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## STATE OF COLORADO

## **EXECUTIVE CHAMBERS**

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Roy Romer Governor

## STATE OF THE STATE COLORADO GOVERNOR ROY ROMER JANUARY 9, 1997

President Norton, Speaker Berry, Senator Feeley, Representative Snyder.

It is a privilege to once again talk with you about Colorado, where we are and, most importantly, what we might become.

First, let's look at the distance we've traveled. This is my 11<sup>th</sup> time to address you. If you look back over the past 10 years, we have made amazing progress.

You will remember that in 1987, we were in an economic hole. Our housing market was down, unemployment up. More people were actually moving OUT of Colorado than moving in.

We rolled-up our sleeves and got to work.

Today, for the fifth straight year, Colorado's economy is one of the best in the nation.

In the last 5 years, we've created 250,000 jobs. Unemployment has fallen to about 4 percent. Our poverty rate is among the lowest in the country. Our welfare rolls have dropped.

We are ahead of the national average in category after category: personal income growth, retail sales, housing starts, the number of new business opened.

International trade is growing dramatically.

In June, we will host the world's most important international economic event – the G-7 summit of industrial nations. Once again, Colorado will be showcased on the world stage.

We should feel very good about that record.

However, I think we should feel like a young Olympic athlete who is just getting his stride.

Yes, we have done well. But there is a much better race that we can run.

We have been given great gifts. Our responsibility is to take our gifts and build on them.

Whatever mark we have accomplished should be the threshold from which we move forward.

It is in this spirit that I address you today.

I want to first speak about a short-term agenda, and then about a set of issues that will affect the longer term vision of Colorado, and that will determine the kind of community we become.

Welfare reform, education funding, transportation and crime are the short-term agenda items I want to discuss.

First, welfare.

We must continue the process we began more than three years ago to change welfare from a system that provides checks, to one that helps people find jobs.

We must make work pay. But we cannot lose sight of the needs of the children in their families. Adequate child care is essential to making our reforms work.

Our challenge is to fundamentally change the way we provide public assistance without being unfair. On your desks, you have a detailed outline of my legislative proposal. Let me highlight some key items.

Welfare recipients must move quickly into a job or training for a job. Those not working or in training after 2 years will lose benefits, unless they can show hardship.

But, if a parent is unable to find child care, they should not be forced to work. We simply cannot have kids on the streets or home alone.

Recipients will be able to keep a higher percentage of their income and be allowed to keep more assets and still be eligible for some benefits.

I believe that these changes will help make work pay.

We must maintain a strong state-county partnership, giving more flexibility to counties to choose the kind of education, training and employment benefits they will offer. They should also decide what kinds of support services – like housing, transportation, child care and others – are needed.

But some things need to be coordinated at the state level.

Families, no matter where they live, must be able to count on a minimum floor of cash benefits. Such a floor prevents one community from trying to cut its welfare load by simply transferring it somewhere else.

Further, families need cash to take care of everyday expenses like clothing, housing, car repairs, insurance and school costs.

Finally, it is inefficient and duplicative to have 63 separate county programs with differing eligibility and benefit levels.

There is another issue which requires a statewide commitment. Legal immigrants live in our communities legally. They pay taxes. If they play by the rules, they should not be denied help when they face hard times.

Now, anytime such major changes are made in a government program like welfare, there is bound to be disagreements and some controversy. But I know we can work this out. We just need to keep the fundamental goals in mind: helping families gain their independence, while ensuring the well-being of their children.

Second, school funding. I will talk more about education policy later.

Over the last 5 years, we have found enough money to increase the prison budget by 16 percent. But we have failed to fund education even at the rate of inflation. Consequently, our schools' purchasing power has dropped significantly, and the quality of the education we provide our kids has suffered. We cannot let this continue.

This year, we must fully fund the growth in public school enrollment, plus an additional 3 percent to help cover inflation.

Third, transportation.

Colorado's rapidly growing population is making demands that far exceed the capacity of our transportation system. In the last 10 years, our population has increased dramatically, and the number of vehicles miles traveled is up 25 percent. Over the same period, the transportation funding has dropped 12 percent, because federal funding has been cut, and our gas tax revenues – the main source of transportation funding in Colorado – have not kept pace with inflation or need.

