

Leaders Speak Out

The deficit, challenges and what keeps them up at night.

FLORIDA HOUSE SPEAKER DEAN CANNON
Member of the Florida House since 2004 and serving in his first term as speaker.

State Legislatures: The president and Congress are looking to reduce federal spending. What does that mean for states?

Speaker Dean Cannon: I hope it means we will have less burden passed on to the states from the federal government. In Florida, we have a balanced budget requirement in our constitution. We cannot deficit spend, and I wish the federal government had the same thing. We've seen a lot of pressure on our state budgets from programs like Medicaid. I'm hopeful the federal government will take seriously the need to re-examine and reduce spending that has added a burden onto the states.

SL: What's the biggest problem you face as



the leader in your chamber?

Cannon: Right now, it's our budget. We have an approximately \$4.6 billion budget shortfall, and clearly there are going to have to be

spending reductions in multiple areas. We believe we must not raise taxes or fees to close the budget gap. That means we've got to do the tough work of making spending reductions even in traditionally tough areas like health care and education.

SL: Leadership is tough. Why did you want this job?

Cannon: My father was an Air Force pilot, and my mom worked in the school system. They both told me that you have an obligation to participate in your community and your government and to help leave your state or your community in better shape than when you found it. I wasn't able to do military service, so I am enjoying being in the Legislature. I'm glad that in Florida we have a citizen legislature. This was my chance to give back.



RHODE ISLAND HOUSE SPEAKER GORDON FOX

Member of the Rhode Island House since 1992 and serving his first term as speaker.

State Legislatures: What do you think reduced federal spending will mean for states?

Speaker Gordon Fox: We always worry whether they are going to make the hard decisions without rolling those cuts down onto the responsibility of the state. In Rhode Island, we have been struggling with budgetary issues as we try to maintain a safety net. I'm a true Democrat and believe that we do need to provide a safety net. When we start hearing about block grants and that sort of thing from Washington, it usually means something bad is coming down to the state level.

SL: How do you lead in a time of crisis?

Fox: You provide direction. I think it has to

be collaborative. It is a time of sacrifice, and the only way you are going to get sacrifice to work is to share it. It has to be people feeling they're part of that solution and be willing to look at the long term. Maybe it means losing something short-term in dollars or programs.

SL: Is there anything that keeps you up at night?

Fox: I do worry about opportunities for our children. I'm a person who benefited from public education. I don't think I would be where I am if that didn't exist. It worries me to think that the generations to follow me will have less access to those opportunities, and I think we all lose if that happens.



VERMONT HOUSE SPEAKER SHAP SMITH
Member of the Vermont House since 2002 and speaker since 2009.

State Legislatures: Can the federal government reduce the deficit without shifting the burden to states?

Speaker Shap Smith: I don't think it can. We have to be realistic at the state level that federal deficit reduction is going to have a significant impact on the states. And to some degree, I think we are going to have to re-examine the social contract between the state and its citizens. We need to understand what services we can continue to provide and which ones we can't. I think those are going to be difficult and

wrenching decisions and discussions.

SL: How do you lead in a time of crisis?

Smith: You have to be willing to stand up and say this is the direction we're going to take. You can't do that without having spent a fair amount of time with your colleagues to get a sense of where they're at. From that, put together a position that may not be exactly where they are at, but will push them a little bit further. What I've done in the last two years is spend a lot of time driving around the state meeting with my colleagues in small groups to allow them to interact, to really talk freely about their concerns. From that, I try to figure out a direction.

SL: Leadership is tough. Why did you want this job?

Smith: I wonder that a lot now. I was intrigued by the challenge that was in front of us. I had served on the Ways and Means Committee and in the legislature for four years before I ran for speaker. I had a pretty keen understanding of the financial challenges we were facing. I was very interested in figuring out how we were going to make the transition through the downturn and put our finances in order. I knew it was going to be a critical time.



KANSAS SENATE PRESIDENT STEPHEN MORRIS

Member of the Kansas Senate since 1992, president since 2004.

State Legislatures: What happens to the states with reduced federal spending?

Senate President Stephen Morris: It might mean we'll have even more budget problems than we have now. We depend to a certain extent on federal money for a lot of programs, including Medicaid and others that are federal and state combined. It's probably not a good sign for the states.

SL: Can the federal government reduce the deficit without shifting the burden to states?

Morris: I think it can. There are a lot of federal programs that do not share money with the states. They can trim some of these programs. I suppose some in the federal government think the states need to share in that. But the states are struggling right now to make ends meet, so I don't think now is the time for the federal government to drastically reduce the amount of money that goes to the states.

SL: Is there anything that keeps you up at night?

Morris: Our public employees' retirement system. One of our core responsibilities is to maintain the long-term financial health of KPERs, as it's called, and we have work to do. We don't have a crisis, but if we don't take positive action in the near future, we could develop a crisis 15 or 25 years from now. It is important to avoid that.

These interviews have been edited for clarity and length.

ALASKA SENATE PRESIDENT GARY STEVENS
Member of the Alaska Senate since 2003 and president since 2009. Previously served from 2001-03 in the House.

State Legislatures: Is it possible to reduce the deficit without states picking up the burden?

Senate President Gary Stevens: I think it's not possible. We're going to wind up with a lot of responsibilities we haven't had before. And we are trying to prepare for that. Alaska is in fairly good shape financially so it is going to be less difficult for us than it might be for some other states that are having serious deficit problems.

SL: What's the biggest problem you face as the leader in your chamber?

Stevens: The biggest challenge right now is trying to come to terms with oil taxation. Ninety percent of our revenues are based on oil. We want to get more exploration and development. But even though we have given the industry, big oil, something between \$3 billion to \$4 billion in tax credits in the hopes that they would do more exploration and development, we haven't gotten what we wanted. Now we have a governor's bill that asks



for an additional \$5 billion to \$10 billion in credits. So the real question is: If we didn't get what we wanted for \$3 billion to \$4 billion, how can we expect to get what we want for \$5 billion to \$10 billion? An overall cut on the basic tax on oil—I just don't see that happening right now.

SL: Is there anything that keeps you up at night?

Stevens: This is now the beginning of the third year of a bipartisan caucus. It's only because we have 10 Democrats and 10 Republicans in the Senate and we were forced to create a bipartisan congress. You simply can't get there with 10-10, so I think what keeps me up is that falling apart. But I'm hoping it won't for the next year and a half.