

March 11, 2010

Text of Gov. Nixon's remarks on right-sizing and refocusing state government to Springfield business leaders

SPRINGFIELD, Mo. -- **Gov. Jay Nixon** today delivered the following remarks to the annual meeting of the **Springfield Business Development Corporation**:

(As prepared for delivery)

Good afternoon.

It's a pleasure to be here today. I'd like to thank all of you in the Springfield Chamber for your strong leadership in this community.

I just arrived from Poplar Bluff, where I had the honor of meeting with 73 soldiers from the 205th Military Police Battalion, who are being deployed to Afghanistan.

Looking into the faces of those brave patriots, who are putting their lives on the line to fight terrorism more than seven thousand miles from home... leaving their spouses and children behind for months at a stretch...it puts our troubles on the home front in perspective mighty quick.

To all the men and women of our armed forces, thank you for your commitment, and God bless you in your service.

There's a major challenge staring us in the face in state government. Three months after we prepared next year's budget, our economic models are becoming clearer. While our state economy is starting to tick upward, state revenue is not. And it probably won't for some time.

That means we've got a \$500 million hole in next year's budget. Some have suggested that the most expedient way to plug that hole and balance the budget is to make across-the-board cuts of 10 percent.

Across-the-board cuts are a simplistic solution – not a thoughtful, responsible course of action. And they're simply not the right way forward.

Because there are vital services government always has to provide.

No matter what, we still have to have teachers in our classrooms... state troopers on our highways... and corrections officers keeping violent offenders off the street.

To get the savings we need, we must right-size state government by cutting programs, trimming the workforce, and consolidating departments while maintaining excellence in our services.

Every state is grappling with this downturn, and twenty-nine states have raised taxes. But one thing is off the table here in the Show-Me State. We will hold the line on taxes.

Today, I am going to outline my blueprint for getting the budget savings we need, downsizing where we have to, and delivering vital services to the people of Missouri.

That's a lot of heavy lifting, and I'm going to need the help of the legislature to get this done.

We have worked together from day one, and we've weathered some of the roughest waters our state has ever seen.

We can – and we will – do it again.

And when we get this right, we'll come out the other side with a government that is leaner, nimbler and more efficient. That will put us in a stronger position to lead the nation, and accelerate out of this downturn.

Tackling tough challenges is nothing new.

From the moment I took office, I have focused on turning this economy around; creating jobs; and building a foundation for future growth.

In the 14 months I've been Governor, I've had to make cuts totaling more than \$1.2 billion to balance the state budget, including \$125 million in cuts I authorized this morning.

We've also taken some common sense steps, like conserving energy, and have saved more than three million dollars on our utility bills.

I also had to reduce the size of state government by 1,800 positions. That wasn't a decision I made lightly.

But our early action and fiscal discipline helped us avoid the meltdowns we've seen in other states, and earned us national respect.

Moody's continues to rate Missouri one of the top states to lead the nation in economic recovery. And we are the only state in the Midwest with a spotless, Triple A rating from all three ratings firms: Moody's, Standard and Poors, and Fitch.

Even in these challenging times, Missouri's unemployment rate – while still too high – also remains lower than the national average.

While taking steps to get the government's house in order, we've also focused on improving Missouri's business climate. Over the past 14 months, I've sat down with business owners from one end of the state to the other, including a very valuable roundtable discussion with several of you.

Last year, we came up with new economic tools to help businesses large and small. And we've got a new comprehensive jobs package for 2010 that will drive more growth in the future.

One of the things I'm most proud of is that we worked together to freeze tuition at state colleges and universities, because education is key to our economic prosperity.

For Missouri to thrive in the long-term, we have got to right-size government, zero in on our priorities and focus on the future.

That's what this blueprint is all about.

Let's start with right-sizing.

As I've said, our challenge is to cut \$500 million out of next year's budget.

When you're confronted with a number that large, across-the-board cuts may seem appealing. But that's simplistic and short-sighted. It wouldn't solve the problem, and it would hurt the people of Missouri.

Just think about it.

We need the Highway Patrol to get drunk drivers off the road.

We need night guards walking the halls of our prisons.

And we need inspectors to protect our elderly loved ones in nursing homes.

Birth certificates, driver's licenses, tax refunds.

I could go on. There are numerous examples of essential services we depend on state government to provide.

But by taking a careful look across departments and programs, we can lean up government without sacrificing those vital services.

And that's exactly what we're going to do.

We're going to find wasted office space and sell unnecessary buildings.

We're going to sell 2,000 cars out of the state fleet.

We're going to eliminate three extra state holidays, including Truman's birthday. Every holiday costs us about \$1.2 million; we're talking about real savings in tough times.

As one fiscally conservative Democrat to another, Harry, I hope you understand.

