

State of the State
Governor David Walters
January 5, 1993

I thank the leaders of the Legislature, the members of the Senate and the House, and the members of the Judiciary, including the new Chief Justice of the Supreme Court, Justice Ralph Hodges, for being here today to hear my message. I welcome the members of the public who are listening or watching today.

I extend a special thank you to Senator Robert Cullison and Representative Glen Johnson for the spirit of cooperation, openness, and friendship that we have. Together, we have passed and signed a lot of legislation. We will do more and Oklahoma will be a better place because of their efforts.

Before I begin my formal remarks, I want to introduce the members of my family, the First Lady of Oklahoma, Rhonda Walters, and my children, Tanna, Kristen and Elizabeth.

To my cabinet and staff, a special thank you. They have become an extension of my family and their support means a great deal to Rhonda and me. I appreciate their support of us, but I am most grateful to them for their service to Oklahoma, and I am enormously proud of their success. You will receive today, a separate document, outlining a remarkable record of their achievements over the past year. Please read it. I would love to dwell on it today and tell you stories from it, but it is not enough for me to stand before you today and talk about what we've done.

We must talk about doing more . . . doing better . . . moving forward and moving faster . . . faster than ever before.

Today, I assess the State of the State at a time when the world is in a period of accelerating technological, economic and political change.

With new national leaders, America and Oklahoma now enter the 21st century with one of the greatest opportunities for change in our history.

That change will come – and it will produce winners and losers. I want Oklahoma to be a winner. So I have a plan to move us, through this period of change, into the 21st century.

Let me begin with some straight talk.

We are a small state in the middle of the country, 29th in economic size, and 43rd in individual income. A Gallup poll commissioned by the Tourism Department last year found that 22% of the nation's public had no impression of our state and the most frequent description was that Oklahoma is a "dry and dusty place."

Take a deep breath, strip away the political rhetoric and take a hard look at Oklahoma. You see a state that lacks capital for its businesses and for growth. Our population is declining in the west and northwest. We have large pockets of extreme poverty in the southeast and two major urban areas that rarely cooperate. You see an economy still based on the sale of raw commodities and an industry still dominated by low value added manufacturing. Compared to the past, our energy sector has shrunk and our wage earners receive only 82 cents for every dollar received by the nation's average wage earner.

Our state's job loss is still too high and Oklahoma's educational rating is still too low. Access to quality health care for the young, the poor, and the elderly is too limited while access to drugs and the threat of crime isn't limited enough.

We are on the verge of being number one among all the states in incarceration rates, divorce rates and child abuse, and we are competing with only a handful of states to be last in health expenditures, teachers' salaries, and job creation.

Is this Oklahoma? Yes, undeniably, all that is a part of who we are. It's a part we're not proud of, and it's a part that drove me to run for office just like I suspect it drove many of you to offer yourselves for public service.

But there is another part. That part is the pride written on the faces of Oklahomans when they are told of our successes; Ranked #1 by US News and World Report for last year's economic improvement; the #1 Air Force and Army base in the nation; the highest quality auto assembly plant in North America; the most efficient tire manufacturing plant in the world. Then, they really beam when we tell Oklahomans that our state has increased education funding more than any other state, without a tax increase, and that finally, after 25 years, we are going to put hundreds of millions of new dollars into education and economic development facilities and equipment.

Those faces full of pride are the beginning of moving us away from being just a small state in the middle of the country that no one knows anything about. Our people hate being behind, they love being first, and they will support those who lead them to change.

But we have to earn their faith. If the 1992 election campaigns and results reflect anything, it is that the public is intensely frustrated with government. They believe that government is increasingly inept and unresponsive to rapidly changing public needs. And, they are right!

Years of bureaucracy crafted by special interests, compounded by little or no response to perceived abuse, has left us with a 7.1 billion dollar organization known as state government, that has difficulty even meeting a 5 million dollar critical need.

For far too long, we have believed that agency heads, if given any flexibility to manage, will abuse their power unless every operational detail is legislated. Thus, we not only take away their ability to serve public needs, we tie their hands and feet and then demand that they run faster.

