The State of State Addresses: The New Normal Fosters Gubernatorial Funnel Vision[1]

By Katherine Willoughby

The National Bureau of Economic Research determined the end of the Great Recession in June 2009 because, "the trough marks the end of the recession that began in December 2007 and the beginning of an expansion."[2] Now three years into an expansion, governors are beating the bushes for ways to stretch a dollar. This year, governors presented many ideas for keeping government going, though primarily in the areas of education and economic development. Chief executives did not shy away from talking about revenues, though most of this talk addressed the creation of tax credits, exemptions or incentives to promote job creation. Continued fiscal stress in the states is evidenced by the fact that for the second straight year, the number of issues addressed by at least two-thirds of governors declined. Governors exhibit "funnel vision" as fiscal malaise continues; they have honed down their budget and policy agendas and focus on just the most primary of state functions.

The Situation

Politically, red remains the overriding color of states in 2012. According to the Council of State Governments, 29 states have Republican governors, 27 states have predominantly Republican legislatures, and 22 states are Republican controlled (up one from last year)—with the GOP in control of both branches of government. On the other hand, 20 states have Democratic governors, 15 have predominantly Democratic legislatures and 11 are Democratic controlled. Seventeen states are split, with the governor and legislature of different parties, or the legislature is split, with one house of the legislature of a different party.[3] Republican governors working with a split or Democratic legislature include Sean Parnell of Alaska, Terry Branstad of Iowa, Chris Christie of New Jersey, Susana Martinez of New Mexico, Bryan Sandoval of Nevada and Bob McDonnell of Virginia. Democratic governors working with split or Republican legislatures include John Hickenlooper of Colorado, Steven Beshear of Kentucky, Mark Dayton of Minnesota, Brian Schweitzer of Montana, Jay Nixon of Missouri, Beverly Purdue of North Carolina, John Lynch of New Hampshire, Andrew Cuomo of New York and John Kitzhaber of Oregon. Gov. Lincoln Chafee of Rhode Island is an Independent working with a Democratic legislature, and Nebraska Gov. Dave Heineman is a Republican with a nonpartisan legislature.

Fiscally, in the red remains a threat to states in 2012 and beyond. Scott Pattison, executive director of the National Association of State Budget Officers, reviewed data from NASBO's most recent fiscal survey and explained that states are far from out of the woods. While revenues—particularly personal income tax receipts—are stronger than last year and budgets are improving, state spending has not returned to pre-recession levels. In fact, total 2012 state revenues fall below those in the 2008 fiscal year by almost $21 billion.[4] In a study by McNichol, Oliff and Johnson, the authors conclude that "even though the revenue outlook is trending upward, states are still addressing large budget shortfalls by historical standards as they consider budgets for the upcoming year."[5] Scott Pattison concurs that "state budget growth for at least a couple more fiscal years will be tepid."[6] Since the onset of the Great Recession, states have slashed budgets to close gaps and accommodate first plunging, but now sluggish, revenues. Also this past year, states grappled with the end of federal stimulus money; funds from the American Recovery and Reinvestment Act of 2009 have been used or expired. Pattison laments, "I hope I'm wrong, but slow growth for state finances appears at this point to be how things are going."[7]

Checking the List

Education and jobs remain at the top of the list of gubernatorial agendas. More than 90 percent of governors discussed their plans in these two areas this year. While jobs have been second to education since 2009, this is the first year jobs and economic development have found their way into the speeches of at least 90 percent of state chief executives. Issues considered by more governors this year than last include surplus/deficits/rainy days and reserves, transparency, natural resources and energy, safety and corrections, and tax and revenue initiatives. Issues mentioned by fewer governors this year than last include performance and accountability (down by 27.2 percent) and health care (down by 16.5 percent). Transportation is a consistent agenda item over the years, with almost half of governors again having outlined their plans for state transportation systems, roads and bridges. Compared with last year, however, when five issues were considered by at least two-thirds of governors (education, jobs, performance, health care and taxes), just three issues—education, jobs and taxes—make the cut this year. Ethics reform and debt reduction continue to be addressed by the fewest number of governors.

