

# GOVERNOR BILL OWENS COLORADO STATE OF THE STATE ADDRESS

For the 62nd General Assembly Denver, Colorado January 14, 1999

Speaker George, President Powers, Lt. Governor Rogers, Members of the Colorado General Assembly and the Cabinet, fellow Coloradans:

This morning we are gathered to discuss the programs and policies that I believe will help us to take Colorado into the next century. We live in a time of great change. I believe that our goal should be to work to expand opportunity for all Coloradans.

We can do that if we work together to make this last legislative session of this century be remembered as the trail blazing session. Let it be remembered that this is the year we blazed the trail for an ever better Colorado as we move into the new century.

I have sat where you are now sitting, and I know the importance of good communication between the Executive and Legislative branches. As Governor, I look forward to working with each of you, regardless of political party, to do what is right for the people of our state. While, we may not always agree on every issue, but we all have the same goal: A better Colorado. Working together, we can make that happen.

In crafting these policies, I am guided by the core principles that have made this a great state:

- the independence of our frontier spirit;
- personal and fiscal responsibility;
- enterprise and entreprenuership;
- a clean and healthy environment; and finally,
- compassion for the less fortunate among us.

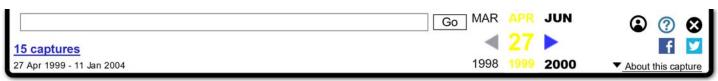
This 62nd General Assembly has the honor of being the first Legislature of the new century. You will preside as Colorado crosses the threshold into the year 2000. Our effort to improve Colorado for all citizens as we enter this new century should have no limits.

### [Education]

I believe that our duty as elected officials is to leave a strong and vital Colorado for those who will succeed us. That means preparing our children and grandchildren for the responsibilities that await them.

Sadly, today I believe that our public education system is not fulfilling its responsibility. Too many young Coloradans are not being equipped with the tools they need to succeed.

This is not because we do not have good people working in our schools. The teachers who teach our three children - who attend three different public schools - are dedicated professionals who love children and love



have a long way to go:

- About one-third of our fourth graders can't read at grade level.
- Almost two-thirds of our fourth graders can't write at grade level.
- The dropout rate among our Hispanic students is nearly 40%.

I know that these statistics concern all of us.

I would like to talk with you for a moment parent to parent. On school days, Frances and I send each of our three children - Monica, Brett and Mark - off to learn at public schools. Like other parents in Colorado, Frances and I are counting on our children's principals and teachers - while working with us to provide our kids with a world-class education.

But too many children in Colorado today are being left behind.

We need to do better. We need to give public education our full support.

Supporting public education means holding our schools accountable for their individual performance. It means insisting on high academic standards. It means teaching our children the basics, and it means freeing parents, principals and teachers to do their jobs.

And the best way to start is to cut through those state mandates and red tape which stifle education excellence. I trust our local communities. We do not need state laws that tell our schools how to spend practically every minute of every school day.

Therefore, I suggest that we allow any public school in the state - or even an entire public school district - to apply for waivers from burdensome and unnecessary state laws.

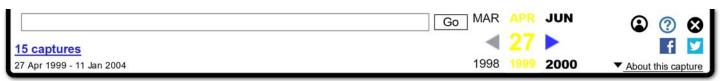
Parents and teachers should not have to spend time asking "Mother May I" to be free of state bureaucracy. The time has come to give meaningful freedom - true local control - to *every* public school in Colorado.

Today practically every charter school asks for waivers from the same 16 state laws when it applies for charter status. These laws are almost always waived, but only after these independent public schools jump through all sorts of hoops and other hurdles. Representative Nancy Spence's efforts to free public schools from these bureaucratic laws is a worthy goal and one which I would hope you would carefully consider.

I commend the General Assembly's efforts in recent years to strengthen Colorado's charter schools. This year, we should build upon that solid foundation. This means funding charter schools the same as we fund other public schools. Students in charter schools should not be short changed. Thus, I look forward to working with Rep. Doug Dean on his proposal that provides more equitable funding for Colorado's independent public schools.

Of course, all too often outstanding teachers and principals are stifled not just by state bureaucracy, but by their own school district bureaucracy. We have many trail-blazing schools around the state where parents, teachers and principals are working together to focus on the basics and achieve results. Often this means that they are sticking to fundamentals and ignoring the latest educational fad handed down from on high.

