

Text of Governor Doyle's State of the State Address Growing Wisconsin's Economy

Speaker Huebsch, Speaker Pro Tem Gottlieb, President Risser, Majority Leader Decker, Constitutional Officers, Supreme Court Justices, tribal leaders, members of the Cabinet, distinguished guests, members of the Legislature, and fellow citizens of Wisconsin.

Tonight, our nation finds itself at a time of great uncertainty. America's economy is in deep turmoil. In just the last few days, markets around the world have plummeted and talk in Washington has turned from recovery to recession. Make no mistake: challenging days are ahead.

But one thing is certain... In Wisconsin, we are hardworking people. And when challenges arise, we meet them head on.

...Passionate people who invent and innovate, who build and grow. ...People who enjoy life, who wear cheese on their head and who love the green and gold.

When they said American manufacturing was finished, we showed the world what quality was all about. We got leaner, more efficient, and today we're producing the highest quality products in the world.

When they said California would become the number one cheese producer, we modernized our dairy industry, captured new markets and today we're producing more cheese than ever.

When they said we could not compete with high tech industry, we invested in our universities, built new companies, and supported the best scientists in the world. Now we lead the nation in high tech research.

This is the promise of Wisconsin – our ability to transform challenge into opportunity; to face difficulties and overcome.

In Wisconsin, we've taken steps to prepare for a national economic downturn. We've cut spending, cut taxes, and deposited \$50 million in a rainy day fund.

Jobs are up in Wisconsin. Exports are up. And from Uline in Pleasant Prairie to Logistics Health in La Crosse, we're attracting new companies and we now lead the Great Lakes in job creation.

But all signs show that America's economy is slowing, and all of us will be affected in the weeks and months ahead.

Many of the challenges we face today in Wisconsin can be traced to years of bad decision making in Washington. For nearly a decade our national government has failed to address major economic problems like loss of manufacturing jobs, spiraling health care costs, and our reliance on fossil fuels. For too long, Washington has ignored the growing trade deficit and a weakening U.S. dollar.

Today, we are reaping the consequences of Washington's failures. States across the country – from Florida to California, Minnesota to Arizona – all are facing

budget deficits.

In Wisconsin we used conservative estimates from the Fiscal Bureau to develop our budget, but because of the national economic slowdown, we too will face a very difficult fiscal situation. We will have to delay some of the things we all agreed on. We will have to make deep cuts and hard sacrifices.

Tonight I stand before two houses of a Legislature each led by a different party. That is a source of strength and a source of weakness. Last year we saw gridlock and a budget that was four months delayed. But in the end we saw what was possible when we work together.

Together we made government leaner and focused on the priorities of the middle class. We cut bureaucracy by more than \$200 million. We protected funding for education, for health care, for public safety. We made tough choices to strengthen our economy and make life in Wisconsin more affordable.

We raised the tax on cigarettes to reduce smoking, but we didn't raise income taxes ...didn't raise business taxes... didn't raise sales taxes.

In fact, we cut taxes on health care, child care, and college education. We cut taxes for farmers and manufacturers. We ended the tax on social security, ended the tax on estates, and continued the tightest property tax limits in history. Over the last four years we've seen the property tax burden fall to its lowest level in more than two decades.

Yes, we have made real progress but there is still much more to do.

Tonight I am proud to report that even during these uncertain times, the State of Wisconsin is primed to meet the challenges ahead. We are ready to Grow Wisconsin...

It will take Democrats, Republicans and Independents working together.
It will take honesty with the people of this state about the problems we face.
It will take a willingness to look forward and see that our long term strength comes from a very basic belief that a strong, healthy middle class represents our best hope for a strong, healthy Wisconsin.

To get there, I present to you tonight the next step in my Grow Wisconsin strategy – real priorities to foster innovation, seize new energy opportunities, make health care more affordable and build an educated workforce ready to compete around the world.

Growing Wisconsin's Economy

It starts with investing in those things that offer the greatest promise for Wisconsin's long term economic growth, like expanding our high tech sector. Thanks to the ingenuity of innovators across the state, we're doing it.

Institutes for Discovery

Just last month... not at Harvard, not in California, but at the University of Wisconsin, Dr. Jamie Thomson and other Wisconsin researchers embarked on the

next frontier of stem cell research – using skin cells to create new stem cells that may one day save lives.