Getting Schooled

Popular reforms in education this year include rebalancing the relationship between state and local governments, innovation of curricula and schools, greater program rigor, and better evaluation of student achievement and teacher performance. Many governors discussed "bold steps" to change community colleges, technical schools and universities to prepare students to be work-ready. Just as almost every state is asking for a waiver from the federal No Child Left Behind prescriptive, many state chief executives emphasized that a one-size-fits-all mantra for education does not work, especially because as some claimed, "college

Table A: Issues Expressed by Governors in State of the State Addresses, 2007–2012

Issue expressed by governors	*2007 percentage of governors mentioning the issue (N=43)*	*2008 percentage of governors mentioning the issue (N=43)*	*2009 percentage of governors mentioning the issue (N=43)*	*2010 percentage of governors mentioning the issue (N=43)*	*2011 percentage of governors mentioning the issue (N=43)*	*2012 percentage of governors mentioning the issue (N=43)*
	N=43	N=42	N=44	N=42	N=47	N=43
Education	100%	90.5%	86.4%	90.5%	93.6%	95.3%
Economic development/jobs	79.5	81.0	79.5	88.1	87.2	90.7
Tax/revenue initiative	84.1	59.5	65.9	83.3	70.2	81.4
Natural resources/energy	84.1	71.4	79.5	73.8	44.7	65.1
Surplus/deficit/rainy day funds/reserves	70.5	54.8	45.5	78.6	34.0	60.5
Health care	86.4	83.3	79.5	57.1	72.3	55.8
Safety/corrections	75.0	59.5	50.0	54.8	38.3	55.8
Performance/accountability	72.7	42.9	52.3	73.8	83.0	55.8
Transportation/roads/bridges	52.3	59.5	65.9	50.0	46.8	48.8
Pensions/OPEBs	36.4	21.4	18.2	19.0	36.2	32.6
Local government	52.3	35.7	20.5	11.9	17.0	25.6
Transparency	20.5	14.3	31.8	14.3	2.1	25.6
Borders/illegal immigrants	11.4	16.7	6.8	4.8	8.5	11.6
Ethics reform	13.6	11.9	15.9	26.2	8.5	7.0
Debt reduction	13.6	9.5	4.5	0.0	8.5	7.0

Source: Content analysis of 2007-2009 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; Content analysis of 2010 State of State Addresses conducted by Soyoung Park, Ph.D. candidate, Public Policy and Scott Allen, MPA candidate; Content analysis of 2011 State of State Addresses conducted by Byungwoo Cho, MPA candidate; Content analysis of 2012 State of State Addresses conducted by Megan Phillips, MPA candidate and Sarah Beth Gehl, Ph.D. candidate, Public Policy, all students of Andrew Young School of Policy Studies, Georgia State University, Atlanta, Georgia.

is not for everyone" or "individuals learn in different ways."

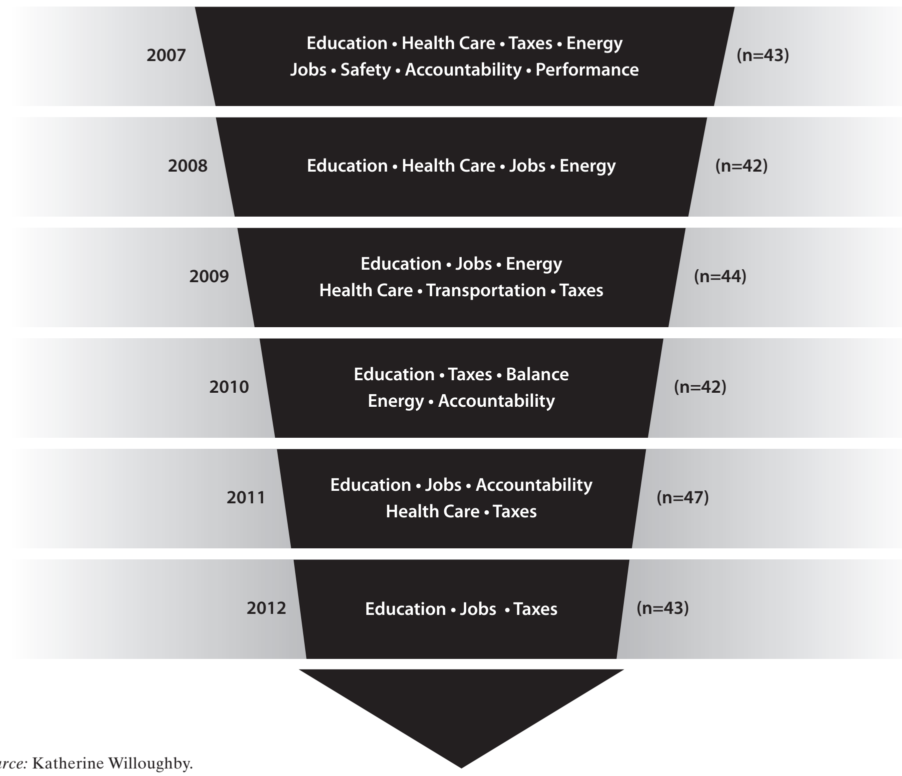
Alabama Gov. Robert Bentley promoted greater school flexibility as an avenue to let local systems innovate free from state or federal bureaucracy. Pennsylvania's Tom Corbett concurs, "local districts know better how to spend and allocate resources than do bureaucrats in Harrisburg." Virginia's McDonnell explained releasing school districts from a mandated calendar, while Gov. Nikki Haley spoke of giving districts more control over school buses, identifying South Carolina as the only state in the nation to still run a bus fleet. Under her proposal, individual districts would decide whether to operate bus fleets, choose a private operation or to develop a hybrid solution. South Dakota Gov. Dennis Daugaard pressed for local school flexibility to decide on which factors to use when evaluating teachers and classrooms. Gov. Earl Ray Tomblin of West Virginia wants legislation for a pilot program "in which local administrators and educators will be granted flexibility to attract qualified teachers to obtain better results for our students."

