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Governor Roy Roman
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STATE OF THE STATE SPEECH

I come before you this morning with a good deal of humility. I have been Governor less than forty-eight hours and stand before you with the responsibility of issuing a State of the State address and a cooperative agenda for identifying Colorado's problems and capturing its opportunities.

State of the State messages are many times viewed as the complete analysis which contain comprehensive solutions to a State's problems. Let me admit from the beginning that I don't have all of the answers. The agenda I lay before you this morning is only the beginning of what I hope will be a very cooperative and productive relationship between us.

In fact, at 6:30 this morning when I sat in a restaurant working on this message I heard a news comentator outline what I was expected to say today. That was very helpful -- I hope I got all of her points included in this speech.

What I am struck by this morning is the absolute competitive environment we live in today. This month forty-nine other Governors are outlining their plans to capture a share of this country's economic wealth. Forty-nine other legislative bodies are meeting today -- just like this one -- to figure out how to get their economies moving and how to reduce unemployment.

For every business we try to attract to Colorado, tens of other states are also in hot pursuit. For every tourist we invite to enjoy this beautiful state, dozens of other states compete for the same opportunity. In all respects, competition from other states and from other countries is getting tougher all of the time.

The message to us is very clear. "Business as usual" will not get the job done. We -- you as the legislative body of this state -- and I as Governor -- must find a way to work cooperatively together. We have to get tougher -- not with each other but with ourselves. We must be smarter and we must demand more of ourselves. Every time we get diverted, every moment we spend fighting each other, rather than fighting for Colorado, we invite those forty-nine other states to get the jump on us.

I'm going to do everything I can to see that doesn't happen. Let me tell you what you can expect of me.

-- I am respectful of your role and I will be listening to what you have to say.

- I will do everything in my power to see that I do not surprise you. I want to include you in my thinking early.
- I'm not going to be threatening you or rattling sabers. I have great respect for the legislative process.
- You are going to see a good deal of flexibility from me. I obviously have an agenda and want to see certain things accomplished, but I am not going to be dogmatic.
- And, whether you like it or not, you are going to see a good deal of me. I will have an absolute open door policy to legislators, and I would hope to have frequent and open access to each of you.

From you I need certain things. Most of all I need you to help me be a successful Governor. That may sound like an odd thing for a Democratic Governor to ask of a Republican-controlled Legislature. But to be the Governor Colorado needs and deserves, I need your understanding and assistance.

For example, we simply must get this economy back on track. That's at the top of your agenda; it's at the top of mine. Two months ago I was prepared to unilaterally make a series of long-term changes in the state's economic development structure. But I learned from a number of you that you have your own ideas about how state government should be structured to deal with economic and business issues. I obviously couldn't wait until this session concluded to begin the rebuilding process. But what I did was to take a number of immediate but interim steps designed to "quick start" our effort, but not to pre-empt your thoughtful deliberations and decisions.

This will be my style and this is the type of relationship I would like to build with you.

(I. ECONOMIC DEVELOPMENT)

First, I want to address economic development.

On your desk, you will find a booklet detailing a "Strategic Plan for Economic Development." It is the culmination of a series of eight economic summit conferences we have together held throughout the state.

It represents a fast track to getting our business and economic development forces working more effectively. As Governor, I intend to spend a significant portion of my time

promoting Colorado and improving its economy. This will involve marketing Colorado both nationally and internationally. It will involve extensive time spent cultivating new business for Colorado. It will include extensive outreach to you in the Legislature and to the private sector to link with that sector in a workable, effective partnership in the area of economic development.

Inside the packet, there is a salmon-colored document that gives a summary of the initiatives already underway. I won't take the time to discuss them further here.

I want to emphasize what you can do to help with economic development. First, I ask for your comments and criticism on this agenda. It is an agenda that will require continual revision and improvement from all of us -- from the Economic Development Action Council, from me and from you.

The Economic Development Action Council described in that document is designed to bring together the private sector and the executive and legislative branches in a dynamic process of developing economic development policy for this state and in monitoring the execution of that policy.

Under the umbrella of the council, there will be several important task forces that will deal with crucial issues ranging from the airport to job creation in rural communities. This is a serious attempt to link the legislative, the executive and the private sector in a shared task.

The first step we have to take is to tell the world that there is a new business climate in Colorado. To get things moving, I have allocated \$350,000 in discretionary funds available to the Governor through the Department of Local Affairs to start a three month advertising and marketing program. The private sector has promised to provide matching funds and I am quite confident that they will. I invite the Legislature to consider whether even more funds should be allocated to marketing and advertising.

You will note that Section 8 of the economic report refers to the need for access to capital in Colorado and suggests the formation of an Economic Development Finance Authority. This finance authority could be either an independent authority or a revised Colorado Housing Finance Authority. The finance authority could provide a variety of financial services including pooling of small business loans, assistance in marketing small business loans on the secondary market, infrastructure financing and financial incentives for new business or businesses intending to expand within Colorado.

