

**State of the State Address  
Governor Frank Keating  
February 3, 1997**

Lieutenant Governor Fallin, Speaker Benson, President Pro-Tempore Taylor and members of the House and Senate:

I want to begin today with a celebration of success.

Last year we worked together to achieve real progress for Oklahoma.

We implemented historic tax cuts to give our economy a much-needed boost.

We found a permanent solution to the perennial mid-term school funding challenge.

We gave higher education the largest budget increase ever and raised spending on our common schools and vo-tech system to record levels.

We worked with our state's tribal leaders to preserve both their sovereignty and Oklahoma's motor fuel tax revenues.

We renewed the important Quality Jobs Act. We also put a lid on property taxes. Together, those steps sent a message to the rest of America that we are open for business.

We strengthened funding for our highway system and took the first steps on the long road back for our troubled teacher retirement system.

We gave the guardians of our children better mechanisms to protect the innocent from abuse and neglect. And on Election Day, we came together to pass a long-needed bill of rights for crime victims.

We did these things -- a Governor and two houses of the Legislature, with the support and encouragement of the people of Oklahoma.

Last November the voters of Oklahoma didn't choose between the parties -- they elected the best qualified candidates to represent them at the Capitol. There are men and women of goodwill and great ability on both sides of the aisle, in both chambers, ready to get on with the business of our state.

Today our challenge is to work together for the good of Oklahoma.

Let's write history this year.

Together, we can make the successes of 1996 a footnote to the historic achievements of 1997. To paraphrase Thomas Jefferson, this can be a year when we are all Democrats and we are all Republicans because we are first of all Oklahomans.

Our opportunities are unprecedented, but they require bold and decisive action. This year, I will ask you to focus on three central themes:

-- Economic growth, with a special emphasis on workers' compensation reform, education reform, right-to-work and tax cuts;

-- The safety and security of our citizens, through prison and criminal justice reform;

-- A revitalization of our transportation infrastructure.

I will also encourage you to act swiftly on a measure of national importance. All eight members of Oklahoma's Congressional delegation have voiced their support for a federal balanced budget amendment to the United States Constitution. That amendment may soon be sent to the states for ratification. We Oklahomans know the wisdom of a constitutional mandate for fiscal common sense. Let's send some Oklahoma values to Washington by being the first to ratify this vital amendment.

Before we decide where Oklahoma should go, we must first take a clear snapshot of where we are.

The state of our state as we enter the 90th year of our existence is much better than when you and I first visited two years ago.

Our economy is starting to move. We've added 68,000 new jobs in the past two years, with healthy and steady growth in both the goods producing and service sectors. The forecasts for 1997 predict continued economic growth in the 2.5 to 3 percent range. The economists at Oklahoma State University have called ours a "tortoise" economy -- slow and steady, but always plodding ahead.

That's promising, but we don't live on an island. Oklahoma is tied to a national and a global economy. Our people continue to lag behind in the all-important area of per capita personal income -- the dollars and cents they put in their pockets every payday. Oklahomans make between 80 and 88 percent of the national average, depending on how you adjust for cost of living, but that's not the question.

The question is: Why isn't it 100 percent? Or 105 percent? Why, with our wonderful human and natural resources, are our people still in the bottom ten in earnings and the top ten in poverty, especially in our rural areas?

In 1995, while America's median household income rose 2.7 percent, Oklahoma household income fell by more than five percent.

The percentage of Oklahomans living in poverty rose above 17 percent. Happily, there are indications we began reversing that trend in 1996. The economic tide may be slowly rising, but compared with our neighbors Oklahoma's boats aren't floating any higher. Oklahomans continue to be outearned by residents of most of our neighboring states.

If we're the tortoise, some of our neighbors are hares. And unlike the fable, we can't count on those hares to stop running short of the finish line. We need to craft an economy that combines the tortoise's steady progress with the hare's bounce and energy.

In the past two years we have restrained the growth of government, cut taxes and spent the public's money wisely. The fiscal policies of government do have a direct bearing on the health of the economy.

Tax and spend too much and we retard growth. Rely too much on one-time funds to finance recurring government operations and we place a heavy burden on tomorrow's taxpayers.

Grow government faster than the economy and we siphon off fuel needed to drive the private sector, where real economic growth and prosperity happen.

