

Governor Robert L. Ehrlich, Jr.
State of the State Speech
January 29, 2004

President Miller; Speaker Busch; Lieutenant Governor Steele; members of the General Assembly; Chief Judge Bell; Attorney General Curran; Comptroller Schaefer; Treasurer Kopp; members of our Congressional Delegation; County Executives, Mayors, council members, and commissioners; cabinet members; special guests, friends, family, and fellow Marylanders.

Well, you can't say that 2003 was a slow year.

Think of all everything that has happened since we last convened together in this chamber a year ago: an historic snowstorm, a powerful hurricane, three Level Orange alerts, and the loss of a legislative giant: Howard "Pete" Rawlings.

I am proud to say that we successfully faced all these challenges. We met them together. We met them as Marylanders.

In addition to the challenges, we have experienced a number of positive changes. The economy is recovering. A new homeland defense agency is making our State safer. High-level commissions have completed groundbreaking work in the areas of historic preservation, transportation, the minority business enterprise program, and the State's high tech economic prospects.

On the home front, Kendel Ehrlich has demonstrated that she is an engaged, opinionated, and well-known First Lady. And the newest addition to the Ehrlich family will be arriving in March.

After a year of such momentous change, I think it is fair for all of us to take a deep breath and ask ourselves where we need to go from here.

Fortunately, the question has an easy answer. Together, we must do what governors and legislatures have always done: put aside differences, and put the people's business first.

I propose that we do that by focusing on the five pillars upon which my administration is built: fiscal responsibility, educational excellence, health and the environment, public safety, and commerce.

Every Maryland family wants financial security, schools that work, quality healthcare, safer neighborhoods, and ever-expanding economic opportunity. These are the building blocks of a superior quality of life. These qualities must define our State as well.

These pillars are our foundation – our roadmap – to making Maryland cleaner, safer, and a more prosperous place to live. I ask you to join me in transforming them into reality.

With regard to fiscal responsibility, we have begun to restore balance and discipline to our budget process. Thanks to the hard work of Secretary DiPaula and his staff at the Department of Budget and Management, our government is smaller, more efficient, and more responsive to the needs of Marylanders than it was this time last year.

The streamlining and reorganization of executive agencies continues. “Priority budgeting” and “core missions” are again part of our daily lexicon. Comptroller Schaefer, Treasurer Kopp and I have restored the Board of Public Works to its rightful place as a fiscal watchdog.

Further, Maryland has demonstrated increased success in capturing millions of federal dollars previously left on the shelf. Our Capitol Hill office will ensure we do an even better job of identifying and tapping all available federal resources.

This year, as we reign in our spending practices, further narrow the structural deficit, and reestablish fiscal responsibility, we should:

- Reward our hard-working state employees with merit increments, a 1.6 percent cost of living adjustment, and selective increases for classifications with severe recruitment and retention problems;
- Adopt a collegial, open-minded approach to the Mandel Commission’s recommendations on ways to achieve leaner and more efficient delivery of government services;

- Grow K through 12 education funding by a record \$326 million in order to give local school systems an equal opportunity to achieve excellence; and
- Pass a clean bill establishing a Video Lottery Terminals program to help put all Maryland schools on more equitable footing. A decade of talking is long enough. To borrow a phrase: let's do it ... now!

With regard to the environment, the Chesapeake Bay is Maryland's greatest economic and environmental treasure. Contributing an estimated \$1.2 trillion dollars to our region's economy each year, it is a vital resource for more than 15 million watershed residents.

Despite our best efforts, the state of the Bay continues to decline. Indeed, deterioration continues at such an alarming rate that the Chesapeake Bay Foundation's last annual Bay report card gave Bay restoration attempts a "D."

Our fate is tied to the Bay. We have an obligation to preserve it for future generations, and to pass it on in a better condition than we inherited it.

No one understands that better than Senator Bernie Fowler, who is here today. He is a former colleague and friend to this General Assembly – and a great friend to the Bay as well. His annual Patuxent River "Wade In" is a spring ritual, and a clever means of checking up on the health of the Bay.

Senator Fowler understands how drought, hurricanes, nutrient runoff, and development have placed the Bay in harm's way.

The only way to reverse this trend is to focus directly on the fundamental elements that determine the Bay's health. To that end, my Administration has a three-point plan to restore the Bay to end this decline.

The first point – reducing nutrient runoff – has three components.

- First, we have implemented a new land purchase preservation strategy. Land and easement purchases that support Bay restoration will be prioritized over those that do not. This

policy is well grounded, makes sense, and has unanimous support on the Board of Public Works.

