2000 State of the State:
Lessons from the 20th Century
Leadership for the 21st Century

I. INTRODUCTION

Lieutenant Governor Posthumus, Speaker Perricone, Majority Leader DeGrow, members of the House and Senate, Chief Justice Weaver, justices and judges, Secretary Miller, General Granholm, colleagues in government, fellow citizens:

Tonight I will talk about the lessons we learned in the 20th century and the leadership we need in the 21st.

In many ways these are the best of times for the 50 states. It's no accident. In the 1990s, a new generation of governors took office, and a new majority in Congress began devolving power and authority to the states. We seized the opportunity to reform welfare, reinvig-orate job creation, rebuild roads, and refocus schools. Now you can read about:

- a state that cut taxes so many times, its people will be keeping $15 billion more of their hard-earned money;
- a state that has helped so many families go to work that dependency declined nearly 70 percent in the 1990s;
- a state whose job providers in the last decade have created more than three quarters of a million new jobs;
- a state that recently experienced the lowest unemployment rate in its history;
- a state that won the prestigious Governor's Cup for new plants and job creation two years in a row, and now is going for a "three-peat";
- a state whose environment is the cleanest in a generation; and
- a state that has reduced crime rates to levels that haven't been seen in decades.

Remarkable achievements, all. Ladies and gentlemen, the name of each of these states … is Michigan. In area after area after area, Michigan is number one!

I think we'd agree: the state of our state is not just okay; not just good. In historic perspective, the state of our state is better than ever. It is simply outstanding!

How different it was just 10 short years ago. Remember the predictions of doom and gloom? The warnings about turning out the lights? The obituaries written about our state?

Well, it seems rumors of Michigan's death were greatly exaggerated! The 1990s were a time of great challenges but even greater opportunities. How Michigan's people and enterprises surprised the pundits! We restored and renewed our state, as we pledged to do. Few realized how much progress we could make when we got government out of the way. Michigan made a brilliantly successful transition from a stagnant, rust-belt economy to a dynamic, high-tech economy – and in an unbelievably short time.

Many of you in this chamber know that it was hard work. In retrospect, it's remarkable how many issues are no longer issues. As I travel our great state, many people are amazed that we have successfully tackled so many big problems at the state level. I tell them it is because, time and again, the men and women of this Legislature have courageously taken on those big issues.

On the broader national and international stage, our challenges in the 1990s were magnified by a sea change of enormous importance. About the same time the Berlin Wall fell in 1989 and the Soviet Empire imploded in 1991, the old Great Society coalition collapsed. In a few short years, we found ourselves at a turning point in world history and American history – a turning point that would have a great impact on Michigan.

One thing the sea change of the 1990s ensured was that domestic policy would capture center stage. Concurrently, something remarkable happened. The creativity and energy of governing at the state level shone through. The spotlight shifted from Washington to the states. Many of us in Michigan have been privileged to serve during this time of opportunity. On issue after issue, we have confronted the great challenges, and handled them successfully.

Let me add that one of the great challenges for the next president of the United States – and for the 107th and 108th Congress – will be to devolve additional power and authority to the states. Our continuing challenge is to be fully prepared to accept it.

The new century promises to be a time of extraordinary possibilities. It has been said, "We now live in a new economy created by shrinking computers and expanding communications."[1] We feel a heightened sense of

[1] Kevin Kelly, *New Rules for the New Economy: Ten Radical Strategies for a Connected World* (New York: Viking Penguin, 1998), p. 1.

opportunity – an opportunity to shape our destiny as few generations have ever had. Yet, despite the anticipation, there are those who feel a sense of uneasiness because of the pace and complexity of change. To them, I would recall the words of Winston Churchill: "…have no fear of the future. Let us go forward into its mysteries, let us tear aside the veils which hide it from our eyes, and let us move onward with confidence and courage."

In an era of continuous change, we can only "move onward with confidence and courage" if we have learned from our past, and know how to apply what we've learned to our future. In short, we must all be better learners. Let me begin with this theme of learning.

Whether it's children learning in better schools; or workers learning to improve their skills; or job providers learning to become more competitive; or dependent families learning to become independent; or government learning to serve you better – whatever we do, we must learn to do it better.