Raid the piggy bank too often and you'll ultimately find yourself out in the rain with no financial umbrella.

But we must do much more to assure real and enduring increases in income and wealth for our citizens.

Our first priority is true reform of our workers' compensation system.

We've heard it said that we should be patient and wait for the reforms of 1993 to work. Last week I joined legislative leaders in pushing for a significant ten percent rate cut. But we aren't going to fix this problem a few percentage points at a time.

In fact, our worker's comp costs were the ninth highest in the nation in 1994, seventh highest in 1995 and fifth highest in 1996. We're still headed in the wrong direction and we can no longer afford to hope: it is time to act.

While costs have increased, benefits paid to deserving injured workers have not. Oklahoma's system is the fifth most expensive of those states surveyed -- yet our workers rank 35th in real benefits. We're paying far too much for a system that too often fails to help the truly deserving.

In less than two years, Oklahoma's workers' comp costs ballooned 62 percent. We are hemorrhaging, and a Band-Aid won't work. What we're hemorrhaging is jobs -- the very lifeblood of economic growth. Excessive workers' compensation costs are nothing more than a tax on business, and it is time to give Oklahoma employers a tax cut while we craft a system that fully protects the truly deserving injured worker.

I have insisted that new judges appointed to the workers' comp bench be fair and impartial. I am proud of the appointments I've made so far, but even the finest judges can do little when they are required to administer a broken system.

You've all heard the horror stories. Each of you has businesses in your home districts crying out for real workers' comp reform.

- Michelin's Ardmore plant employs one-tenth of their total U. S. workforce . . . while it consumes a third of Michelin's workers' comp expenses.

- Continental Carbon has plants in Alabama, Ohio, Texas and Ponca City. Their workers' comp costs in Oklahoma are two and a half times the total of the other three facilities combined.

- Reinforcing Services in Catoosa pays 160 percent more for workers' comp than their competitors in Kansas.

- American Airlines -- our state's largest civilian employer -- has similar maintenance facilities in Tulsa and Fort Worth. Workers' comp claims here cost more than double those in Texas. American is one of our most valued employers - - we must do what is necessary to help them remain competitive in Oklahoma.

These and other business owners have joined together with representatives of the legal and medical professions in a lengthy study of our workers' comp system. The Commission on Worker's Compensation Reform, so ably led by Lieutenant Governor Fallin, has produced a model bill supported by members of both parties -- a true bipartisan effort to restore Oklahoma's competitive position and craft a workers' comp system that protects workers and employers alike, while holding down costs and reducing fraud.

Senate Bill 730 would revolutionize workers compensation coverage in Oklahoma.

It would limit payments for permanent disability in cases of sprains or strained muscles. It would reduce temporary disability payments from the current level of more than five years. It would modify notification procedures and more clearly define work-related injuries. It would more clearly define levels and types of injuries and limit court deviation from the findings of independent medical examiners.

The bill would also penalize employers who fail to pay legitimate claims and require that medical treatment be provided in a more timely manner. This bill is neither pro-employer nor pro-worker. It is fair to all.

The bill would also place reasonable caps on attorney fees and encourage voluntary mediation, to avoid unnecessary legal fees and contention. Our workers' comp system should not be a dueling arena. It was designed to protect workers who are truly injured -- not to enrich third parties or encourage fraud. By passing these needed reforms

we can restore workers compensation to its original purpose and assure that workers, employers, insurance carriers and the public once again have faith in the system.

This bill amounts to a multi-million dollar tax cut for Oklahoma businesses. Those savings will translate into jobs in your communities.

Reform equals jobs, which leads to population growth and new prosperity for more Oklahoma families.

If we are concerned with the prospect of losing a seat in Congress after the next census, we'd better get busy now creating the most pro-growth climate possible. Together we can make Oklahoma a destination for business and jobs-- but only if we take bold and aggressive action NOW.

We must give these bills and the reforms they contain a full, fair and positive hearing. After our joint session today, members of the Fallin Commission will visit your offices. Listen to their concerns and to those of the employers of your districts. There is no more vital measure to assure Oklahoma's real economic growth than true worker's compensation reform.

A second growth ingredient is quality education.

Last year, we increased funding for common, higher and vocational-technical education. State funding for our public schools has essentially doubled in less than a decade.

