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Text of Governor Doyle's State of the State Address

Creating Opportunity in Challenging Times

Speaker Sheridan, Speaker Pro Tem Staskunas, President Risser, Majority Leader Decker, Minority Leader Fitzgerald, Minority Leader Fitzgerald, Supreme Court Justices, Constitutional Officers, tribal leaders, members of the Cabinet, distinguished guests, members of the Legislature, and fellow citizens of Wisconsin,

We meet tonight at a time of great difficulty in this country, which has been felt deeply in this state. A Wall Street meltdown as a result of eight years of bad economic policy and too many risky schemes has led to a national economic crisis we haven't seen in decades.

Credit has frozen. Markets have plunged. Consumer confidence has hit all-time lows. Retirement accounts have been cut in half.

And most importantly, unemployment has soared. Employers big and small have cut back. Even our flagship companies, companies that were doing well as recently as August, companies like Harley-Davidson, Kohler, Quadgraphics, and GE, have been forced to lay people off. Many more people are living anxiously, uncertain whether they will lose their jobs in the coming weeks and months.

Wisconsin, the state of our state, like the state of our union, is tough. But the state of our character and the state of our resolve is even tougher.

As difficult as the realities are before us, I know who we are. I know we can work together, meet any challenge and come through stronger than ever.

Some of you are just taking office. Congratulations on your election and welcome to public service. There were probably easier times you could have come into your new jobs. But tough times are opportunities to show who we are.

When I was first elected governor, I inherited a \$3.2 billion budget deficit. My own party did not have control of either house of the Legislature – which meant, among other things, that more people remained seated through speeches like this one. But, in the spirit of Wisconsin cooperation, I was able to work with many of you here to solve our financial challenges.

We showed our commitment to Wisconsin's working families. We took on the deficit without raising taxes. We did it without damaging schools, or giving up on those who needed medical care.

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It wasn't easy. Everything had to be on the table for cuts. But we were able to move forward in ways that mattered most for middle class families. We went on to cut taxes by making health care insurance premiums tax deductible. We expanded the deductions for tuition and childcare payments. We eliminated the tax on Social Security. We held hard limits on property taxes. And we moved Wisconsin off the list of the top 10 taxing states for the first time in decades.

When I stood before you last year at this time, I warned of an uncertain economy. But through most of 2008, even though our country had officially entered a recession, we were doing all right – not great, but all right. Despite continued bad economic policy from Washington, here in Wisconsin we were seeing job growth. Our exports were growing to nearly double what they were six years ago. Our high-tech economy was really taking off. Agriculture was strong.

And in state government, we effectively dealt with the demands of the sluggish national economy. In a bill I signed last spring, I kept the state's commitment to schools, but cut state spending by an additional \$270 million. I refused to raise taxes, but I directed more money into the state's reserve funds.

If our country's economy had continued on that course, those kinds of steps would have seen us through. We were planning conservatively for a slow, sluggish economy to continue.

Unfortunately, no one saw how hard this country would be hit in the fall. What the national economy dealt us in September was in many ways unprecedented. And the effects continue to be shocking. We saw leading businesses announce 71,000 jobs cut in the United States and around the world on Monday alone. Giants like Caterpillar announced 20,000 jobs cut. 8,000 jobs were lost at Sprint and 7,000 at Home Depot.

I want to share with you some charts that illustrate the problem we are facing. First, you can see the job losses our country and our state have had. In the last year, the United States has lost about 2.8 million jobs and the national unemployment rate has gone to 7.1 percent. Wisconsin's unemployment isn't as bad, but it follows the same pattern. From December 2007 to December 2008, the state lost 62,600 jobs and the unemployment rate went up to 5.8 percent.

The second chart shows what has happened to consumer spending and sales tax revenue. When people lose jobs and lose confidence, spending goes down. In the fall, it happened dramatically, as you can see.

Here's what that means for states across the country: almost all are facing severe budget gaps. The explanation is pretty simple: almost all states have to pass balanced budgets. So when people lose their jobs and stop buying things, and the demand for state services go up, states have deficits. And that's the case almost everywhere.

The final chart shows how the state deficit was created by the economic crisis. The first bar shows our projected revenue over the next two years if the country had continued the pace it had been on for the last five years. The second bar shows the conservative, or even pessimistic, outlook that we had used to budget. In either of those cases, we would not have the budget challenge we face today. The third bar shows our revenue projections after the economic collapse. That revenue projection is actually below our current revenue levels, and many fear it will get worse.