Last year, I appointed a bipartisan Blue Ribbon Panel whose task was to examine the long-term transportation needs of Colorado. The panel identified \$8 billion in state needs, and an additional \$5 billion in local needs over the next 20 years. Members also advised that we redefine our priorities and make some fundamental changes in the way we approach transportation.

They did good work, and I think we should follow their advice.

First, we must fix our roads. Many are in disrepair and cannot meet traffic demands. But our transportation problems go beyond fixing potholes and widening roads.

Colorado must develop a multi-modal system to move people, goods and information – not just cars.

This system must include investments in light rail, bus service, passenger rail, and reliable air service in our smaller communities.

We should be flexible in allowing the state, cities, counties and regional organizations to choose the best transportation options – and revenue alternatives – so that they can solve their particular construction, maintenance and congestion problems.

I agree with those who say that we must spend all we reasonably can from our current budget before going to the people to ask for more.

And I share the concern many have that looking at a 20 year time-frame with \$13 billion in state and local needs is too much.

The Transportation Commission has identified the highest priority projects that we need to complete over the next 10 years.

They have determined that we need about \$4.86 billion for the high priority state projects, plus funding for local needs.

We should focus on this time period. There's a way to get this done.

First, we can devote about \$1 billion -- \$100 million per year for 10 years - from our existing highway users tax fund by accelerating investment in these critical projects.

Second, we need to give local jurisdictions – like RTD – permission to raise revenues for major transit projects like light rail.

Third, we can and should spend \$125 million a year for the next 5 years from our existing state budget surplus – which gives us about \$625 million. We can formalize that by statute, if necessary, for a limited period of time.

But beyond 5 years, those reserves are projected to disappear. Economic conditions might change, allowing us to dedicate funds longer. But we cannot count on it.

We need to make this level of commitment from existing revenues to solve this problem. I am willing to do that. In fact, Senator Powers and I have been "milking cows" together all week, and I think we can find a way to do this.

But, I do not want us to promise the people of Colorado something we can't deliver.

In the long term, we cannot - as some claim - solve our problem with existing resources alone. That's putting more weight on that donkey - or elephant - than it can carry.

I am determined that we will not fill potholes at the expense of educating our kids.

So, the reality of what we face is that we will have to go to the people and ask for more revenues.

In the next few weeks, the non-partisan Colorado Transportation Network (CTN) – which grew out of the Blue Ribbon Panel – is expected to outline the details of a ballot measure for this legislature to consider, and refer to the people. I will work with you, CTN and other citizen groups on these and other funding options to get the job done.

We know the facts. We've studied the needs. It's time to act, because the longer we wait, the greater the cost. The people of Colorado should have the chance to vote up or down on this issue in November.

Fourth, crime and prisons.

We have made substantial progress in our efforts to reduce crime in Colorado. Tougher penalties, more prisons, 3-strikes-and-you're-out, and a stronger death penalty have helped reduce violent crime among adults.

Juvenile crime also is down. The actions we have taken – including creating a juvenile boot camp, banning guns in the hands of kids, funding-youth crime prevention initiatives and toughening the juvenile offender code – have made a difference. But juvenile crime is still too high.

We can do more this session to make our streets, homes and parks safer.

Like it or not – and I don't – we have to build more prison beds. New projections show that we need prison space for approximately 4,000 more criminals by 2002 – in addition to the 4,200 already approved in the past three years. Therefore, I am asking that the Department of Corrections be funded at a level of \$395 million this year. This is an enormous expenditure – nearly 6.3 percent of the general fund budget – but unfortunately a necessary one.

- We need to continue our commitment to giving kids options and opportunities before
  they break the law. In 1993, when youth violence was so high, we created the Youth
  Crime Prevention and Intervention program. It works, and I ask that you fully fund
  this effort this year to help communities prevent crime.
- We need to continue careful expansion of alternative sentencing, better community corrections and innovative ways to reduce our prison costs, while making sure our communities are safe.
- Finally, we need more Colorado State Patrol officers. While the number of vehicles on our highways has more than doubled in the last 20 years, the number of state troopers has stayed virtually the same. I ask that you fund an additional 100 troopers over the next three years.

The bottom line is this: we must deal firmly with those who break the law, and work in our communities – with our kids at the very youngest ages – to prevent crimes before they happen.