I will propose significant budget increases for common, vo-tech and higher education.

I want to thank the Senate for embracing the concept of performance incentives in their budget proposals. We begin this session closer than we have ever been in our budget recommendations, and I am confident we can work together to find common ground.

No one in this chamber today is anti-education. We all want the best possible schools for our young people.

But money alone is not the answer. Being pro-education means more than just writing a bigger check every year. This year, we must also concentrate on academic standards and creative ways to unleash the potential of our schools and the children they educate.

In 1996 I had the privilege of representing Oklahoma at a national education summit. I joined 39 other governors, President Clinton and business leaders from across America in a unique discussion of education. Two weeks ago, Wayne Allen of Phillips Petroleum convened a similar summit here in Oklahoma.

It brought together legislative leaders of both parties, business executives, school officials, representatives of teacher associations and many others concerned with quality education.

We locked ourselves in a room and had an open, honest talk about our schools. Never before have such diverse groups come together to carry on such a conversation. I can report to you today that we reached general agreement on some basic principles. They mirrored those that emerged from the national education summit, and I believe they reflect the hopes of our people.

Our schools need a stronger, tougher curriculum. They need less regulation and more involvement by parents, businesses and the community. Yes, they require adequate funding, but funding must go hand-in-hand with real reform.

We must consider and pass such reforms as school choice, charter schools and tougher academic standards that require all Oklahoma high school students to take four years each of math, science, English and social studies -- a core curriculum that would make our schools the most demanding in America. I want to thank Representative Bryant for working so hard for the charter school concept, Representative Steidley for pushing school choice and my Secretary of Education, Dr. Floyd Coppedge, for his strong support of rigorous academic standards.

My common education budget includes seed money for charter schools and to help create more Great Expectations and High Schools That Work schools. I will propose funding to continue building our ONENET technology network. This year, under the long overdue funding formula reforms we passed last session, we can provide for growing school districts from day one.

It is also time to bring real-world thinking to the way we reward our teachers. I will propose a teacher incentive program backed by \$32 million in funding that would pay annual performance awards of from \$500 to \$5,000 to teachers in schools where student achievement scores show progress and learning.

Some 40 percent of our teachers would benefit from this program, including those in selected high challenge schools where students display promise and progress.

This is a bold and innovative plan -- it sends a message to students and teachers alike that in the real world, accomplishment brings real rewards. The best teachers merit our gratitude, but they also deserve a tangible reward for their outstanding performance.

I will also support funding for mandated raises for our career teachers, as I did last year. This year, send me a bill free of items other than a career teacher pay raise and I'll gladly sign it.

I recently had the pleasure of visiting the classroom of George Abshire, Oklahoma Teacher of the Year and a finalist for the National Teacher of the Year honor. George teaches math at East Middle School in Jenks. His students want to learn. They trust him to teach them well -- and he does, just like thousands of other Oklahoma teachers who spend hours in the classroom every day and more hours at home, preparing lessons and scoring papers.

George Abshire knows what's best for his students. So do most parents. They know that rigorous academic standards in a free and safe learning environment will assure success for most students. Teachers and parents, working together, have the answers. Let's give them the power by reducing unnecessary regulation and giving every Oklahoma family the right to choose the school that's best for them.

George will be in Washington early next month to represent Oklahoma as he competes for the title of National Teacher of the Year. We wish him the best, but he is already a winner -- just like thousands of his fellow teachers in schools all across our state.

A third component of our growth agenda is taxes -- not more taxes, but less.

My tax cut proposals would result in annualized cuts totalling some \$71 million for businesses and individuals. It's their money, they earned it and we need to let them keep more of it to keep our economy growing.

This year, let's repeal the burdensome and unfair corporate franchise tax, which siphons \$38 million from growing businesses and prevents them from hiring new workers. We should also implement a 30-month reduction of 25 percent in

unemployment taxes to reflect our low unemployment rates. That would pump an additional \$54 million into the economy over the next two-and-one-half years, creating more jobs and more prosperity.

I will also propose reductions in the corporate income tax and a series of targeted tax cuts and credits, including special tax credits for teachers who pursue advanced degrees and companies that contribute to public education at any level.

Our second key priority is the safety of our citizens.