Successful economic development also depends at times on smart, strategic thinking on certain incentives. Historically, discretionary funds have been available to the Governor through the Department of Local Affairs.

Financial incentives have been successfully applied to create jobs throughout Colorado including the Sperry plant in Pueblo and the Sundstrand plant in Grand Junction. We will not create jobs by simply spending money. But Colorado's arsenal of economic weapons must include additional ammunition and I ask that you seriously reflect upon the potential tools that you can provide us.

This is a tough, competitive world. I believe that incentives can be one of the most effective investments in the future economic health of this state.

Finally, you will note in the section on tourism that participants in the economic summit meetings have suggested that the Colorado tourism promotion tax be increased to support additional marketing and promotion in Colorado. I add my recommendation to that suggestion. The Colorado Tourism Board has done a very good job and deserves our continued support.

(II. Infrastructure)

Colorado cannot grow and prosper without an increased investment in infrastructure.

1. Highways, busways and other surface transit projects are top priorities. Expanded urban systems are needed to avert grid lock in critical areas. And these must include serious considerations of mass transit. In rural areas, adequate roads are essential to economic viability. In addition, however, we must take a hard look at increasing the capacity of rural air transport. I will reserve comment on specific projects until I have had the opportunity to confer at greater length with the new Highway Director and the Highway Commission. I will have more to say about these issues in the weeks ahead.

2. The state also should assist in the development of some infrastructure projects in local government areas. As one important example, the state must play a major role in the development and financing of a new convention center in Denver. The convention center will attract more tourists to Colorado, provide the basis for expansion of existing businesses, and provide an opportunity for new business.

3. The state should facilitate the new airport. The airport is not just a Denver issue. It is a Colorado issue, vital to tourism and to making Colorado an attractive place

to do business. The state should aid in and expedite the permit processes, environmental and noise studies and other necessary reviews. The state also should help promote the entire new "airport area" with appropriate transportation, open spaces, and pursuit of new businesses which will thrive in the airport environment.

Funding of infrastructure projects raises a very important political issue. Many of these projects are urban in nature -- the new airport and convention center, for example. While I believe that both will provide statewide benefits, we cannot expect all of Colorado to support capital construction expenditures unless we balance our priorities with specific projects in rural Colorado.

The Office of State Planning and Budget estimates that Colorado needs \$137 million of capital construction in other areas such as colleges and other state facilities. How much capital construction we want this year is something we need to work together to decide.

(III. Higher Education)

If we are to prepare for Colorado's future, we must make a stronger investment in higher education. Our economic prosperity will be more dependent upon our skill levels than our resource base.

We are in a very competitive environment in terms of the quality of higher education. We need to move from the middle of the pack to the top. With a state as wondrous as Colorado, our goal must simply be to become the best educated people in the United States. I would suggest these steps to begin that process.

1. When you compare Colorado institutions to their peer institutions nationally, the goal of achieving merely the median of the peers would require a \$60 million appropriation. We at least ought to strive for that level of support. However, because of the budgetary restraints under which we currently labor, the Colorado Commission on Higher Education has suggested that we phase that catch-up over a three-year period. CCHE has therefore requested an increased appropriation for higher education of \$35 million over the current year. This would represent a 13.7 per cent increase in the budget for higher education.

I support this request. The most powerful signal that we can send to the nation that we are serious in our attempt to be more competitive economically would be to make this financial commitment, this investment in higher education.

In addition to increasing support of higher education across the board, however, I believe it is essential that we make certain strategic allocations in higher education.

The law now sets aside 1 per cent of the current budget for higher education for quality incentive grants. I recommend full funding of this program and urge that it be used to reward quality selectively and not on a general basis.

We must accelerate Colorado's investment in centers of excellence. I recommend to the Legislature that we budget \$6 million for centers of excellence this year and ask the private sector to match that. This \$12 million then would be used above and beyond the base enhancement and the quality incentive program for strengthening programs in which we have the opportunity to truly excel. In order to be competitive in selected areas of advanced technology, we need to build upon proven strengths. Whether these centers are identified by CCHE or by CATI, I advocate that we make more of an investment in excellence.

(IV. Public School Education)

At our recent economic summit in Grand Junction, one participant said bluntly that our standards for public education in Colorado are not high enough. His statement is absolutely true.

If we are going to prosper into the next century, we must invest in our greatest resource, the children of the state. Our children's future should not be limited by inadequate knowledge or unrealized skills. We should immediately address three issues to improve the quality of K-12 education.

1. It has become more and more difficult to defend the present School Foundation Act. With or without a lawsuit attacking the act, the Legislature should undertake its immediate review and reform. School finance reform should provide more equity in financing public education.

