



A Business Friendly Climate

An Interview with
The Honorable Nathan Deal, Governor, State of Georgia

EDITORS' NOTE As Georgia's 82nd governor since January 2011, Governor Nathan Deal has cut state taxes, eliminated state agencies, reduced the state government workforce, saved HOPE from the brink of bankruptcy, championed education innovations, and implemented significant cost-saving reforms in the criminal justice system. He fought to increase public safety on the state's waterways, improved the workforce by aiding veterans and technical college students, and enacted stricter rules on lobbying to boost public trust. Though he has reduced the size of state government, Governor Deal has prioritized education and child safety funding as state revenues rebound from the Great Recession. In 2014, the governor increased K-12 spending by more than half a billion dollars, the largest increase in education in seven years, and in his 2015 State of the State address, he proposed the creation of a new Opportunity School District to rescue failing schools. As concerned about our children's safety as he is about their education, Governor Deal has also started a three-year plan to add nearly 500 new child welfare case workers at DFCS. Deal served in the U.S. Army at Fort Gordon in Augusta after graduating with a law degree from Mercer University, and then began a private law practice in Gainesville. He began a long span of service to his community as prosecutor, judge, state senator, and U.S. congressman. During his 17 years in Congress, Deal rose to chair the Health Subcommittee of Energy and Commerce. He ended his congressional career to campaign for governor, becoming the Republican nominee in August 2010 and then winning the governorship in November of that year. In November 2014, Deal was reelected to a second term in office. He was sworn in again as governor on January 12, 2015.

How have you been so successful at creating jobs in this economy?

I believe that jobs are the key to stability of a state and nation. During the Great Recession, our state was hit exceptionally hard because we had been a fast-growing state and most of our growth had been centered around the construction of new homes, and sub-divisions and business operations.

During the two years prior to my taking office, the state had dipped into its reserves fund to the tune of \$1.4 billion. When I came into office, my focus was on what government could do to get ourselves out of this hole. We decided

early on that we could not tax our way out – we had to grow our way out.

The logical starting point was looking at how to create more jobs and the way to get answers about how to do that was to talk to the business community. We began an effort we called the Competitiveness Initiative. It involves asking business leaders to hold town hall meetings in every region of our state to find out what it will take in their part of Georgia to make themselves more competitive, namely what it will take to create more jobs.

We got those recommendations back, presented them to the General Assembly, and decided we needed tax reform. The biggest decision was to remove sales tax on energy that is used for manufacturing as a way to stimulate manufacturing in our state. We initially rolled it back and then completely removed it for manufacturing. This has provided a huge incentive for manufacturers to come to our state and for those already here to grow.

To grow jobs in Georgia, we need a business-friendly climate created by tax and regulatory reform, where we find ways to say “yes” rather than ways to say “no.” Too often, “no” becomes a mindset of government. We’ve tried to find ways to break that and have been pretty successful at it.

As a result, we have seen companies either relocate to Georgia or grow operations they already have here. Kia is our main vehicle manufacturer and they’ve had huge success here; Caterpillar has moved a facility from Japan to Athens, Georgia; Porsche relocated its North American headquarters here; Mercedes-Benz has relocated its national headquarters here; Baxter Pharmaceuticals, which has made the largest capital investment in our state since Kia came in 2006, is building a \$1-billion pharmaceutical facility; and Comcast relocated here as well.

After that, we looked at what else we needed. Workers are the most important ingredient in a company's success so this means we must have a qualified and trained workforce. We asked for the business community's input again on whether there were jobs available that employers could not fill. They said, “yes.” So we set about trying to train Georgians to fill those existing job openings. We call it the High Demand Career Initiative, and we have identified 11 areas where the criteria we established applies. We give scholarships for 100 percent of



The Hon. Nathan Deal

the tuition to those who will go to a technical college and get the degrees that are necessary to fill those existing jobs.