II. EDUCATION

In the 1990s, one important lesson we learned was that the state with the best schools wins. Ladies and gentlemen, I want Michigan schools to be the best, and I want Michigan students to be the best – in the world!

In our quest to be the best, we supported our public schools with unprecedented levels of funding throughout the 1990s. Thanks to Proposal A, we have achieved unprecedented equity, and we have been heartened by steady progress in our children's academic achievement. What we've done is right. It has worked. We can all be proud – but it's only the prelude to doing even better.

To get better – to be the best – we need full freedom, full choice, and full funding in Michigan public schools. These three goals are interdependent.

First, the basics. There are 555 school districts in Michigan. In 1994, when we passed Proposal A, local districts that spent $6,500 per pupil were considered rich. Back then, only 52 districts met that threshold. More than 500 did not. Since they were considered wealthy, they were the only districts allowed to levy some operational millage to maintain such a high level of spending. One of the reasons many of us worked so hard to pass Proposal A was that it held the promise of dramatically improving the fairness of school funding.

Tonight I am proud to announce that the promise of Proposal A is not only being realized; it is being exceeded. Because of our tax cuts, because of

our job growth, because of our commitment to education, I will send you a multi-year budget that establishes a minimum foundation grant of $6,500 for every child attending a Michigan public school. Think about what passing this budget means: a per-student funding level once considered exceptional will now be universal.

$6,500 for every child. Full funding. Every child. Everywhere in Michigan!

The impact of this commitment is staggering. A classroom of 25 students will soon be supported by no less than $162,500. As you know, I believe most of that money should go directly to the classroom. It does not. Regrettably, the current issue of *Education Week* reports that Michigan school districts, when compared to those in every other state, are top heavy. There's too much bureaucracy. So much so that our schools rank dead last in the number of teachers as a percent of total staff.[2] I don't know about you. But I don't like to see Michigan last in anything, especially when it hurts our kids.

The people of Michigan have been generous – very generous – when it comes to funding. Under our system of local control, the state does not dictate local school spending priorities. But when you take the time to look at local school budgets, one conclusion is inescapable: the key to investing more in classrooms – the key to reducing class size – is reducing local bureaucracy. I urge parents and classroom teachers to join with me, and make sure more of the money gets to our classrooms.

This evening, I want to send a message to everyone concerned about our public schools – advocates, boards, the community at large: with this budget, the debate about school funding is over. Michigan's public school children are fully funded. But make no mistake: full funding without full freedom is unacceptable. I've often said that money alone is not the answer. The answer is funding and reform. We will not have one without the other!

So what does reform require? Three things: rigorous accountability from elected school boards and superintendents, outstanding performance from principals and educators, and full freedom for children and their families.

Regarding freedom, let me remind you that our Constitution established a system of free public education. It does not give districts the right to hold families captive behind a wall of separation called a district line. All families should be free to choose their public school.

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[2] Cf. "State of the States," *Education Week* 19 (January 13, 2000), table on pp. 82-83.

Those who are fearful build walls. Those who are confident tear them down. Senators and Representatives, for the sake of our children, tear down those walls!

Tearing down walls also means teachers, parents, and interested citizens should be free to form nontraditional public schools. Public charter schools are one of the most exciting reforms to come out of the 1990s – supported by parents and teachers, Democrats and Republicans. And, of course, the President. In fact, President Clinton championed charter schools from this very podium in March of 1997.

In the Capitol this evening are pioneering children and families. They have exercised their freedom and are attending one of Michigan's 170 public charter schools. These pioneers are accompanied by others who are also seeking freedom. They came to implore: Why freedom for some, but not for all?

Who are these children? And why are they looking to you? While they come from across Michigan, many hail from communities that have seen better times. Many live in areas where the traditional public schools have failed them. Many come from our poorer families. But, ladies and gentlemen, these children are not poor in dignity. They are rich in desire to improve their lives. They carry within them the abundance of the American dream. They know that a good education is the fastest ticket out of poverty.

These children are your constituents, and they are my constituents, too. I will not turn my back on them. I urge you – I urge you with every argument I can muster – not to turn your back on these children in their time of need.