For far too long, the executive branch, used to years of micro-management by committee, has bred a cadre of bureaucrats so removed from the solutions that their only hope is that they look good by staying busy accomplishing nothing.

So, today, it's no wonder that we have a public so battered with negative portrayals of everything, and I mean everything we do in state government, that they have shut off the revenue, disregarding the negative consequences – and then, when we have to react by reducing services, their disregard turns to outrage.

So here we are . . . what do we do?

The first thing we do is not give up. I have become something of an authority on the subject, but suffice it to say that without a good measure of tenacity, I would not have survived. The task ahead of us requires that we stand our ground, and stand for things bigger than political survival or success.

When economist, George Gilder, visited Oklahoma recently to address our telecommunications conference, he said, “Leaders don’t solve problems, they pursue opportunities, leaving the problems in their wake.”

Let’s raise our sights together to the opportunities; let’s do what Oklahomans have sent us here to do – improve their lives. We won’t do it by wallowing in small plans and little thoughts.

But we should prepare ourselves for one hell of a fight. As a small state, our size can be our advantage . . . our opportunity. Because we are small, we can change more rapidly. We can become a model for investment in job creation, and pioneer new ways of running our government. As we fight for change, step on toes, ignore special interests and look to the long term, the reaction can be deafening. It can also be hurtful, baffling and intolerable, but one thing is certain; it never stops. It goes with the territory. It is the price for progress.

My plan to make Oklahoma the best state in the Nation revolves around three simple words; Jobs, People, Reform.

The creation of a job, a good job, good enough to support a family and to enjoy some of what this life offers should be our most fundamental policy guide.

But, how do we compete in a global economy fueled by technology? How do we become a winner rather than a loser in this sea of change?

We need to leap frog, out gun, and out do everyone else.

We need to play to our strengths – a great productive workforce, a low tax burden, and a good business environment, and then leap from beyond these advantages by creating even more.

I challenge you to look at South Carolina, Kentucky, Illinois, Tennessee, or Indianapolis, Indiana, and tell me that it doesn’t make sense to do whatever it takes to get it started here in Oklahoma. Plain English translation: Let’s give something in order to get more. Jobs hold the key to everything in Oklahoma, yet it seems we’re stalling. We have to quit nickel and diming prospects. Let’s put together a package that presents an offer they can’t refuse. We’ve got a lot of catching up to do and if we don’t get started we’ll always finish the loser. Thanks to local government, we had a highly competitive offer for the United Airlines Maintenance Facility, but we had the lowest state government participation of any of the finalists – and it was like moving heaven and earth to get even that. Not because everyone didn’t want to do it, but because we did not have in place a procedure and a plan to make it happen.

I propose a plan that will have the state involved in large economic development projects in an aggressive manner. It starts with Kentucky’s plan to give back the state’s taxes for a period of time and leap frogs it. Three communities in Oklahoma are competing for a big project now and there will be others. We need a mechanism to make this the most aggressive job recruiting state in the country. So, what do you say to those who insist we shouldn’t have the most aggressive incentives in the country, to those who say we should save our money for services and schools and prisons?

I’d suggest you tell them that we’ve been tight fisted with incentives, and we’ve been putting all our funds into services and look where it has gotten us. As you cut the budgets this year, of everything that moves, remind yourself how smart it is to not be aggressive with incentives so we can put all our money into services. We need to broaden our economic base so tax revenue will grow, so we only cut budgets where we

want to, not when we have to. I ask you to act and act quickly to pass the Oklahoma Quality Jobs Program to put Oklahoma on the job creation map and to make Oklahoma a winner.

We also need to get on the job map with the best workers' compensation system in the nation. When I say best, I mean for both injured workers and for the employers. I do not mean the best for doctors, for rehab clinics, or for lawyers.