Because of this situation, Wisconsin is facing a budget gap that had been estimated at \$5.4 billion, or 17 percent of our biennial budget. That figure, unfortunately, is going to grow with the latest data.

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States everywhere are looking at similar pictures, and the responses are dramatic. The deficits are threatening the most essential functions of state government. We see major cuts proposed to education, to health care and to local government services. Washington State has already cut 12,000 people from its basic health care program for low income adults and is proposing an additional 42 percent reduction. California is bracing to run out of cash in March, and is considering IOUs to cover its obligations. In Nevada, the governor is asking for a 36 percent cut to higher education funding. In Utah, they are talking about decreasing the number of school days and laying teachers off. In state after state, the stories are the same. Everyone has tough choices to make.

We've taken many steps in Wisconsin so far to address this crisis, including \$500 million in spending cuts this year, and many more are to come. As soon as the magnitude of this deficit became clear, I said everything would be on the table for cuts and I ordered state government to find savings wherever it could. I halted employee bonuses, put the brakes on grants and started auctioning 500 vehicles. I am working across state borders and political parties with Minnesota Gov. Tim Pawlenty to make government more efficient and effective.

But the economic crisis is a problem bigger than any state. Early on, I went to Washington to work with President Obama's team and key members of Congress. It was obvious that without federal help, states would face the choice between massive cuts in education or massive tax increases. Without federal action, states could be left standing in the way of our nation's recovery.

This is a national problem, so I started working closely with a bipartisan group of governors across the country to call attention to the unique situation states are in. We worked to be sure everyone knew what state governments must do. Most of our budgets go toward education, health care and basic needs like police and fire protection. They pay for jobs at nursing homes, schools and police departments.

Washington recognized what states are facing. I want to thank Wisconsin's Congressional delegation. And I especially want to recognize Congressman Dave Obey, chairman of the House Appropriations Committee.

Congressman Obey and President Obama recognized early on that states must be key partners in moving this country forward. It's clear a major stimulus package is going to pass. And the American Recovery and Reinvestment Act is going to get people to work on new projects that add value to our economy.

One of the major responsibilities we will have in the coming weeks and months is being swift and able partners in the recovery plan. I have created the Wisconsin Office of Recovery and Reinvestment, and I am pleased to have one of Wisconsin's leading executives – Gary Wolter, the CEO of MG&E heading it up. We are sure that our partnership with the federal government in moving this country forward will be effective and responsible.

We can repair our roads and bridges; we can raise the next buildings for groundbreaking research. We can fix crumbling schools, find new sources of energy and clean our water. We can improve our electrical grid, broaden our internet lines and build rail lines. We will become more competitive and efficient in the long run and put people to work today.

But the stimulus package is not the answer to all our challenges. It will not solve the state's deficit. And as we move toward recovery, we will do so facing tough decisions in this state. As hard as the federal government is working with us, this will be a time of sacrifice. It is a time when we will be responsible with what we have. This is not a time for big new programs.

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None of what's ahead will be easy. What isn't needed will be cut. And unfortunately, some of what is needed will be cut, too. But that is tough, honest work. Staying even is the new increase, and my priorities are no secret: Good schools for our children, affordable and available health care, police and fire protection for our communities – these are basic expectations people have of their government.

A second grader is not going to be able to come back when the economy is better and pick up where she left off if we fail her today. An older person can not check out of a nursing home and come back in a few years. There are basic needs our state has always met, and just as our predecessors met them in the most difficult times, we have a responsibility to meet them today. My parents were educated in Wisconsin schools that were kept strong through the Great Depression. We can demonstrate that same resolve again today.

It is a difficult time. But these are the moments of challenge and even opportunity. They take the measure of who we are. They force us to face hard truths and make gut-wrenching decisions. They help us clarify what is most important to us. They leave us no easy way out.

Next month, I will stand before you to deliver a budget that will determine our course for the next two years. And I am not going to say education funding is off limits. But I will not allow cuts that ruin the quality of our classrooms or make universities and technical colleges out of reach for working families. I am not going to say we won't make reductions in Medicaid, but I will not allow cuts to undermine our ability to get a sick kid to a doctor. We may have to do more with less, but I will not allow this state to abandon its efforts to create jobs and make Wisconsin a great place to do business.

And let me be clear about what we must never lose sight of. For many, the most serious consequence of the economic collapse is not the budget deficit Wisconsin or any other state faces. The worst consequence of our country's economic condition is that, through no fault of their own, many of our best workers – here and across the country – have lost their jobs. It means that highly skilled men and women who months before were the foundation of leading companies are suddenly unemployed.