It is my job and your job to ensure that every child has the opportunity to attain a quality education. The waiting lists at existing public charter schools and the more than 100 applications for new charters tell us that many Michigan parents believe that a quality education will be available and affordable for their family only when you act. That's why they came here tonight. In the days ahead, they will be watching you and counting on you.

My friends – for Michigan's children, for Michigan's families, for Michigan's future – I call for abolishing the cap on charter public schools. The cap must go!

More public school choice and more public charter schools will give families greater freedom. But we also must have greater accountability and

better performance. Although accountability and performance are primarily controlled at the local level, Michigan's expectations are high. After all, local public schools are responsible for educating nearly two million Michigan children.

Greater accountability can be achieved in all public schools -- including charter schools -- by taking some relatively simple steps. This is where the powerful tools of the Information Age can help.

I've always found it ironic that we learn more about schools from the sports pages than from the front pages. The annual Michigan School Report and other actions have been important early steps to bring information about school performance to Michigan families. To enhance the quality and use of information available to parents and school leaders, I am establishing an Educational Performance and Information Center (EPIC). Data from EPIC will be available on-line to all.

My confidence in EPIC's usefulness is due to a partnership I am announcing with Standard & Poor's. For years S & P has helped business and government make better decisions. With this partnership in Michigan, S & P will henceforth stand for "superior performance"!

It's important to note that this partnership doesn't require our public schools to report any new information. The information is already there – it's just in many different forms and many different places. EPIC brings it all together in one place for school leaders, parents, and the public. And because of our partnership with Standard & Poor's, the public will soon be able to see how their home district compares to neighboring districts, to similar districts elsewhere in the state, and to the state as a whole. For example, I can envision school business officers accessing the Internet to see if their district is putting more money into their classrooms than peer districts, or if they are achieving consistently better performance on standardized tests. Whatever the use, Michigan citizens will be better informed about our $13 billion investment in public education.

Unfortunately, the data obtained from EPIC is likely to confirm that a few Michigan school districts are in serious trouble. They may be bankrupt financially or educationally. The children in these districts must have some remedy – we cannot ignore them. As you know, I support the principle of local control, but failure is not an option. Not when the lives of children are at stake. There must be a state mechanism for prompt intervention when local schools are bankrupt.

Look at the example of the Inkster School District in southeast Michigan. Inkster has experienced both financial and academic crises. It is turning to the State for help, but we lack clear legal authority to intervene. So tonight I am calling on the Legislature to act: give the State of Michigan clear legal authority to help school districts that are in trouble. Don't fail our children in failing districts. Act now!

The purpose of greater freedom and accountability is to enhance performance. At the end of the day, what matters most to our families is performance. They want to send their children to schools that have high expectations and that prepare them for further study or success in the workplace.

Nowhere is a child's performance more important than in the early grades. We know that a young child's success in mastering reading and basic knowledge is vital to future achievement. We also know that annual assessment is the single most powerful tool to drive and improve our children's performance. It is precisely this approach that has worked so well in Texas and North Carolina, whose gains have led the nation.

To ensure that every local school is helping every child, tonight I call for annual assessments at every elementary grade level. Let's help every Michigan child read and succeed!

One of the most important things standardized assessments reveal in these early grade levels is whether a child is learning to read. If we find a child not reading by third grade, there must be aggressive intervention.

Reading is so important that the Michigan Community Service Commission and its chair, First Lady Michelle Engler, are forming the Michigan Reading Readiness Corps. The mobilization of AmeriCorps tutors into elementary schools will help the students who most need it. This effort will join countless others in making a real difference. From this podium two years ago I said: "I believe that a child who cannot read has no passport to the 21st century." Reading remains our most important prevention program.

Now, when children cannot read, we cannot look the other way. I propose that 2nd and 3rd graders with reading difficulties be given the opportunity to get additional help over the summer. However, if by 4th grade a child still has not mastered reading, then I propose that this Legislature require summer school in an effort to save the child. Failure is unacceptable. Every child must read.

Just as we focus on problems to fix them, we should focus on successes and reward them. For, my friends, when you reward success, more success will follow.

