

State of the State Address
Governor Frank Keating
February 2, 1998

As I was preparing my remarks for today, I remembered the first time we had a chance to visit in these chambers, in the early months of 1995.

We had been disappointed by some of our recent leaders. Oklahoma's economy was stalled, and we were falling behind our neighbors. In some of our communities, we heard unhappy jokes like, "Will the last one out please turn off the lights?" Sadly, some Oklahomans seemed resigned to another decade of stagnation.

What a difference three years can make!

Today, our economy is bubbling with new growth and vitality.

We have created nearly 80,000 new jobs.

Oklahomans are starting new businesses, hiring more help, expanding, building, growing.

The wonderful, tough people of Oklahoma are once again hopeful and optimistic. Their future is bright, not dark. They know they will prevail, because they know we are building a New Oklahoma -- together.

I want to begin today by thanking some of those who have joined in making this New Oklahoma a reality.

Lieutenant Governor Fallin, your leadership in reforming our workers' compensation system sent a message to America that Oklahoma was open for business. Worker's comp rates and costs continue to fall, with better protection for injured workers, thanks to the wise reforms we enacted last spring.

Speaker Benson and President Pro-Tempore Taylor, we worked together last year to make 1997 the most successful session in decades. The New Oklahoma is truly a bipartisan Oklahoma.

We began the reform of our criminal justice system. We crafted a wise public-private partnership which saved our state teaching hospitals and brought new funding for our medical school. And we launched the greatest roadbuilding program in the history of Oklahoma. In the New Oklahoma, Democrats and Republicans can work together for the common good.

I am equally grateful to the minority leaders, Representative Ferguson and Senator Gustafson, for your wise counsel and steadfast principles. I remember my own service in this Legislature, in an era when we Republicans were seldom seen and hardly ever heard. Thank goodness those days are gone.

The members of my executive cabinet are with us today, and I want to express my appreciation for their leadership and support. No Governor could ask for a finer front line.

It is an equal honor to serve with our other elected state officials and the members of our state's judiciary, men and women of quality and integrity from both parties. Our New Oklahoma knows how to choose good leaders.

If you'll forgive me a personal moment, I know something about wise choices, too. In November we celebrated 25 years together. Cathy is not just Oklahoma's First Lady, she's my First Lady as well.

Finally, I want to express my gratitude to the people of Oklahoma.

When you asked me to take this job you did so with hope.

You were anxious to get our state moving again -- and you were ready to roll up your sleeves and help. No Governor, no Legislature, can do it alone. The New Oklahoma is your Oklahoma, and it has been the greatest privilege of my life to serve as your Governor.

The successes and achievements of the past three years are your successes and achievements. Whenever I have a chance to represent our state, I tell folks we have a secret weapon -- the best people anywhere.

What's next for the New Oklahoma?

We have made immense progress in the last three years.

State government is working well where it can do the most good, and it's stepping aside in those areas where it used to do harm. We have made a good start in re-ordering our priorities.

When we first met here in 1995, there was still much debate over issues like welfare reform and tax cuts and how much government regulation was good for us. Happily, those debates have largely been settled. Welfare reform is working, and so are more Oklahomans, thanks to wiser fiscal policies and the sensible restraint of government. We are prudently deregulating our telecommunications, natural gas and electrical industries to assure lower costs and more choice for every Oklahoman.

Our investments in roads and highways, in public safety and in education will return vast dividends in the years to come -- but only if we remember that the answer to Oklahoma's future isn't here at the State Capitol. The New Oklahoma is being built in 77 counties, a thousand communities and ten thousand neighborhoods. It belongs to every Oklahoman, and it is our job to support and encourage that growth and optimism.

To unleash even greater creativity and growth, I would urge that you take additional steps in 1998 to begin removing red tape and to modernize and streamline state government.

