

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND FIFTEENTH LEGISLATURE

THIRD SPECIAL SESSION

October 1, 1992 to October 6, 1992

FOURTH SPECIAL SESSION

October 16, 1992

ONE HUNDRED AND SIXTEENTH LEGISLATURE

FIRST REGULAR SESSION

December 2, 1992 to July 14, 1993

THE GENERAL EFFECTIVE DATE FOR

FIRST REGULAR SESSION

NON-EMERGENCY LAWS IS

OCTOBER 13, 1993

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

J.S. McCarthy Company
Augusta, Maine
1993

**STATE OF THE
STATE ADDRESS**

OF

GOVERNOR JOHN R. McKERNAN, JR.

JANUARY 28, 1993

STATE OF THE STATE ADDRESS

THURSDAY, JANUARY 28, 1993

Mr. President, Mr. Speaker, Members of the 116th Legislature, Fellow Citizens:

I stand here before you this evening not just to assess once again the State of our State-but also to describe for you the Maine I believe we can build-if we work together to meet the challenges we face during this decade. The bottom line? Maine must change-change our mindset and our programs to meet our challenges.

I know changing is never easy-it threatens the way we are used to doing business, and forces new priorities upon us. It forces us to look closely at our strengths and weaknesses, so that we do not throw out the good with the bad. But the reality of the 1990s is that our economy is not the same was it was in the 1980s.

ADOPTING A MINDSET FOR CHANGE

So change we must if we are going to have the economic opportunities our citizens deserve in the State of Maine.

We saw that commitment to change, to recovery, in President Fred Hutchinson's inaugural remarks last week at the University of Maine. He said we must accept change "not out of fear or resignation, not because we don't want to pursue greatness and challenge"-but rather in recognition of the responsibilities and realities of the 1990s. President Hutchinson understands that we may need to offer fewer services-but deliver them better.

That is a mindset that we all need to adopt.

I realize it is difficult to leave the familiar pathways that have guided our state for so long. But in spurning change these past few years, we can all attest that our decisions have not become any easier, or our problems any less challenging.

Nineteen ninety-two was not an easy year for many of us: politician or paper maker; factory worker, fisherman or farmer. No, whether it is single parents, families with two working parents, their parents or their children, the 1990s have not been kind. During the 1980s, we in government became accustomed to rapidly growing revenues, as our prosperity, our job base and our population rapidly expanded. When I took office as your Governor in 1987, I called for Maine to become the Opportunity State and spoke of the unlimited promise of our citizens and our state. I still believe in that potential.

But those were good times. We chose, together, to make investments in our citizens. We worked, together, to build a compassionate government. Together, we began to build a state government perhaps unparalleled in its commitment to our needy, our elderly, and our children. I believe that, for the most part, we did the right thing. I say that because, for the most part, we were able to make these investments without having to raise taxes.

But with the onset of the 1990s, we entered a new decade that brought new realities. We learned that just as our job base could expand dramatically during the 1980s, it could contract dramatically as well. We learned that, in the 1980s, businesses came to Maine in droves as our neighbors to the South ran out of space for jobs, and workers to fill them. In the 1990s, we have watched as many of those same jobs have been eliminated, or receded back to the South...and we have been left with a huge government infrastructure that state revenues can no longer support. That is the reality of today.

LIVING WITHIN OUR MEANS

So we must rebuild a state government that we can afford: a state government that lives within its means. If we do that, Maine will remain a state of promise and opportunity. For while we were once perched on the geographic edge of our country, today we stand at the center of a global economy that offers unbounded opportunity if we can only adjust the way we do business.

Our challenge this year is to tackle problems in different ways, seeking out these new solutions. And we would do well to begin by listening to our new President. In his Inaugural Address, President Clinton asked us to "break the bad habit of expecting something for nothing, from our government or from each other. Let us all take more responsibility," he said, "not only for ourselves and our families, but for our communities and our country." President Clinton is right.

We need to aspire to new heights, to new ideals, and invest in our future even as we scale back our government. We must change our focus-from providing programs that discourage personal responsibility, to providing programs that require personal responsibility and expand opportunity. Our citizens, our society, our government-all of us are searching for a new, uniting goal that will bring us together even as we set new expectations.

CREATING A STATE OF OPPORTUNITY

I believe that uniting principle is simple: to once again strive, together, to make Maine a state of opportunity for all of our citizens-the best place in America to live, work and raise a family. That is the goal that united us in 1987, when I

became Governor. That goal can unite us again in 1993 even though we are faced with remarkably different circumstances.

Instead of leading the nation in economic growth and per capita increase in funding for education, as we did during the 1980s, our world has been turned upside down. Since 1990, we have been among the nations' leaders in number of jobs lost, and in personal and business bankruptcies. Our workers' compensation insurance costs have led the nation.