So tonight I propose we create the Golden Apple Awards. Local elementary schools will win these awards in one of two categories: those that are the most improved, and those that are the highest achieving. The apple is "golden" because it will provide a cash award to every single full-time employee in the school. It's time to celebrate and reward our hard-working teachers and principals who are making such a difference for our children!

We know successful schools require principals who are leaders. Tonight, I propose this Legislature enact a Principals' Bill of Rights.

Let's face it. A primary impediment to improving public schools can be poor leadership at the building level. We have learned from experience that the most successful schools have the most inspired leaders. Far too often in Michigan, individual school leaders have limited authority and are bogged down by bureaucracy. Principals are spending more time filling out forms than working with teachers to improve student learning.

We need to reverse that trend and restore principals to their rightful place as education leaders. We took the first step with Detroit principals. Let's finish the job. Let's sever the legal and administrative chains that bind all principals to their desks. Let's empower them to hire and fire building staff, lead building-level curriculum improvements, and establish incentives to reward high staff performance. My goal is to have every Michigan public school led by an inspired principal. It's high time we empowered principals to take charge in school!

Current training of principals and other school leaders is not adequate to meet today's challenges, much less tomorrow's. I propose that Michigan work with the Eli Broad Foundation to create an independent, national center to develop the future leaders so urgently needed in education. Michigan is Eli Broad's home state, and he has offered to have his new foundation play the role of lead partner in this new venture. Located in our state, this education leadership institute would provide specific training and specialized skills to selected applicants so that they are prepared to lead the nation's most challenging school districts.

The center would be independent of any university, but would draw upon university expertise in critical disciplines such as education, labor relations, management, business operations, and public sector governance. University collaboration would complement collaboration with other partners

(business, school districts, government, etc.) to provide expertise along with an ongoing support system.

Just as I propose we support principals, I also propose we continue to support teachers. We support them when we prepare them. As we know, technology is evolving at blinding speeds. With the advent of the Internet, new programs and products are emerging in weeks, not months or years. For example, 400 weeks ago there was no World Wide Web; 250 weeks ago there were no web browsers; 200 weeks ago there was no Amazon.com; and two weeks ago there was no on-line source for tutoring children. We welcome these changes. The question is: are educators able to harness the information revolution for the benefit of our children?

The author of the book, *New Rules for New Economy*, recently put it this way: "Technology, which once progressed at the periphery of culture, now engulfs our minds as well as our lives. . . . Human expression, thought, communication, and even human life have been infiltrated by high technology. As each realm is overtaken by complex techniques . . . the mighty tumble, the once confident are left desperate for guidance, and the nimble are given a chance to prevail."[3]

To ensure all teachers are technologically "confident" and "nimble" – to ensure all teachers develop professionally – we need a special technology curriculum for all teachers. And here's how we do it. We will maximize the impressive intellectual capital that is represented in our Michigan teachers. They have the ideas and information. Then, once they've mastered the technology, let's make sure our teachers stay interconnected by providing a computer for their use along with access to the Internet. By connecting our teachers to each other and to the world, we are saying to our competitors: We just upped the ante; try and catch us.

To permit time for this critical training, I propose that the Legislature give local districts the option to delay for two years the increased classroom hours requirement. That way, initial training for all Michigan teachers will be completed within the next two years.

Shortly I will announce a coordinator for this massive effort. But there is no doubt: to be successful, I believe there must be a partnership involving colleges, universities, teachers' unions, technology companies, and state government.

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[3] Kelly, *New Rules*, p. 1.

My friends, training and equipping our teachers is so important because education is not the static, one-size-fits-all process that you and I knew as kids. It is dynamic and adaptable and responsive to families and their needs. It is also emerging as the next frontier of entrepreneurial investment, and I want Michigan and Michigan's teachers to be prepared to lead Michigan into that new frontier.

From accessible on-line lesson plans, to subject-specific chat rooms, to weekly e-mails to parents about their children's progress, the World Wide Web is waiting to be used to create a community of learning for teachers and students. Michigan means to be at the center of the 21st-century virtual learning community.

