



MARTIN O'MALLEY  
GOVERNOR

STATE HOUSE  
100 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1925  
(410) 974-3901  
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

# *Creating Jobs, Recovering Stronger*

## REMARKS BY GOVERNOR MARTIN O'MALLEY TO THE MARYLAND ASSOCIATION OF COUNTIES

Ocean City, Maryland  
August 21, 2010

Thank you all very much ,... I always love coming here to MACO.

I love the ocean. There's something about being at the ocean that always reminds us of being kids and makes us hopeful about the future.

This is where I first got up the nerve in 1986 to approach Katie O'Malley and try to chat her up. *(Laughter.)* It was a very short conversation. *(Laughter.)* But I was as persistent and as resilient then as I am now! *(Applause.)*

I want to talk with you a little bit about our shared challenges, about our shared opportunities, about the reality that all of us face together. And also about the most important imperative that we have right now and it can all be summed up in one word with four letters -- and that is "*jobs.*"

It's been a challenging time and yet our State continues to look forward, in no small part due to all of you. And you build on the accomplishments the people of our State have made in the past,... and in the toughest of times you protect those priorities and you lead us forward.

I want to say two special thanks you's to friends who have been outstanding leaders of our State, and they are County Executive Jim Smith and Commission President Jan Gardiner. You have been terrific. *(Applause.)* You've both been outstanding. And I think the people of our State should consider themselves very, very fortunate that people like you, Jim and Jan, have given so much of your energy and your time, and some of the best years of your lives to protecting our shared priorities and moving us forward in tough times.

I saw Ike and Catherine Leggett walking in a little earlier. *(Applause.)* I saw Ingrid Tuner out there, and I spent some time with Mayor Stephanie Rawlings Blake. Thank you for your leadership.

These last few years have been difficult years and I will always consider it one of the great honors of my life that I had the privilege and the blessing to serve with all of you in these times. Not because they were easy, but because they were hard and notwithstanding the difficulties ahead of us.

But nonetheless, all of us clung tightly to the beliefs that unite us: a belief in the dignity of every individual, a belief in our own responsibility to advance the greater good, and an understanding that we are all in this together. And that we progress as a people not on the weakness, but on the strength of our neighbors. And that is why we're able to move forward as a State.

Today, you know, it's hard to use a metaphor of these stormy economic years. Especially given all the real life weather events that we've been going through. For Ike Leggett and the people in Montgomery County -- after the tornado, after the floods, after the snowstorms, after the thunderstorms -- they're all looking up in the sky waiting for the locusts to come in next.

These have been tough years economically, and they've been tough years in terms of the weather. I want to let you know right off the bat that we have been approved for upwards of \$25 million in Federal reimbursements for the snowstorms we faced last year. And we continue to work to secure additional Federal dollars.

I came across this today and I wanted to share it with you. I was reading earlier this morning and it goes like this, from, Thomas Merton, who writes, "*it is not [right] to despair the present, merely putting off hope into the future. There is also a very essential hope that belongs in the present, and is based on the nearness of the hidden God, and His spirit in the present.*"

## **MARYLAND'S RECOVERY**

I want to talk with you about that present. I want to talk with you about coming out of these economic storms ahead of other states and stronger than other states. And I also want to talk with you about the truth that has become so apparent to all of us these last three years of challenge. And that truth is this: that there is no more powerful place in our State than a family's home and there is nothing more critically essential for protecting that home than a job.

So I want to talk with you about jobs and I want to speak with you honestly about a clear reality, about the choices before us. The choices that we make, the choices that we are making, the choices that we must continue to make in order to improve the conditions that allow businesses -- large, medium and small -- to save jobs, retain jobs and create jobs. Because that is what it's going

to take to move our State forward. Making the tough decisions, the right decisions, the tough but right choices to move us forward.

I think we would all agree that our focus absolutely has to be on jobs. And on this front I am glad to be able to share with you some good news that I have not been able to share in any one of the four times that I've come here for this final wrap-up at MACO,...