This year, let's reform our state's central purchasing laws and procedures. Efficient purchasing systems don't spend as much time, money and paperwork on ordering a box of staples as they do on a million dollars worth of computers. This is the 1990s, the age of technology. It's not the 1890s. Let's craft a truly modern and effective purchasing system that assures that every tax dollar is spent wisely.

I also urge you to consider further privatization initiatives. The choices we made last year concerning private prisons and our state teaching hospitals were not easy ones, but they were the right ones for the patients those hospitals serve, for the medical professionals they educate and for the taxpayers of Oklahoma. This year, let's search for a private developer to improve Lake Texhoma Lodge and turn the collection of child support over to private enterprise.

Government does many things well, but there are areas where government is incurably clumsy, wasteful and slow. There are two questions we should ask as we consider privatizing certain functions: will it cost less and will it be more efficient? If the answers are yes, let's have the courage to hand these functions to the private sector.

We must continue to make state government smaller, better and more efficient. In pursuit of that goal, each state agency should have the chance to grant pay increases of up to five percent to employees based on performance and skills that are vital to the operation of state government. These performance raises should be funded from

budgetary savings -- an added incentive to agency managers to promote efficiency and economy.

There is one other reform that is long overdue: every agency of state and local government in Oklahoma falls under the provisions of our Open Meetings and Open Records laws -- except this Legislature. This year, hold yourselves to the same rules that apply to everyone else in government. Take a stand for openness.

In that spirit, I would urge the leaders of both the House and Senate to allow all 149 members a chance to vote for or against Right-to-Work.

There are honorable people on both sides of Right-to-Work, and some of them are a bit noisy, but an issue this important doesn't deserve to die at the whim of one committee chairman. The elected representatives of the people of Oklahoma ought to have both the courage and the chance to decide this important growth issue.

I will ask the Legislature to move ahead in four important areas in 1998.

First is the environment and the hazards posed to our water and air quality by the growth of commercial swine and poultry production.

Other states have failed to fairly address these issues. Some have dropped the ball on regulation, while others have sought to avoid making tough choices by encouraging these businesses to go elsewhere. Neither answer is acceptable to Oklahoma.

Agriculture is a vital sector of our economy. When the Legislature opened the door to commercial animal production in 1991, we were thrilled with the jobs and prosperity this expanding industry promised, especially for our rural communities. Let's remember that we invited these companies to come to Oklahoma. They have invested almost \$800 million in our state. It is not a viable answer to tell them we've changed our minds, that they should go somewhere else.

But it is not acceptable to endanger our precious water resources or our wonderful quality of life for the sake of short-term profits. And it won't happen on my watch!

Last year, this Legislature moved wisely to impose reasonable regulations on swine producers.

At the same time, I appointed a special task force to take a comprehensive look at confined animal feeding operations and ways we can encourage their sensible growth and protect the environment, especially the purity and quality of our water. We owe our thanks to the members of that task force, led by Environment Secretary Brian Griffin and Agriculture Secretary Dennis Howard. They have proposed wise and fair measures that walk a fine line between too much regulation and not enough. Those recommendations are a foundation for this year's legislation, which must include a strong bill on poultry operations.

It is essential that we continue to find that balance, to protect our environment and to assure the long-term economic benefits that are so vital to Oklahoma. We have an opportunity to emerge as the first state to wisely regulate these growing industries, to preserve both opportunity and the environment. Those are not mutually exclusive issues.

I urge representatives of the swine and poultry industries, environmental advocates and all Oklahomans to work together with our elected representatives on this year's legislation, which must include fair and necessary regulation of these industries. There is a place for everyone at the table. That's the way to assure fairness, to sustain growth and to protect our natural heritage.

Our second task is to strengthen the criminal justice reforms we passed in 1997.

The old system we repealed last year was broken. It was so busy turning criminals loose it ignored the first responsibility of government -- to protect the public safety. No one -- not the criminals, not the courts, and certainly not the public we are supposed to be protecting -- could take seriously a criminal justice system where hardened predators served less than one-fourth of their time, and where we turned people loose faster than we locked them up.