In fact, our Michigan Virtual University, under the leadership of Dr. David Spencer, is already attracting international attention. MVU will launch two critically important new initiatives in the coming year. First, the Michigan Virtual High School, an on-line resource that will partner with existing schools and offer previously unavailable courses. Second, the Michigan Advanced Placement Academy. This builds on my announcement of one year ago. This remarkable resource means that every Michigan student will soon have the opportunity to challenge himself or herself and earn college credit or advanced placement while still in high school. Other program possibilities of our Virtual High School could include adult learners pursuing their GED, or prisoners needing reading or math or high-school coursework, or children with special interests or needs. From how we learn to how we earn, the value of the Internet and applications like those proposed by MVU are limited only by our imagination and determination. Our on-line learning initiatives will help keep Michigan in the lead – right where we belong!

Last year you showed great determination in establishing the Michigan Merit Award, which recognizes solid performance in middle and high school. This scholarship is inspiring thousands of Michigan students to work hard and pursue their dreams.

While that's a great start, we can do more for our students who seek further training or a college education. Last year I asked Lieutenant Governor Dick Posthumus to find ways to make this training or education more affordable. His Michigan Commission on Financing Postsecondary Education has reviewed the availability of existing aid for Michigan families. Tonight, I am pleased to announce that his Commission's report will soon be released and will propose a number of excellent ideas to help students and their families by making training or a college education more affordable. Recommendations range from savings incentives to increasing access to

degree programs. His report deserves your prompt consideration. I am enthusiastic about the education savings strategy first proposed by Senator Mike Rogers. To the entire commission, especially its leader, Lieutenant Governor Dick Posthumus, thank you for a job well done.

III. CAREER DEVELOPMENT

Something else the Lieutenant Governor has been working on is career development. Our state has learned well the importance of preparing workers for our dynamic economy. Michigan has one of the hottest economies in the nation. In the "highly technical planetary economy"[4] of the 21st century, our goal is for Michigan to be *the* destination of choice for advanced manufacturing, information technologies, and life sciences.

This lofty goal brings with it real challenges. Changes in the 1990s mean that we no longer face the hardships of the 1970s and 1980s, when unemployment was consistently above the national average – often in double digits. Remember when the unemployment rate peaked above 17 percent in the early 1980s? Today's challenge is about the jobs of the future, and about attracting and retaining the people we need, so that the growth and economic progress of the 1990s are just a prelude to what Michigan can enjoy in the 21st century. What I said about education – "the state with the best schools wins" – applies here as well – "the state with the best workforce wins." And remember, the ultimate winners are our families.

Michigan job providers have told us that their "recurring and number one concern" is the quality and quantity of Michigan's workforce in the coming decade. To make sure Michigan has enough skilled workers to meet the needs of business, my administration has commissioned the Michigan Economic Development Corporation to launch a strategic plan. Our plan involves recruiting young skilled workers to our state, attracting bright students to study in our world-class institutions of higher learning, and luring skilled immigrants to choose Michigan as the place to pursue the American dream. We are sending the signal that Michigan has the talent to do any job. Michigan businesses will stay here, and outside businesses will move here, based on our people and their skills. The new emphasis in the 21st century must be on people retention. We cannot allow a "brain drain" to develop.

The Innovation Forum I launched last year concluded that there must be an "ongoing and significant effort to prepare Michigan for creating, attracting, and retaining high-tech, Gold Collar jobs that will define our

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[4] Kelly, *New Rules*, p. 1.

economy into the next century." In response to these concerns, I recommend several measures to prepare our workers.

One important measure will be Operation Fast Break, an intensive course in reading, writing, computer skills, and the personal discipline needed in the workplace. Where similar courses have been implemented, the results have been impressive. After only seven weeks, workers rise an average of two-and-a-half grade levels and have up to 90 percent placement rates.

Operation Fast Break will be launched this year. Community colleges, high schools, and other public and private organizations will compete to serve 400 to 600 students a year.

The bottom line: students get top-notch skills, business gets top-notch workers, and Michigan stays at the top of the nation when it comes to creating new jobs!

When you look at Michigan families, it's not just high-school age students who need our help. Many adults lack the basic skills needed to qualify for high-skill, higher paying jobs.

So tonight, I propose a new strategy, the Partnership for Adult Learning. It's a no-wrong-door approach that will make it far easier for adult students to find, qualify for, and enroll in the programs they need to work productively. Perhaps they seek to improve their literacy or workforce readiness. Perhaps they need instruction in English as a second language or to complete their GED. Whatever their need, our Partnership for Adult Learning will put students on the right track from day one.