Our Workers' Compensation Insurance system in Oklahoma is a mess. Employees pay too much, workers get too little. Somehow, we have stayed competitive regionally, but not for long. We have had two huge increases in the last two years based on prior years' losses. Now it's on our watch and I don't want any more increases.

Worker's compensation insurance remains the most significant business issue of the 90's. Unlike right to work, this issue doesn't revolve around management-labor relations and philosophy; it runs straight to the bottom line. The California economy is in meltdown, driven in no small part by the cost of workers' compensation insurance. On a jobs recruiting trip to Los Angeles last month, I visited with executives driven to move principally because the cost of doing business is putting them out of business. The Texas system is in terrible shape: the state has allowed some companies to drop the coverage altogether. That is a ridiculous response, but it shows how desperate things are.

We aren't in that much trouble yet, but we are on our way. We have to move decisively. That's why last year I stood outside these doors and lobbied for votes to pass the most significant Workers' Compensation Insurance reform in over a decade.

That's why I'm going to give you a plan this year. We have to out do our competitors to attract and keep good jobs. It is less important what the state chamber wants or what the trial lawyers want, or what the doctors want. What is important is what Oklahoma needs and what it takes to build jobs – workers' compensation insurance that provides more care for injured workers for less dollars. I know it's possible and we will give you a plan to make it happen. I ask you to support it and to make Oklahoma a winner.

As important as large project incentives and workers' compensation reform are, they are still not enough. I was stunned by the success that came when we changed a state law two years ago that made it easier for agribusiness, particularly food processors, to invest in Oklahoma. Despite spirited opposition, we passed the law and stood back to watch an avalanche of investment roll through our doors. \$25 million in Heavener, \$50 million in Holdenville, \$25 million in Altus, and just a few weeks ago, I helped break ground in Guymon on a \$50 million pork processing plant that will employ 1,400 people in a community of 7,800 in a panhandle that only has a total of 15,000 jobs. Oklahoma, with 22 such announcements, rated second in the nation this year in food processing plants. All because you passed a law.

Well, let's find another one of those, I said to my staff and cabinet . . . and we did. It's telecommunications technology . . . the place where the whole world is headed, with enormous impacts on business, health, and education.

Telecommunication technology is how we keep a school open in Freedom, Oklahoma. How do you consolidate a district of 380 square miles with 122 students when the bordering districts are of equal size? You can't, but they can take foreign language from Guymon and geometry from Woodward. How do we get doctors in every small town? You can't, but you can put health professionals in clinics with the best

doctors participating in the care from remote hospitals. How do you attract good jobs to Hollis, Atoka, or Miami?

Two words: Telecommunication Technology.

Telecommunication technology is the best example of how a small state can play with the giants. If we take advantage of the opportunity to be first, Oklahoma can be a winner.

We launched last year an initiative called the Oklahoma Development Strategy Project. The task was to develop a vision for the future and this project succeeded in carefully laying out five foundation conclusions.

1. The current commodity based Oklahoma economy is not powerful enough itself to propel the state to a more prosperous future. Our richest commodity, gas and oil, in 1923 generated 70% of our income, 10 years ago 20%, and next year in forecast to contribute 5.6% to our revenue.
2. In the future, good paying jobs will be information intensive. Many of these will be in the services sector as well as in the manufacturing sector. Tour the Halliburton plant in Duncan and look at the productivity they achieve with HALNET, a telecommunication system and look at a small room at the end of a hall in their corporate offices where their employees can get five degrees from two universities. You will be looking at the future of high tech manufacturing in small communities.
3. Distance and location are becoming increasingly irrelevant as technology supersedes distance. I walked into a room at OSU's telecommunication center recently and joined a German language class taught by a faculty member in front of the cameras. I said, "Guten Morgen," my only German words, and that "good morning" was broadcast to 40 states, 240 high schools, and 9,000 students.
4. The communities, regions, and states that get organized first and best to live and work in the information age will win the race to the new jobs. Like most economic development, being first and best in the information age will require both physical improvements and human resource development. Communities like Duncan, Oklahoma will survive and prosper, because they get it and are working hard to be first.
5. The many information age businesses that are already thriving in Oklahoma offer powerful proof that we can be successful. But, today the impact is limited to several thousand jobs. If this sector is to be a new engine to power a prosperous state economy, those employed in information-based jobs need to number in the hundreds of thousands.