Some governors pushed specific funding as an avenue to greater flexibility. Kansas Gov. Sam Brownback asked for $45 million for the state's poorest school districts. Utah Gov. Gary Herbert pushed $111 million in new funding for public schools, including a modest pay increase for teachers. Maryland Gov. Martin O'Malley discussed education reform as a shared responsibility between the state and counties, calling for rebalancing teacher retirement system costs with the state providing $244.5 million to the counties to cover the additional costs in the first year. Similarly, McDonnell proposed an increase in funding for K-12 education of $438 million among other things, to strengthen the Virginia Retirement System for teachers and school employees. Oklahoma Gov. Mary Fallin explained that her state "must keep its commitment to fund teachers' health benefits" through supplemental funding. Alaska's Parnell wants $400 million set aside to build a "strong fence of moral obligation" toward student scholarships. Rhode Island's Chafee combines education funding with taxpayer relief emphasizing a commitment "to education ($40 million to cities and towns), while also reducing the financial burden on property taxpayers." Lynch of New Hampshire pushed a constitutional amendment to restructure state-local responsibilities for education funding, as well as legislation "that will establish a building aid budget, prioritize projects, and increase the match available to school districts with the greatest needs."

Governors comments about education hit on natural transition points—pre-K, K-12, technical schools and universities. Kitzhaber pointed out a frightening possibility for his state: "that this generation of Oregon children could be the first to be less educated than their parents and their peers around the United States." His agenda includes an early learning bill "to streamline disparate programs." Delaware Gov. Jack Markell spoke of proper training for childcare professionals, an upgrade of facilities and teaching tools, and raising "the percentage of high-need children in quality-rated programs from 20 percent to nearly 80 percent." Hawaii Gov. Neil Abercrombie believes early childhood education to be "a fundamental necessity" and mapped out a plan to improve the quality of early care and learning programs. Kentucky's Beshear explained his Early Childhood Advisory Council to advance kindergarten readiness while Gov. Phil Bryant wants to improve early education in Mississippi "by monitoring the learning opportunities in licensed child care centers to include more than just the room size and number of bathrooms."

New Mexico's Martinez bemoaned the consequences of lackluster reading ability in young children, concluding, "children who can't read by the third grade are four times more likely to dropout. And 80 percent of our fourth-graders cannot read proficiently." In describing reading readiness as "everyone's responsibility," she said her favorite job as governor is reading to children. "I've gotten really good at sitting 'crisscross applesauce' on the floor." Her plan calls for $17 million for reading reforms in schools. She was unique in announcing that the $500,000 it cost to operate that state's luxury jet, now sold, should be used to buy every New Mexico first-grader a reading book of their own. In addition, "every school will receive an official letter grade—A, B, C, D, or F, to support a school rating system that is uniquely our own. Not a one-size-fits-all federal system." Other governors, like Virginia's McDonnell singled out reading by third grade as an important goal, because in his words, "social promotions are not acceptable." West Virginia's Tomblin announced his Save the Children program will match $1 million in state funds with a $500,000 investment in McDowell County and partner with three elementary schools and their administrators to focus on literacy.