2. While making changes in the foundation act, we must maintain strong basic support for the current educational program. We must keep Colorado competitive in terms of salaries, class sizes and overall quality of the education system. We should not push for a greater percentage of financial support on property taxes. In prior years, the state funded 50 percent of K-12 education. Today, that has slipped to 47.3 percent. We should reverse this trend.

3. Minimum teacher salary levels must be established to draw and retain qualified professionals. All school districts and the School for the Deaf and Blind must be

helped by direct financial assistance to achieve a minimum salary of \$17,000 for 1987-88 and \$18,000 for 1988-89.

In addition to immediate action, we should begin to review and evaluate the Department of Education's two-year pilot program of educational reforms which will be completed this year. I ask you to help me review, fund and implement the most effective of those pilot programs. Although Colorado has not in the past been a leader of education reform, we can become one on the same level as New Jersey and Tennessee.

(V. Quality of Life)

As Governor, I refuse to accept the pendulum effect of growth versus environment. That is, in periods when we stress economic growth, the quality of life must suffer, and vice versa. I am absolutely committed to improving Colorado's quality of life while at the same time we accelerate economic growth. In fact, the two are closely related. Our vast beauty in Colorado firmly underpins our economy. One of the challenges I face is the development of a more specific environmental agenda. I need your help and that of anyone of creative ideas. Let me make several points.

I have long enjoyed the open spaces which provide a buffer of beauty between cities and towns. We should preserve these and design new developments with open spaces in mind. In particular, the new airport should be planned and developed with open spaces to preserve the area's natural beauty, not just as a terminal and series of runways.

We also must preserve our state from the adverse effects of hazardous materials. I intend to work with the Legislature to develop a Hazardous Materials Transportation Bill which will effectively protect our environment and citizens, but will not be an undue burden on industry.

We must take effective action to solve those environmental problems which exist today. As I discussed in my inaugural address, the Rocky Mountain Arsenal is a major issue of concern. We must confront the clean-up issue through the appropriate governmental relationships, state, local, and federal, and pursue vigorously the state's position both in court and in tough negotiation when that is appropriate.

As we grow we must be vigilant to protect the quality of the water throughout the state.

(VI. Air Quality)

We must re-double our effort to clean up Denver's air. Current projections show that if major steps are not taken

now, the progress of the past decade will be halted and the quality of our air will start to deteriorate by the early to mid 1990's. This cannot be permitted.

As we continue to develop plans to combat our air pollution problem, we should follow four basic principles. First, we should be fair to everyone. Second, whenever possible, we should put the clean-up burden where it best belongs--on the polluter. Third, whenever feasible, we should utilize positive incentives to reward those people whose actions help clean up our brown cloud and carbon monoxide problems. And fourth, let us be bold in seeking out new ways to curb air pollution problems. Colorado should be the national leader in air quality.

Now let me be a bit more specific about my intentions in addressing the air quality issue:

1. We will vigorously enforce the anti-pollution laws now on the books pertaining to the automobile inspection and maintenance program and the woodstove and fireplace certification program. Those car owners and those AIR inspection station operators who flaunt the law will be caught and dealt with severely.

2. I will instruct the Department of Administration and other departments which own or lease motor vehicles to begin experimenting with alternative fuels which could cut down on carbon monoxide, particulates, and nitrogen oxide emissions.

3. I will enlist your assistance and that of Colorado's congressional delegation in lobbying the Congress and the Administration to toughen up EPA's implementation of its automobile emission equipment recall program. Also, Congress should mandate the extension of the warranty for such equipment from the current 50,000 miles to 100,000 miles -- a much more realistic warranty now that we keep our cars so much longer. Also, we should seek funds in Washington to ensure that RTD can experiment with cleaner burning non-diesel fuels like methanol.

4. I will work with the major companies of the state to look for less polluting ways to carry on their business, whether or not federal or state laws exist to mandate such a program.

5. I will direct the Department of Health to study what new laws or regulations should be enacted to help clean up the air. In particular, I will ask them to examine the feasibility of cleaning up the diesel fuel sold in our state, the viability of subjecting all diesel vehicles to an inspection and maintenance program similar to the present one

for gasoline vehicles, and to look further into oxygenated fuels options.

6. Finally, let's put the state's universities, research centers, and corporations to work on our pollution problem. Let's tap Colorado's resources -- both intellectual and economic -- to uncover solutions.

Let's never forget that it is our Colorado and that we are cleaning up our air not because of directives from Washington, but because we choose to live in a healthy and economically sound Colorado.

As I have asked you with economic development I ask you with the quality of life in Colorado -- give us your commitment, give us your ideas and enthusiasm to realize the environmental wealth of Colorado.