There are many other issues on our short-term agenda, which you will find outlined in the budget and legislative documents on your desk. All are important, and I look forward to working with you on them.

Now, I want to turn to three issues on the long-term agenda which will fundamentally shape what we can become, as a state and as a people.

First, our economy, and how we can have quality growth while retaining our beauty.

Second, education and how we prepare ourselves for the future.

And third, the lives of our youngest children, and how we make Colorado a family friendly place to work and to live.

The future economies of the world are going to be driven by skill levels, knowledge and ideas.

And Colorado is remarkably well-positioned to be the leader in the next century.

And the major advantage we have over virtually anyone in the world is the quality of our environment.

Ask Sun Microsystems or Merrill Lynch or any company why they chose to locate or expand in Colorado. A large part of the answer is because of our beauty and livability.

But our growth is a double-edged sword. Our economic performance brings challenges: Traffic jams. School crowding. Air pollution. Less open space.

If we continue to grow at the rates seen in the last few years, we will double in population in less than 50 years.

Think about that. By the middle of the next century, there could be seven million people in Colorado.

How can we manage the pressures this growth will bring?

We must grow with quality.

Most growth decisions are local. But the state needs to provide communities with the tools they need to make good decisions about growth.

Over the past two years, thousands of Coloradans have worked hard as part of the smart growth and development movement to create local visions for what they want their regions, communities and neighborhoods to look like in 20 or 50 years. We must continue this effort.

We must also recognize that free market forces alone will not always operate to protect our valuable open spaces. There is a role for local and statewide action.

Great Outdoors Colorado, which dedicates millions from the Colorado Lottery to open space, wildlife, parks, and trails, is perhaps the most important legacy that we will leave to our children. We must keep faith with the commitment the people of Colorado have twice affirmed.

We need to direct growth to those areas of the state that want and need more jobs. The Front Range is healthy – growing too fast, some say. But the San Luis Valley, Eastern Plains, and other parts of rural Colorado, need help to be able to share in our economic prosperity.

In addition, we need to find a way to share sales tax and other revenues, so that so many growth decisions are not based on an "arms race" for sales taxes. This year, we need to make real progress on a long-term tax policy review.

One of the consequences of our economic growth is a greater demand for affordable housing. Rising costs make it difficult for many low and moderate income families to find safe and affordable housing. Some of these families face housing costs as high as 50, 60 or even 70 percent of their income.

That is why I am asking you to join me this year in providing \$10 million for a housing trust fund, to help working families with the high cost of housing. This investment — which can be leveraged into even greater sums — will help offset the costs of building housing, and could mean that hundreds of working families will finally be able to afford a home of their own.

Our efforts to keep our air, water and land clean must continue.

In 1996, for the first time, the Denver area – despite our growth – did not violate federal air quality standards. But if we don't make smart transportation and growth decisions, the progress we have made will be lost.

Thanks to the leadership of Lt. Gov. Gail Schoettler, Rocky Flats and the Rocky Mountain Arsenal will be cleaned up faster and better.

It takes all of us, working together. No single action will keep our air clean, or protect our natural heritage. It takes each of us, doing our part – by recycling, by conserving energy and water, by making sure our cars don't pollute the air – to protect Colorado's uniqueness.

How well we educate, train and develop the potential of our people will do more to determine Colorado's future than anything else we do.

Every day, nearly 650,000 children go off to public schools in Colorado – a 15 percent increase in enrollment since 1990. We have worked together to see that those kids get the kind of education they need to succeed.

Colorado is doing well compared to other states. We've improved in more categories of our nation's education goals than any other state.

Colorado is a national leader in the movement to set academic standards so that students, parents and teachers have clear expectations about what kids should know and be able to do at different stages of their education.

We have instituted other reforms as well – charter schools, choice within school districts – that will continue to make public education better.

But there is much more to be done.