All they need to do is go to any Michigan Works! service center, affiliated school, college, or library. They'll receive information and counseling, and their skill level will be assessed. Their commitment is to attend a certain number of hours each week and to measure their progress. It will require hard work on their part, no doubt about it. However, our commitment is this: If you take the time and effort to improve your basic skills, the state will assist you – free of charge.

To help more adults take advantage of this new strategy, including those who live in communities that previously had inadequate adult programs, I recommend that we increase spending on adult learning from $80 million to $100 million – a 25 percent increase!

The global marketplace is more competitive than ever. States with better workers will have a better chance to experience economic growth, opportunity, and prosperity. Remember, the state with the best workers wins. Michigan has no choice – we must run this race – and we must win it.

To compete nationally and internationally, to raise our standard of living, and to keep skilled workers in our state, Michigan must have better-trained people than our competitors. This means the technical education we provide must be world class – absolutely the best in the world.

The most effective way to ensure that our technical training is world class is to dovetail it with the best in business and industry. So tonight I propose the Michigan Technical Excellence Program, to certify excellence in technical education. Qualifying programs can award the Great Lakes Technical Certificate, a credential signifying that a Michigan worker is trained and ready to take on the world.

This industry-driven, skills-credentialing system will be led by Lieutenant Governor Dick Posthumus, who will chair the new Michigan Technical Excellence Council.

I am so proud of our Michigan workers – they're the best. As we begin this new century, let's resolve to do all we can to make sure they remain at the top of their game.

IV. GOVERNMENT

More good news arrived this month when Michigan was recognized by the Council of State Governments as one of the best states at holding down government spending.[5] We learned in the 1990s how to squeeze more value out of every taxpayer dollar. And that's important because the global marketplace is highly competitive. Tonight I propose several additional steps to build on our impressive record and enhance our competitiveness.

One trend has been clear for some time: financial services have become global and seamless. Now with the federal repeal of a Depression-era banking law, the regulatory environment has changed. We must respond.

Next week I will issue an executive order – this one creating the Office of Financial and Insurance Services. The Office will consolidate the Insurance Bureau, the Financial Institutions Bureau, and the Securities

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[5] Joni E. Finney and Thad R. Nodine, "Coming College Crisis," *Council of State Governments*, January 2000, p. 30.

Bureau. This new office will be headed by your former colleague, our outstanding Insurance Commissioner, Frank Fitzgerald.

Regulating financial services is a small part of what government does. Today, with new technologies, government has the opportunity to reduce the hassle-factor and improve services for all our citizens.

The Internet, in particular, gives us an unparalleled opportunity to re-engineer government to serve our citizens better and in a more timely manner. Another executive order will launch E-Michigan, a government-wide electronic-commerce initiative. Earlier, the Secchia Commission focused on ways to make government more customer driven. Now I want to accelerate the pace and scope of reform. Building on our earlier work, this executive order will set up a two-year agency to coordinate our efforts throughout state government. Reaching our e-commerce goal means that state government will always be open for service, 24 hours a day, 7 days a week. Using a single state portal will break down a host of traditional barriers between regions and departments, or wherever we find them. This initiative promises to change forever the relationship between government and the citizens it serves.

Last week at the Detroit auto show, Secretary of State Candice Miller unveiled just one of many current applications of new technology in state government that will make life easier for our citizens. Congratulations, Secretary Miller, on your new kiosks that will be in convenient locations around the state. They will be reducing the hassle-factor when it comes to renewing vehicle registrations and license plates, registering to vote, and many other services.

Our connected citizens have already benefited in myriad ways from 21st-century technology. Let's speed up their dealings with government.

Another technological success story is the Qualified Voter File. From the Michigan Information Center to the Department of State and numerous other agencies and hundreds of local officials, thank you for your hard work on this impressive project. I am pleased to report that beginning with the presidential primary on February 22nd, this on-line voter file will be used in every election in every precinct and county across Michigan.

Amazingly, the diligent work on this list deleted more than 600,000 names that were duplicated, departed, or deceased.

