

2011 STATE OF THE STATE ADDRESS

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Most of us have faced a serious budget problem at some pivotal moment in our lives.

Certainly, this is not my first time at the deficit rodeo.

Almost 20 years ago to the day, a person who knew that I loved old buildings coaxed me down 70 miles south of here to look at the only registered historical landmark in downtown Colorado Springs.

It was scheduled for demolition.

I bought that building from the bank, but despite previous successes in Denver and Fort Collins, I could not attract investors to save the old Cheyenne Hotel.

After almost two years of work, when the bank was on the verge of repossessing the building, our general contractor, the man – the legend – Chuck Murphy, saw another approach.

He called a meeting of all the subcontractors who had bid on the project – the electrician, the plumber, the sprinkler guy, all of the others – to come listen to the same pitch I’d been giving to wealthy investors.

Despite my skepticism that small businesspeople would accept such risk, they put their money down. We raised the last \$150,000 from the subcontractors. They become my partners.

From that point on, everything was different.

I’ll never forget when the electrician came and was concerned about lighting in the bar. He suggested that we replace the deluxe fan system in our plans with an equally durable fan that also featured lights.

I asked what the extra cost was going to be, and he said I’m your partner, “Why would I add an extra cost?”

That’s how we built the Phantom Canyon Brewing Co.

The stakes are a lot bigger now, but I’m here today to ask you to become our partners in transforming Colorado.

We have to deal with a \$1 billion shortfall; we have to cut red tape; we have to create new jobs. No one could do this by themselves.

We need everybody in this room, everybody who is listening to this speech, every state employee, every farmer, every rancher, every small business owner and every worker across the entire state of Colorado to decide that we need each other ... and we are going to pull together in these hard times.

My thanks go to the President of the Senate Brandon Schaffer, to the Speaker of the House Frank McNulty, and also to Senate Majority Leader John Morse, Senate Majority Leader Amy Stephens, House Minority Leader Mike Kopp, House Minority Leader Sal Pace and to every one of you serving in the Colorado General Assembly.

To Lt. Gov. Joe Garcia, Attorney General John Suthers, State Treasurer Walker Stapleton, Secretary of State Scott Gessler and the distinguished members of the Colorado Supreme Court who are with us today, I thank you for your commitment to Colorado.

Thank you to our newly-elected Sen. Michael Bennet and Denver's glorious new Mayor Bill Vidal – both are there today. Congratulations to you both.

I want to especially thank my wife, Helen, and our son, Teddy, my 84-year-old step-father Bill McDonald (who was still listening to OneRepublic at 11:30 Tuesday night) and brother Sydney Kennedy, who without pay helped build each of our restaurants in Colorado, and the members of my cabinet and Governor's Office staff who are joining me in this journey of public service. And to all of the state employees, I look forward to working with you.

For those of you like me who are newly elected, I want to extend a special acknowledgement.

No matter what your party affiliation may be, your willingness to contribute to Colorado by putting yourselves forward for public service is honorable.

Without exception, we have been impressed that so many of you have reached out, expressing a sincere commitment to roll up your sleeves and work collaboratively.

The dictionary defines "collaboration" as "a process of working together for shared goals."

If ever there was a time in our history calling out for a spirit of collaboration to solve big problems, it is now.

So it's clear that we have a great deal of work to do in the next 119 days.

The only way we are going to succeed is if we work together.

JOBS

Our top priority must be jobs.

Sustainable jobs are created by the private sector.

Our task must be to support that job growth, while also maintaining the highest ethical and environmental safeguards.

Listening to Coloradans, understanding the vision that every county has for its economic future, is the first step. We need to unleash the entrepreneurial spirit that is alive in Colorado.

The economic plan we are proposing is not a top-down, government mandated scheme. It's a bottom-up, community-based initiative that will reflect the priorities of your constituents.

The global recession did not start in Colorado, but we are convinced we can end it here.

There are many reasons to feel hopeful. We have made huge strides with renewable energy and have the potential to grow more and greener jobs.

We've got the Colorado Advantage: a great quality of life and unlimited economic potential; people want to live here; and we have outstanding universities, vibrant culture, unmatched recreational assets – not to mention the stunning Colorado landscapes.

And the kind of people who choose to live here are themselves a resource – they attract companies to Colorado by providing the creativity and innovation that helps businesses to grow.

On my first day as your new governor, I signed executive orders designed to spur job creation, attract investors and cut red tape.

In the days ahead, I would like to see if we could look at adding a regulatory impact statement or something like a regulatory impact statement to new legislation. Just as we require a fiscal note for every new bill that estimates the costs to state government, we could also include an estimation of the cost to businesses of additional regulations.

We also hope that every bill you consider passing will be viewed through the lens of its impact on our economic growth. This doesn't mean we compromise our standards or put our land, air or water at risk, but it does mean that we'll keep a fierce and even relentless focus on jobs.