I believe we should allow these trail blazing schools to be exempt from district rules that would harm their performance. As I said earlier, nothing is more local than parents, teachers and principals at an individual



I believe we should trust Coloradans at the local level and give them the opportunity to make decisions regarding the education of their children. But with this freedom must come accountability - accountability to parents, to taxpayers, to employers, to the whole community.

Today, let me share with you an important goal I will be working on in the coming months.

To truly hold schools accountable, we must first and foremost know how they are measuring up and we must disclose those results to the public. Therefore, I believe that every public school in the state needs to be graded on a "school report card."

These school report cards should be comprehensive. They should measure schools on a variety of factors, including:

- student achievement tests;
- per pupil funding;
- teacher qualifications; and
- drop-out rate.

These school report cards would be designed so that parents can easily compare how their school measures up with schools around the state. We would invite Colorado's parochial and private schools to voluntarily join in this effort. The school report cards should be posted on the Internet and distributed widely.

We should not turn away from any child in Colorado who is trapped in a failing school. Before the bureaucracy, before the teacher, before local control comes the child. Education must first, last and always be about children. If we are serious about holding our schools accountable, then we must have the political courage to work together to fix the problems which keep our children from reaching their full potential.

#### [Transportation]

Of course, little of this will matter if we cannot even get our children to school, which brings me to my next topic, transportation.

The growth Colorado has experienced this decade has brought us new jobs and a strong economy. Continued and increased investment in transportation is necessary if we are to meet the demands of a 21st century state. We will only be successful if goods, services and people can move freely and easily in and across our state.

Colorado has more than 85,000 miles of road and 8,300 bridges. Vehicle miles traveled last year in Colorado totaled more than 36 billion - 22 billion of which were on state roads. Nearly three-fourths of our Interstate Highway System in Colorado was built before 1970 - and since then our population has increased by more than one million persons.

Building and maintaining a transportation system for the 21st century is an enormous task. It will require us to work together to devise realistic solutions to our transportation bottlenecks.

Today, I would like to focus on four specific transportation priorities.

First, there are 28 strategic transportation projects around the state that are critical to improving our transportation system. These key projects, known within the Capitol as the 7th Pot, outline the statewide capacity improvement projects which Colorado needs in the future:



• improving and expanding roads across rural Colorado, including U.S. 50 between Grand Junction and Delta, U.S. 160 over Wolf Creek Pass, and U.S. 287 in Eastern Colorado.

When originally selected as priority needs, these 28 projects were expected to take 48 years to complete. But thanks to the hard work of the General Assembly in recent years in devoting more money to transportation, the Transportation Department now estimates that it will take about 25 years to complete these strategic projects.

But I believe there is a better way.

By pursuing financing known as Grant Anticipation Revenue Vehicles - or GARVEEs for short - the private sector will provide us up front money equal to the bulk of our federal highway dollars. Then, each year as our federal highway dollars come in, we repay the private sector.

Let me briefly tell you why I think this financing makes sense:

• First, we will actually save Colorado taxpayers money. With these funds we can construct projects today and thus avoid ever increasing construction inflation costs. For example, while the interest on GARVEEs may be 6% per year, highway construction costs have increased in Colorado by more than 9% annually in recent years - thus constructing projects today and paying off the GARVEEs over time would have saved about 3% a year.

I believe that GARVEEs represent a fiscally conservative funding mechanism to help solve Colorado's transportation problems.

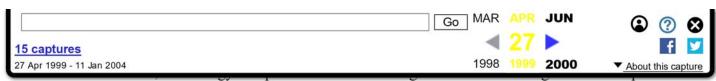
• Of course, by using GARVEEs these strategic 28 projects will be completed sooner. That means delays faced by citizens and businesses due to congested highways will be significantly reduced. Coloradans will save millions of dollars in productivity because people will no longer be stuck on highways rather than working.

I am pleased to announce today that Speaker George and Senate President Powers will sponsor legislation that authorizes GARVEEs. By using federal dollars to finance GARVEEs, we will not put at risk Colorado taxpayers. This financing will provide an important tool allowing Colorado to more quickly benefit from the gas tax dollars our citizens have already sent to Washington.

My second critical transportation priority is expanding passenger airline and air shuttle service. In particular, we need to ensure that the Western Slope and rural parts of Colorado are adequately serviced by air connections. While Denver enjoys unprecedented connections to the rest of the world, much of the rest of Colorado is more isolated than ever. I look forward to working closely with legislators such as Matt Smith, Gayle Berry, and Ron Teck to assure timely and reliable air service to every corner of Colorado.