The truth in sentencing law we passed last year was a good start -- but it was only a start. It did some important things. It ended early release and pre-parole programs that turned dangerous criminals loose. It added some 1,600 beds, both public and private, to our prison system. It sent violent, repeat offenders back to jail, where they belong. For the first time in six years, our violent crime rate declined. That's not a coincidence.

It's a promising puppy -- but it needs to grow some teeth. This year, let's give it those teeth.

The old system was fatally flawed because it allowed prison capacity to drive policy. When we ran out of beds we simply released more crooks -- and the results were catastrophic.

Truth in sentencing rightly places the emphasis on violent and repeat offenders. But while it was long on the central truth that the most dangerous criminals ought to be locked up, it was short on sentencing.

We must remove capacity-driven provisions from the new law. We must toughen sentences, reserve community corrections programs for first and second offenders and further increase punishment for violent and repeat offenders. We can't expect a dog to bite without teeth.

Our criminal justice system exists for one reason -- to protect the decent people of Oklahoma.

Some have said that we can't afford to do what's necessary to provide that protection. I say we can't afford not to.

Our truth in sentencing reforms should remain in force. The new system should take effect on schedule this summer. I urge the House and Senate to work closely with our law enforcement professionals to make this law what it was intended to be -- a strong, tough measure that tells criminals, "If you do the crime in Oklahoma, you're going to do the time."

And I want to express my appreciation to the district attorneys and sheriffs and other law enforcement officials of our state.

You have worked closely with us to identify the problems in the new law. I'm listening and I think the Legislature is, too. We are going to fix truth-in-sentencing and make it what it was intended to be -- a potent weapon against crime.

As we work to strengthen truth in sentencing, we must also face some truths about our state law enforcement officers. They are woefully underpaid. I will propose significant salary increases for our state troopers, corrections officers and certain other state law enforcement personnel.

Our third central agenda item for 1998 is education.

We all agree that quality education is a central step on our path to prosperity. By further reforming education -- and by promoting smart economic and fiscal policies to assure that there will be high quality jobs to Oklahoma for our quality graduates -- we can finally break the cycle that has made Oklahoma a bottom-ten state in income. We have

seen some progress in our schools -- but we're not where we hoped to be, or where we ought to be.

Our ACT scores remain below the national average. Nearly one fourth of our students in grades five, eight and eleven still can't read and write well enough to pass a basic test of literacy skills. One high school freshman in four fails to graduate on time, and 38 percent of our college freshmen have to take remedial classes. Six years after those new freshmen enrolled, only about a third of those students in our public colleges have completed a four-year degree.

Certainly we have seen some improvement -- but gains of one or two points are simply not enough. Education isn't about statistics; it's about equipping young people with the skills and knowledge they'll need to live and work in a tough and demanding world.

Where did we go wrong? We put too many of our hopes in the money basket without equal concern for academic standards and accountability.

In less than a decade we have increased state spending on our public schools by more than 82 percent, from \$881 million to \$1.6 billion. If dollars alone could buy more learning our test scores and other indicators would have gone through the roof. You and I know that hasn't happened.

Last spring some 33,000 young people graduated from our public high schools. If their fate is like the classes that went before them, six years from now only 5,500 of them will have completed college and still be living in Oklahoma. That is an unacceptable rate of attrition. Our schools can't afford to lose so many promising young people, and neither can our state.

I have supported substantial increases in funding for education for all levels. In fact, through bipartisan efforts since 1995, education at all levels today enjoys the largest share of state funding in our history. But it is not enough to simply write a bigger check every year. It's time to take the next step in school reform -- to make Oklahoma smarter.

I have proposed a series of school reforms which involve shifting priorities, not just spending more money.

Our high school students should take four years each of the core subjects of math, science, social studies and English.