- Standards and assessments. On a bipartisan basis, we developed farsighted legislation requiring school districts to adopt tough academic standards. In most school districts, standards are in place, and preliminary results show that they work.
- But setting standards is not enough. We need accurate measurement of achievement so that we know if kids are making progress, and so that parents can work with teachers to play a more active role in their child's education. For fiscal year 1998, I recommend that you appropriate \$2.7 million to begin our assessments. This is a critical investment for our children, and we must not backtrack.
- We must be sure our teachers have time to develop better classroom techniques and professional skills to implement standards.
- We need strict discipline in schools. We need to take disruptive students out of the classroom so others can learn. But once we do, we must not abandon them to the streets or even to jail. We need \$2 million this year to build and run four schools for expelled kids.
- We passed a law last year saying that all students need to know how to read by the
  third grade. I strongly support that idea but we have to ensure that schools and kids
  have the tools to make it a reality. Kids who are behind need help. I want to work
  with you to measure our progress toward this goal and give districts the incentives and
  support they need to get the job done.
- Finally, we must make sure that the school day, week and year is organized to ensure that those who need extra time in the classroom, get it.

Before I move on, I want to tell a story. Last year, I talked about judging everything I do by thinking how an 8 year-old, standing at my side, would react. Last summer, I put a name and a face to that child. I met Tanikia at Montview Elementary School in Aurora. She was reading a book. I went up to her and asked her what she liked best about school. She replied "reading." When I asked her why, she replied, "I can't be Governor if I can't read."

What a statement about the possibility of learning, of making yourself better.

I know Tanikia, if she's watching, is eyeing the podium up here -- as some of you probably are.

We also need to provide alternative ways to prepare our students for the job market. The Colorado School-to-Career Partnership, chaired by Lt. Gov. Gail Schoettler, is helping elementary, middle, high school, and college students reach high academic standards by linking the classroom with real life examples from business.

In just one year, 65 partnerships representing hundreds of communities and over 70 percent of Colorado school districts are bringing thousands of employers, educators, parents, and students together in partnership to bring knowledge of the workplace into the classroom to enliven learning.

And it works

In today's economy, education and training does not end with graduation. Upgrading and refining skills is a life-long process. People can expect to change jobs frequently.

To help make those transitions easier, we are creating a statewide network of high-quality One-Stop Career Centers, which will offer Coloradans an integrated, flexible system to connect job seekers to jobs and training opportunities.

The most striking difference between the One-Stops and the current system will be the emphasis on local control, universal service to all who need help and integration of services to better target resources.

Local employers and policymakers will largely determine how and where services will be delivered, what kinds of training programs are needed, and how resources can be most effectively used to meet local needs.

Our colleges and universities must strive to meet the needs and expectations of parents, students and taxpayers. College must remain affordable to the average family.

We've helped Colorado families by implementing a pre-paid tuition plan, allowing parents to pay for tomorrow's tuition based on today's prices.

For this year, I propose that we increase financial aid to students by \$4.5 million.

We also need to provide our colleges and universities with adequate funding. That's why I've asked for \$58.6 million in my budget for operations, and \$57.7 million for capital construction and improvements.

Finally, before we leave education, I want to talk about how the use of computers and technology is absolutely revolutionizing the way we learn.

For example, the Western Governors' University, a "virtual university," will deliver education courses through computer, technology, distance learning and other means. More than a dozen western states are involved in this experiment, which could radically change higher education.

WGU certificates and degrees will be based on whether or not the student has actually learned the material rather than on how long they spend in a classroom.

The WGU will benefit Colorado in many ways. It will enhance our current efforts in distance learning, enabling states to work together to tap the incredible promise of technology. Finally, and perhaps most importantly, the emphasis of the WGU on competency will improve not only learning and its tangible demonstration, it will also make it easier for people to be hired for what they know and are able to do.

In Colorado, we're upgrading and expanding the use of technology in education. Last year, the legislature appropriated \$20 million for the Technology Learning Grants, designed to put more computers in classrooms and link more schools, libraries, colleges and universities to the information superhighway. The response to this program has been strong, and I recommend that you continue funding it with \$25 million this year.

Teachers also need access to technology and ongoing support while they learn. That's why I am proposing that an additional \$20 million be dedicated to teacher training and staff development tied to technology. Professional development is key to effective technology integration that increases student learning.

One final initiative which I believe holds great promise for increasing student achievement through technology is Colorado NetDays. NetDays is a high-tech barn raising.

Volunteers, using kits purchased by businesses, PTAs and other groups will wire schools and libraries for Internet and school network connection, reducing wiring costs by more than half.