We are seeing a huge growth of home offices and IT companies, especially health IT companies, coming to our state. We're continuing to address their concerns about a qualified and trained workforce. We recognize that it has to start early. We want to make sure we lay the groundwork for a sustainable workforce starting at pre-K and continuing all the way through the education process. We have one of the best pre-K programs in the country and we continue to improve it. My budget this year will be to increase the salaries for teachers and their assistants in the pre-K program.

We also have one of the best post-high school scholarship programs, known as the HOPE Scholarships for those attending our colleges and universities, and the HOPE Grants for those going to our technical colleges.

We have established a new scholarship program called the REACH Scholarship, which identifies promising young people in middle school from families where no family member has ever been educated beyond high school. They are given the opportunity to earn a \$10,000 scholarship for four years. They are selected by their teachers and counselors, and required to sign a contract to maintain appropriate grades, to stay out of trouble, to meet with their counselors and mentors, and graduate in a timely fashion. When we announced it, every college or university in our state system agreed to match or double the scholarship amount if one of the REACH scholars came to their institution.

This past legislative session, we undertook the task of dealing with the most troubling issue in our education system, which is chronically failing students. We looked to create an Opportunity School District to give those children the opportunity for a successful education, and this Constitutional amendment will be on the ballot in 2016. We have every reason to believe that the people of this state will recognize that this is a loophole that needs to be closed.

Why hasn't there been more impact on K-12 education reform generally in the U.S.?

It's a hard job. We have an education reform commission made up of members of the General Assembly as well as outside individuals, which met throughout this past summer working toward the goal of delivering their recommendations to me by December. I'm hopeful their recommendations will give us a path to improve K-12 education in Georgia. We have been locked into a funding formula since 1985. It has not been significantly altered, although much has changed since then.

I'm looking forward to receiving the report. I don't believe that just putting more money into a system necessarily produces better results. We are trying to put our money where it will make the most difference. We believe that a good teacher should be paid appropriately and not have to become an assistant principal or principal in order to get a pay raise. We have to pay good teachers to stay in the classroom, but this requires a funding formula change. This is one of the major areas we're moving into next, but we have to be able to say to parents and taxpayers of this state that we're not wasting their money.

How have you worked to build long-term support for criminal justice reform?

When I came into office, we had seen our prison population almost double over the two previous decades, and our incarceration budget was in excess of \$1 billion per year. We had also seen our recidivism hover at the rate of about one out of every three adults released being back in the system within a three-year period, and we had an even higher rate of recidivism, around 65 percent, for juveniles.

We handled this in three phases. The first was to deal with the adult population that was going into our prison system who, by our own classification, were labeled as non-violent offenders. We increased the number of accountability courts such as drug courts, DUI courts, mental health courts, veterans' courts, and many others. We have had over 4,000 individuals in the first quarter of last year who would have been back in our prisons but are now being handled by these accountability courts.

It also involved reexamining some of our mandatory minimum sentences and giving greater flexibility to trial judges who hear the evidence in a case to not have their hands totally tied.

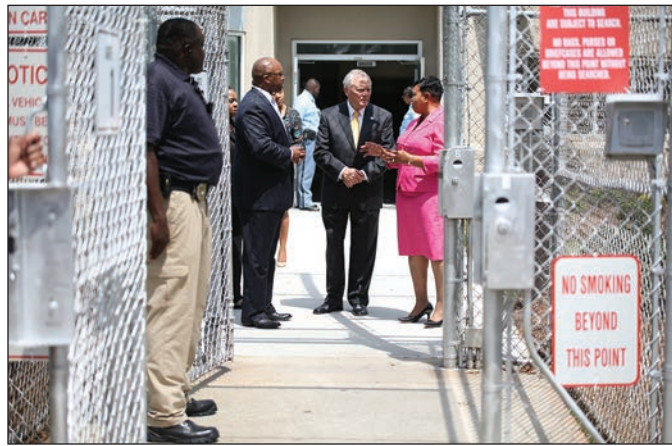
We found there has been a 20 percent drop in prison sentences imposed on African-American offenders, which is not something we could have predicted, but it has been one of the outcomes.