- Second, we have unveiled legislation to establish a Chesapeake Bay Watershed Restoration Fund dedicated to upgrading our 66 major treatment plants in order to achieve state-of-the-art nutrient removal, which will remove an additional 7.5 million pounds of nitrogen from the Bay each year. The fund will be financed by an environmental surcharge on water and sewer bills, raising the revenue needed to back the \$750 million in State revenue bonds needed to finance the upgrades. Federal dollars are important, but this unique infusion of State dollars will allow us to get the job done.
- Third, our poultry action team and nutrient summit generated a number of substantive ideas on ways to address the need for flexibility in nutrient management reporting, right of entry reform, reduction of administrative burden, and compliance assistance for farmers. Our farmers are the original environmentalists, and the most important stakeholders in making nutrient management work. These ideas will soon be translated into legislative solutions.

The second part of our plan involves restoring our State's dwindling oyster population.

Oysters serve as natural filters that help to keep the Bay clean. Unfortunately, fewer and fewer of them are left to perform this valuable function.

In 1885, Maryland's oyster harvest was 15 million bushels a year.

This year, according to the most recent estimates by the Department of Natural Resources, that number has shrunk to just 15,000 bushels.

Maryland is an epicenter of State and federal research efforts into the restoration of the native oyster, as well as the potential introduction of the Asian oyster into the Bay. This administration is committed to such research, and to making sound decisions on the basis of sound science.

The third point of our plan involves reclaiming used and abandoned industrial properties.

Far too many parcels of land remain sidelined because of inadequacies in the present law. Injecting new life into older communities, Brownfields reform will act as a check on greenfields development and sprawl.

In November, we announced administrative measures to make our existing law more user friendly. These changes have been universally well received. However, the law itself needs to be strengthened. This session, we will introduce legislation to accomplish that goal.

You have heard me talk at length about the Chesapeake Bay and its importance to the health of our State. My administration is equally concerned about the condition of our State's healthcare system.

During FY 2005, Medicaid will meet the healthcare needs of 636,000 Marylanders. Our Medicaid budget increases by \$302 million over last year, and includes funds that will allow us to more than triple the number of elderly Marylanders covered by the new Pharmacy Discount Program.

The soaring cost of medical malpractice insurance is a major factor in the escalating cost of healthcare. This year, Maryland's largest carrier will increase premiums by 28 percent.

What does that mean for the consumer? First, it means fewer healthcare choices. Many of the State's most veteran surgeons are retiring early, or choosing the classroom over the operating room, rather than pay exorbitant premiums in an increasingly litigious environment.

Second, it means higher medical bills. Many doctors will be forced to raise their fees in order to cope with the tremendous overhead costs of remaining in practice.

Maryland has great medical institutions, but its pool of talented medical professionals is what makes our State's healthcare system among the best in the nation. We must do whatever we can to keep them on the job.

To that end, we must act to ensure continued availability and affordability of malpractice insurance for healthcare providers, better provider accountability, and equitable damage assessment.

Before I move on, I'd like to acknowledge Joel Myerberg. Joel has a long history of activism on behalf of people with disabilities, and I welcome him here today.

Joel is present to celebrate the establishment of our new Department of Disabilities, under the leadership of Kris Cox and Diane McComb.

Elevating the State Office of Individuals with Disabilities to cabinet-level status is a promise I made before taking office, and it is a promise I now keep.

This office will direct State employment, education, healthcare, and transportation policy with respect to issues affecting people with disabilities. Kris and her team will develop a statewide implementation plan. Each of us has a role to play in making this historic initiative successful.

With respect to public safety, government has no more sacred duty than protecting its citizens. I have tremendous respect for the hard work and sacrifices made by the state's police officers, troopers, sheriffs, first responders and corrections officers. My respect for what they do did not begin on September 11th. It got stronger.

That respect is evident in our public policy agenda. During 2003, we achieved successes on a number of major public safety initiatives:

- Project Exile is in place in our most violent subdivisions.
- Under the Project C-SAFE program, we have awarded \$3 million in grants to localities during FY 2004.
- Our FY 2005 capital budget allocates \$65 million towards construction of new state and local correctional facilities.
- The new Maryland Coordination and Analysis Center, the first joint federal, state, and local data collection center in the

country, will foster better cooperation and information sharing among law enforcement officials from all levels of government.

This year, we will build upon these successes by offering four new important initiatives.

First, we will introduce legislation strengthening laws related to intimidation and retaliation against witnesses and victims of crime.

Second, we will introduce legislation making the murder of a witness or victim under Maryland's intimidation and retaliation statutes an aggravating factor under our capital punishment law.