(VII. Children and Family)

I must briefly address one of Colorado's most important and promising attributes -- our children. It is an often used, but nonetheless true statement, that our children are our future. The state plays only a part in the lives of the young, but a very critical part: education, health, nutrition, and protection to name a few. The problem is too many departments and too many programs. There is no reason why we cannot consolidate and coordinate the delivery of services to children and the young. I've asked my department heads to consider specifically how to better provide child care, health care, income assistance, and other vital services.

In the weeks ahead, I will look forward to working with the Legislature to address dropout problems, teenage pregnancy issues, and other matters affecting the lives of our children.

(VIII. Criminal Justice)

Colorado's reputation for having a high crime rate certainly does not help our economic development. Further, time and time again as I travelled the state campaigning for office, people have told me of their fear of crime and their worries about their safety. We must act to eliminate these fears and to improve Colorado's reputation around the country.

The state immediately should launch efforts in 4 areas to combat crime:

1. The Department of Public Safety has yet to achieve its full potential in coordinating the efforts of the 300 plus state and local law enforcement agencies in attacking crime. I have directed the Department's new director, David

Thomas, to convene sheriffs, police chiefs, and others to develop a more unified approach to law enforcement. For example, the 16 police academies in the state should be coordinated to eliminate inefficiencies and to enhance professional standards.

2. I am asking for your help in addressing specifically the crucial needs of the Colorado Bureau of Investigation. In particular, more money should be allocated to the Bureau's laboratories to reduce the backlog of requests from local agencies. The current backlog of requests is 717.

3. The state should make effective use of funds made available by the federal government to combat drug and alcohol abuse. The Department of Public Safety will administer the law enforcement programs and the Department of Education will administer the education programs.

4. The parole system needs to be reviewed and new guidelines adopted. I will take direct action to improve the parole system by appointing balanced, competent professionals to the Parole Board.

In addition to these actions, the Legislature and appropriate state agencies must continue to address the future needs of the correctional system.

(IX. COST SAVINGS)

Before we address the final issue of revenue and taxation, I want to talk about cost savings. We must do everything we can to make government run as efficiently as possible.

One of the advantages of a new government is that it isn't wedded to old practices. It should constantly ask the tough questions, "Do we really need to do this?"; "Are we doing it in the most efficient way?"; "Is there a better way to deliver a product or service?". I am going to ask each department head to assess every report that the department uses to determine whether or not it can be simplified or eliminated.

Also I would like for members of the Legislature to assist. Every time you see a law that can be simplified or a procedure that is unnecessary, let me know.

(X. Deregulation)

One issue very much on my mind is appropriate governmental regulations. As part of my economic agenda, I am establishing a regulatory reform task force to examine restrictions and governmental burdens which may require reform.

This session you will also deal with regulatory reform in terms of telephone deregulation. Let me give you my thoughts. As with most regulations, we ought to deregulate in areas where effective competition exists in the market place. But where we don't have such competition, and home telephone service is one, I don't think we should deregulate. In this case, I believe that it is appropriate to maintain some monitoring of the pricing and service availability, because it is a monopolistic service. Therefore, I am not convinced that you can deregulate all of Mountain Bell's services.

However, I am convinced that there are some areas where Mountain Bell should be deregulated. Exactly which services should be deregulated is not a decision I have made. I am open to receive both fact and opinion. We need to bring our regulations into a modern era. We need to allow companies to compete more effectively. I hope that we all will look for ways to achieve that important balance.

(XI. Tax Reform)

One of the commitments I made to you and the people of the Colorado is to manage the State of Colorado more effectively. While the State is not a business, there is no excuse for not running the State in a business-like way. Businesses decide where they want to go, then develop the appropriate financial resources to get there. The state should do the same.

First, we should decide what we need to do to prepare Colorado for its future. We should decide what investments we need to make and what our budget needs to be. We need to decide what can be done this year and what needs to wait until next year.

Then, we should turn to the question of revenue and decide from what sources we should fund these expenditures and investments.

We should take our time in doing this. A lot is at stake. We are still receiving information on the size of the so-called federal tax windfall and on the impact of Colorado's economy on current revenues.

We should work together both on the budget and revenue side. I am willing to share with you the responsibility for the final outcome.

During the campaign I did the best I could based upon the information available to give direction in this issue. Facts have changed and our revenues have fallen off even further. I am flexible and willing to work with you to find solutions

that we all can support. The final test should be what is good for Colorado. How can we best prepare for our future in an increasingly competitive world?

(XII. Conclusion)

At the outset of this address, I enunciated the state of competition as the state of our state.

Some may interpret that as a negative forecast; I prefer to look upon it, however, as a positive challenge. What better way to test the stuff of what we're made, to call forth the best of what we're capable, to achieve the fruition of what we dream.

I'm optimistic about our chances for success because I'm confident about our strengths.

Join me in this effort -- to think smarter and work harder -- so we can shape, rather than just react, to our future.