Education and training are important. But if we don't turn our attention to kids until they go to school, we will always have to play "catch-up."

All my life, I've known that how you raise a child is important, that intellect and emotion are set by how you were raised.

But in the last few years, I have been exposed to a whole new body of knowledge about the importance of building the right kind of environment to give our kids every chance to thrive.

As many of you know, I gave each member of the Joint Budget Committee a copy of "Inside the Brain," a new book that details some of the latest science about how we learn and grow.

I believe that this research is so compelling, that in light of what we now know, we should put it to use in our daily lives as parents, teachers, businesspeople and policy-makers.

At birth, a child has a thousand trillion brain cells. As that child grows, these cells are available to all kinds of stimulus – sight, sound, smell, touch, feeling. All kinds of

connections are made, and those cells you don't use, you lose – about half in the first few months of life.

Now, what all this means is that the environment of a young child is much more important than we had ever imagined.

The kind of care the mother receives before birth, and the kinds of experiences a child has in his or her first weeks, months, and years of life are critical for how that child will function from the preschool years through adolescence, and even into adulthood.

And, yet, while these research findings are extremely exciting and promising, this new knowledge has gone virtually unused.

We spend so much time and energy and effort trying to contain the damage, to fix a problem, to make up for past failures. Just look at our juvenile detention and special education budgets, our foster care budget, our prison construction budget.

The truth is, it is most cost effective and more humane to create the best possible environment and circumstances we can for our children as early as possible.

Now, let me be clear. Governments don't raise children. That's the job of parents and families. But, government can help create conditions in communities where parents will have a better chance and an easier time raising healthy, happy and productive children.

Together, we've already made substantial progress.

We have achieved almost universal access to preschool for our at-risk four year-olds. Our referral system helped 42,000 working parents find child care. We've increased the number of children who receive immunizations. Our Division of Child Care has developed one of the most streamlined child care subsidy systems in the country.

Bright Beginnings, a non-partisan, non-government effort focused on young children recently celebrated its first birthday. In just its first year, more than 250 trained volunteers have visited more than 1,000 families in 28 counties, giving these new babies a "warm welcome" and providing support and important information to their parents.

Those children will have a better life because of what we've done with Bright Beginnings.

But we have to do more.

We need family friendly workplaces, and we need to tackle head-on the crisis we face in child care

Every day, nearly 200,000 of our young children are dropped off at pre-schools and day care centers, or at the home of a relative or friend, while their moms and dads go off to work. Over 100,000 children are in state-licensed child care programs. The reality of the 1990s is that six out of 10 of our children, during the most important years of their lives, are spending 40-50 hours a week in the care of someone other than their parent.

As more parents enter the workforce, and as we move people from welfare to work, our challenges will only grow. By 1999, at least 40,000 children of welfare recipients will need licensed child care. Most of us agree that welfare reform won't work without a child care system that works.

Think about a mother and father, working, dropping their kid at school or preschool or day care. They're asking these questions. Is my child safe and getting the attention they deserve? Can I take time off if they get sick? How do I balance my duties at work, with my responsibilities to my family? Parents have always had to balance work and family, but the fact is this is harder in the 1990s than in was in the 30s, 50s or 70s.

We need to create a way for all parents to have child care that provides a loving and learning environment for their children, is affordable, is of decent quality and flexible enough to meet the needs of full-time working parents.

How can we meet these challenges?

To help ensure universal access to quality, affordable child care for all Colorado families, I propose the following 12 point plan.

- 1. I am directing the Department of Human Services to block grant child care funds to counties. Decision-making about the care and education system needs to be a community responsibility. We need to "devolve" as much as we can in this area. Block grants are one way to do this.
- 2. I am also directing the department to provide incentive grants to those cities and counties that create Local Early Care and Education Boards that would oversee and plan for early childhood services. We have school boards to direct school policy, but we are not organized to adequately coordinate policy for the very young. This is being very effectively done in Denver.
- 3. I support legislation to create a State Board of Early Care and Education to coordinate budget and policy statewide, and provide help to local boards.
- 4. I have directed my staff to explore options for minimizing insurance barriers that prevent employers, churches or non-profit organizations from operating child care programs.
- 5. I am asking the Business Commission on Child Care Financing to continue developing a more rational long-term financing plan.
- 6. I will direct the Department of Local Affairs to earmark \$2 million from the Community Development Block Grant to build or renovate child care facilities in rural