Third, we strengthen drug and alcohol assessment, diversion, and civil commitment laws, and provide \$4 million to fund residential treatment in lieu of incarceration for adult and adolescent criminal justice clients, under the sponsorship of the Department of Health and Mental Hygiene.

Fourth, we are implementing an historic initiative to reduce crime and cut recidivism by dramatically expanding access to drug treatment and rehabilitation services among adult offenders.

Consider these facts:

- Our adult offender recidivism rate is 51 percent.
- 14,000 adult offenders are released back into our community each year.
- The majority of inmates enter our facilities at a sixth grade reading level.
- 75 percent of entering inmates are alcohol or drug involved.
- Taxpayers pay an average of \$23,000 per year to house an adult offender.

Substance abuse, educational limitations, and other mitigating factors can lead good people down bad paths. With proper intervention, I believe it is possible to break this destructive cycle among some nonviolent offenders.

Project RESTART will screen inmates for substance abuse and establish individual therapeutic programs to address inmates' needs.

Project RESTART will also provide vocational services, victim-offender impact classes, and post-release services such as housing, employment, family, and health services.

When Project RESTART is fully implemented, we will be able to provide treatment and education services for 9800 more inmates annually. I ask you to join me in supporting this worthy, innovative program.

With regard to commerce, one of the chief goals of the Ehrlich-Steele Administration is to send the world a strong, clear message that Maryland is once again open for business.

To do this, we must first address the lingering perception that Maryland is business unfriendly. To some degree, we must address reality as well.

Fortunately, we are already seeing progress.

- According to a survey conducted last year, 57 percent of Maryland businesses rated the State as pro-business during the 3rd quarter of 2003 – compared to 47 percent in the 3rd quarter of 2002.
- During the past year a number of companies have declared their intention to expand their presence in or relocate to Maryland, including FedEx, Intelsat, Lee's Ice Cream, Mack Truck, Maines Paper and Food Service, Lowe's, Home Depot, Connex, and Ullico.

I welcome all these successes – but Maryland can and should do more. I want the arrival of new companies or the expansion of old ones to be a commonplace, everyday occurrence. I want businesses to grow, thrive, and prosper – not simply keep their heads above water. I want our State to compete with its neighbors for new jobs – and to win.

To achieve that vision, we will need to accomplish several things. First, we need to improve our already world-class transportation infrastructure.

As you already know, building the long-overdue Inter-County Connector remains my top transportation priority. I would like to commend Secretary Flanagan for all his great work on the project, as well as President Bush, who agreed to my request to fast-track the ICC regulatory review process.

Unfortunately, there is a small group of opponents who have pledged to kill the ICC at all cost, despite the strong bipartisan support it enjoys.

I have a message for them: your efforts will fail. Your attempts to halt progress will not prevent us from bringing relief to tens of thousands of Montgomery County commuters.

The ICC, alone, is not the answer to the severe problems we face on our roads.

We cannot continue to ignore congestion on our highways, many of which are inadequate to handle the volume of everyday traffic. We face congestion that our commitment to mass transit simply can't cure.

- The Washington suburbs rank #1 in the country in carpooling and #2 in the country in the use of mass transit.
- But Maryland ranks 47th – third from last – in highway spending per capita.

Congestion means lost time, squandered productivity, wasted gasoline, increased safety concerns, and air pollution. It's time to change. My vision is a transportation system that compliments the way Marylanders choose to live – a balance between mass transit and new highway construction.

Within days, I will ask this General Assembly to approve a new transportation revenue stream to rebuild the faltering Transportation Trust Fund. We will start highway construction projects in every part of the state, and we will do so quickly.

While we rebuild our highway construction program, we are equally determined to achieve real and meaningful improvements in public transit.

- Planning and engineering continue on METRO's new Green Line and the Bi-County Transitway in Montgomery County;
- A new East-West mass transit line through Baltimore, using rapid bus lines and state-of-the-art technology, is under review;
- The first comprehensive review of bus routes in the Baltimore region in 30 years is underway; and
- Paratransit services for the disabled have been overhauled.

Your support for our funding initiatives will make it possible for Maryland to get moving again with a transportation system that works for people today.

Of course, roads and mass transit are only part of the transportation story.

- The Port of Baltimore accounts for 18,000 jobs and a billion and a half dollars in annual tax revenue. It has become a dominant player in the import/export of automobiles and roll on/roll off cargo.
- A decade ago, BWI Airport served 9 million passengers. In 2003, that number was an estimated 19.7 million. In 1999, BWI became a major hub for Southwest Airlines. In 2002, Southwest had a direct economic impact of \$226 million on our State. We appreciate Southwest's commitment to BWI, and we welcome Ron Ricks, Vice President of Government Affairs for Southwest, to the State House today.