Figure A:
The Funnel Effect: Issues Mentioned by at least 66% of Governors in State of State Addresses, 2007–2012



Source: Katherine Willoughby.

Christie of New Jersey admitted, "more money does not necessarily lead to a better education." His reforms concentrate on public-private partnerships to "build and operate renaissance schools." He also wants to reform the process for authorizing charter schools "to attract the best operators." Nixon made a similar call, while Haley and McDonnell discussed charter schools as innovators. Christie also called for tenure reform by giving it to teachers "with strong evaluations, and taking it away from those whose ratings are unacceptably weak." Daugaard talked of ending teacher tenure altogether in South Dakota. Rounding out Christie's education agenda is enhanced pay for teachers assigned to a failing school or for those who teach a difficult subject, an end to forced teacher placements and establishing tax credits to provide scholarships for low-income students in the worst performing schools.

Governors were not shy about discussing novel ideas to improve education. Maine Gov. Paul LePage recognized that "some students learn best working with their hands. Woodworking requires a strong working knowledge of geometry. Some kids aren't going to pick up geometry in a textbook, but will in the context of trades such as woodworking, welding, or machining." Cuomo of New York presented his vision for entrée into public service through a student intern program that "will bring students into state government to allow them to experience the work of governing and the complex policy challenges facing New York state."

Delaware's Markell envisions partial immersion programs where students spend half the school day learning in another language. McDonnell promoted dual enrollment of students in high school and community colleges to speed their journey through these institutions.

Many governors this year consider technical and trade schools and community colleges to be vital to creating economically thriving states. Massachusetts Gov. Deval Patrick explained that "middle-skills jobs (such as lab technicians or solar installers) require more than a high school diploma but not necessarily a four-year degree." He discussed strengthening and unifying the state's community college system to give students a combination of classroom learning and on-the-job training. Gov. Nathan Deal of Georgia promoted workforce development through Go Build Georgia, a public-private initiative to upgrade skilled trades. Pennsylvania Gov. Tom Corbett promoted trade schools as the means to prepare students for high-demand occupations. Dayton in Minnesota discussed better coordination of state and federal workforce development funds for higher education, "so that all of our students come out of our educational systems, skilled and ready to succeed." His plans called for educational infrastructure repairs and upgrades, as well as expansion of the state's GI Bill for veterans. Haley also mentioned a restructuring of workforce training in her state.

Ohio Gov. John Kasich issued a long, rather rambling discourse on educational improvements that concentrate on community colleges and universities. "They've got to do a much better job of focusing kids on realistic job propositions." Kasich also asked The Ohio State University President Gordon Gee to bring university presidents together to develop a capital bill that benefits all the universities. Gordon also was tasked with increasing graduation rates for the state's universities.

Gov. Mitch Daniels of Indiana wants greater accountability and performance enhancement in higher education by limiting "credit creep that increases time to graduation and student expense." Likewise, Corbett said "higher education can't be a luxury." He is creating a panel to study Pennsylvania's system and come up with recommendations. Virginia's McDonnell proposed greater accountability measures for higher education as well, including a new funding model, rewards for increasing the number of degrees (especially in STEM), improving graduation rates and expanding practical research, and greater leveraging of facilities and technology. Nixon made a similar call for higher education in Missouri to "look for more ways to cut overhead and administrative costs and run smarter, more efficient operations."

Governors in Iowa and South Dakota presented a list of reforms to advance education. Branstad talked of the need for greater expertise—being more selective about who can become an educator, requiring mastery of subject matter for a state teaching license and improving management knowledge of instructional leaders. He presented a list of reforms including: a new kindergarten assessment; a requirement for reading by third grade; improved standards in the hard and soft sciences and fine arts; character as well as physical education programs; entrepreneurship; applied arts and foreign languages; end-of-course tests for core subjects; state funding of SATs for high school juniors; student internships; and increased online learning opportunities. Daugaard proposed a similar focus on math and science, enhancing teaching careers by expanding the health career camps already held in South Dakota to include engineering, technical and math careers. His call for the expansion of technical training in the state was novel. "Our state does not have enough welders. … We need to expand the welding program in our corrections facility at Springfield," he said. Daugaard's suggested investment in teachers is certainly noteworthy:

"Under the Investing in Teachers, every teacher in the top 20 percent would receive a bonus of \$5,000; this could be earned every year by a teacher who remains in the top 20 percent. Beginning in the 2013-14 school year, the state will pay every middle school and high school math or science teacher a bonus of \$3,500; a teacher who stays in these fields will qualify for the \$3,500 bonus every year. And a teacher can qualify for both bonuses. That means that a math or science teacher who is in the top 20 percent of teachers in his or her district would receive a bonus of \$8,500. For a teacher earning a salary of about \$35,000, that is a bonus of nearly 25 percent. These bonuses will be paid entirely with state dollars and they will be in addition to the annual funding formula increases."

