

Thank you for the gracious reception.

Mr. Speaker, Mr. President, Madam Chief Justice, Members of the Legislature and Fellow Kansans:

It is a very special privilege to return to this House chamber where I served for eight years. It is an honor to welcome back the returning House, Senate, and Judicial members of the Kansas government. I want to extend a special welcome to other new officials including our four new statewide elected officials, two new State Senators, 29 new members of the House of Representatives, and two new Supreme Court Justices. On behalf of the people of Kansas, we applaud your commitment to service.

These are difficult times. We come together tonight as representatives of the People of the Great State of Kansas. At this moment, as a People, we face problems of historic proportions. Just a few years ago, before the turn of this new century, our economy was robust; our markets rose ever upward, and our state coffers were flush. Choices were made at that time believing that those booming times would last forever. But today, our economy has slowed, our markets have tumbled, and our coffers are empty.

Our state budget is tied closely to our economy. When the economy is strong and growing, state revenues keep pace with our needs for education, health care, roads, and public safety. But when the economy falters, state revenues fall as well. And as the largest purchaser of health care in Kansas, our state budget continues to see the effects of rising costs for seeing a doctor, staying in a hospital, or filling a prescription.

This is true not only in Kansas, but in every state in the union this year. All states—not just Kansas—are in difficult times.

Now, as we begin the 2003 Legislative Session, Kansas's beginning balance is nearly zero. Never before has Kansas faced the difficult task we face in the coming months. In the last thirty years, the revenue for state government has declined three times: in 1986, revenue dropped 1%; in 1998, following a series of large tax cuts, it declined 1%. But in 2002, the receipts plummeted almost 7%. The Governor and the Legislature made a series of difficult decisions to account for that unprecedented gap raising revenue and cutting budgets. Those were important steps. But those steps have not spared us the difficult task we will face together.

That word—*together*—is important for us to have in the front of our minds and on the tips of our tongues this year. Today's problems are the results of many different things. Some of it has been the slowing economy. Some of it has been past choices that were made. Whatever the cause, we got into this problem together, and we will get out of it together. There is no time for blame. There is

no time for second-guessing. There is only time to look ahead and move forward *together*.

Although today's problems seem large, we, as Kansans, have seen problems far worse. Our great state grew out of the worst struggle this nation has ever known. Just outside my new office on the second floor of this wonderful state capitol is a mural by John Stuart Curry. It depicts, in evocative colors and images, the strife and troubles our founders lived through to form our state. Whereas today we face hard economic times, the founders of this state faced war—war over that most fundamental of issues, freedom.

Seventy years after this state's founding, we saw a second great struggle. The combined forces of the economy and nature plunged our state into the Great Depression and the Dust Bowl. Families, in the cities and on the farm, struggled to endure. Unemployment soared to levels never seen before or since. Kansans from all walks of life wondered how we would get out of this, how we would survive as individuals, and as a People.

In both of those times, Kansans faced problems far more difficult and fundamental than those we face today. They faced those problems together, as a People. They conquered those problems together, as a People. They embodied our state motto—*Ad Astra Per Aspera—To the Stars Through Difficulties*. Tonight I call on the legislature to bring that same pioneer spirit to the difficult task we face this year.

Like our founders, we have dreams for the future of our great state. We dream of excellent schools, safe communities and a robust economy. I am presenting a budget that recognizes the revenue at hand falls short of the expected expenditures, and leaves unfulfilled a number of promises made to the people of Kansas in the past. The budget embodies our commitment to our dreams and frames the future direction for the State of Kansas.

In spite of our financial challenges, we must provide opportunity for all Kansans through education and economic growth. We must make Kansas families safe, healthy and secure. We must rethink the way we run government to better serve the people of Kansas. These are the fundamental principles that frame the difficult decisions contained in this budget.

Quality education for all Kansas children is our top priority. Education needs to be a continuum from early learning opportunities, which prepare children to start school ready to learn, excellent schools in every community in Kansas, and a recognition that 21st Century jobs require post-12th grade learning. An educated workforce is so intimately linked to economic prosperity that we can't afford to retreat from educational excellence in difficult economic times or we will hinder our recovery efforts. The budget presented today protects funding for Kindergarten through twelfth grade public schools and does not reduce current

higher education funding. As I promised throughout the last year, I will not cut education funding, even in these difficult financial times.