Please welcome Dr. Thomson. Because we kept politicians out of it, Wisconsin remains the world leader in stem cell research. Thank you Dr. Thomson and so many other Wisconsin researchers for helping Wisconsin lead the way.

In the coming months, we'll break ground on the Wisconsin Institutes for Discovery, a new research center that will enhance human health and enhance our economy. We'll bring biotechnology, nanotechnology, and information technology together to turn new discoveries into economic opportunity.

From research at the University of Wisconsin-Milwaukee and the Medical College of Wisconsin to the NanoRite project in the Chippewa Valley and new facilities at the Marshfield Clinic, we're building economic engines in every corner of the state.

Research and Development

Research and development is what keeps Wisconsin at the forefront of the changing global marketplace. From the supercomputer to the outboard motor, Wisconsinites have always been committed to innovation. This commitment has changed our economy and changed our world. Today our universities and public institutions are global centers for research and development. We must drive private sector investment in R&D as well.

We can create an economy built around innovation if we work with Senator Kreitlow and Representatives Kleefisch, Sheridan, and Smith to encourage business to center their research and development operations in Wisconsin.

When a business increases its research and development by 25 percent, let's reward them dollar for dollar for what they invest beyond that.

Attracting Investment

In recent years Wisconsin's share of venture capital investment has doubled. Together we provided tax credits to leverage over \$400 million in private venture capital investment by 2015. That's a great bang for our buck.

With the help of Senators Sullivan and Plale, and Representatives Strachota, Schilling, and Hintz we can take it to the next level to further accelerate new business in Wisconsin.

Businesses like Virent Energy Systems, led by Eric Apfelbach – this company is developing renewable fuel technology and could become the next Google or Microsoft.

By helping kick start companies like Virent or reforming our capital gains tax to drive reinvestment in our state, we can unleash the entrepreneurial spirit of Wisconsin.

Next Generation Agriculture and Manufacturing

Wisconsin manufacturing and agriculture are the core of who we are. We must streamline regulation and make smart investments in the next generation of these industries.

Today we're producing more milk than we have in twenty years because we helped our dairy industry become more efficient. Let's work with Representatives Ott and Steinbrink and Senator Vinehout to do the same for our cheese makers, meat processors, and others.

Small and mid-size manufacturers like GenMet in Mequon have gone from 50 people and \$3 million in sales to 80 people and \$12 million in sales because they've maintained a commitment to quality and became more efficient. Let's continue our investments in lean manufacturing and work with Senators Lassa and Sullivan and Representatives Jeskewitz and Strachota to direct \$85 million to strengthen Wisconsin manufacturers.

Minimum Wage

We've worked hard to create high-paying jobs, but we must provide opportunity for every Wisconsin worker. In my first term we raised the minimum wage after 8 years of inaction.

Legislators, it is time to do it again. Imagine trying to pay \$3 a gallon for gasoline when you're making \$6.50 an hour. Imagine trying to clothe your children, pay for college, or buy your groceries on \$260 a week before taxes. We can do better. We must do better.

Wisconsin's minimum wage now ranks 40th in the nation. Let's support Majority Leader Decker's efforts to raise the minimum wage to help nearly 230,000 Wisconsin families who are trying to get ahead.

Creating Renewable Energy

We have set Wisconsin on the right course to seize new economic opportunities and lead our nation's response to one of the most critical challenges of our time...

Our addiction to foreign oil is compromising our national security, paralyzing our economy, and melting the polar ice caps.

The global threat of climate change is undeniable. Temperatures across the Northern Hemisphere have reached their warmest point in over two thousand years.

A barrel of oil has topped \$100... and just look at the price of gasoline at the pump – nearly double what it was just five years ago.

The oil companies don't care. They're making the biggest profits in history.

Our country is sending over a billion dollars a week in oil payments to the Middle East. Just imagine if we were investing that kind of money right here in Wisconsin.

Energy Accomplishments

I've said it before and I'll say it again – we should depend more on the Midwest and less on the Mideast, and today we are.

Since I became Governor, we've worked together to increase production of Wisconsin-made ethanol from zero gallons to half a billion gallons per year.

Last fall, I brought governors from across the Midwest together in Milwaukee to chart a new energy direction for our region and our world.

At the University of Wisconsin-Madison we are launching the Great Lakes BioEnergy Research Center bringing together researchers from five other universities across the country.