For example, we know there are several bills you are considering that will establish a venture capital fund for small businesses. We will work with you on these proposals and create strong public-private partnerships.

We invite you to participate in the process we are charting to develop a new state economic strategy. Over the next four days, as I travel to your districts across Colorado, I would like your help in getting the support of local business and civic organizations to create these plans.

Your involvement, as a real partner with our administration, could mean the difference between success and failure.

BUDGET

Just like families across Colorado do at their kitchen tables, we have to sit down at this kitchen table and make difficult choices in order to pay our bills, manage our expenses and live within our means in obviously leaner times.

How we bring our budget into balance and put Colorado on a sustainable fiscal path will be perhaps the most important legacy of this legislative session.

The challenge is daunting. We are currently face a shortfall for the next fiscal year of roughly \$1 billion.

We thank you for all the hard work that has been done so far. Now it's time to take the next step.

I've met with the Joint Budget Committee and am encouraged by the leadership represented there.

Chair Mary Hodge, Rep. Cheri Gerou and all the members of the JBC, are knowledgeable and experienced leaders. We look forward to working with them.

We've done something unique to compliment the bipartisan spirit of the JBC and that is to create our own bipartisan budget team. My budget director, Henry Sobanet, worked for Gov. Bill Owens. My senior advisor, Todd Saliman, worked for Gov. Bill Ritter.

They are both experienced state budget experts and they also work well together and respect each other. We are proud to have both of them on our team.

Our state Constitution requires us to balance the budget annually. We can do better. We propose looking at the state budget challenge from a multi-year perspective, just like any business would do. We are working with our budget team to develop proposals that span more than one fiscal year and will share these ideas with you in the weeks ahead.

We view our task in three parts: making the hard decisions to balance the annual budget; improving how we spend the money we have; and restoring structural balance to our spending and tax rules.

We cannot fix all of these items this year or even in this building. But a long-term plan is critical to Colorado's future.

We don't doubt how difficult this work will be – no one in this room took office to cut programs that are needed and used by some of our most vulnerable citizens. No one wants to vote to support a budget that cuts education when clearly we need to instead find ways to better support our school districts and colleges.

This legislative session, we are going to engage in very direct, very pragmatic conversations about what we can and cannot afford to do as a state government.

We are going to undertake a frank analysis of how and where government works – what is the real impact being realized in terms of tax dollars being spent. For those programs and policies that, while undertaken with good intent but have not proven to be effective, we are going to collectively make the decision on how to cut.

Our goal is to redefine the role of government to match what the people of this state can afford.

We have already directed my cabinet to identify savings, redundancies and efficiencies in each department.

We also have to look for meaningful consolidation. We've already begun this process in the administration by combining some jobs and consolidating others. At the Colorado Department of Public Health and Environment, for example, we've combined the Chief Medical Officer position and the office of the Executive Director.

Thanks to Speaker McNulty, Minority Leader Pace and President Schaffer and Minority Leader Kopp, with the support of Rep. Swordfeger (sward-fig-er) from Pueblo we are also making savings in the Lieutenant Governor's office by authorizing our great partner, Joe Garcia, to take on two jobs – as only he could- his constitutional role as Lieutenant Governor and leading the state's Department of Higher Education.

We also want to express our sincere appreciation to Attorney General Suthers and his staff. They've been a great partner with us in all of these efforts.

EDUCATION

Education is the social bedrock for the hopes and dreams of our children and the foundation that is necessary for their future prosperity.

No community can have sustained economic growth without a good education system.

The link between education and economic development is clear. Ask any business leader thinking of moving or relocating a business to another state and she'll likely tell you that tax incentives and public subsidies matter less than a state's quality of life and the excellence of its schools.

Beyond economics, however, we have a moral obligation to the children of Colorado to do all that we can in the midst of this economic downturn to see that our budget decisions avoid compromising their future.

The past four years have marked Colorado as a leader in education reform and we have important work to see through – both the goal of ensuring a student-centered education system articulated in CAP4K and the creation of a fair and effective educator evaluation system. We must change the dynamic that a child's potential not be predetermined by his or her ZIP code.

We have read, and commend to you, a strategic plan recently completed by Gov. Ritter's citizen panel led by Rico Munn and co-chaired by Jim Lyons and Dick Monfort, outlining the stark choices we must make for higher education in Colorado.

We have asked Lt. Gov. Garcia to pick up where this important report leaves off and to work with the Colorado Commission on Higher Education to help us make the tough decisions.

In the end, we believe we'll need to engage all of Colorado in a serious conversation about the value of higher education. As somebody who chose to start a new business in the midst of a previous recession, let me tell you, this doesn't have to be the time to limit our investments or our dreams.

