Elizabeth, Phil Oliff and Nicholas Johnson, 2011. "States continue to feel recession's impact." Washington, D.C.: Center on Budget and Policy Priorities (March 9).

[5] Combs, David, 2011. "State budget gaps: How does your state rank?" Stateline.org (March 15) accessible at: *http://www.stateline.org/live/printable/story?contentId=15158*.

[6] National Association of State Budget Officers 2010. *The Fiscal Survey of the States*. (Washington, D.C.) Fall. Table 19: Comparison of Tax Collections in Fiscal 2009, Fiscal 2010, and Enacted 2011, p. 42.

[7] National Association of State Budget Officers 2010. *The Fiscal Survey of the States*. (Washington, D.C.) Fall. Table 23: Total Year-End Balances, Fiscal 1979 to Fiscal 2011, p. 50.

[8] U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics: Current Unemployment Rates for States and Historical Highs/Lows accessed on March 15, 2011 at: *http://www.bls.gov/web/laus/lauhsthl.htm*.

[9] National Association of State Budget Officers 2010. State Expenditure Report. (Washington, D.C.) Fall. p. 2.

[10] National Association of State Budget Officers 2010. State Expenditure Report.

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