SUMMARIES OF GOVERNORS' 2014 STATE OF THE STATE ADDRESSES

Febrary 18, 2014

Overview

As of February 18th, governors in 41 states have given a State of the State address (not all governors are scheduled to give an address this year). These speeches have included a wide-range of spending and revenue proposals. On the spending side, many governors have highlighted the importance of education and have introduced proposals to expand prekindergarten programs, restore some previous cuts to K-12, and increase investments in higher education, with a specific focus on performance. Governors have also noted the importance of worker training as a means to promote economic development. Infrastructure has been another area of emphasis, with many governors calling for increased funding for roads and bridges. Additionally,

governors have discussed healthcare in their addresses, with some governors calling on the legislature to expand Medicaid, while others are examining a state specific solution to increase coverage. On the revenue side, several governors have proposed tax reform including tax breaks for seniors, restructuring property taxes, corporate tax changes, and reducing income tax levels. Finally, governors have discussed the need to increase the size of rainy day funds and make further pension reforms.

Below are state-by-state summaries of State of the State addresses with links to the speeches.

If you would like additional information please contact <u>Brian Sigritz</u> at 202-624-8439.

<u>Alabama's</u> governor stressed the importance of job creation and worker training, called for an expansion of pre-kindergarten programs, and stated his support for a raise for teachers and a conditional raise for state employees. The governor also reiterated his opposition to Medicaid expansion.

<u>Alaska's</u> governor focused on education calling for an increase in education funding, private vouchers, and the expansion of charter schools. Additionally, the governor called for the building of a gas line and transferring funds from reserves to help address the state's unfunded pension liability.

<u>Arizona's</u> governor called on legislators to pass a reforms package to boost the state's business competiveness, including eliminating a tax on manufactures for power used to create their products, sought support for an education funding proposal based on performance and outcomes, and called for an overhaul of the state's child protection system in her address.

<u>California's</u> governor discussed the state's recent fiscal improvements, while also calling on the legislature to maintain fiscal discipline including paying down debts and maintaining a health rainy day fund. The governor also discussed recent education and criminal justice reforms, as well as current water demands.



<u>Colorado's</u> governor discussed the state's overall strong economic health and called on the legislature to increase the size of the state's reserves, extend the job creation tax credit, and provide additional funds for higher education. Additionally, the governor discussed the state's recent response to wildfires and flooding.

<u>Connecticut's</u> governor focused on education during his <u>address</u>, calling for increased school funding, statewide access to pre-K, and greater investments in higher education. In addition, the governor called for tax relief, raising the minimum wage, and increasing the size of the rainy day fund.

<u>Delaware's</u> governor laid out his priorities for 2014 in his <u>speech</u>, focusing on increased infrastructure investments in areas such as road and bridge improvements. The governor also focused on new job training and education initiatives including new research grants, and a scholarship program allowing low-income students to take college classes while in high school.

Georgia's governor focused on education, with a recommendation to put 80 percent of new state funding into schools to help end teacher furloughs, add school days, allow for smaller classes, and to provide employee raises. The governor also proposed several new higher education initiatives including increased funding for infrastructure projects.

<u>Hawaii's</u> governor discussed the state's recent fiscal improvements in his <u>address</u>, and called for tax relief for seniors, raising the minimum wage, and collaborative efforts to address homelessness, climate change, and invasive species. Additionally, the governor presented a plan to improve access to preschool.

<u>Idaho's</u> governor said that his highest priorities are investing in education and workforce development in a way that is targeted, responsible, and sustainable in his <u>speech</u> and budget address. His proposals include increased investments in K-12, higher education, and professional technical programs as well as increasing the size of the rainy day fund and tax relief designed to advance goals of the education system.

<u>Illinois's</u> governor discussed recent fiscal improvements and laid out a five year plan for jobs and economic growth. The governor's proposals include increased investments in early education, scholarships for low income students, raising the minimum wage, doubling the earned income tax credit, and increased investments in job creation including lowering the fees to incorporate businesses.

<u>Indiana's</u> governor urged lawmaker to phase out a tax on business equipment and to give some low income children vouchers for preschool. In addition, the governor discussed the state's recent efforts to reduce red tape, pay down the state debt, and improve roads and schools.

<u>Iowa's</u> governor focused on improving education, increasing employment, and helping rural communities with digital issues. Specifically, the governor proposed exempting military pensions from the income tax, a limited tax incentive to build high speed internet capabilities, freezing tuition, and a new apprenticeship and job training program.

<u>Kansas's</u> governor highlighted improvements in the state since tax cuts were enacted in 2012, and said that they will spur further economic growth. Also, the governor focused on education and called for increased funding for all-day kindergarten, continued investments in higher education, and asked the state Supreme Court to not prescribe school funding levels.

<u>Kentucky's</u> governor discussed a tax modernization proposal that is designed to increase revenue and make the state more business friendly. The governor also discussed the need to invest in education, offered support for casino gambling, and highlighted recent successes in providing health insurance to residents through the Affordable Care Act.

<u>Maine's</u> governor discussed economic development plans, including a proposal to provide incentives for large companies to relocate to the state. The governor also called for welfare reform, reiterated his opposition to Medicaid expansion, supported an additional tax cut, and stressed the importance of infrastructure and education.

<u>Maryland's</u> governor, in his <u>address</u>, discussed recent fiscal actions the state has taken including cutting spending and building up the rainy day fund. Going forward, the governor proposed that state raise its minimum wage, expand access to pre-K, and work to improve the state's health care exchange.