Priming the Pump

For the fourth year in a row, jobs were second to education on governors' minds. More than 90 percent of governors discussed ideas for jumpstarting their state economies. Those in Alabama, Massachusetts, Missouri, New Hampshire and

West Virginia discussed workforce development, career training and business-community college partnerships to secure knowledgeable workers. In Alabama, Arizona, Utah and Wisconsin, governors talked about cutting red tape and/or regulations to streamline business activities. Chief executives in Maine and New Jersey asked for lower taxes, while those in Georgia, Illinois, Iowa, Kentucky, New Mexico, Pennsylvania and New York discussed increased or new tax credits, exemptions and/or incentives. Public-private partnerships were advanced in New York, Pennsylvania, South Dakota and Wyoming, while employing veterans and veteran-preference programs were promoted in Colorado, Missouri, New Mexico, Oklahoma and West Virginia. Governors in Connecticut, South Dakota and West Virginia spoke about recruiting workers into their states and/or reaching out to those who left to return, to reduce the number of jobs shipped out of state or "sent overseas." Daugaard said his goal is to "identify and place 1,000 professional and skilled workers from outside of our state into jobs in South Dakota."

Chief executives presented lofty economic development goals. Alaska's Parnell set a goal of increasing oil production to 1 million barrels a day over the next decade. Gov. Pat Quinn wants to double Illinois' exports by 2014, because "a quarter of our soybean crop is sold in just one country—China." Similarly, Nixon pushed exports to "take the Made in Missouri label global." Virginia's McDonnell also pushed increasing state exports. New York's Cuomo envisions making his state "the number 1 convention site in the nation" by building the country's largest convention center and legalizing gambling. Hawaii's Abercrombie also spoke of aggressively putting projects into action, because bonding and refinancing "will spur an immediate rise in job growth." Pennsylvania's Corbett called for deepening the Delaware River channel and building supertankers—both the projects and subsequent, increased exports will advance jobs in the state. Governors in Maryland and Minnesota expressed similar goals. Governors in South Carolina and Utah claimed no rest until "every state citizen that wants a job, has a job" or "can find a job." Likewise, Bryant claimed, "my first job is to make sure every Mississippian has a job." Utah's Herbert followed up with his goal "to accelerate private sector job creation of 100,000 jobs in 1,000 days." Haley took a different tact to fulfill this goal, emphasizing South Carolina as one of the least unionized states in the country. She proposed allowing every employee in both the public and private sectors the right to refuse to join a union. She plans to issue an executive order to "make it clear that our state will not subsidize striking workers by paying them unemployment benefits."

Some governors' ideas about job growth were a bit more complex, if no less earnest. For example, Colorado's Hickenlooper pointed to the expected economic dividends of hosting the USA Pro Cycling Challenge and the Pedal the Plains, bike tour that will "be great for the sport of cycling and give folks an opportunity to see where our food comes from." He also is exploring the feasibility of hosting the Olympic Winter Games in 2022. Cuomo discussed expanding food access to underserved communities throughout New York to "lower costs related to obesity and diet-related disease, while fostering community and economic development."

Making Promises

Pattison points out that states "actually decreased their enacted taxes—in the aggregate—this past year."[8] State chief executives held firm to this credo in their 2012 addresses, with more governors asking for tax cuts than for tax hikes, in spite of continued fiscal malaise. Alabama Gov. Robert Bentley was emphatic that he "will oppose any effort to raise taxes on Alabama families, and I will veto any tax increase," just as Corbett in Pennsylvania claimed, "We will not raise taxes." Arizona Gov. Jan Brewer stated, "I'm here today to say: (the 1-cent sales tax) will end on my watch!" Gov. Peter Shumlin said he would not increase "broad-based taxes on Vermonters." He took pride in his state's "progressive income tax structure—the most progressive in the country, where unlike the federal government, we require our wealthiest citizens to pay their fair share of income tax." Cuomo noted closing New York's $2 billion budget deficit with no new taxes and no new fees. He also asked a Tax Reform and Fairness Commission "to propose additional, long-term changes to our corporate, sales and personal income tax systems" to "close tax loopholes, promote efficiency in administration, enhance collection and enforcement, and simplify the tax code to improve New York's business climate."