I am frankly surprised by some of the opposition to the four-by-four curriculum. One speaker the other day said he didn't think high school graduates needed to know why World War II started. Others have suggested that what we're teaching our kids is "good enough," that they really don't need a stronger focus on core academics.

Well, when you ask some adults what they think students need, they'll tell you more dollars or more counselors and nurses -- and there's nothing wrong with that. But when you ask students, they have a very different answer. In one 1993 survey of recent high school graduates, 83 percent said they wished they had worked harder in school, and more than two-thirds said they should have been held to higher standards.

This year, let's raise the bar for those young people who are eager to learn.

We also need to end social promotions, especially in elementary school, and we must insist that children learn grade-level reading skills by the time they complete the third grade. Reading is absolutely fundamental to learning. The best way to teach kids to read is through proven phonics methods. Our State Department of Education is placing a

renewed emphasis on training teachers in phonics instruction, and we should all applaud that effort.

As you know, Cathy and I have joined officials in Oklahoma City and several hundred other volunteers in helping more than 200 high school seniors who lack adequate reading skills. This is a worthy program -- but it also rings some alarm bells. What were more than 200 young people doing sitting in high school classrooms without the ability to read beyond elementary school level?

By all means, let's work hard to help these young people reclaim their lives, but let's also ensure that never again will so many come so close to such devastating failure.

Our schools also need more advanced placement and honors programs, and every school in Oklahoma should be linked to our modern fiber optics ONENET telecommunications system. This will give every young person access to modern technology and the learning opportunities that technology makes possible. But let's also remember that technology is only a tool: the computer that counts most is the one between every child's ears. The first goal of a quality education system is to enrich the minds of our children and to teach them the skills and knowledge they'll need. It all starts with academics.

Parents and students are the ultimate consumers of education. Why do we continue to deny them free choice? This year, let's pass a workable school choice bill and give the green light to charter schools.

I am pleased to report to you that the Oklahoma Education Association has joined me in calling for a fair school choice plan and in endorsing the charter school concept. I am grateful to the OEA leadership for their support on these important issues, and I want to salute those local school districts across our state where visionary leaders have already started implementing programs like the four-by-four and charter schools.

Sadly, a few of our schools have simply failed. We should allow those families trapped in chronically failing schools to go elsewhere -- with the tax dollars they pay to educate their children. Let's remember that education is not a gift granted by a benevolent state government. Every penny spent on our schools comes from the taxpayers, and in those few schools which simply don't do the job, those kids deserve a full refund and free choice.

Schools are places for learning, but they must be safe places as well. That requires zero tolerance for drugs, gangs and violence -- and it means we must restore education in good character and the simple rules of right and wrong as part of our core curriculum. For those who insist on breaking the rules and disrupting our schools, suspension or expulsion do little good. Instead, I support the creation of additional alternative schools and programs that hold troublemakers to the highest standards and accountability.

Oklahoma has thousands of outstanding teachers. Let's support their efforts by insisting that all middle and high school teachers have at least a minor in the subject they teach. And let's fill our college campuses with teachers earning second bachelors or advanced academic degrees in the core subjects by giving them a tax credit for those courses. We must also work to put more talented teachers back in the classroom by requiring that at least 60 percent of the staff of every school be assigned to actual classroom duties.

I will also propose some \$21 million to correct inequities in the teacher pay scale for those in steps two through sixteen.

Two years ago I supported funding for raises for career teachers. Last year we passed those raises. This year let's finish the job and assure uniform annual increases for all our public school teachers.

At the higher education level, we all know the formula: more college graduates equal greater earning power and higher per capita incomes for Oklahoma. Our school reforms will better prepare young people to enter and graduate from college. At the same time, our institutions of higher learning must assume a larger role in crafting Oklahoma's future prosperity. I want to commend President David Boren at OU and President James Halligan at OSU. They are building outstanding universities that will help Oklahoma grow.