Our nation's dependence on foreign oil must end, but drilling our way out of this crisis is not the answer. We must invent and innovate our way to a cleaner, safer energy future.

...and tonight, from generating wind power in Fond du Lac to harnessing the power of biomass in Rice Lake, Wisconsin is ready to lead the way.

Energy Independence Fund

Tonight we'll launch an aggressive new strategy to reduce the pollution that causes global warming and grow Wisconsin's economy – the Wisconsin Energy Independence Fund – a major new investment to make Wisconsin a world leader in renewable energy and homegrown power.

Over the next 10 years Wisconsin will invest \$150 million to help our businesses, our farmers, our foresters, and our manufacturers produce and promote renewable energy.

Our strong manufacturing base and rich agricultural industries, along with the wealth of resources in our vast northern forests and world-leading research universities, position Wisconsin to become the Saudi Arabia of renewable energy.

From manufacturing wind turbines and solar panels to retro-fitting fuel pumps and exploring the latest clean technologies, we will seize green opportunities and create good jobs for our citizens.

But we won't stop there.

Renewable Fuel Initiative

Tonight we'll launch a new campaign to increase the availability of renewable fuel by 1 billion gallons.

First we'll provide new tax credits for biodiesel fuel producers and add 400 new renewable fuel pumps to our roads.

Second let's pass a renewable fuel standard sponsored by Senator Kreitlow and Representative Suder to require oil companies to provide renewable fuel for our consumers.

Energy Efficiency

Energy costs continue to rise and Wisconsin families deserve relief. Over the next 18 months, we will make another historic investment – \$95 million – to help save families and businesses over half a billion dollars over the next decade.

Making Health Care Affordable

To grow Wisconsin, we must address the most significant burden on our economy, our businesses, and our families – health care.

Today more than 90 percent of our citizens have health insurance, making Wisconsin a national leader.

Yet too many in our state still don't have affordable health insurance – running to the emergency room when they get seriously sick, driving up health care costs for all of us.

600,000 citizens in this state lack health insurance and nearly 98,000 of them are children.

I think we can all agree: No child -- no child -- should go without health care.

BadgerCare Plus

This year Speaker Huebsch, Senator Robson and lawmakers from both parties came together to provide every single child the health care they need at a price their family can afford.

No more financial dead ends for families... No more needless emergency room visits... On February 1st we will launch BadgerCare Plus and fulfill our moral obligation to every child in this state.

And when the program is fully implemented, 98 percent of Wisconsin citizens will have access to affordable health insurance making Wisconsin America's health care leader. Let's keep leading the way.

BadgerChoice

Skyrocketing health care costs are paralyzing our economy. And across the country small businesses, their employees, and their families are shouldering the worst of the problem.

Less than half of small businesses can even afford to provide insurance for their workers. These families represent over half of the uninsured people in this country.

And the problem is getting worse. Small businesses and their employees pay 18 percent more for health insurance than big companies. And their insurance bills may go up 30 percent one year and 50 percent the next.

Senator Vinehout and Representative Seidel have been working with businesses

and health care experts to solve this problem. Rising insurance costs are killing our small businesses.

For over 25 years, Keeper Goals, a small manufacturer in Butler, Wisconsin has made high quality athletic equipment such as soccer goals and basketball hoops.

John Moyhnihan, the owner, does the right thing and provides health insurance to his employees. He has eleven full time employees - seven of which participate in their health care plan. For the past two years his insurance costs have gone up nearly 60 percent. He spends nearly 15 times what he spent on health care a decade ago. He says that health care costs take up almost 25 percent of his overall business.

Every year John works with an insurance broker to look for better health care deals and every year the costs go up.

A horrible illness or accident could happen to any one of us. The purpose of health insurance is that we all share the risk. But when one person at Keeper Goals gets sick, their costs go through the roof.

This comes down to an issue of fairness. Two people – same age, same health history – the only difference is that one sits behind a desk and another makes things for a living.

Why should our farmers, our manufacturers, our service employees and others have to pay so much more for health care?

For years we've worked on lowering health care costs. We've created purchasing pools and coops. They've helped, but it's just not enough.

We have a system that's not working. ...A system that allows insurance companies to cherry-pick who they'll cover. ...A system that too often puts insurance companies and drug companies ahead of small businesses and ordinary families.