We now have more Hertz employees in Oklahoma than in their headquarters' state of New Jersey. Each year the Postal Training Institute in Norman trains 22,000 students in residence, but it trains another 18,000 students by distance learning, all because of telecommunication technology in Oklahoma.

This is more than just fiber optics in the ground. It involves developing applications and creating demand through innovation; it involves public private partnerships, degree programs, training and education. The New York Times recently said that upgrading telecommunications networks with new technology is a massive job.

It will be, they said, the single most important element in the new information economy and will affect every aspect of society.

State government will do its part. We will win the race using telecommunications to rehabilitate prisoners, expand our education school clusters, enhance the State Regents' network and our public television system. On January 27th we'll have a statewide economic summit demonstrating telecommunications by having citizens participate at remote sites. We'll make good use of the 14 million dollars in the bond issue to spur demonstrations and model applications, but we need more, far more.

Other states too have committees and are making expenditures and developing applications – new Jersey announced ten days ago a 1.5 billion dollar investment in its technology by the local telecommunication company.

So, how do we out do the others? How does Oklahoma take the lead? How do we become a winner? Germany and Japan are rocketing ahead in telecommunication technology, because they don't have fifty corporation commissions that have created a regulatory muddle which paralyzes the real source of capital, namely private business. Hundreds of millions of dollars could be unleashed to propel Oklahoma into the undisputed lead in the most important economic development arena in the world, if only we, you, and I would do one thing . . . deregulate the telecommunications industry and allow them to invest in the future. Many aspects of the telecommunications industry that were once monopolies requiring regulation have now been converted by technology to a competitive free-for-all where regulation serves no purpose and only stops progress.

We need to be wired for fiber optics; we need to beam information via satellites; we need to implement high definition TV, CD-ROM interactive services, the works.

Oklahomans gravitate to the large cities because today that's where the jobs and opportunities are. But, if we can get the infrastructure in place through unfettered enterprise, people in Tahlequah will have the same access to information and services as people in Oklahoma City. This really is a rural development and quality of life issue: Do we want a state of three or four congested cities surrounded by buffalo commons, as some have suggested, or do we want to keep the land populated with smaller towns where people can live and work and raise their families? In my view, that kind of diversity is too precious to lose.

I will be submitting a plan for telecommunications deregulation and I ask your support for it. Some elected officials and their staffs, lawyers, accountants, and lobbyists, who make a living at the expense of Oklahoma's future, are going to swarm you like killer bees. But, if you want to have the best jobs in the nation flocking to Oklahoma, don't let them stand in your way. Pass this plan.

Another matter related to jobs and investment needs to be settled.

After years of debate and watching other states proceed, I have come to the conclusion it is time for Oklahoma to enact a lottery. Not just any lottery, but a lottery that is better in terms of how much we make, a lottery that provides for long term investment, instead of short term relief of our operating budget needs.

As we implement the first bond issue in twenty-five years, it is clear we still need a mechanism that allows an annual capital appropriation for facilities and equipment so that we never again fall so far behind. The lottery will provide us this mechanism. But, it can also be a source of funds for long term investments in research and new technologies to create new jobs, new companies, and perhaps entirely new industries.

We have the mechanism to make these investments through the Oklahoma Center for the Advancement of Science and Technology.

The lottery will become a source of funds for this investment.

I propose that our lottery funds be earmarked for an Oklahoma Investment Fund that is structured in ways similar to the rainy day account. The Governor and the Legislature could never spend more than one-half of the fund balance on capital projects – and the remainder would build up a large endowment, with earning allocated to OCAST for investments in research and technology.

I ask for your support of this lottery plan. No other state has made such a commitment to future research and technology funding.

So let's make this commitment and become a winner.