- communities. I ask you to look at how we can address the same need in the metro areas.
- 7. Where possible and desirable, we should use local National Guard Armories as child care facilities.
- 8. I am directing all state departments to remove restrictive rules and regulations, to seek waivers from the federal government to make existing programs more flexible, provide technical assistance where needed, develop more integrated training and monitoring systems, standardize quality and staff standards, and demand accountability.
- 9. I will direct the Department of Human Services to raise the income ceiling for working families from 140 to 185 percent of poverty so that more low-income working families get the help they need to pay for child care. This will not require additional general fund expenditures.
- 10. I will also direct the department to raise the reimbursement rate to child care providers 15 percent to improve access to quality care. As it stands now, our reimbursements are so low that many providers can't afford to serve at-risk kids. This also can be done without more general fund outlays.
- 11. We will expand the successful T.E.A.C.H. early childhood teacher training program.
- 12. Lastly, and most importantly, we need to encourage volunteerism in our communities to help reach these goals.

In addition to child care, we need to make changes in our child health programs.

Despite our strong economy, we still have 150,000 children who do not have basic health insurance. Most of them live in families where one or both parents work.

We have developed a strong public-private partnership which is beginning to respond to this problem, and I was pleased in December to be part of the announcement that Kaiser Permanente is testing a plan to provide low-cost health insurance for eligible children in several Colorado counties.

We have school based health clinics, serving the needs of hundreds of children.

But we need to do more.

In my budget I have proposed eliminating the assets test for children applying for Medicaid. Today, a family that has purchased a car to provide reliable transportation to work every day is barred from the Medicaid program. This change is good health policy and is consistent with our efforts at welfare reform. I have also called for an expansion of the Colorado Child Health Plan so that more children can have access to health care.

I know that some of you are working on broader proposals related to the consolidation of child health programs in this area. I encourage your continued work, and I will support your efforts to reduce the number of children in this state without health insurance.

I've talked about a short-term agenda for this session – welfare, transportation, school funding and crime. And I've also outlined a longer-term vision – our economy and environment, education and young children – which I think sets our sights high, and challenges us to use the gifts we've been given for a greater good.

These are my priorities, and everything I have proposed is fully paid for in the balanced budget I have submitted to you.

Let me say that again, every proposal I have made is fully paid for in my balanced budget plan.

Mine is not a tax and spend program. It is a save and invest program.

Now, we've talked about what we need to do. Let's spend a minute on how we do it.

During my 10 years as Governor, we in this building have generally worked in a spirit of cooperation and bipartisanship, with a commitment to make Colorado's future strong and bright.

For the most part, we have tried to focus on what is truly important, on what the people of Colorado sent us here to do.

The voters sent us here to solve problems, not use our offices as platforms for ideological combat and posturing.

While many bills which seek to make an ideological point will be introduced, we cannot let them bog down this legislative session.

Like most Coloradans, I am counting on the wisdom of the majority to take care of those bills, to make sure they don't harm Colorado and distract us from our obligations. But if that doesn't happen, then I will not hesitate to act, taking into account the best interests of all Coloradans.

The agenda I have laid out is not for government action alone, although government has a set of responsibilities to carry out.

Rather, it is an agenda for Colorado, with each of us taking responsibility for ourselves, our children, our communities and our natural beauty.

When you look at some our most important efforts over the last few years – smart growth, Bright Beginnings, and now how we must deal with the crisis in child care – our greatest success has been when we've encouraged and motivated people to act in their communities.

That's what we have been all about in Colorado – a new way of governing. This is not a government that takes responsibilities away from people, but a government that works alongside people so that they can take responsibility for themselves.

We understand that we must work together, pull our own weight, take care of our neighbor in tough times, pitch in when we need to.

It is this spirit that will really make Colorado the best place to grow up, work, and raise a family.

There is nothing that will shape the future of Colorado more than the kind of children we raise, the kind of people we become.

If we give all our children a bright beginning, a chance at learning, a healthy environment, an opportunity for a good job and a fulfilled life, then we truly can reach the goal I set for us two years ago, the goal of making Colorado the best place to raise a child.