It's time for a change, and it's called BadgerChoice – a one-stop shop for small businesses where there's real competition among insurance companies and real choice for consumers.

Modeled off of the most innovative solutions in the country, our plan will create a consumer-driven health care marketplace for nearly 800,000 people.

Here's how it works:

First by harnessing the purchasing power of Wisconsin's small businesses, we can drive down costs and provide real saving for families.

Second we'll create a simple, straightforward web-site and a 1-800 number that will reduce administrative costs and make it easy for families to understand their options.

Third we can eliminate the "one size fits all" health plan and allow employees to choose from a dozen private plans – applying their employer contribution to the

one that works best for them.

Finally – and this is the critical step – through a new community rating system, we'll inject real stability and fairness – ensuring that all of us share the risk.

Our economy, our businesses, and our families need health care reform that draws from the best Democratic ideas and the best Republican ones. A plan that gives our small businesses the relief they need and gives Wisconsin families the peace of mind they deserve.

Let's keep leading the way.

Anti-Smoking Initiative

Our efforts to fight smoking have worked. Since the price of cigarettes went up on January 1st over 20,000 people have called our Quit Line ready to kick the habit.

Already we have saved lives.

It's time to take the next step. 23 days ago every bar, every restaurant, every workplace in the state of Illinois went completely smokefree. Five months ago the state of Minnesota went completely smokefree.

From Appleton to Ashland, more than 30 communities across Wisconsin have gone smokefree. The patchwork approach to public health is bad for business and the time for action is now.

I want to thank Senator Risser and Representative Wieckert for their leadership. Wisconsin should not become the ashtray of the Midwest. It's time for lawmakers to do what's right and make all workplaces completely smokefree.

Autism

Nicole and Matthew Horton are here tonight and I want to thank them for letting me share their story. They are dealing with something that thousands of other families struggle with in Wisconsin.

Three years ago Nicole and Matthew gave birth to their son Owen. But it wasn't too long before they realized that Owen was not developing like he should.

The doctors said that Owen had Autism. It was serious, but if he got immediate treatment the chances for improvement would grow dramatically.

Nicole and Matthew worked hard to get good health insurance so that it would be there if they needed it. But when they turned to their insurance company to pay for Owen's treatment, they were rejected.

Owen's treatment costs more than \$50,000 a year – a cost almost no Wisconsin family could ever afford.

A year ago I asked lawmakers to help families who struggle with autism. Enough is enough. Senator Robson and Representative Ott have authored legislation that

would require insurance companies to cover the cost of autism treatment.

They're here because they want lawmakers to side with Wisconsin families not big insurance companies.

Investing in Quality Education

From the health of our families to the health of our economy, we have work to do together... but it all begins with a commitment to education.

For me it's pretty basic. It comes down to what every parent wants for their child – small class sizes, good teachers, and high standards.

Over the past year Democrats and Republicans have come together to invest in education from four year old kindergarten to our world class colleges and universities.

We've opened the doors of opportunity for every student willing to work hard and earn their way. Students like Justin Beaver. Justin and his grandparents, Joanna and Donald, are here tonight.

After his mother left home and his father passed away, Justin had to take care of his younger brother and put himself through college. He earned a 3.5 grade point average and found time to mentor middle school students and coach high school football.

He also played a little football himself. A three time all-American, Justin was named the best player in the country for division three football and led the University of Wisconsin-Whitewater Warhawks to their first ever national championship. Justin represents the hope of Wisconsin.

Justin, thanks for making us so proud.

3rd year of Math and Science

To make sure we have more kids ready to compete in the world, I urge you to pass legislation to make a third year of math and a third year of science mandatory for high school graduation.

Teacher Pay

We need high standards for our students and our teachers, but we have a compensation system that rewards neither. The system is broken. It's a relic from a political fight a half a generation ago. From Waukesha to Wausau, school districts, parents, and taxpayers have all had enough.

Everyday we depend on our teachers to enrich young minds and build a brighter future for Wisconsin. But today, teachers in Minnesota, Illinois, Michigan, Iowa all make more than Wisconsin teachers. In fact starting teachers in 48 other states make more than Wisconsin teachers.

Nearly one third of Wisconsin teachers – some of the most dynamic and energized we have – leave the profession within five years for a new career and

more sustainable future for their families.

In the next budget I will present a plan to invest in a compensation system that rewards teachers who take on the hardest assignments, who advance their skills, and who help their students achieve success.