Michigan motorists have also seen a reduction of the hassle-factor as our highways are being fixed. Tonight I want to thank the drivers of our state

for their patience as we make many improvements. Further, I ask for your support as we expand our work and increase our investment.

Build Michigan I and II have allowed us to fix roads and bridges at a record pace. Next Tuesday, the Michigan Department of Transportation will release its updated five-year plan detailing $6.4 billion worth of repairs on our state highways. Even with this massive plan, many key strategic projects to relieve congestion, reduce delays, improve safety, and keep Michigan's economy booming would remain unfunded. With our economy strong, it's time to put more projects into the plan and on the fast track. It's time for Build Michigan III.

In the next five years, let's go over and above the current plan. Let's fix more Michigan roads. Let's invest an additional $1 billion. I will soon finalize Build Michigan III. That way, you can give this your prompt attention. With your help, we can start these projects this summer!

V. FAMILIES

One of the lessons the American people had to re-learn in recent years is an age-old lesson: people are best helped when they learn to help themselves. Michigan welfare policy in the 1990s succeeded brilliantly. What we did was compassionate and right. We understood a simple truth: that the best welfare policy in the world is a job.

Literally hundreds of thousands of people have been helped. Their lives have been changed for the better. One key has been the success of our nationally known program Project Zero. In the coming year, we will extend Project Zero statewide. Our policies mean that a generation has had its hope restored. Contrast this with the 1970s and 1980s when welfare policy discouraged work. Back then, in good times or bad, Michigan averaged more than 600,000 individuals on welfare. Remarkably, today there are only 36,000 families that remain on welfare that have no income from a job.

Tonight, I propose that we do something dramatic to help these remaining families go to work. I propose a mandatory, intensive, one-time campaign, starting this summer, to reach these families. Having come so far, we recognize that those still out of the workforce present some of the most daunting challenges yet. To assist us, and to help these families help themselves, we will draw upon the experience of some very capable partners – educators, faith-based groups, Michigan Works! agencies, and other public and private groups. Our unprecedented effort will involve the entire family. We will go the extra mile, including child-care and summer school for all kids. Our objective is to remove all barriers to work. It's time these families go to work!

My friends, we have built a Michigan that rewards work. A Michigan that focuses not on minimum wages, but on maximum paychecks. We've learned a sure way to hike wages is to cut taxes.

In the 1990s, Michigan changed dramatically – from a state that hiked taxes, to a state that cut taxes. The good news about tax cuts is, once implemented, they just keep growing. Last year alone, as a result of our 26 tax cuts, Michigan citizens saved $3 billion.

Think about it: if taxes had not been cut so many times, government would have taken a lot more of your money. And Michigan families would not have enjoyed record low unemployment rates and record high job creation.

Tonight I bring good news. Tax cuts you have already passed mean our taxpayers will be saving an additional $1 billion. Our 26 tax cuts have established Michigan, without question, as the undisputed leader in cutting taxes – number one … in the 1990s … in the nation.

And there's even more good news – we are not done yet!

With our economy strong and with revenues up, we can afford to accelerate the income tax rate cut. Since we can afford it, we should do it. Tonight I call on the Legislature to cut the income tax rate to 4.2 percent. Do it right away – one full year ahead of schedule!

I will also recommend several changes to benefit senior citizens and persons with disabilities. Current exemptions are often bewildering. I propose we simplify the exemptions and provide these folks with greater income tax relief and homestead property tax relief.

I also call on you to expand income tax exemptions for children. Currently we give families an additional $600 exemption for every child up to age six. I propose that this additional $600 exemption be made uniform for all children through age 18.

By these two actions, a family of four with two children earns the first $12,800 of each year tax free.

Any parent can tell you: raising children is expensive, but the experience is priceless. Let's give Michigan parents another boost by increasing their family budget with the first tax cuts of the 21st century!

I applaud you for the landmark action taken in 1999 to phase out the Single Business Tax. Tonight I propose that we improve the treatment of investment tax credit. Let's encourage small business and its capital investment.

The annual savings of all our tax cuts? What was $3 billion last year will grow to $4 billion in tax relief this year, and – with your support – will climb to almost $5 billion by the end of next year.