Together, we have done a lot to promote good jobs. The Capital Access Program, the Manufacturers Alliance, the Business Roundtable, redirecting our foreign offices, focused targets for industrial development, a renewed effort to develop a sensible national energy policy that promotes the use of natural gas and CNG, are but a few of our initiatives.

We will debate other issues related to jobs and we will do other things, but the Oklahoma Quality Jobs plan, workers' compensation insurance reform, telecommunications deregulation, and long term investment in infrastructure, research and technology are the real keys to good jobs for Oklahomans.

Next, let's focus on health care and education. Health care reform is the most urgent item on the national agenda and Oklahoma needs to be in the thick of the health care debate. We need to be there because more of our people are uninsured than in almost any other state. Oklahoma has a looming medicaid funding crisis which threatens the health care of the poor and we are now the only state whose voters removed from our toolbox the provider fee, with some general statement of intent that we should cut waste, not services. We also should be in the thick of this struggle because the Health Care Reform Commission that I established has made its recommendations and a Robert Wood Johnson grant has made it possible for Oklahoma to develop a uniquely American solution to the health care crisis in our state.

Again, . . . we need to leap frog . . . we need to become winners.

We can do this with a massive health care reform plan. A plan that makes our state the first to use a market based, consumer driven system. Oklahomans have led before when the first HMO in the nation was established in Elk City in 1929 and our state can lead again. My health care reform plans move us toward individual health care accounts, driving cost containment the way we've always done it in America – through consumer choice and standardizing the insurance industry to secure coverage for everyone.

The emphasis is on forcing the price of service from all health providers downward, either through regulation or competition, and causing consumers to make better, more price-conscious decisions regarding the use of health care.

High quality care for everyone at a reasonable price is the goal. Others have called our plan the boldest plan in the nation. We call it the Oklahoma Family Choice Health Plan.

A key part of our health care reform is a plan to reorganize the way the State of Oklahoma buys its medical care. Including medicaid, the state is involved in purchasing

almost 2 billion dollars worth of health care. This represents 25 cents of every health care dollar spent in Oklahoma and that represents substantial leverage.

We will present a plan that will create a new health care authority, that reforms the insurance industry, and that achieves managed care for medicaid. I call on you to support all of our health care reforms. At the same time, the DHS Commission will be adopting a host of money saving changes in our medicaid system.

The plan for education improvements involves difficult issues. I support HB 1017 and fought to keep it in place. As difficult as the original passage, and as tough as the retention campaign was, an education revolution has quietly occurred in the last two years when, without a tax increase and with limited revenues, 259 million in new dollars, over and above the 1017 revenues, went to elementary and secondary education. Combined with the original tax increase three years ago, that brings that annual budget increase to 403 million dollars. Added to an 882 million dollar budget, that's a 46% increase in 3 years. That's what we call pouring the coals to it. So you can imagine how surprised I was to hear that our teachers' salaries fell a notch, our test scores haven't significantly improved, nor have our student drop-out statistics.

I think it's a fair question to ask what exactly have we bought for 400 million dollars annually? I understand that it takes time; but tell that to every other function of state government as we ask them to cut services by 10% in order to write another 100 million plus check to just one part of our education system.

There are too many of you who fought too long and too hard for passage of education reform to not make more progress. If we are to participate in a budget that is generous to education, we need to ask for a few things for the people's money.

First, teachers' salaries should rise in the national rankings, rather than fall. Fifty years of reforms can't match what happens when a capable, highly trained, and motivated teacher walks through the classroom door.

Second, every school should provide our children an appealing environment. Every public school in Oklahoma should be air-conditioned. There is not a person among us who would consider working under the conditions we provide our kids. We wouldn't allow our kids to freeze in the winter, but we let them swelter all spring and fall. Over the next 3 years, every school district in this state should prioritize the use of their local resources to make this happen.

If we air-conditioned our schools, maybe they wouldn't have to be idle all summer.