My third transportation priority is to harness the power of advanced information technology in Colorado's highway system. Across the West, from San Diego to Puget Sound, cities and states are investing in new technologies both to bring more effective traffic management as well as to reduce air pollution.

Therefore, I will create by Executive Order a Smart Transportation Taskforce to explore the wide range of transportation technology options for Colorado. This Task Force will examine the potential of computer networks to help drivers make decisions based on up-to-the-minute information about road conditions, traffic



out smart technologies for our 21st century transportation system.

My final transportation priority involves the backbone of Colorado: Interstate 25. In Douglas County at I-25 and Lincoln Boulevard more than 60,000 trips occur each day - 20,000 more trips than that interchange was designed to handle when built more than 40 years ago.

It is time that we stop being held hostage on I-25. Therefore, I propose the following Roads and Rail Package to solve the gridlock on I-25.

- First, we use GARVEE financing to accelerate federal highway dollars to build additional lanes.
- Second, we need to build light rail along I-25.

I will direct Senator Tom Norton - whom I trust the Senate will shortly confirm as head of the Department of Transportation - to work with RTD to ensure that more lanes and light rail are added with all deliberate speed.

• Third, we need RTD to shoulder more of the transportation burden in the Denver area.

Today, RTD collects and spends almost 40% of the transportation funds collected by all the governments - federal, state, and local - within its operating area . . . yet it carries only about 2% of the vehicle miles traveled in that same area. Let me repeat that: RTD spends almost 40% of our metro transportation dollars for only 2% of the miles traveled.

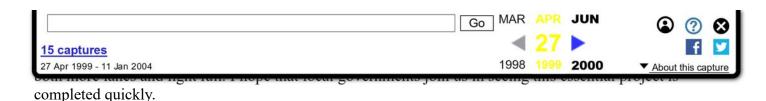
Advocates of light rail along the I-25 Southeast corridor need to lobby RTD to become more efficient and to do a better job of using its present resources. Therefore, I favor requiring RTD to increase its mandatory contracting out of bus routes from the 20% presently required by statute. The cost savings achieved are clear.

RTD saves between \$13 and \$20 an hour on privatized routes. And when you realize that RTD operates hundreds of thousands of hours a year, that adds up to huge savings. Additionally, if RTD does achieve these savings, it will not have to build an expensive new operating facility, saving more than \$16 million dollars. The free market works, and subjecting RTD to its competitive pressures will save Colorado taxpayers millions of dollars and free up the money to build light rail.

• My final point on the Southeast corridor is that we need to use a process called "design-build" in highway projects. This concept, which has been tested and proven in recent years on several projects in Colorado, and which is often used nationally, will allow us to start construction on I-25 sooner. Traditionally, a highway project would have to be 100% designed before being put out to bid. With design-build, after preliminary design work is complete the project is put out to bid and the contractor may start work while final design is completed.

So, friends, there are four things we need to do to unclog I-25:

- Use GARVEE financing
- Build more lanes and light rail
- Privatize more of RTD's routes
- Use design-build techniques to get the construction underway quickly and more efficiently



## [Open Space]

Along with increased road congestion, many Coloradans are concerned that our recent growth may threaten open space. I share your concerns. That is why I support conservation easements. They allow ranchers and farmers to keep working their land rather than seeing those lands be developed. When negotiated voluntarily, conservation easements protect private property rights and are less expensive than the government taking over the land itself. I look forward to working with Rep. Lola Spradley on this important issue.

Conservation easements are an important tool to save open space, but they are not the whole answer. As we move forward into the new century, we have an obligation to enhance and protect Colorado's beautiful natural environment. If we work together rather than become polarized, if we recognize that markets work better than mandates, and if we reward results, not programs, we will do much to save Colorado's open space and protect our environment.

## [Colorado Families]

Now I'd like to turn our attention for a few minutes to Colorado's families. There is no institution more important to our success than the family. Strong families are our first and most important bulwark against poverty, teenage pregnancy and juvenile crime - against most of society's problems which today challenge us all.

We live in a culture that glorifies violence and often blurs the difference between right and wrong. Our efforts to instill in our children the commonsense values of faith, honesty and hard work are too often undermined when we send our children out of the house.

I believe that government has an obligation to help Colorado's families - yet sometimes we do the opposite. So I ask this legislature - whether we are dealing with taxes, with education reform, or with our juvenile justice system - to either help Colorado's families or, in Hippocrates words, "to do no harm."