Our major universities are engaged in research valued at more than \$250 million.

I have proposed that our outstanding college faculty members be rewarded for their research accomplishments, and I am pleased to see that bills making that possible have already won bipartisan support. Our major universities should establish offices of technology transfer to help creative faculty members market and develop innovative ideas – and they and the institutions they serve ought to be allowed to profit from their creations, in full partnership with the private sector. Let's change or eliminate those antiquated laws that erect barriers to innovation and progress. We have some marvelous talent at work on our campuses. Let's unleash that talent to help build a better, more prosperous Oklahoma.

Our public schools, our outstanding vo-tech system and our network of two- and four-year colleges and universities can be our strong right arm as we seek to build the New Oklahoma. Right now, our schools are training tomorrow's workforce and educating tomorrow's citizens.

They also have the power, by working closely with business and with government service agencies to develop local programs that will help our citizens who are unemployed or underemployed, and those seeking to escape the welfare trap. Those Oklahomans don't want a handout; they want a way out, and learning is the first step.

I encourage Oklahoma businesses to join with us, to use the power of education to help train tomorrow's workforce.

From kindergarten through graduate school, our schools exist to give our young people the skills and the knowledge they need to be decent and productive citizens in a free society. That effort merits our full support -- in dollars and in a renewed commitment to rigorous academic standards.

Finally, we turn to taxes.

Let me begin by reminding you that the dollars you appropriate every year come from the people of Oklahoma. That sounds elementary, but when I again suggested the need for tax cuts a few weeks ago, some critics said I was trying to "give money away" or destroy our tax base.

How is it a giveaway to let people keep more of their own money?

Let's remember that Oklahomans earned it, they worked hard for it and they deserve to decide how to spend it. It's their money, not ours.

A moment ago I spoke of the steady improvement in our economy. Things are getting better, but there are still clouds out there, and they don't all have silver linings. State sales tax collections have risen for 55 consecutive months. Government is doing very well indeed. Sadly, that's not true for a lot of our citizens.

Our median household income remains nearly 20 percent below the national average.

Our per capita personal income is still just 80 percent of the rest of America's.

Our income growth rate, while steady, continues to lag behind most other states.

In fact, one of the few things in Oklahoma that keeps getting richer every year is state government.

We have enjoyed large revenue increases in each of the last three years. Happily, we've spent most of those dollars on real improvements to our state, like education, highways and public safety initiatives. This year, it's the taxpayers' turn.

Some have said we shouldn't cut taxes because we did that once before and had to raise them again.

Well, that's true as far as it goes. From 1979 to 1982 the Oklahoma Legislature passed tax cuts totalling almost \$136 million dollars.

If we'd raised taxes by the same amount when the oil bust came that might have been fair, and I doubt that most Oklahomans would have complained.

But between 1984 and 1994 our state raised taxes \$1.3 billion -- almost ten times as much as the previous decade's tax cuts.

We have also been told that we need to "study" our tax system one more time before we act.

Let me tell you about a tax study that means something. It's conducted every day by 3.3 million Oklahomans, and the results are in: the people of Oklahoma pay a lot of taxes, and they know it.

I will propose a series of phased-in tax cuts for fiscal year 1999 and beyond which will begin to ease the burden on Oklahoma's working families. We didn't create this mess overnight, and it will take several years to make the tax burden lighter.

I'm not suggesting drastic, irresponsible action. We will use a portion of each year's growth revenues to fund these tax cuts, and we can still expect state spending to increase -- but at a less rapid rate. We will include a safety valve to delay the next year's reductions in periods of inadequate economic growth, and let's remember that we have a healthy, growing Rainy Day Fund as a valuable cushion.

We should begin reducing tax rates in at least three areas that directly effect the lives and prosperity of all Oklahomans.