Here's the good news: we have achieved together as a people over these last five months, not one, not two, not three, not four,... but five months in a row of positive job growth. (*Applause.*)

Let me share with you a little perspective on this. This is the first time in over four years that we have had five months in a row of positive job growth. It's approximately 40,000 new jobs, which is the best first half of the year that we've had in net new job creation since 1999. It is a rate of job growth -- get this -- over these last five months that is more than three times what the national rate of job growth has been over these last five months.

The U.S. Chamber of Commerce says that we are one of the two best states for entrepreneurship and innovation.

Moody's, Fitch, and Standard and Poor's have given us -- one of only eight states -- a Triple A bond rating, which always makes Budget Secretary Eloise Foster smile. Come on, Eloise, smile. A Triple A bond rating, one of only eight, that's the gold standard in fiscal responsibility.

The Milken Institute says that our State, your State, our One Maryland, invests more in our human capital -- the education and the talents and the skills of our people -- and does a better job of it, than any other state in the country.

And in the midst of the toughest of times, we have been named not just once, but two years in a row, by Education Week magazine as having the best public schools in America. (*Applause.*)

And none of that, as you know, happened by accident, it was the product of choice. Choices made not with a view to the next election, but choices made with a view to the next generation. And those are the same choices we need to make now in order to continue to move forward.

I want to talk with you a little bit about the budget, about the picture and how we're looking at present.

In the past four years, you and I together have cut more in state spending than during any four year period in Maryland history. After General Fund spending had increased by 33 percent under our predecessor, we have reduced state spending by three percent over these last four years. It is a lower level -- and I believe the first time this has ever happened since the Great Depression -- that

our State spending is actually lower than it was four years ago. The size of our State government on a per capita basis is smaller than it's been at any time since 1973.

There's a few -- as we closed out this session, there's a few positive developments that have happened since then that is going to be of some help as we move forward.

Positive development number one: we anticipated closing with a General Fund reserve -- we don't call these surpluses, right -- a General Fund reserve of \$130 million. That General Fund reserve -- because of the job creation, which then led to revenues being up, means that we closed out last year with a General Fund reserve of now \$300 million. So that's a positive number. *(Applause.)*

We had no certainty that our Congress, even though we have a great Congressional delegation, led by Barbara Mikulski, Ben Cardin and Steny Hoyer, Elijah Cummings, Frank Kratovil, Donna Edwards, Chris Van Hollen, John Sarbanes, and Dutch Ruppersberger,... we had no guarantee that they were going to actually pass that extended Medicaid bill, but in point of fact, just two weeks ago they did pass it, so \$289 million is coming to us that that there was no guarantee of our receiving.

And also, our Congress and our President also passed an education jobs bill: \$179 million of unanticipated education aid is coming to us. So, all three of those are positive things.

We are in a position to rebound, recover and reinvigorate our economic engine, you already see it starting to happen. But we have a lot of tough choices ahead of us.

As we closed out the last legislative session we were looking at a gap, because of this recession, of about \$1.5 billion that we needed to close.

We hope that when the revenue estimates come out in September, we will continue to show improvement if we can continue to keep creating jobs.

We have to keep making right and difficult decisions to move forward. We have a range of options ahead of us. And I think one of the things that I love best about all of you who serve in local government is that you trust that the people that you serve are actually intelligent enough to figure out a way forward, if we're honest enough about the options ahead of us. And that's absolutely what we need to be as we move forward into the year ahead.

We're doing a couple of things. One, we have assembled a special commission on pensions; the cost of pensions, the responsibility for pensions, the sustainability of pensions, and we will absolutely have local government input and voice on that commission.

We want to reach a consensus, even as we emerge out of this recession and try to figure out what the new normal is, in terms of rate of economic growth and responsible, anticipated return on investments,... we need to figure out the range of options that are available to us so that we can fulfill our responsibilities and the promises made in a sustainable way.

And also moving forward, we have a blue ribbon commission that we assembled by statute on our transportation needs. There's some good news on the global horizon recently about how Germany's economy is stabilizing. Well, Germany invests probably 10 percent of their gross domestic product in infrastructure, transportation. We invest, as a nation, only about two percent. And we need to figure this out. We need to come to terms with it. It's certainly more than any one state can do by itself, but it's certainly a place where Maryland can and should lead and should be able to find a way forward. So we'll lay out the range of options before us on transportation as well.