Third, I want computers widely available to every student. Computers are the chalkboards of tomorrow and I don't recall classes ever having to share a blackboard. If we're in a global market place, our kids at least need to be in the 20th century, because our competitors' kids are on their way to the 21st century. It's just like not having enough desks or textbooks. Why do schools have to have bake sales and save grocery store receipts to get computers? They aren't frills; they are absolute essentials. In my daughter, Tanna's, math class at Northwest Classen, they have to look for private donors to buy Algebra II calculators. We can and must do better than that.

Fourth, public schools should provide before-school and after-school care. It's time to recognize the obvious changes in society. A significant majority of Oklahoma women work and we have a lot of kids in single family homes. Care

for children while their parents work is a major concern, even for educated people of means. We are missing the boat by not positioning the local school as the public institution that serves families. Why should a working mother have to leave work or pay someone to pick up her kids and take them to a daycare center or home to veg out or get in trouble without adult supervision? Why not extend the school day and let kids stay there, where there are libraries, computers, and planned activities? Schools should be the center of the community.

Fifth, every school should have a school based clinic that provides health services and health training, preventative medicine, and wellness programs. Many illnesses and diseases are left unchecked because we won't put the health care where our kids are, namely in the schools.

Sixth, we must require that every Oklahoman graduate from high school. An astounding 25% of Oklahoma adults over the age of twenty-five have not graduated from high school. Every study shows that people who graduate from high school earn more and live better lives. It's also clear that dropouts dominate our welfare rolls and our prisons. We cannot afford to waste a single Oklahoman; we just don't have that luxury. We need to require that everyone graduate from high school. Deny drivers' license to those who drop out, deny welfare payments, and deny paroles to prisoners who fail to get their GED. We just can't let kids drop out and, if they do, life should be substantially more difficult.

Seventh, allow any Oklahoman to send their kids to the public school of their choice. A public school choice plan which respects the capacity of the receiving schools and racial balance requirements injects market competition in our educational system without threatening public education. We ran an experiment where we said if you can't transfer your child, call us. With almost no advertisement of the number, we received 225 calls and very few of the reasons given for denial seemed legitimate. It's time to give public school choice a chance in Oklahoma.

These seven things are good improvements to our schools without a lot of bureaucratic mumbo-jumbo. Outcome based curricula is good, but it is not enough. If education reform is really our number one priority, and we want to continue to have public support for more resources, than we must have more reform . . . faster.

I want what all Oklahomans want, a good education for all our kids and I don't believe they are getting it now, even with HB 1017.

If you want my support for additional money, I want your support for real, tangible, visible improvements in our schools.

And, reform should not stop at elementary and secondary schools. Higher education has completed a new governance study that sets a new record for having less support than any plan I've ever seen developed. This plan has something to make everyone angry. But they are on the right track. We can promote productivity and eliminate wasteful duplication with a better organized governance structure. One need only to look at the incredibly successful Tulsa Junior College system, now our state's largest institution of higher education, and contrast it with the feudal like structure of the 6 separate state institutions that operate in Oklahoma County. The Somalia war lords have nothing over these turf protective entities that maintain their independence at the expense of education services to Oklahoma's largest city and county.

Finally, we should take a pledge that no child that is intellectually capable and well motivated should be denied access to advanced education.

Last year we passed the Oklahoma Higher Education Trust that is modeled after the Taylor Plan in Louisiana. It's simple, if a child makes good grades and stays out of trouble, it is in the state's interest to send that young person to college. The Trust was not funded last year. This year, I will propose that it be properly funded.

Fifty years ago, we didn't charge tuition for high school, because a high school education was viewed as essential. It is any different today with a college degree or advanced technical skill? We should lead the nation by making it clear we want our people educated so much that we are eliminating all financial barriers. Talk about national headlines. More important, it will tell our kids, advanced education is basic and valued in Oklahoma.

People who'd oppose this probably would have opposed free elementary schools 100 years ago.

Finally, we have a chance to make our crown jewel, our vo-tech system, the undisputed national leader in preparing workers for the workplace.