Many governors pushed business related tax cuts to pump state economies. Florida Gov. Rick Scott pressed the "need to lower burdensome taxes on small businesses." Deal's tax cuts were more specific—eliminate sales tax on energy used in manufacturing, sales and use tax exemptions for construction materials, and a restructuring of Georgia's job tax credits programs. Hawaii's Abercrombie requested legislation to make an existing TV and film tax credit permanent. Branstad lobbied the Iowa General Assembly to reduce commercial and industrial property taxes by 40 percent over the next eight years, while Hickenlooper focused on property tax relief for seniors in Colorado, "until we can restore the full senior homestead exemption." Dayton pushed his Jobs Now tax credit to "encourage businesses to hire unemployed Minnesotans, veterans and recent college graduates." Similarly, Bryant called for enhancing medically underserved areas in Mississippi by capping the state income tax for new physicians who choose to practice in underserved communities. Martinez pushed exempting half of New Mexico's small businesses from gross receipts tax. She also proposed a tax credit for high-tech research and development and a $1,000 tax credit for employers who hire returning veterans. She rounded out her tax cut package with a proposal for retiring veterans to exempt 25 percent of their pension income from state taxes. Haley presented a budget that includes nearly$140 million in tax cuts. She discussed phasing out South Carolina's corporate income tax and flattening the state's individual income tax.

Personal income tax cuts are especially pleasing to the public and several governors delivered. Fallin drew a "bold tax reform plan that represents the most significant tax cut in state history,…to cut income taxes in all brackets, simplify the code and chart a course towards the gradual elimination of the tax" in Oklahoma. Fallin believes lost revenues can be recouped by eliminating tax loopholes and government waste, by increasing government efficiencies and through economic growth. Brownback proposed overhauling Kansas' tax code "to make it fairer, flatter and simpler," including lowering individual income tax rates and eliminating individual state income tax on most small business income. LePage vowed to reduce Maine's tax burden—the ninth highest in the country—after comparing it with the lower burdens in surrounding states. "We must break the cycle where retired Mainers live in Florida for six months and one day to avoid our high taxes. It's one thing to go south for some beach weather in January and February; it's entirely different when you have to escape the tax man." Heineman spoke similarly of changing Nebraska's income tax structure to allow "hard-working, middle class families to keep more of their income"; he also proposed eliminating inheritance tax and reducing corporate income taxes. Gov. Bill Haslam proposed raising the exemption level on the estate tax in Tennessee, to reach the federal exemption level of $5 million, given that "our current estate tax is chasing people and capital out of our state and discourages people who don't live here from investing here." He is pushing to decrease the state sales tax on groceries, too.

Herbert reported, "due to wise trust fund management and a nation-leading record of helping people move from unemployment back into the workforce, Utah is in a position to reduce unemployment insurance tax rates." McDonnell proposed a pro-business investor tax credit along with an extension of time to take advantage of the business facility job tax credit and a tax credit for companies that contribute to an educational scholarship fund in Virginia. He also called for the elimination of accelerated sales tax policy for 96 percent of Virginia's merchants. Lynch was proud that New Hampshire has among the lowest state taxes per capita in the nation and noted commitment to veto an income or a sales tax and double the research-and-development tax credit. Alternatively, he explained the need to roll back a previous cut to tobacco taxes and "use the revenue to invest in our economic future."

New Hampshire's Lynch joined a very small percentage of governors asking for tax hikes, restorations or exemption repeals. California Gov. Jerry Brown admitted determination "to press ahead both with substantial budget cuts and my tax initiative," that he characterizes as fair, temporary and earmarked for public safety and education programs. O'Malley quoted The Baltimore Sun to sell his tax hike: "If Maryland continues to embrace a 1992 tax rate, it will have to settle for crumbling 1992-era infrastructure." He wants to repeal the state's sales tax exemption on gasoline, phasing it out by 2 percent a year, with a braking mechanism to protect consumers if the price of gas spikes. Chafee of Rhode Island framed his request for a 2-percentage point increase in the food and beverage tax in terms of an honest, fiscally responsible budget. He proposed a modest expansion of the sales tax to a handful of nonessential goods and services. In addition, he proposed increasing vehicle registration and driver's license fees to "responsibly address our state's transportation deficit and provide much-needed revenue for urgent maintenance and repair projects for our roads and bridges." Finally, Washington Gov. Christine Gregoire expressed the need to close tax loopholes and pass a temporary, three-year, half-cent sales tax increase to pay for human welfare and education services. "Remember, the last time we raised the state sales tax was in 1983, under a Republican governor during the worst recession until this one," she said. She also asked for a$1.50 fee on every barrel of oil produced in the state.