As Governor, I will veto any bill which harms Colorado families. I will measure each bill against a simple standard - a Family Impact Statement, if you will. If it harms the family, it will be vetoed.

The welfare reforms recently passed by the Legislature in Colorado are working. More people are taking responsibility for their lives, learning new skills and going to work. Welfare rolls are down since the Legislature overhauled our welfare system. But the easiest cases were the first ones to leave welfare and the most difficult cases remain.

Having said that, I believe that it is time for government to recognize the essential role of Colorado's faith-based organizations. Patient, one-on-one mentoring from a caring person will in many cases do more to help our neediest citizens than will any government program. It is often only in our churches and synagogues that we find volunteers willing to make long-term investments in helping needy individuals and families.

From Topeka to Boston, from South Carolina to Michigan, there is a new spirit of cooperation emerging in America among state and local governments and faith based organizations. These cooperative arrangements observe the separation of church and state. But they are also opening up new opportunities for those in need.

And while I believe that the best care is delivered locally, state government has an important role to play as



Every child in Colorado deserves a healthy start in life. Unfortunately, too many in Colorado don't receive it. Health insurance means access to health care which means better health. Too many of Colorado children today have no health insurance. Most of these uninsured children have hard working parents who just cannot afford the protection their children deserve. Too many parents lie awake at night worried about what would happen if their child becomes sick. Too many parents worry that if they lose their job, their children will not be insured.

We can do something to still these fears. I believe that we should use a portion of the tobacco settlement money to fund the Children Health Plan Plus. We will be able to use this existing program to provide health insurance for at least 60,000 low income children in Colorado.

I also support the creation of a trust fund into which the tobacco settlement moneys would flow. I believe that a portion of the settlement should ensure a future revenue stream that is available from these tobacco settlement funds when the fund payments are completed.

There is one final issue that is important in strengthening families that I would like to discuss, and that is adoption. On any given day in Colorado, we have close to 7,000 children in foster care. And to foster parents who open their homes, God bless you. But children need to find permanent, loving homes as quickly as possible.

In 1994 the General Assembly passed a law to expedite permanent placement for children under the age of six. In the counties where it has been put in place, it appears to be working. But there is more we can do, especially for harder to place older children.

It is proper that adoptions are handled by our counties at the local level. But that often means parents hoping to adopt a child have to go to 63 counties to find out which children are available for adoption. To complete this search can be difficult and time consuming - and each day these potential adoptive parents must spend going county to county is a day that a child is denied a permanent, loving home.

Therefore, I support having information regarding adoptable children available at the state level. The Department of Human Services should be a one-stop clearing house for parents approved to adopt to learn what children are available. And, as is done in other states, the Internet should be utilized to even more quickly make this vital information available.

#### [Government Innovation]

One of the most important things government can do for Colorado's families is to not take away their hard earned money in ever increasing taxes to feed ever increasing government spending. And with their rejection of Referendum B in November, Coloradans made it clear that they think government has enough money to do what it needs to do.

Across state government, in every department and agency, we must discover ways to innovate, to encourage employees to deliver better service to citizens at less cost. Every day, workers in the private sector focus on producing more at better quality with less money. We in government should do no less.

I will soon unveil the details of a new initiative to focus on government innovation and technology. We will explore how to turn the institutions of today's 20th century government into institutions that will work for the people of Colorado in the 21st century.



process to have the state ready for the year 2000.

I will also extend my efforts at government reform to the judicial system. Therefore, by Executive Order I am creating two taskforces. The Governor's Task Force on Civil Justice Reform will explore ways to improve the quality and affordability of civil justice in Colorado. Second, the Governor's Task Force on Crime and Technology will work to ensure that Colorado's criminal laws and criminal law enforcement keep pace with technology.

And while speaking of crime, those of you with whom I served in the House and Senate know I was often active in the criminal justice debate. I will continue this interest as Governor in working with you to keep those who break our laws off our streets and out of our neighborhoods. Toward this end, I will appoint tough judges who care as much about victim's rights as they do about the rights of criminals. I will also place a victim on the Clemency Board to ensure that the voice of the victim is heard in these proceedings where the pleading of the felon is all too often heard, while the victims are all too often silent.

## [Tax Relief]

I would like to finish today with a discussion about one of the most important issues to face the 1999 session: how best to cut taxes and thus return about \$3 billion in taxpayer dollars over the next five years.