For years, national leaders have admired the German apprenticeship program that made that economy highly trained manufacturing giant. Nothing has happened, until now, in Oklahoma. A successful pilot in Tulsa called Apprenticeship 2000 is ready for prime time. It's time for Oklahoma to be able to tell every other state, "You talk about it. We are doing it!"

I will give you a plan to expand and roll out the Apprenticeship 2000 program statewide and, of equal importance, to promote it nationally to America's business leaders.

After health care reform and education improvements, the next most important thing we can do for Oklahomans is to finally advance a program for the proper care of children in our state.

Thanks to the efforts of my wife and so many others, expressed through a revitalized Healthy Futures organization, childrens' advocates in Oklahoma sense a real chance for progress. In response to my request, thousands of hours were invested in designing 12 major initiatives that contain 56 recommendations. The initiatives cover a rang of issues from adolescent sexuality, school linked services, maternal and child health, child abuse prevention, juvenile services, head start, daycare, public awareness and many other programs. 14 of the recommendations can be achieved by administrative directive, 20 by executive order, 5 with medicaid plan amendments and 4 with federal waivers, but a few require statutory change. I will submit a plan to you to make these changes on behalf of healthy Oklahoma children.

Our plan for childrens' health constitutes the most comprehensive childrens' initiative of its kind in this state's history. Thank you Rhonda.

We've talked about Jobs and People. Now, about Reform . . .

How can we achieve these changes and ambitious plans in the face of revenue short falls and budget cuts?

When we administer an organization that spends 7.1 billion of state and federal dollars and employs 140,000 people, it is simply not acceptable to assume that we can't make progress because we have less money this year than last.

I absolutely reject the notion that progress is measured by the amount of new revenue allocated to the divisions of state government.

We have as great an opportunity this year as we make budget cuts and redirect our priorities as if we have \$300 million in new funds to dole out.

There is a better way to run this place.

We have a personnel system that was originally intended to protect employees and state government from the evils of the spoils system.

Whatever its intent, today the merit system threatens to become its own spoils system by protecting the incompetent employees from the consequences of failure and wasting a substantial amount of taxpayers money in the process.

We are so panicked by the forces that protect this bureaucracy that I actually had to assure some policy leaders that no employees would lose their job as we struggled to keep 4,000 elderly in nursing homes. Well, we succeeded, all state employees kept their jobs and the 4,000 elderly stayed in the nursing homes. Oklahomans however, should be outraged that we eliminated or reduced services to 46,000 of Oklahoma's needy, but all state employees, whether needed or not, kept their jobs!

Now, who were we sent here to protect . . . a bureaucracy? . . . state employees? . . . that's not whom I was sent here to protect. I was sent here to represent Oklahoma's citizens, many of whom have needs that conflict with the continuing employment of every single state employee no matter what.

Let me make this clear: We have many good state employees, but we have too many state employees. I need, want and must have your help in redirecting the dollars we are wasting on artificially high employment levels to address our critical needs and provide for Oklahoma's future.

I have a plan to change our personnel system dramatically so that managers can manage and good employees can be rewarded and bad employees can be fired.

Now, I really hate to be so radical with this new concept, but it has worked through the centuries for every other organization known to human endeavor.

Put yourself in the position of an agency head or key agency manager. To adjust your staff to better carry out your mission or to eliminate dead wood or streamline your organization, you are subject to 31,000 pages of rules and regulations, you will probably have at least one screaming headline and you are almost certain to get dragged in front of the merit protection commission. The merit protection commission has no choice, by law they have to have a full blown hearing on most complaints, no matter how frivolous and then, if you lose, you are subject to losing your job, being banned from state government for 5 years and possible criminal penalties.

What would you do? Chances are, you would continue to operate an ineffective, wasteful operation and collect your salary and not make waves. It's time that we pay for performance and encourage our managers to do the right thing. Our plan for reforming the personnel system will do this and I ask for your support of that plan.

The same sweeping changes that I have suggested for the personnel system are needed in our purchasing system. The paperwork and bureaucracy are so laborious that as technology improves and prices drop, it is now routine to be forced to buy things on state contract for much higher prices than at the local volume discount store.