First, I propose a seven-year program to reduce the marginal income tax rate from seven to three-point-five percent -- a fifty percent reduction in our top personal income tax rates. We will begin with a reduction of one half of a percentage point this year, with equal cuts in the out years until we have cut our top personal income tax rate in half.

And before we hear the inevitable complaints about "tax cuts for the rich," let's remember that Oklahoma has the 16th highest marginal income tax rate in the nation. Explain that to a new college graduate when he finds out the income tax rate in Texas -- it's zero, while here at home that graduate will pay top rate after making just \$10,000 in taxable income. No wonder so many Oklahomans live in Dallas!

Second, we will reduce state inheritance taxes 10 percent each year until Oklahoma's estate tax exemption equals the federal exemption.

Let's put an end, once and for all, to the sad spectacle of Oklahoma retirees shopping for someplace else to live because they don't want state government confiscating the wealth they've worked a lifetime to pass on to their children. And let's

assure that never again will an Oklahoma family have to sell the family farm or business to pay estate taxes. We ought to be building businesses, not crushing them to death under an intolerable tax burden.

Third, I propose a half-penny reduction in the state sales tax on groceries, with further reductions in the out years until this burdensome tax is virtually eliminated.

As we proceed on the grocery tax issue, let me remind you that our cities and towns are heavily dependent on sales tax revenues for services like police and fire protection. State government cannot and should not interfere with that local tax base.

I've already mentioned the need for tax credits to encourage teachers to pursue advanced academic degrees.

Those credits, combined with the first year's reductions in income, estate and sales taxes, would reduce state revenues by \$42 million for fiscal year 1999.

I also urge this Legislature to increase last year's 25 percent rollback in unemployment taxes to 50 percent for 18 months, saving our businesses an additional \$59 million, with no impact on state revenues. That money will help create new jobs and prosperity at a time when unemployment figures continue to hover just over three percent.

I know what some of you will say about tax cuts: What if times get tough again? When times get tough, responsible Oklahomans cut the frills from their household budgets. They use savings wisely. They find ways to do things more efficiently, at less cost. Why should state government be any different?

We're doing a better job of delivering basic government services, like protecting the public safety and supporting economic growth in the private sector. That growth has driven tax revenues up in recent years. The pie keeps getting bigger, but government can't keep taking a bigger slice if our people are to prosper. State government is not going to starve if we trim \$42 million from a four-and-half-billion dollar budget.

If we allow the "what ifs" to frighten us, we'll remain stuck at 80 percent of the national average in everything – and that's not the Oklahoma way. As we work to build a stronger, more prosperous Oklahoma, let's remember that we have more than 3 million allies -- our citizens.

They'll use that money wisely. They'll buy things and invest in tomorrow. They have the wisdom and the good sense to spend the money they earn on things that matter. Let's put our faith and our trust in the people of Oklahoma.

Last November my staff told me I'd achieved something I didn't really set out to do: Since I took office in January of 1995, I have visited all 77 of our counties.

I know some of my friends in the other party would prefer that I stay in my office and be neither seen nor heard, but that's not what the people of Oklahoma elected me to do. They expect me -- and they expect you -- to listen.

Let me tell you what I've heard in those 77 Oklahoma counties that make up the New Oklahoma:

Our businesses are humming. They're searching for new markets and bigger opportunities. In many areas of our state, they're advertising frantically for trained workers to fill vacant positions.

Our chambers of commerce and community leaders are busy planning for the new highway or breaking ground for tomorrow's bigger and better industrial park.

They know what all those new highways will mean -- business, jobs and growth in every corner of our state.

Our workers are talking about how they can deliver better products and services, and earn better wages.

In our schools, young Oklahomans are excited about going to college here, working here and building a life, right here at home.

On hundreds of Main Streets, in thousands of neighborhoods, Oklahomans are building and dreaming and hoping. The frowns and worries we saw just a few years ago are all but gone. Our whining days are over; our growing days are here.

Our people are building the New Oklahoma. Let's get busy and help them do the job.

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.