Step one is to move rapidly to repeal the early release law, and I am pleased to see that this action has strong bipartisan support.

Step two is to pass truth-in-sentencing -- another anti-crime measure with solid support on both sides of the aisle.

Truth-in-sentencing will keep the worst offenders behind bars for at least 85 percent of their sentences. More importantly, it will keep those violent and habitual criminals out of our homes and neighborhoods.

We must face the sad reality that our prison system as it now operates is neither a deterrent to crime nor an adequate guardian of the public safety. Convicted felons in Oklahoma serve an average of less than one-fourth of their terms. Acting Director James Saffle has done an outstanding job in implementing new inmate classification rules, but he can only do so much.

When I asked Mike Quinlan, the former head of the Federal Bureau of Prisons, to assess our prison system, he found much to praise. But he asked a fundamental question: What have we been doing to discharge our responsibilities as guardians of the public safety? The answer is clear: Not enough.

My budget will request \$46 million in additional funding for the Department of Corrections.

A portion of that money must go to increase staffing at the operational level. The remainder should be used to lease additional private bed space to place inmates now, without excessive capital construction costs. We can create a prison system that works through the prudent use of growth revenues, without a tax increase. By the year 2,000, we must expand our bed capacity to levels that will protect the public safety and assure that dangerous criminals remain in jail. Our prison system will require further substantial investment in the coming years.

I know it's unpleasant to spend money on prisons. It costs money to keep a criminal in jail -- but it costs far more to release criminals who prey on the innocent. You can measure the costs of incarceration, but what does a burglary cost? A robbery? An assault, a rape or a murder? How do you assign a dollar amount to the suffering caused by crime?

Oklahomans deserve to be safe and secure in their homes, their schools, their neighborhoods and the workplace. Public safety is their most fundamental right and our most fundamental obligation. I urge your full consideration of the reforms suggested by the Quinlan report and the swiftest possible action on repeal of early release, approval of truth-in-sentencing and the increased prison budget. Let's get on with the business of making our state a safe place to live and work and raise a family.

I will also ask the Legislature to consider the findings of a task force I appointed to assess our trauma care system for the seriously injured. Injuries are the leading cause of death for children and adults up to the age of 44. Oklahoma's injury death rate is 20

percent above the national average. My budget proposal will include initial funding to begin implementing the task force's recommendations. Modern medicine can save lives after accidents and other serious injuries, but only if the resources and expertise can be brought to bear in every county and community.

I would also ask the citizens of Oklahoma to join my wife, First Lady Cathy Keating, in a year-long effort to increase awareness of the unique health issues facing women. Cathy, thank you for taking the lead on this most important front.

But our number one public health problem continues to be self-inflicted. I want to share a letter I received some weeks ago from the law enforcement officials of one of our rural counties. We don't think of rural Oklahoma as a hotbed of crime, but listen to what these officers said: "In October a high school cheerleader was murdered, the combined result of alcohol and drugs . . . less than a month earlier a 20-year-old died as a result of a single shot gun blast . . . drugs were a major contributing factor. In May a mother of two small children took her life violently, again as a result of drugs." All this in one of our smallest counties with a population of 7,000.

This plague must stop.

We've all seen the frightening statistics. Drug and alcohol abuse is rising again among our young people.

Our state must adopt a no-tolerance policy for drug dealers and drug users, for drunk drivers, for all those whose substance abuse is tearing the very fabric of our society. I will ask for increased funding for law enforcement, and I encourage our health and treatment officials to work together to find more efficient ways to deliver services to those who seek a clean and sober life.

It is also time for families, churches, community organizations and schools to unite in a concerted effort to deliver this basic message: Don't start, and if you're already hooked, stop. Our most precious capital is human. We are each God's special creations. We can do much to stem the rising drug tide through enforcement, education and treatment -- but this is at bottom an issue of the soul.

Last fall I asked Oklahoma's religious leaders to join in a call for a new spiritual awakening -- a statewide discussion of issues like drugs and crime and the breakup of the family.

We can't effectively address these issues unless we talk about them, and we can't talk about them unless we also pray about them.

Oklahoma, I hope you will join me as we continue talking and praying about these soul issues in 1997. The answers aren't always in a new bill or a new government agency; ultimately, the answers live in our hearts.

Finally, it is time to get serious about our decaying network of roads and highways.