Behind unemployment numbers are real families who have built their lives around jobs that are now gone.

This year, I met with many of the Janesville autoworkers who had built their company's best product at its best manufacturing plant. They were, for decades, the heart of the company they worked for. Now, they are some of the people we have to think of first as we rebuild this economy.

Let me introduce you to four Janesville assembly plant workers – four workers our economy needs: Lenette Holden, Jim Koeberl, Todd Brien and Leo Carillo.

We can not squander the abilities of our most valuable workers as we wait for the economy to get better. We need to rebuild strong Wisconsin businesses that can put people like Lenette, Jim, Todd and Leo to work.

For us to succeed, we have to find ways to innovate, and to do more with what we have. We can never doubt that great possibility is all around us.

I want to recognize someone who exemplifies that spirit, someone who shows how creativity and hard work can provide us with more than we thought possible. I am going to introduce you to someone who saw urban Milwaukee as an unlikely center for agriculture – someone who found a way to raise fish and fresh vegetables in a home-made ecosystem alive on the north side of Milwaukee.

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Here is the latest Catherine T. MacArthur Foundation “genius grant” winner – a professional basketball player before he hit the big time – Will Allen, CEO of Growing Power.

Will was able to do incredible things with almost no resources.

Let me recognize another innovator who did more with what he had, who saw more than just a cheese processing plant at the crossroads of a small central Wisconsin town. This is someone who took the leftover ingredients of cheesemaking – whey permeate – and found a way to turn it into a renewable fuel. He then set up a local distribution network for his cheese-based ethanol. I am proud to introduce Joe Van Groll.

You know, in other places, they just eat cheese. But here we wear it on our heads when we watch football and now, thanks to Joe, Wisconsin is the state where we can even use it to drive our cars.

Creativity, ingenuity and innovation have always been behind the hard work that allows us to meet our challenges. Let’s not forget to think in new ways as we work to protect Wisconsin’s values, rebuild jobs and lay a foundation for growth.

What’s ahead is a challenge for all of us – Democrats and Republicans alike. No one gets to sit on the sidelines when there are people in Wisconsin out of work. Our responsibility during this time is too important to ignore, too important to write off as someone else’s problem. I need every one of you to be involved and committed to moving this state forward.

Sometimes, the easiest vote in the world is “no,” and the easiest position is to stand apart from the solution. Well, as you all know, that’s not what anyone elected us to do. The last thing the voters want from the Legislature is partisan bickering and inaction. And the great thing is that our best accomplishments have come when we have worked together.

Clearly, there are tough times ahead, but let’s remember what we have been able to do together just in the last year.

First, we made a simple promise to families in this state. Any child in Wisconsin can get health insurance through BadgerCare Plus. Over the last year, 100,000 new people signed up for BadgerCare Plus, and more than two-thirds of them were kids. By the latest measures, we are number 2 in the country for health insurance coverage. Tonight, we have someone who enrolled in BadgerCare Plus. She is expecting a baby this spring, and after she graduates from the University of Wisconsin Medical School, she will start her residency this fall in Emergency Medicine. Let me introduce Sherrie Bencik.

Sherrie, you’re really going to have your hands full and we wish you the best.

Second, after an effort that spanned many years and involved eight states, two Canadian provinces, and our federal government, we have ratified the Great Lakes Compact.

Lake Michigan and Lake Superior define our state in so many ways – our history, our recreation, our commerce, even our borders. Now we have acted to protect these tremendous waters. Thank you to Senators Jauch and Miller and Representatives Mason and Gunderson for your work on this accomplishment.

Third, we launched a Clean Energy Wisconsin plan that includes many new efforts to spur innovation and free us from foreign oil. We committed to conservation, to look at new sources of energy, and to make our existing utilities cleaner.

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There are many other accomplishments this year. The UW Growth Agenda got underway, creating more opportunities for our citizens to go to college. Because we renewed the Stewardship Fund, we added 21,000 acres into conservation programs in 2008, providing more ways for people to hunt, fish and recreate in the great Wisconsin outdoors. We made major progress toward making sure four-year-old kindergarten is available for every parent to choose. Our utilities will burn cleaner and are on their way to reducing mercury emissions by 90 percent. We forged a new collaboration among our top medical institutions to begin providing individualized treatment based on a patient's DNA. We hosted the World Stem Cell Summit and brought together the top scientists and investors. We made our state home to part of the Olympics if the 2016 games come to Chicago. And we responded heroically to floods that tested us this summer. Our rescue workers acted swiftly, they kept people safe and we avoided what could have been a tragedy hundreds of times over.