I know one of the more painful cuts that we had to make in recent times was the highway user revenues. Through a very heavy-lifting special session, through two General Assembly sessions, through five rounds of Board of Public Works cuts, we were able to protect highway user revenues, even as we made very, very tough choices, including the elimination of some state jobs, and instituting mandatory, unpaid furloughs.

I know how painful though that these highway user revenue cuts have been to you and to most counties and your colleagues especially in our towns and our cities.

The fact that we were able to avoid cutting those for about seven different rounds of cuts, I hope is some of the clearest indication to you that it's my hope that as we come out of this recession, they will be some of the first cuts that we are able to start restoring, along with the furlough days to our state employees. I wish I could tell you when those dollars will be there that will allow us to do that, I can't. I don't have a crystal ball. But when that day comes I'm looking forward to joining with you and hopefully having some more positive news on that front.

## **JOBS, JOBS, JOBS**

To move our State forward, we are advancing public-private partnerships and I encourage all of you to do the same thing. Maybe it's in sale or lease-back arrangements on school construction or other things of that nature.

We are creating 5,700 new jobs at the Port of Baltimore. One of the critical links to that innovation economy is engaging in the global economy. And, therefore -- and only because of the unique public-private partnership -- unique not only to our state, but the largest such deal concluded in the United States last year -- we're getting big investments, so that when those larger ships now pass through the Panama Canal, they won't pass by Maryland. We'll be able to

accommodate those larger ships and, more importantly, create 5,700 jobs in the process. Half of them are construction jobs, the other half are ongoing jobs.

Moving forward, we also have created in this last General Assembly session a new Hiring Tax Credit, \$5,000 for any company -- large, medium or small -- that hires a Marylander off the unemployment rolls and gets them back to work. So far 364 moms and dads have returned to work at family owned businesses and large businesses alike, because of that tax credit.

We have also created a Small Business Loan Guaranty fund, an idea brought to us by Christian Johansson, who I also note was named one of the 2010 Innovators of the Year. (*Applause.*) And one of those innovations was the Small Business Loan Guaranty to prime the pumps of small business lending on our main streets, a still critically important challenge and mission. So far we've done about \$6.4 million in loans that otherwise would not have happened had it not been for that loan guaranty. And we look forward to partnering with our Federal government, as soon as they pass the bill that allows us to expand that fund.

We are moving forward, not back, with more than 700 jobs this fiscal year being supported by our newly expanded -- and passed with your help -- Sustainable Communities Tax Credit. Nearly 9,300 jobs are being supported by the \$1.3 billion investment that we have made over these last four years in school construction. That's a record amount that we have invested in school construction, because we move forward and not back. (*Applause.*)

There are 60,000 jobs that are coming to our State because of the federal base realignment that Lieutenant Governor Anthony Brown has been deeply involved in since the first days of this Administration.

On top of those 60,000 jobs, there was an announcement very, very quietly a few weeks ago by NSA (which does everything very, very quietly), that there are 21,000 jobs that are going to be coming to your State as the cyber security demand is consolidated -- Army, Navy, Air Force and Marines, what the Navy calls their 10th Fleet, the cyber security assets. 21,000 jobs. And that's just the direct jobs, that's before we even get into the private contractors that will be serving that critically important and new security mission for our nation.

We have thousands of jobs that we are supporting because for the very first time we are approaching a record number of Minority Business Enterprise contracts awarded, in the middle of a recession.

## **MOVING MARYLAND FORWARD**

Maryland's economy, presently and increasingly, is an innovation economy.

Innovation's primary ingredient is education; the education, the talents, the skills of our people. Not just K to 12, but for those critical middle skills, for the two years for the certifications or beyond for the four year skills.

I mentioned earlier that the Chamber of Commerce named us one of the top two best states for innovation and entrepreneurship. And together with all of you and the people that we serve and the investments and the commitments that we make, you're seeing the results in jobs across our State, advancing life sciences, high-tech, clean-tech, green-tech, bio-tech, information technology, cyber-security. Some of the strong forces of our economy are the forces that are going to be pulling our country into this future transformation.