I join you in believing that we must have a responsible tax relief package that returns these taxpayer dollars while not putting the state's financial health at risk. Also, we must maintain a tax system that is fair and thus any tax relief must not unfairly favor one group over another.

In the coming weeks, I look forward to working with Senator Elsie Lacy, the Joint Budget Committee and the Finance Committees to arrive at a common sense solution in terms of how best to cut taxes. As a starting point in our discussions, I would like to lay out a few broad ideas that might provide a framework for a workable tax cut package.

First, \$4.4 million from the 1997 TABOR refund has not yet been returned to the people. I believe that we should fully refund these taxpayer dollars this fiscal year in order to comply with our constitution.

Second, I believe that because most of the surplus comes from income taxes, any tax relief plan must start there.

I therefore support a permanent reduction in the income tax from 5% to 4.75%.

Over five years, this would represent nearly a billion dollars in tax relief. When Colorado workers open their paychecks and look at the box marked "state tax," it would be lower. For the average Colorado family, it would mean that they could keep almost \$600 more of their earnings to use for their purposes - not government's.

Think what a difference that would make. Families would be able to afford a new set of tires for the car. Parents would have a little more to make ends meet and afford a new computer for the kids. And by letting Coloradans keep more of the money they earn, we would be simply doing what is right.

And for those who saw our 15 year old Monica's comments about her dad being "cheap" . . . I'd even be able to buy the kids soft drinks when we go out to eat!



There are many taxes that we could temporarily reduce to satisfy TABOR's refund requirements. Here are just a few suggestions:

First, we could exempt telephone and telegraph services from the sales tax. Access to telecommunications is the key to enable small businesses and families to fully participate in the Information Age. By exempting these services from the sales tax, we will make access to the new century all that more affordable. This tax relief would save Coloradans about \$75 million the first year and grow to savings of more than \$100 million within five years.

Second, we could encourage savings and investment among low-income Coloradans by exempting a portion of interest, dividend and capital gains from the income tax. This would benefit hundreds of thousands of Colorado families who are struggling to save a portion of their earnings for a rainy day, college tuition or for a down payment on their first home. This would also help Colorado's elderly citizens, who derive a large portion of their income from interest and dividends.

Third, we should lessen the burden of the personal property tax on our small businesses and entrepreneurs. It is important that we eliminate disincentives for companies to make investments that will lead to the creation of more quality, high-wage jobs. I appreciate the work that Rep. Gary McPherson is doing in this area and strongly believe we should cut the corporate personal property tax.

Those are a few suggestions on providing tax relief, but I know that you have many more. Whether it is through strengthening the earned income tax credit to benefit low income citizens, or providing an unearned income tax credit to assist our elderly citizens who rely on their savings, I look forward to working with you to craft a tax relief package that leaves no one behind. Let us never allow budgets in the billions of dollars combined with highly technical appropriations issues to obscure the fact that we are in charge of our destiny.

I am prepared as Governor to help tighten our budget belt in the Executive Branch to make this happen. To make better use of the taxpayer money, we should consider alternatives to the state funding all capital construction by exploring privatizing buildings and using year-to-year leases. Working together we can give the citizens of Colorado much needed tax relief while protecting our investments in transportation and other priorities.

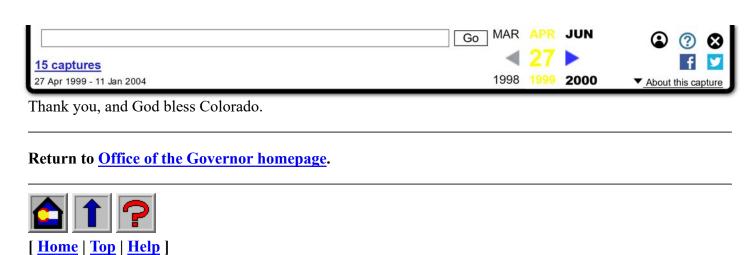
#### [Conclusion]

So this is my message. It is a message of opportunity. Improve our education system by freeing parents, teachers and principals at the local level to innovate and provide a world-class education system while holding them accountable for results.

Accelerate our federal highway dollars so we can start fixing our highways around the state. Quickly pursue a road and transit solution to I-25 in Southeast Denver while requiring that RTD become more efficient.

Strengthen our most needy families by calling upon our faith based community to provide the kind of support that only they can offer. Expand health insurance coverage for poor children and speed up the adoption of children into permanent, loving homes.

Make our government more efficient and effective and provide major tax relief for our hard working families, entrepreneurs and wealth creators.



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last modified 1-14-99