Thankfully, it appears that our economy has stabilized and is beginning to improve. But as we come out of the darkness of this recession, the question is how to take the best advantage of the morning light. I believe the way to harness that morning light is to shine it through the prism of a new approach to job creation and turn it into a spectrum of opportunities. And I believe that we will succeed-but only if we do it jointly.

A few weeks ago, I presented my budget to you in an address here in these Chambers. And with that address we set forth a new budget that reflects new priorities. That budget is changing the face of the State of Maine, and I am confident that our budget is changing Maine state government for the better. As I stated in my budget address, however, we must realize that our problem in government over the past few years has not been a problem simply of programs or of lagging revenues.

Rather, our problem has been the tremendous loss of jobs that we suffered as our economy plummeted in the three years following 1989. Thirty thousand fewer jobs exist today than during our peak employment that year. That means fewer people who can support our economy with their purchases, or support state government with their tax dollars. That is why our number one priority this year must be to adopt government policies that encourage job creation, and good jobs for our citizens.

SETTING MAINE ON SOUND ECONOMIC FOOTING

When I leave office in two years, I would like to leave the citizens of this State with a Maine that has not only weathered the twin storms of unprecedented regional and national recessions-but also a Maine whose course is set toward enhanced opportunity for all who want it. Our goal must be to set Maine on sound economic footing-not only for state government, but for all who live here, as well.

To accomplish our goal, we must follow five guiding principles:

1. Break down barriers to economic growth and foster a climate hospitable to job creation.
2. Improve educational opportunities for our citizens and our children in response to the new economic realities.
3. Maintain a safety net to guard our neediest citizens.
4. Continue our commitment to protecting our environment, so our State remains the place where we want to live and work.
5. Restore the credibility of our government, both by maintaining sound fiscal policies, and by rethinking our responsibilities.

ENCOURAGING JOB CREATION

Our first task is to address the problems that remain at the root of our economic woes: the barriers to job creation in our State. These barriers vary from business to business, even from region to region. But from our regulatory structure to our tax burden, from workers' comp to energy costs, the persistent reality remains: Businesses struggle to hurdle an array of barriers.

Last year, we created a Jobs Commission to reduce these impediments. Unfortunately, with only a few exceptions, the proposals the Commission made were not adopted by the last Legislature.

This year, we will try again. With the leadership of President Dutremble and Speaker Martin, we will create a special task force of Legislators to work with our Administration to examine the proposals of last year's Jobs Commission, and a number of other job creation proposals that have been suggested to me and to many of you over the past few months. I encourage this group to leave the State House, leave Augusta-and listen to the people who are doing business and creating jobs for Maine workers.

They will tell you why it is so difficult to create jobs in Maine: They'll tell you that one of the most persistent problems with job creation in Maine is the perception-however accurate-that our Legislative Branch of Government is hostile to business. Changing that perception is a matter of a few well-placed words, a few actions-which will show those who create jobs that Maine welcomes job creation. It is crucial to those we represent that we change the anti-jobs perception this year.

Business leaders will tell you that we need to work to bring energy costs in line by passing utility reform; that we need to streamline our governmental permitting process; that we should leave our recently-reformed workers' compensation insurance system alone this Session; that we need to lower our taxes to let businesses and their workers get back on their feet. And people will tell you we need to invest in promoting Maine-that we need to keep pace with those

who compete with Maine for jobs and tourists. And so I will propose to increase our spending for tourism promotion in a way which will pay for itself-and pay off for Maine job seekers in the future.

We need to rethink the way we approach business climate issues in Maine. The Defense Finance and Accounting Services facility for which we are competing is a good example. With your help, we are removing excess costs of locating this facility in Maine in an attempt to create thousands of new jobs. The lesson from this effort should be that we cannot continue to make these decisions on a case-by-case basis. Rather, we must commit ourselves this session to lower costs for all of our businesses: those already here, and the new ones we hope to attract. Businesses across Maine and the nation are watching our response. And literally thousands of jobs for Maine citizens hang in the balance.

We simply cannot afford to wait any longer.

EXPANDING EDUCATIONAL OPPORTUNITIES FOR MAINE CITIZENS

And as we work to create more jobs, we must also continue to raise the aspirations of our young people-and enhance the education and training opportunities available to all of our citizens. No other investment is more important in restoring our long-term economic stability.