The infrastructure of the state is also critical to economic prosperity and I applaud the vision and leadership of the 1999 Legislature in passing a new transportation plan for the next decade. While the current revenue situation forces us to consider some redistribution of tax revenues, this budget continues funding to the city and county road projects. I am committed to working with the new Transportation Secretary and communities across Kansas to ensure that the transportation program continues, and that projects, including the enhancements, are completed even if it requires a little more time to complete the plan.

We recognize that the current allocation has forced some cities and counties to make difficult budget choices, but in these challenging economic times, all units of government must absorb some of the cuts necessary to balance the budget. The '04 budget does not include any revenue transfer from the state to cities and counties, because those dollars are essential to educate our Kansas children, protect our most vulnerable citizens, and ensure access to quality health care. While this is a departure from years past, and hopefully will never occur again, it is important to put this issue into perspective.

These revenue transfers from the state to local units provide only 2% of the overall resources for city and county budgets. By comparison, with the exception of educational institutions, almost all state agencies have reduced their budgets by 6% since the Legislature adjourned last May.

I am committed to growing the Kansas economy. Key to economic development is our work to help Kansas companies remain in Kansas, expand here, and to recruit out of state companies. This Spring, we will convene a Prosperity Summit bringing together business and community leaders from across the state to meet with me, the Lieutenant Governor and key Cabinet Secretaries to explore opportunities for growing our economy and eliminating barriers that hinder the growth of Kansas companies. Our new Lieutenant Governor, John Moore, who will also serve as Secretary of Commerce, is devoted to enhancing our workforce development programs to make them among the best in the country. Along with our efforts on the state level, we must also work to change Federal policies that make it difficult for Kansas businesses to compete with foreign companies. If we are to succeed in this new century, we must open new markets for our producers which have not been available to us.

Just as education and economic development are critical, we must provide for the safety and security of Kansas families. Recent budget cuts have resulted in staggering reductions in services to the most vulnerable Kansans, children, seniors and Kansans with disabilities who depend on state services for survival. Our economic downturn further compounds this problem, as our most vulnerable citizens need state services more now than in a robust economy.

This budget includes restoration of some of those vital services including funding of the Senior Care Act, Health Wave benefits for children, state aid for Mental Health, and additional funding to aid those on waiting lists for Home and Community Based Services. However, in spite of some program restorations, the level of services for these citizens falls below the Legislative commitments made last year. We must do better in providing assistance to those with the most serious needs. I will continue to work with the Legislature to find additional ways to support these vitally important services.

More than 450,000 Kansans receive their health insurance and health services from the state. As the largest purchaser of health care in Kansas, we must look for ways to utilize our purchasing power and help contain costs. One of the best ways to accomplish this is to combine the purchasing power of Kansas with neighboring states for prescription drugs. I have begun to work with my colleagues in the Midwest to leverage the prescription drug costs of Kansans through multi-state purchasing.

Safety and security of all citizens is of vital importance in these uncertain times. Although we live in the heartland of the country, we must be vigilant about homeland security. Big sky and open prairies cannot protect us from terrorists abroad or enemies within. We must continue to work on a comprehensive homeland security plan. Without a coordinated plan, we cannot develop an effective and calculated response to terrorism.

To help with homeland security measures in the past, the Federal Government has appropriated almost \$11 million to Kansas. We must work with Congress to assure that all of the Homeland Security funding promised by the Federal government is appropriated and used for vital projects to link first responders throughout our state, to track health incidents, and connect public health agencies with state data centers.

Homeland Security includes many additional responsibilities in Kansas. A safe and secure food supply is a critical element of national and international security. Our Homeland Security efforts must include rigorous monitoring of livestock and crops, and a rapid alert and response system to protect this vital industry. This is a critical responsibility I have as Governor, and one that I take very seriously.

Some forms of terror are home grown. Crime continues to plague this state. I met recently with our new attorney general. He and I are committed to making Kansas a safer place to live. Together, this session, we will bring to you our ideas for increasing the sentences for sexual predators who victimize our children and reducing the threat of meth labs in Kansas.

While it's important to prosecute crime, it's critical that we adequately fund our corrections institutions and programs and keep violent criminals behind bars. My budget provides the funding to keep all correctional facilities open and ensure the safety of our communities.