As we take on the challenges facing our state in the coming year, there are important steps we can take to save lives, improve our health, and make our world safer.

First, we can make sure kids with autism get the treatment they need. Private insurers should cover autism; the treatment has been proven effective, and families deserve the right to see their children improve.

Second, we can make sure all our public places are smoke-free. Twenty-four other states have done it; dozens of our communities have done it. It is time for Wisconsin to take a step that improves our health, saves lives and helps people to break the addiction to tobacco.

We need to put kids first and make sure that their childcare is accountable and up to high standards. There are clear steps to improve childcare in our state, and we can take them now.

It is also time for us to confront the problems of drunk driving in this state. Let's work to allow law enforcement officers to set up controlled, reasonable sobriety checkpoints. We can pass legislation that will take drunk drivers off the road by making the third offense a felony.

We can do our part to address climate change and the way we use energy. My Global Warming Task Force over the last year put together a comprehensive and reasonable set of actions to take. We can build jobs and help our planet by cutting greenhouse gas emissions. Thank you to Senators Mark Miller, Jeff Plale and Rob Cowles and Representatives Spencer Black, Jim Soletski and Phil Montgomery for your work on this important front.

We can change school funding in a way that encourages the hiring and retention of good teachers, provides for high standards and encourages efficiencies in our school districts. We can take these steps to make sure our kids get a great education.

Our future will depend on how well we can work together. But if we ever doubt our ability to bridge our differences for the common good, consider what others in Wisconsin have been up against. Through historic challenges, we see the resolve that makes Wisconsin great.

Next month, the National Guard will begin its largest deployment ever of Wisconsin troops. More than 3,500 men and women will be called up to serve in Iraq and Afghanistan. To them, and to all their fellow members of the military and their families, our debt, and our gratitude, is enormous. Their work has been long and demanding.

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We have with us three members of the National Guard who have served overseas. Let me introduce: Sergeant First Class Ron Adams, Sergeant Allen Robertson and Staff Sergeant Jarret Nelson.

Your service, and the service of all your fellow soldiers, deserves our full support, and I am glad that in Wisconsin, we have made sure any veteran receives full tuition reimbursement.

After a record amount of snowfall, the southern half of our state was flooded by spring storms. Never before had we seen so much rain. Whole farms stood underwater. Rivers rose past bridges, over dams and through entire towns.

The floods were the costliest natural disaster Wisconsin has ever faced. The weather was so severe that in the Wisconsin Dells it meant a whole section of land gave way, emptying Lake Delton. The entire country watched houses float down the Wisconsin River. In the aftermath, it would have been easy to look across an empty lakebed, flooded fields and impassable roads and figure it was all too much to handle.

But that was not in the hearts of those who, as the rain continued to pour, stood with their neighbors filling sand bags. That was not in the hearts of those who opened their homes to those who had lost theirs. That was not in the hearts of the farmers who replanted and the people who rebuilt.

It is in that spirit that, just 6 months later, against all odds, Lake Delton is refilling. A vital piece of our tourism economy is going to be back this spring. And all across the state, we have recovered from this disaster. Here in Wisconsin, our spirit can not be doused.

And speaking of water and heroics, we recently saw a Wisconsin citizen do something that ought to inspire us all.

Not only can we rise above floodwaters; it turns out we can land safely on ice-cold waters. Two weeks ago, we all watched a U.S. Airways Flight land in the Hudson River after birds struck the plane, killing both engines. Somehow, through cool thinking and decisive action, the pilots were able to land the jetliner in the freezing river almost immediately after taking off. All 155 people aboard the plane, passengers and crew, made it home without any loss of life.

I am proud to have someone here tonight who lives just 10 miles away in the village of Oregon, the co-pilot of U.S. Airways Flight 1549, Jeffrey Skiles, and his wife, Barbara.

Jeffrey, your heroism and the heroic actions of your fellow crew members have made all the difference in the world for your passengers and all their families. Thank you on behalf of the state of Wisconsin.

Wisconsin, I know who we are. We're Badgers. We don't shy away -- we stand up. We don't withdraw, feeling sorry for ourselves -- we get up and fight. We work even harder. We don't point fingers and fall into small minded bickering -- we pull together, share the sacrifice and move forward. We don't forget those who have been hardest hit -- we look out for our brothers and sisters who need help the most. We are Badgers.

Thank you, everyone. On, Wisconsin.