We must extend opportunity to our children by improving our education system even as we control school costs. I believe we will succeed-because our citizens, our teachers, our students and our schools are committed to success. And we're seeing progress in the Maine Educational Assessment, where scores have improved steadily even as we have dramatically increased the difficulty of these tests. And our progress is clear in national comparisons. The National Association of Educational Progress tells us that a study to be released in March will show that Maine students have achieved high scores compared to students in other states. And we are making this progress despite more limited state funding, demonstrating, I believe, that more money alone does not improve educational outcomes.

In spite of our successes, we must continue to broaden opportunities in our school, especially for those young people not now planning to go on to college. The Maine Youth Apprenticeship Program, which we are piloting in Cumberland County this year, will create opportunities for our students by providing a relevant education tied to available jobs and needed skills. Our youth apprenticeship plan draws on the best experiences of European apprenticeship models-and gives students a year of free higher education in our technical colleges.

And to make sure children in all parts of our State have the educational opportunities they deserve, I will propose a \$10 million dollar bond issue to enhance our Distance Education program, making it second to none in the nation. Our plan will create special studios for students that will make distance education available, through the University of Maine's Interactive Television Network, to every high school in the state by 1997. True economic opportunity will only come when all of our citizens have access to the education they need to take advantage of these opportunities.

MAINTAINING A BASIC SAFETY NET

For our neediest citizens-for those struggling to regain their balance after the recession, or suffering from mental or physical illness-we will also maintain a basic safety net. Ours is a compassionate society, and we must remain true to the tradition of neighbor helping neighbor, friend helping friend. We will continue to help those who need it most.

But over the years, we have increased funding of so many of these programs that we are providing a level of care for many recipients that taxpayers-hard-working citizens who support those programs-cannot afford for their own families. And in many programs, we have failed to include incentives for recipients to get off state programs and again become self-sufficient. If we are going to set Maine back on an even economic keel, then we need to overhaul the way we deliver many of our human service programs.

A good example of this new approach will be announced tomorrow by Commissioner of Mental Health and Mental Retardation Bob Glover. A consortium of Southern Maine hospitals has agreed to take over short-term care from the Augusta Mental Health Institute providing patients with quality care, closer to home-and demonstrating the cooperation between public and private sectors that will provide excellent community-based care at an affordable cost and will guide our system in the 1990s. Affordable health care for those who can't care for themselves-but not for those who simply won't.

PROTECTING OUR ENVIRONMENT

To make Maine truly the best place to live, work and raise a family, we must also keep the trust of future generations, and continue to protect Maine with our environmental laws. That means developing a long-range vision to protect this environment, which is why our initiatives in recycling make me so proud.

We have set a goal of recycling 50 percent of our waste by next year-the most ambitious goal in the nation. Nearly three-quarters of our citizens, and two-thirds of our communities are already recycling. All we need is a little more effort, and we will reach our goal.

To visibly demonstrate our commitment to the environment, yesterday I introduced a new environmental license plate program. The legislation we will introduce would allow citizens who so choose to show their support for our environ-

ment. Their donation for each plate will go to a fund to protect endangered wildlife in Maine, and to maintain our precious open spaces for generations to come.

RESTORING CONFIDENCE IN STATE GOVERNMENT

Finally, if we are to share in the opportunities of the future, we must restore a proper balance to our state government. One fundamental step-our budget proposal-has already been taken.

But a second, more subtle step remains: restoring our citizens' faith in their government. It means proving that we are up to the task of bringing spending within our means. It means restoring respect for the workers who run state programs. It means restructuring the way we deliver services. And it means finding new ways to bring quality to state government: understanding the needs of our employees as well as those who receive our services.

It means removing the cloud that hangs over the State House with questions about the integrity of our election process. We can remove that cloud by reforming the election process, and restoring confidence in the integrity of our government. It means having the courage to lead-to make tough decisions-to carry the morning light and guide our citizens out of the economic darkness. It means setting aside partisan politics and working together in the best interest of this State.

Our constituents want us to make tough decisions, instead of going to their pockets first for hundreds of millions of dollars in new taxes. They think we can only spend, that we can't scale back. Ironically, nothing would restore their confidence more than our proving them wrong.

During his annual message to the Congress more than a century ago, President Abraham Lincoln said "the dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew."

During these final two years of my Administration, I hope that we can work, together, to think and act anew; to reject the dogmas of the past; to find the right response to our "stormy present"-so we can put our State back on the path to prosperity.

The New England economy is beginning to recover. And with this recovery comes the potential for renewed optimism and new opportunity. But only if we face the new realities, if we keep the trust, if we prepare now for the future, can we poise our State to take advantage of those opportunities. Make no mistake about it: our actions this Session will determine our constituents' standard of living for the foreseeable future.

Tonight, I ask you to join with me to build a strong climate for job creation and opportunity here in Maine. Those we are here to represent deserve no less.

Thank you.