This is a transformational time. Part of the pain we are feeling is because of that transformation. And in any transformation there is pain. It was true of the agricultural revolution, the industrial revolution, the information revolution,... but in that pain is also opportunity.

And there is no other State that is better equipped than ours to tap into that opportunity and that promise of the future. We have some unique set assets; some of the world's leading institutions of higher learning and science, healing and discovery, 58 Federal agencies with facilities, Fortune 500 companies, the highest concentration of PhD scientists and engineers in America, and one of America's most highly skilled and resilient workforces.

Because of our innovation economy in Maryland, we know that the investments that improve and protect the education of our children are investments that also expand economic opportunity. Education and economic opportunity go together like eggs and breakfast. We understand that and we understand that better than most states.

So in times when virtually every other state in the country is making record budget cuts and spending reductions, we have nonetheless been able to protect the very assets that are going to pull us out of this recession and make us stronger on the other side. That's what it's going to take.

When these waves of change come, we don't do our children any favors by running to the back of the wave. We have always been able to create a better future for our kids by going to the front of the wave, by catching that wave, by doing the hard work that moves us forward. And that's what we need to do today.

Get this, in these four years we have been able to increase by 65 percent the number of our high school kids that are taking science, technology, engineering, and math AP level courses in our high schools. What does that say about us? I think it says that we have a better future ahead of us.

## CONCLUSION

Now, let me ask you this question that I ask all around our State: *“how many of you believe firmly that you enjoy a better quality of life than your parents and grandparents enjoyed?”*

Let me ask you this second question: *“how many of you believe just as firmly today that your children and grandchildren will enjoy that better life?”*

A little pause, right? A little hesitancy.

I tell you what, I've asked that question in some corners of our State and not a single hand goes up. But when I ask that question of younger people, every hand goes up.

We have a tremendous future ahead of us. There is not another State that is better equipped or better prepared to make this transformation than your State.

We all know that this is an election year. We all know that there will be other candidates making all sorts of promises over the next few months trying to tell people that we can *eat cake and lose weight* or anything else that they feel will get an applaud or a clap or a vote. There will be candidates that make, in fact, the very same promises that they couldn't keep in easier times,... they'll be making all of those same promises again.

I've chosen a different strategy and every year I've chosen to join with you and to level with you and speak with you honestly about our shared reality. I've chosen to call upon all of us to work together as a people, and I'm committed to continuing that work with you, if it should be the will of the people that we continue to serve.

I think we would all agree that the only way that we can move forward – and really what the people of our State deserve especially in tough times – is for all of us to be honest with one another. And to be honest about the options ahead of us.

None of the decisions over these last tough times have been easy decisions. The best days in life aren't easy, they're the hard ones when you make the right decisions that you know are going to lead to a better future.

And it's because of that that we have been able to create 40,000 jobs, three times the national rate of job creation.

It's because of that, that we are not putting thousands of teachers in unemployment lines like other states.

It's because of that that we have the #1 school system in America.

Together, we've driven violent crime down to its lowest level since 1975.

The waters of the Bay are cleaner than they've been at any time in the last six years. The blue crab population is rebounding better than any scientist would have predicted when we made those tough unpopular decisions three years ago, because even the blue crabs know that in Maryland, we move forward, not back! (*Laughter and applause.*)

And we're the only state to go four years in a row without a penny's increase in college tuition.

I leave you with something that was written by John Ferling, from his book about George Washington, The Ascent. And he said this about George Washington, and I quote, he said: "*Washington was not given to looking backward. He dwelled in the present with his eyes trained on the future.*"

For all of the tough budgetary choices we make and for all of the choices necessary in order to maintain fiscal responsibility and provide basic services and public safety, public education, environmental protection-- there is a more fundamental choice that's on the table this year in very stark terms. And it is the same choice that Washington faced at the beginning of this Republic.

The choice is this: it's whether we have the courage to dwell, to act, to hope and to create in the present, with our eyes trained on the future. Or whether we want to continue to embrace our fears and look over our shoulders and wallow in the pain of the past. Because we can either have our fears or we can have a better future for our kids, but we cannot have both.

And it's time to decide. It is time to choose as One Maryland, acting in the present, with our eyes trained on the future, and moving forward together.

Thanks very, very much. (*Applause.*)