Financial systems and reports will also be changed. Do you know that every claim that is to be paid by the state can be typed or keyed in as many as 3 times.

I need your help to pass the 1993 Omnibus Government Simplification Act that contains the personnel and purchasing reforms so we can stop wasting precious tax dollars operating an unnecessarily inefficient government.

As you know, we need to change more than just our operating and management systems. This, my friends, is the year that we deal with DHS. Some of you will remember that in my first session I proposed the hospitals', childrens', and elderly programs all be split away from DHS. These proposals were met with a hail of reasons why it wouldn't work and almost everyone delighted in nitpicking the proposals to death . . . and so they died.

The problem has not gone away and neither have I. So, I again propose a solution. What we have now does not work. Justified or not, citizens suspect massive overstaffing and bureaucracy. All reform is for naught as long as that perception persists. The provider fee, an eminently reasonable financing mechanism that that actually would have made Oklahoma taxpayers money, was voted down by a massive margin because of this perception. Faith in our human services delivery system must be restored, but dancing around the edges won't do it.

We must dismantle DHS to save it. The hospitals should go to the Health Sciences Center, the aging programs should be consolidated with the Health Department programs and set up as a separate agency. Childrens' programs should be handled in a similar fashion and combine with the Juvenile Justice programs, and medicaid administration should be given to a new health care authority.

Do we do this just for change's sake? In part, yes . . . because our public will not allow for sophisticated health care financing, necessary childrens' programs, or innovative welfare reform as long as it is done through DHS. We do this because, as public policy leaders, we are sick of finding ourselves in a position of threatening to throw people out of nursing homes, and sick of being forced to turn a callous ear to the underprivileged that need a helping hand.

It's for these people that we will ask for a plan to put DHS in our past.

Dozen of other changes in state government need to occur.

Surely, we can finally recognize the need to change our organization and management of law enforcement. How many more audits do we have to see before we consolidate functions and properly administer and coordinate these activities.

How much longer are we going to release inmates who are illiterate, addicted to drugs, and have no technical skills? How many more recidivism studies will we see before we provide adequate rehabilitation and reduce the number that commit new crimes? The cost of this rehabilitation is pennies compared to the incredible cost of new prisons.

How can we have an oil and gas division, separated from the LP gas division, separated from the mining department, instead of a single department of energy? How many more news exposes do we need to convince ourselves that this change is essential?

I will give you plans for these changes and more, and I ask you for your support.

Jobs and People and Reform . . .

You may have noticed that I have not dwelt on our budget challenge which, I suspect, a lot of people assumed would dominate our agenda. I will speak in more detail about this in a budget message to you on February 3.

But it is important for you to know now that I don't believe the budget challenge is our top priority. Whether we have more or less is not significant. What is significant is Jobs, People, and Reform, and how we direct our existing resources to these needs. Our challenge is not to meet all needs, that's impossible. Our challenge is to meet the top 7.1 billion dollars worth of the most critical, the most important needs for our future.

So, we have plans for Jobs, People, and Reform that can move us into the future.

But these plans become a reality only with your support.

To the Republicans here, I ask for your help with ideas and solutions. To the majority party, the Democrats, I ask you to consider the special obligation that we have not to become the defenders of the status quo when change is our only path to a successful future for our state.

Is this State of the State Address, I've asked for your support a dozen times. I'll ask dozens of more times. I may even show up again outside these doors. I'll ask you to do things that are not popular, that in the past were politically risky. I'll ask for your faith and support. We will all be criticized and attacked as we fulfill our responsibilities, principally by those without a plan. Even under attack, I ask you to keep in mind a quote by Abraham Lincoln, given to me by Colonel Donald Livesay, that sits on my desk in my study at home:

"If I were to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how, the very best I can, and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right would make no difference."

So together we work for a good end, for a better day, for an Oklahoma that can someday, honestly, be called the best state in the nation.

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.