Doing Better, Being Good

While 27 percent fewer governors mentioned performance and accountability concerns in their speeches this year, their consideration of government transparency increased by 23 percent. Still, governors offered many ideas to streamline government services and more effectively allocate resources. Improved budget scrutiny, expansive program evaluation and reorganizations were all mentioned. Georgia's Deal promoted zero-based budgeting to "bring a new level of accountability to state government and verify that taxpayer dollars are being spent to meet the priorities of Georgians." Similarly, Tennessee's Haslam discussed his recommendations for savings, process improvements and restructurings based on top-to-bottom reviews of state agencies, boards and commissions. Minnesota's Dayton highlighted efforts to consolidate state information technology functions as well as implement "lean practices of continuous improvement" to save money and improve services." Mississippi's Bryant asked his legislature to pass the Smart Budget Act to budget "on performance, not politics," Nebraska's Heineman specified improvements to his state's child welfare system for measurable results, while New Hampshire's Lynch emphasized consolidations, streamlined processes and cuts to red tape to better provide "direct services to our citizens, rather than writing reports that no one reads." Fallin, together with the Oklahoma Office of State Finance, will use new software to measure agency and program performance and efficiency to better "align expenditures with outcomes…to right-size government" and ensure effective operations. In Florida, Scott wants to improve accountability by requiring "job training for those who are receiving unemployment checks."

Reorganization is on the executive brain as well. Haley pressed for restructuring legislation to create a Department of Administration, replacing South Carolina's unique Budget and Control Board, a joint executive-legislative body that oversees management of state operations. Heineman spoke of merging Nebraska's labor department with one for economic development to provide business, labor and state government "coordinated and an even greater focus on job creation, worker training and worker retraining." Pennsylvania's Corbett discussed restructuring an authority, to "merge several programs under a single umbrella…to more flexibly direct loans to expanding businesses." Chafee discussed his efforts to improve state operations and the employment landscape through his newly developed "Jobs Cabinet" to grow businesses and develop a skilled workforce. His secretary of state is developing a "one-stop system to make it easier to start and conduct business in Rhode Island."

Daugaard brought fruits of labor from his Red Tape Review to South Dakota residents—22 bills, 168 pages, repealing "unnecessary regulations and statutes,…eliminating nearly 1,100 rules and 200,000 words from state administrative rules, repealing over 400 sections of codified law."Hickenlooper claimed, "We are scrubbing every Colorado state agency to eliminate red tape." In Maine, LePage wants a Certified Business Friendly Community Program to reduce red tape and promote job creation. Haslam introduced the Tennessee Excellence, Accountability and Management Act, claiming, "We are like a college football team that can't recruit. We can only take players that come to us, and then we decide who plays based on who has been on the team the longest, not necessarily who the best players are." He specifically addressed bumping, in which longevity, not performance, influences who remains on the job. Virginia's McDonnell was alone in proposing a one-time bonus for state employees, contingent on employee achievement of savings and meeting performance goals.

Electronic government and IT advancements also were mentioned. Cuomo highlighted his one-stop-shop that will allow "citizens young and old to easily access information about an array of New York state agencies." Lynch mentioned a similar online Business One Stop to provide business owners with streamlined access to information about operating effectively in New Hampshire. Delaware's Markell pointed to his "I found it cheaper" website, where state employees report "when contracts fail to offer the best value to taxpayers." Daugaard talked about improvements to South Dakota's homepage, while Gov. Matthew Mead called for restructuring Wyoming's IT services and expanding teleconferencing.