We must continue to invest in these economic engines so that they will grow and contribute to our economic health.

In addition to addressing Maryland's transportation needs, we must help our State achieve its full potential as a haven for high tech firms and businesses on the technological edge.

I believe we have the resources needed to become the technology capital of the nation. Consider these assets:

- Maryland is one of the top recipients of federal R & D dollars.

- Maryland has the highest percentage of professional and technical workforces in the nation and currently ranks third among states in the percentage of the population, age 25 and older, that has completed a bachelor's degree or greater.
- Maryland has the largest concentration of technology-related federal agencies, including the National Institutes of Health, Food and Drug Administration, National Oceanic and Administration, NASA, and the National Security Agency.
- Maryland has a critical mass of laboratories, research facilities and institutions of higher learning, including more than 50 major federal research labs and an additional 150 research centers.

Our successes to date have been impressive, but they have only scratched the surface of what's possible. I want our record in this area to be one not of success, but dominance. To achieve that vision, we need to do more.

Chaired by my friend George Pappas, the Governor's Commission on the Development of Advanced Technology Business has done a remarkable job developing a blueprint for eliminating barriers to increased investment and growth of high tech businesses in Maryland. I'd like to thank George and the other commission members for all their hard work.

We are also committed to ensuring that Maryland's minority business community has an opportunity to thrive and prosper.

To that end, Lieutenant Governor Steele and I believe that the State's MBE program needs to do a better job performing its stated function: making the State's minority business community full partners in our economic prosperity.

The report produced by the Lieutenant Governor and his commission will ultimately allow minority entrepreneurs to compete on a more level economic playing field.

Lastly, in order to safeguard our state's economic fortunes, we must preserve and strengthen a program that has helped preserve Maryland's historic

legacy and generated substantial economic development activity across our State.

I am a big believer in the State's historic tax credit program. So is Comptroller Schaefer, who agreed to chair a diverse task force that looked into the success and viability of the program. That task force found that projects participating in the program usually returned the State's investment within a year, and continued to generate state and local revenue well after the project's completion.

We will be introducing legislation to ensure that this valuable program is extended, and I ask each of you to give it favorable consideration.

Fiscal responsibility. Educational excellence. Better healthcare and a healthier Chesapeake Bay. Safer streets and communities. A thriving business environment.

These priorities are not partisan or political. They affect every Marylander equally. We can agree on all of them. Working together, we can turn all of them into reality. However, it will take leadership to get us there.

Leadership is a fascinating concept. It means different things to different people.

Some define leadership by citing famous statesmen:

- Theodore Roosevelt.
- Franklin Roosevelt.
- Harry Truman.
- Winston Churchill.
- John Kennedy.
- Ronald Reagan.

Others tend to point to common personality traits:

- Resilience.
- Discipline.
- Boldness.
- Integrity.
- Consistency.

- Passion.
- Independence; and a
- Willingness to act.

Most of all, leadership is a devotion to fundamental principles. Leadership is about doing what you know is right ... even when a growing din of voices around you is trying to convince you to accept what you know to be wrong.

Leaders do not sway with the polls. Instead, *they* sway the polls through their own words and actions.

Words and actions are changing the nature of public debate here in Annapolis.

New secretaries, innovative regulators, bold ideas, and proactive approaches to longstanding challenges have brought a sense of renewal, excitement, and empowerment to members of this historic assembly – and to every Marylander.

This emerging culture affords all of us a chance to do great things. But, such goals are only possible through a fundamental rededication to the principles that brought us all here – the five pillars that I have described.

Each of you lives not in the midst of a legislative bubble, but as an important part of the community you represent. That real life experience is what makes the Maryland General Assembly one of the best legislative bodies in the nation.

You are not just citizen legislators. You are citizen leaders.

The principles I have described mean as much to you as they do to the people you represent. Daily adherence to them must define our work. They must set the stage for the public debate that will unfold during the next 90 days.

When I was a freshman delegate, the spirit of cooperation that prevailed in this chamber made a great impression on me.

Today, I ask you to join me in ushering in a new era of bipartisan cooperation.

I propose that we do so by putting the people's business first – in this case, by strengthening the five pillars upon which this government is built.

I assure you that I will always advocate for my positions in a straightforward manner, negotiate in good faith, maintain flexibility, and seek common ground. However, I will never hesitate to hold firm on the promises I made to the citizens of Maryland when they elected me governor.

Thanks for listening, your dedication to public service, and your upcoming good work.

God bless Maryland, our nation, our troops overseas, and everyone who defends our hard-won freedoms.