Highway appropriations were lower in 1995 than they were in 1991. The minimal increases of the past two fiscal years have barely made a dent in our needs. Through the years we have been a net donor in the amount of taxes we pay versus the federal highway funds returned to Oklahoma. Hopefully, Congress and the President will move to correct that imbalance, but given the trend toward devolution of powers and responsibilities to the states, we must make our own investments in highways if we are to remain competitive.

I will propose an additional \$56 million in highway funding this year to begin underwriting an ambitious \$750 million highway bond program that will carry us into the new century. I am encouraged by broad legislative support for this program. Oklahoma must build and maintain a modern highway system if we expect to compete in the new century. While national leaders talk of bridges to the future, we must be about the business of building real bridges to carry our commerce and our hopes.

Nowhere is the need for adequate highways more apparent than in rural Oklahoma. Last year we took some encouraging first steps by passing a rural redevelopment bill. I will support reasonable legislation to extend that concept, and I will propose expanding the Quality Jobs Act to assist smaller companies, especially in rural Oklahoma. Every Oklahoman deserves the chance to compete for a quality job.

For far too long, Oklahoma has been arbitrarily divided into rural and urban areas.

There are no second-class citizens or regions in Oklahoma. We must succeed or fail together -- and failure is unacceptable. This session, let's think like Oklahomans. As we design a highway program for tomorrow, let's be fair to every section of our state. We can no longer afford to think and act as if Oklahoma ended at some arbitrarily drawn city limit or county line.

Let me close today with a challenge.

We are ten years away from our centennial as a state.

Never in Oklahoma's history have we been presented with the opportunities we have as this Legislature convenes for the 1997 session.

We can build an economic base for unlimited growth. We can bring true and lasting reforms to our criminal justice system. We can assure a quality education for every child. We can create a transportation system poised to take full advantage of our unique location and resources. We can launch Oklahoma into a new century as a leader.

We can do this and more -- but only if we look beyond one year or one session. We need the courage to say no to those special interests who would hold us back, and the wisdom to say yes to policies of hope and promise.

We have the power to craft tomorrow -- but only for a brief moment. If we fail to act now, others will once again pass us by.

A few years ago, one of our greatest presidents told us it was "morning in America." He was right. That bright new morning soon brought us vast economic growth and victory in the long cold war. We are a better nation today because we recognized the unique opportunities of the time and moved to grasp them.

More recently, another president urged us to "build bridges to the future." We can debate what those bridges ought to be made of, but all of us agree that they're needed.

A new Oklahoma faces the challenges of a new morning, and the hard work of constructing the right bridges to move us forward.

Our people are anxious to accept that challenge. They expect us to meet it -- with honest and vigorous debate, yes, but also in a spirit of cooperation and mutual trust.

Let's get to work.



## **About Digitizing the Governors' State of the State Addresses**

Section 9, Article 6 of the Constitution of Oklahoma provides as follows:

“At every session of the Legislature, and immediately upon its organization, the Governor shall communicate by message, delivered to joint session of the two houses, upon the condition of the State; and shall recommend such matters to the Legislature as he shall judge expedient.”

From statehood in 1907 to present, the state of the state addresses of Oklahoma's Governors have been recorded in pamphlets, booklets, and Senate Journals. One could not foresee the toll that time would take on the earliest of these documents. When these items first arrived at the Oklahoma State Archives, the leather bindings had dried considerably, cracking the spines significantly. Due to the acidity in the paper, many pages have darkened with age. Some of the more brittle pamphlets crumble at the slightest touch.

Thus when we decided to digitize these materials, we faced two challenges: the safety of the original documents and ease of viewing/reading for patrons. Our primary objective was that the unique and historic qualities of the documents should be reflected in the website. However, older fonts would not digitize clearly when scanned and even using a flatbed scanner could cause the bindings to worsen. An image of each page would increase download time considerably and any hand-written remarks or crooked pages could be lost. We decided to retype each document with every period, comma, and misspelled word to maintain the integrity of the document while placing some unique images of the documents online. Patrons can download the addresses quicker and view them clearer as well as save, print, and zoom with the Adobe Acrobat Reader. We have learned much from our efforts and we hope that our patrons are better served in their research on the state of the state addresses of Oklahoma's Governors.