Recent budget cuts have compromised the critical safety functions performed by our Highway Patrol. I am recommending that some transportation resources be allocated to place 70 new troopers on Kansas highways. It does little good to build new roads if citizens are not safe and secure driving those highways. Homeland security starts at home.

The purpose of government is to protect and serve the people, support our communities and build the economy. I am dedicated to reorganizing and streamlining state government. We must ensure that services are delivered in the most efficient and cost-effective manner possible. That effort began in the first weeks of the transition by the Budget Efficiency Savings Teams, and will continue with a combination of citizen efforts and leadership initiatives within the new state government. I commit to you now that every day my Administration and the BEST Teams will look for new, innovative, and more efficient ways to provide critical services to the people of Kansas.

Over the next four years, I will continue to ask our state workers to excel. We cannot build a better state government without their help every hour, every day. In return, I will reward their hard work, ingenuity, and service to Kansas. State workers have been working hard under very adverse conditions, including no salary increases and fewer employees to share the increased workload. My budget proposal includes a 1.5% cost of living increase for all state workers, as a critical ingredient of the states investment in our future. Also, I plan to immediately implement the Employee Savings Program the Legislature passed last year. I have directed my Secretary of Administration to begin work on that program which will provide incentives for our frontline workers to root out waste and inefficiency in government and find ways to best serve the people of Kansas. Along with our commitment to state workers, government must recommit itself to putting the people of Kansas before anything else.

As part of the effort to restore fiscal soundness, we propose the FAIR SHARE plan, which starts with the premise that everyone needs to pay their fair share of the taxes owed. This will include a tax amnesty proposal to jump start collections and bring us current with owed debt, a focus on fair and even-handed tax audits to verify accurate collections, and an aggressive pursuit of those individuals and businesses who routinely enjoy the services of Kansas and don't pay their FAIR SHARE.

We must also work to level the playing field and help locally owned Kansas businesses compete with online marketers. It makes no sense that Kansas businesses must collect sales tax, while online retailers are given a free pass. That is why this week, my new Secretary of Revenue will be appearing before the House and Senate Taxation Committees to ask for introduction of a streamlined sales tax bill.

What I have discussed to this point has been about state government. That is fine, as far as it goes. But what makes Kansas great is not its government, but its people and its communities.

Our communities are our strength. We have neither oceans nor mountains. We have neither glitzy skylines nor glamorous destinations. What we have—what makes people want to move their businesses and families here—is a unique quality of life. This quality of life comes from the activities across Main Street Kansas, from Parsons to Colby, from Liberal to Marysville. It comes from our willingness to take an interest in our hometowns, our neighborhoods, and each other.

Experts on communities have begun to study citizen involvement. Their findings have been remarkable. They have found that the level of citizen involvement—that is, voting, joining civic clubs, going to church, mentoring a child, and even just socializing together—has a dramatic effect on a community's well being. Families who are involved in their community have healthier, better-educated children. They have safer neighborhoods. They are more prosperous. And they are even just plain happier.

And in today's uncertain world, one of the most effective strategies for Homeland Security is to reconnect people to each other. How much more difficult would it be for those who wish us harm to plot and act if people lived in tightly-knit, interconnected hometowns, where people knew their neighbors and took an interest in each other?

I call on all Kansans—all of us together—to renew our commitment to our communities. Over the next four years, I would like for us to experience a rebirth in civic involvement and a rediscovery of the value of service.

As a first step, I plan to call on leaders in cities and towns across the state to come together and find ways to increase citizen involvement in their communities. I will ask these leaders to report back to me and share with each other their strategies to encourage people to take part in the life of their hometown, and to become more committed and active Kansans. I believe these leaders will find new ways to strengthen the towns we love, and enhance the quality of life for our children, grandchildren, and generations to come.

We have a lot of work to do. We have *hard* work to do. But we *can* do it. We have the ability, the energy, and the expertise in this chamber, right now, to overcome our problems. But we will only overcome these problems if we act as Kansans—not Democrats or Republicans, conservatives or progressives—but *Kansans*, first. And we will only overcome these problems if we face them *together*.

Thank you, God Bless the Great State of Kansas, and God Bless America