So, on behalf of Michigan's families, let me thank you -- the Michigan Legislature -- for your steadfast support. Michigan has taught the nation that the best economic policy is cutting taxes. Don't you think it's time Washington learned that lesson and cut our taxes?

VI. HEALTH CARE

Another lesson for Washington concerns health care, and it's pretty straightforward: Americans don't want socialized medicine. Americans do want consumer choice and the highest quality care at a price they can afford.

Consumer choice, quality care, affordable care – these require a delicate balance. Michigan has been a national leader in striking this balance and protecting patients. In 1997, Michigan was among the first states to adopt a Patient Bill of Rights that truly protects patients.

Many of you in the Senate and House have done impressive work grappling with health care issues. Tonight I propose to build on your efforts. Let's strengthen and extend our Patient Bill of Rights. We will ensure the right to appeal care and coverage decisions made by all HMOs and health insurance companies!

In addition, I call on the Legislature to act promptly on recommendations from the Insurance Commissioner to strengthen and secure the solvency of Michigan's health plans far into the future. These reforms are necessary and require your immediate attention.

Finally, to arm our consumers with the most up-to-date information, we will publish on-line Health Plan Report Cards. These consumer reports will help citizens choose the best insurance plan by giving them reliable and up-to-date performance information.

VII. ENVIRONMENT

Yet another area where Michigan's performance has been superior is the environment. We've learned that the economy of the states and provinces

in the Great Lakes Basin is interdependent with the ecology of the vast inland seas that we steward. We celebrate the fact that our water, and our air, are cleaner than they've been since monitoring began. The cost of this achievement has not been cheap: billions of public and private dollars have been spent to prevent pollution and restore water quality. Today, as a result, the Great Lakes are becoming cleaner and cleaner. And as we proceed with our Clean Michigan Initiative, our waters will improve even more.

As you know, we are committed to repelling any threat to our Great Lakes. In the century ahead, Michigan will face many threats, especially from those who covet both our water and the power to control it. It's hard to fathom why some of Michigan's own Congressional delegation actually sought to transfer authority from Great Lakes governors to Washington bureaucrats.

Tonight, we salute Senators Abraham and Levin, and Congressmen Camp, Ehlers, and Barcia, and other members of the Michigan delegation who are standing with the Great Lakes states and protecting our fresh water. Thank you.

To those who have been on the wrong side of this issue, let me remind you that the state seal behind me bears the Latin word "Tuebor." It means: I will defend. Michigan has a message for Washington: Lake Champlain will never be one of the Great Lakes, and our Great Lakes water will never be for sale.

Our strategies like the Clean Michigan Initiative are improving our environment. One successful strategy has been to reuse old industrial sites. Tonight, I propose we build on our past success and spur even more redevelopment in our core cities. Let's pass a new Brownfield Redevelopment Act as part of a broader core cities strategy. This new measure will allow developers to invest in blighted areas and reuse old buildings that are not necessarily contaminated. Recycling more abandoned urban sites will reduce pressure to develop in rural areas without services.

We can further reduce pressure to develop those rural areas through a constitutional amendment. Our goal is to keep land in agricultural production and to conserve green space. This Legislature has shown great appreciation for the economic and cultural contributions made by agriculture to Michigan. When we help agriculture, we preserve for future generations an industry that goes back to our earliest days. I consider agriculture, whose legacy is so important to our past, vital to our future.

To accomplish that goal, I propose we follow a key recommendation of the Agriculture Preservation Task Force, ably led by Senator George

McManus. Michigan should tax agricultural land on use value, not on market value. George, thank you for your hard work!

VIII. CONCLUSION

Tonight, I've talked about some of the lessons we have learned in the course of governing our great state. As we begin a new session, a new year, and a new century, it's appropriate to reflect on some old truths: cutting taxes creates jobs and strengthens families; government works best when families are working and communities are protected; the best welfare policy helps families off welfare rolls and onto payrolls; and education works best when we empower teachers and principals, and when children are the focus.

In the year ahead, let us build on those time-tested truths, and on our impressive record. Let us ensure Michigan remains the leader in this new century.

For, as long as we keep families and children first, I know where Michigan will be – leading the way – first in the 21st century!

Thank you. God bless you, and God bless the great state of Michigan!

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