<u>Massachusetts'</u> governor said that he will continue to focus on creating job growth and economic opportunity through investing in education, innovation, and infrastructure during his <u>address</u>. Additionally, the governor called for raising the minimum wage and expanding access to early education and full day kindergarten.

<u>Michigan's</u> governor laid out a number of initiatives in his <u>speech</u> including proposals aimed at providing tax relief, assistance for schools and communities in financial distress, expanding the economy by welcoming immigrants, and various economic development proposals. The governor also focused on education reforms including a greater investment in early education.

<u>Mississippi's</u> governor said that he wants to continue to focus on economic development, make additional investments in education, work to make the prison system more efficient, and hire more highway patrol officers. The governor also stated his intention to improve the budget process.

<u>Missouri's</u> governor stated that he hopes to fully fund the state's school formula before his term ends and called for increased spending on preschool, K-12, scholarship programs, and higher education. The governor also renewed his support for the expansion of Medicaid and discussed his opposition to proposed income tax cuts.

<u>Nebraska's</u>governor, in his <u>address</u>, called for tax changes including lowering income tax rates and providing property tax relief; he said that the tax cuts are possible because of a healthy economy, strong cash reserves, and efforts to control spending. In addition, the governor discussed the need for prison reforms and reiterated his opposition to the expansion of Medicaid.

<u>New Hampshire's</u> governor discussed various initiatives to promote economic growth and strengthen the middle class during her <u>speech</u>. The governor also stated her support for a recent Senate proposal to expand Medicaid, called for increased highway funding, and for raising the minimum wage.

<u>New Jersey's</u> governor called for property tax relief and education reforms, including longer school days and school year. The governor also called for further changes to public worker pensions and discussed the impact that high pension payments have on the rest of the state budget.

<u>New Mexico's</u> governor pointed to water policy, health care, and tax incentives as strategies to make the state economy less dependent on federal spending. Additionally, the governor proposed increased salaries for new

teachers and merit pay for teachers, as well as repaying student loans for health care workers that agree to work in rural areas.

<u>New York's</u> governor, in his <u>address</u>, called for various forms of tax relief including freezing property taxes, creating a property tax circuit breaker, additional tax relief to boost manufacturing, and corporate and estate tax reform. The governor also called for education reform including universal full day pre-K and a bond referendum to help makes schools state of the art, as well as increased infrastructure investments.

Oklahoma's governor highlighted proposed increases for K-12, continued resistance to the Affordable Care Act, and the importance of financing the restoration of the capitol grounds in her speech. Additionally, the governor called for a reduction in the state income tax and moving new state employee hires from a defined benefit to a defined contribution plan.

<u>Pennsylvania's</u> governor called for increased investments in early education, K-12, and postsecondary education; specifically the governor proposed a new block grant that schools could use for curriculum development or teacher training, and increased scholarships for middle income students. The governor also discussed the need to control pension costs.

Rhode Island's governor called for increased school funding, freezing university tuition, reducing the corporate tax, and eliminating the sales tax on non-manufacturers' electricity and gas in his combined State of the State and budget address. In addition, the governor discussed recent improvements in the state and the need to invest in infrastructure.

<u>South Carolina's</u> governor called on legislators to change the state's education funding formula, fund new road infrastructure without raising the gas tax, and reiterated her opposition to Medicaid expansion. The governor also discussed recent economic improvements in the state and again called for a personal income tax cut.

<u>South Dakota's</u> governor focused on education, called for increased funding for worker training, and changing the funding stream for a newly created economic development program. After the speech, the governor said he continues to look for ways to expand healthcare without a full Medicaid expansion.

<u>Tennessee's</u> governor, in his <u>address</u>, unveiled a proposal to make two years of community college or technical school free to graduating high school seniors; the program would be funded through an endowment from the Tennessee lottery. The governor also highlighted increased investments to K-12 and an additional transfer to the rainy day fund.

<u>Utah's</u> governor focused on the state's rapidly growing population and its implications for education, the environment, and the prison system during his <u>speech</u>. Additionally, the governor stated that he plans to work with the legislature to create a Utah model for expanding healthcare.

<u>Vermont's</u> governor highlighted recent economic improvements during his <u>address</u>, but also said that increasing drug addiction is negatively impacting the state on a number of fronts. The governor outlined a proposal, which includes more state resources, to combat the rising addiction levels.

<u>Virginia's</u> outgoing governor, during his final State of the Commonwealth address, highlighted the state's recent reforms in transportation and education. The new governor, in his first <u>address</u> to the Joint Assembly, said that he wants to expand Medicaid and pre-K, and revise the tolling structure at two state tunnels.

<u>Washington's</u> governor, in his <u>address</u>, proposed to invest more in education by closing certain tax breaks, increase teacher pay, and raise the state minimum wage. The governor also called on the legislature to finish the work started last year to pass a statewide transportation package.

<u>West Virginia's</u> governor called for greater government efficiency and purchasing reform. The governor also discussed several education initiatives and called for pay raises for teachers and state workers, who haven't received an across-the-board pay raise since 2012.

<u>Wisconsin's</u> governor called for reduced property and income taxes in his <u>address</u>; part of the funding for the tax cut is coming from a projected budget surplus. In addition, the governor called for increased investments in worker training and placing additional money into the rainy day fund.

<u>Wyoming's</u> governor, in his <u>address</u>, highlighted economic improvements and the size of the state's reserve funds. Additionally, the governor reiterated his call for increased support to local governments, pay raises for teachers and higher education employees, and said that he cannot support the expansion of Medicaid at this time but would continue to look for a healthcare solution.