And we are going to have to downsize the state workforce again, and eliminate another 1,000 positions. Again, this will be a difficult process, and we'll be there every step of the way to help provide training and support as these folks transition to new careers.

But this still won't be enough to get us to \$500 million.

We need to find more savings by consolidating functions. Wherever we can reduce the bureaucracy and streamline services for the taxpayers, we must do it – and we will.

Let me give you a few examples.

Missouri has a Department of Elementary and Secondary Education, and a Department of Higher Education.

We need to have one Department of Education that prepares students from the day they walk into pre-school to the day they walk across the stage with their college diplomas.

State law enforcement can be made more efficient as well. Missouri has one full-time agency that enforces state laws on our highways 365 days a year, and an entirely separate agency that enforces state laws on our waterways.

We need to consolidate the Highway Patrol and the Water Patrol, so that our dedicated law enforcement agents can provide the citizens of Missouri with seamless protection, whether they're traveling our highways or floating our lakes and streams. We can achieve these administrative efficiencies while maintaining the full force on our roads and our waterways.

The same consolidation efforts should apply to other services, including environmental permits. Right now, businesses have to deal with numerous separate bureaucracies within the DNR to get the required permits.

That's time-consuming, redundant and, frankly, maddening. We need a one-stop shop that streamlines the permitting process, while ensuring that Missouri has clean water and clean air.

There are many other ways we can make government leaner.

We can consolidate state labs.

We can put more government services online.

We can fold up the sprawling bureaucracy of the Family Support Division, which has offices in every one of Missouri's 114 counties, and create regional offices. We can privatize the collection of child support, and make that system work better for families.

We can follow the lead of the private sector, and modernize pension and health care programs for state employees.

These sorts of structural changes will move the needle. But they're not enough. We need to more clearly define the scope of what we can do – and can't do – for our citizens.

We've taken a hard look at state programs that aren't delivering a return on investment. It's time to retool them, or get rid of them.

Take tax credits, for example.

Over the last 10 years, our use of tax credits has ballooned to \$585 million a year; that's 86 percent growth. Tax credits of all types were passed with good intentions, and were intended to create jobs and spark economic development. In many cases, tax credits are producing a positive return on our investments. But there are some that aren't.

When it comes to economic development, we have a responsibility to look at the ROI, and determine which tax credits are delivering for Missouri taxpayers.

The answer right now is obvious. The state is overpaying, and tax credits are underperforming. That must change.

We need to reshape state tax credits to improve our ROI. We need to use tax credits strategically and make sure they are moving our economy forward.

That means putting caps on some tax credits, and giving the Department of Economic Development more discretion over which projects we will be investing in.

However, we will NOT touch the circuit-breaker tax credits that help seniors and disabled folks stay in their homes. They'll still be protected, as they should be.

We also need to make changes in another well-intentioned area: financial aid for higher education.

Currently, many of our state college scholarship programs – both for merit and for need – provide financial support to students whether they choose to attend public or private colleges. In some cases, students at private schools actually get larger scholarships than students at public institutions.

Missouri has wonderful colleges and universities, both public and private. But in times like these, we simply can't continue to subsidize the choice to attend a private school.

Refocusing also means making difficult choices about where to invest our limited resources.

For instance, our investment in biofuels. We will continue to fund biodiesel for the rest of this year, but the current subsidy levels are not sustainable. I will work with the legislature to develop a plan for this industry that fits with our energy goals and stays within our means.

My blueprint for change will recalibrate the size and scope of state government, giving us government that is leaner, nimbler, and less costly. Government that is focused on the right priorities:

- Educating our children in first-rate public schools, from pre-school through graduate school;
- Protecting our families and communities, responding to emergencies, and locking up violent criminals; and
- Making sure our most vulnerable citizens – children, the elderly, the disabled – get the services they need.

Folks, we have a real opportunity to transform our government, and to streamline its operations.

Yes, that means we are going to do fewer things. But we are going to do them more efficiently, and more effectively, and with greater accountability to the taxpayers.

That's what my blueprint for change is all about.

It contains some new ideas that have been well thought out. This blueprint is the right plan, at the right time, to move Missouri forward.

I'm an optimist. Always have been, always will be.

Times may be tough, but Missourians are tougher. And when we work together, we can accomplish anything.

Every idea I have mentioned today is a product of my firm belief that Missouri's brightest days still lie ahead.

As Governor, I can accomplish some of these reforms on my own. But it will take teamwork and cooperation to accomplish everything that's called for in my blueprint.

I need the support and energy of every person in this room, and every person in this state, to move it forward. I am confident that when the legislature comes back next week, we can get this done.

And when we do, Missouri will be more innovative ... more competitive ... and more prosperous ... for generations to come.

Thank you.