While few mentioned ethics reform, those who did framed reform in terms of greater transparency and improved democracy. Nixon called for a new law in Missouri to restrict campaign contributions. "When one person with an ax to grind can make an unlimited contribution to advance a narrow agenda…when lobbyists for powerful interests can tip the balance of an election…the very foundations of our democracy are at risk." Cuomo listed a number of ideas around ethics: (1) a system of public funding of elections; (2) lowering contribution limits; (3) enacting pay-to-play restrictions "because companies and individuals who do business with the state should have no undue influence over elected officials"; (4) creating an enforcement unit with independence and authority to investigate alleged violations of campaign finance laws; and (5) independent redistricting "to restore public trust." Michigan's Snyder also mentioned campaign finance reform.

Addressing fraud, Martinez in New Mexico signed an executive order prohibiting state government from doing business with companies involved in corruption and requiring her appointees to disclose their financial interests online and barring them from lobbying state government for two years after serving in her administration. Rhode Island's Chafee recommended new funding for the state's Office of Health and Human Services to crack down on waste and fraud. Beshear proposes to improve transparency in Kentucky with his Child Protection Act that includes creation of an independent review panel " to examine child fatalities and near-fatalities where abuse and/or neglect are alleged. Wisconsin Gov. Scott Walker pointed to his Commission on Waste, Fraud and Abuse—which identified more than $400 million in savings—as reason enough to create a Waste, Fraud and Abuse *Elimination* Task Force charged with the responsibility to follow through with the first commission's recommendations. Finally, Daugaard discussed his efforts at greater transparency—releasing the names of guests to various gubernatorial events, event sponsors, information from the Department of Corrections, as well the names of state loan recipients and public tours of the Governor's Mansion.

Conclusions

During and following the Great Recession, governors have been honing in on the primary tasks of states—education and economic development. Years of examining these speeches indicates that throughout the slow recovery period, governors exhibit "funnel vision" by focusing their talks each year on fewer and fewer functions generally viewed as traditional state services. For example, in 2007, at least two-thirds of governors discussed education, health care, natural resources, taxes, jobs, public safety, performance and budget balance issues in their addresses. By 2012, just three issues were discussed by at least 66 percent of chief executives—education, jobs and taxes. Governors consistently present new ideas, conceive of new programs, outline lofty goals or make commitments—rethinking how states provide educational services, to whom and for what purposes; decreasing taxes or increasing incentives; and continuing to lay out plans to downsize, resize or "right size" government itself. The economic recovery period likely will remain extremely slow for states, certainly in the near term. In light of this, expect governors to continue to focus on education and jobs to the exclusion of other state functions. The issue of how to fund—and in the case of jobs, promote—these activities will undoubtedly necessitate keeping taxes and revenues on their list as well.

Notes

[1]Governors report annually or biennially to their legislatures regarding the fiscal condition of their state, commonwealth or territory. They often use their address to lay out their policy and budget agendas for their upcoming or continuing administration. The 2012 state of the state addresses were accessed from January 1 through March 10, 2012, via *www.nga.org* or *www.stateline.org* or the state government's homepage. This research considers those 43 states with transcripts available at these sites as of March 10, 2012. Speeches not available by this date included Arkansas, Louisiana, Montana, North Carolina, North Dakota, Nevada, and Texas. 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 2013—budget and policy direction. Just mentioning a state function or policy area like health care in a speech did not classify the issue as an agenda item addressed by a governor. Further, a review by a governor of his or her past accomplishments in any particular issue area did not count in this content analysis.

[2]National Bureau of Economic Research 2010. *Business Cycle Dating Committee Report*. September 20. (Cambridge, Massachusetts) Accessed on February 2, 2012 at: *http://www.nber.org/cycles/sept2010.pdf*.

[3]National Conference of State Legislatures 2012. StateVote: 2012 State and Legislative Partisan Composition (January 12). Accessed on February 2, 2012 at: *http://www.ncsl.org/documents/statevote/2012_Legis_and_State.pdf*.

[4]National Association of State Budget Officers 2011. *Fiscal Survey of the States*. (Washington, D.C.) Fall, p. vii.

[5]McNichol, Elizabeth, Oliff, Phil and Johnson, Nicholas. 2012. "States Continue to Feel Recession's Impact." February 27 (Washington, D.C.: Center on Budget and Policy Priorities). Accessed on February 29, 2012 at: *http://www.cbpp.org/files/9-8-08sfp.pdf*.

[6]Pattison, Scott D. 2011. Blogged on November 29th, 2011. Accessed on February 2, 2012 at: *http://www.nasbo.org/budget-blog/*states-not-yet-back-pre-recession-levels.

[7]Ibid.

[8]Ibid.

About the Author

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