HEALTH CARE

We have a different kind of challenge when it comes to health care. The changes made in Washington, whether you support the new law or not, have to be addressed by the states.

We are better poised than others to develop the architecture for health care exchanges. Decisions made by the last administration and the Legislature have created an opportunity for Colorado to do a better and a more efficient job of providing health care than many other states.

In fact, the new health care law includes some opportunities for innovation and redesign of our local health care system, in ways that can both save the state money and improve the health of our citizens. One such option is the creation of what are called "Health Care Homes" for individuals for chronic diseases.

By adopting new standards and designs, we can substantially reduce the state share of expenses that we provide for primary care. It will be strategies like this and the passage of last year's hospital provider fee that both improve our system and reduce our financial burden.

WATER

Colorado's future depends upon how we cultivate our intellectual treasures and our natural resources. Much attention has been devoted to a debate about energy, the right balance between developing natural gas, coal and renewable energies.

But the natural resource that may, in the end, have the greatest impact on Colorado's economic growth, is water.

A recent report by the Inter-Basin Compact Committee makes clear that a "status quo" approach to water will inevitably lead to pressures that harm our environment and dry up precious agricultural land.

We cannot let that happen.

The IBCC and other water leaders and stakeholders across Colorado are ready to work in a comprehensive way to develop strategies, especially conservation, to ensure that our cities and rural communities are well protected.

We want this effort close to the Governor's Office to send a clear and unambiguous message that water is a top priority in this administration.

We'll take this ethic of collaboration and the search for common-ground to other issues besides water. Protecting our environment, keeping our air clean, conserving the natural beauty that defines Colorado – these are values we cherish and we won't sacrifice them.

In this regard, we are surely on the right path as we implement legislation that was signed into law last year, the Clean Air Clean Jobs Act. This law places Colorado at the forefront in reducing pollutants, creating jobs and while it hasn't been without controversy, we shouldn't move backwards.

EFFICIENCY

In each of the areas that I've discussed this morning – jobs, budget, education, health care and the environment – we believe we have an opportunity to build greater public confidence in good government.

We know that government is not the same as running a restaurant, but there are lessons from the private sector that have an application here.

Like the electrician, back at Phantom Canyon, who knew about the durable fan that also provided better lighting, you're going to have ideas about how to make state government more effective, efficient, and elegant. Let me explain what I mean.

Effective. Let's measure every aspect of government to be sure it's doing what it's supposed to do. Let's look at outcomes to judge whether our programs are successful.

Efficient. Services should be delivered in ways that are timely and effective. We will review every program, identify waste and duplication and measure for efficiency.

Elegant. When I say elegant, I'm not talking about fashion – you can tell that, just look at me. I'm talking about the delivery of state services in a way that elevates both the state employee and the person receiving state services. When someone applies for a driver's license or inspection they shouldn't feel disrespected by the interaction, and neither should the state employee. This is the essence of customer service.

All of these changes require a fundamental shift in the culture of government, and we have no more important partner in this effort than our state employees. Making government more effective, efficient and elegant means listening to our state employees and learning from them how we can do better.

We will visit state offices across Colorado in search of ideas for efficiency, and ways to re-design the delivery of services.

CONCLUSION

Members of the General Assembly, it's a little warmer in here than it was on the steps of the Capitol on Tuesday.

Now as Gov. Ritter suggested I should get one minute of speaking for every degree in temperature. We checked the thermostat on the way in, and it's about 70 degrees in these chambers ... which means I have another ... I'm about a third of a way ... let me check my watch ... just kidding. I have only one more point to add.

A lot of people don't think the state can operate in a nonpartisan way for the benefit of Colorado.

We don't agree ... We are even optimistic about something as politically charged as redistricting. We believe this process can be accomplished in this session given the bipartisan work you have already begun.

Colorado will be best served if lines are drawn to promote competitive districts, and we look forward to working with you to accomplish this goal.

We called our transition effort "Partners for Colorado" for a reason. We see each and every Coloradan as a member of our administration, with a stake in our decision-making and an invitation to share good ideas.

Like that general contractor in Colorado Springs who saved the Cheyenne Hotel, we are looking for people who want to make the project succeed.

That doesn't mean we are always going to agree on everything. We know we will have our differences.

But the important thing is that we keep talking until we figure out the right solutions for Colorado.

Together, we have the opportunity to redefine the role of government and to redefine how we govern. I charge this collective body to believe that each of your colleagues is here with good intent and has undertaken the role of public service to do the right thing for the people of this state and for our future.

Together, we can work to show the people of Colorado that we are here to serve them, and that our efforts reflect the Western values of hard work, honesty and respect. And let's not forget humor. Or the value of sharing a beer after a hard day's work.

We have important work to do together.

Let's get to it.