Wisconsin Covenant

Let me introduce three Wisconsin heroes who exemplify the power of education... Allen Betry, Kristina Clair, and Dick George, President and CEO of Great Lakes Higher Education Guaranty Corporation.

Last spring Allen, a teacher at Horace Mann Middle School in Wausau stood before his 8th grade class and told them about the Wisconsin Covenant. If they are willing to work hard, play by the rules, and make the grade, there will be an opportunity in higher education for them.

Kristina Clair from East High School in Madison last year joined with more than 17,000 other 8th graders from all 72 counties to sign the Wisconsin Covenant pledge. 17,000 kids said they wanted to go to college—and they're going to work hard to get there.

In Wisconsin, we're also doing the right thing for our veterans. Last year Wisconsin we gave our veterans a ticket to higher education tuition free.

But we didn't stop there. No other state in the country has done more to make higher education affordable. The last four months have been astounding.

First we committed nearly \$190 million to financial aid and approved the University of Wisconsin Growth Agenda – a plan to create more college graduates and train the next generation of teachers, nurses, and engineers.

Great Lakes Higher Education Corporation quickly followed, dedicating \$40 million and establishing the Wisconsin Covenant Foundation to recruit support from businesses across the state. And just last month John and Tashia Morgridge announced an incredible gift of \$175 million to establish the Fund for Wisconsin Scholars, helping public school students go to our public colleges and universities.

I don't want any young person in this state to think that college is not for them... that it's only for rich people. I want every student to know that if they do their part there will be an opportunity in higher education for them.

Protecting the Great Lakes

To build a bright future for Wisconsin we must continue to reach across the aisle, put partisanship aside, and focus on the incredible assets we have in this state.

From the majestic shores of Lake Michigan to the brutal and beautiful waters of Lake Superior, the Great Lakes are Wisconsin's most precious natural resource.

But the Great Lakes face many new challenges. Regions of the country that have overbuilt look at our freshwater with an envious eye.

As Chair of the Council of Great Lakes Governors I along with my fellow Governors have taken aggressive action, signing the Great Lakes Compact to preserve and protect our fresh water for generations.

In the coming weeks, leaders in the Legislature will introduce a bipartisan plan to approve the Great Lakes Compact. I want to thank Democrats and Republicans for helping to move the compact forward. Let's continue to work together to ratify and implement this historic agreement and ensure that our Great Lakes remain protected forever.

Closing

We have a certain way of doing things in Wisconsin. Not with a lot flash or a lot of fanfare but with a dedicated spirit and a ton of hard work.

Just look at our armed forces serving all over the world. They and their families are making incredible sacrifices for our nation. Wisconsin now has 500 Wisconsin National Guard troops serving overseas. Another 3,400 Wisconsin National Guard soldiers have been notified that early next year they may be mobilized for missions in Iraq.

Let me say to all those who serve -- to all those who take on the burden of protecting our nation. Thank you. We're proud of you.

I also want to recognize the new Adjutant General of Wisconsin, Brigadier General Don Dunbar. Thank you General Dunbar for your leadership and your commitment to our state and nation. You and all the 10,000 men and women who serve Wisconsin in our National Guard have our deepest appreciation.

Like many people in Wisconsin I'm a huge golf fan and I always cheer for the underdog.

A few years ago Steve Stricker was struggling. A great young career that began in Edgerton, Wisconsin had fallen on hard times. He had lost his PGA card and wasn't sure what the future would hold. He and his wife and caddy Nicki never complained, never blamed anyone. They worked and worked, hoping that one day they could overcome.

Steve is the most modest guy you'll ever meet, but there's no question he's achieved one of the greatest comebacks in the history of the game. Last year he won the Barclays and finished second in the FedEx Cup Playoffs to a guy they call Tiger.

This is who we are in Wisconsin. This is how we do things. In the face of adversity, we work hard. We work together. We keep our eye on the ball.

Over the next year our state will face challenges. Our national economy is troubled. In Wisconsin, we'll have to deal with fiscal shortfalls like we've seen in other states. It will require some difficult choices.

But if we stay true to that which is most important – good schools, quality health care, and good-paying jobs...

If we act responsibly and demand accountability for what we do...

If we recognize that we are all tied together and are stronger when we look out for each other...

Then we will fulfill the promise of the greatest state in the United States...

On Wisconsin!