It has been, by everybody's measure, a huge success and it has been universally embraced.

The second year, we took on juvenile justice reform because that's where we spend more money than anywhere else on a per individual

basis. We took the same approach by creating community-based alternative programs instead of having to incarcerate them in our state facilities. We gave judges greater flexibility as to the options that are available to them, and we have made a grant program available to communities that want to participate in this. We have seen a drop of 62 percent in felony commitments over the first nine months of that program in those counties that have participated in the program. This has allowed us to close two of our juvenile detention facilities and to concentrate our resources on these alternative programs at the local level.

The third leg was to deal with the prison population that was already in our system. We did a survey of the inmate population and the most common characteristic was that nearly seven out of every 10 had dropped out of school, and they didn't have a diploma or GED, nor any marketable skills.



Governor Deal visiting a prison as part of his efforts to reform the criminal justice system

We have since undertaken a significant effort to increase their education and skill levels while they're with us in our prison system. We hired one of our best local county school superintendents to be in charge of education in our prison system. We have also partnered with some of our charter schools to actually teach in our system so those in the program can get a real high school diploma, not just a GED. We have already had graduating classes of inmates who are receiving high school diplomas. The ultimate criminal justice reform is education reform.

We also have banned putting a box on job applications to be checked by those who have a felony on their record. For most human resources directors, an application won't get past their desk if that box is checked. Instead, the individuals applying for a job should be given a face-to-face interview to allow them to tell their stories. Hopefully, they have worked to improve themselves and can convince those who are hiring that they deserve a chance to work.

This past session, we also had legislation that consolidated our supervisory areas. For example, those who were recently released from prison often have a parole supervisor; if they were sentenced in one of our superior courts, they had a probation supervisor. If they

were a juvenile and the judge gave them probation, there was a juvenile probation officer. We consolidated these into what we call the Department of Community Supervision. We're cross-training individuals so they can serve the person they're dealing with, no matter the situation.

As the years go by, we think the positive results manifest in even greater numbers because, once we change the dynamic of people who are in our prison system, when they leave, we don't just pat them on the back and say don't come back. When they leave, hopefully they will have a high school diploma, and a certificate verifying a skill they have been trained in. They can take those documents to a prospective employer and, if they can get a job, the likelihood of them being a recidivist is greatly reduced.

How critical is it to have a wellness component and can you talk about your focus around true healthcare reform?

Healthcare reform is one of the most difficult subjects a state can undertake, primarily because so much of what we can do is controlled by the Federal government. If we could reform our Medicaid program with a block grant, for example, we could get better results and we could cover more people. Instead, we're locked into that mandate, and the only option is to elect to expand Medicaid eligibility, which I have decided not to do since our costs there escalate every year.

Healthcare and paying for it is one of the greatest challenges we face at the state level. Our states don't employ a health benefit plan, so the costs there continue to escalate every year because we're locked into the Affordable Care Act (ACA). We're required to conform to the dictates of the federal statute and those have millions of dollars in costs associated with them to comply with the ACA.

We believe that fostering a sense of wellness within our programs is essential. We're aiming to deal with it effectively by prevention. We have put programs in place and directed our state health benefit plan to encourage wellness, and we're looking for every opportunity to expand that.

It doesn't necessarily require healthcare professionals but rather individuals who are willing to accept responsibility for their own health, and we incentivize that in our programs. Many people are taking advantage of it and we are hoping that number continues to grow.

When you came into office, did you meet resistance for the transformation you had in mind?

I've had overwhelming support from the General Assembly on a bipartisan basis on almost every reform we have undertaken. People understand that a state that has a Constitutional mandate to balance the budget every year doesn't have a lot of choices. We could either raise taxes or focus the revenue we have on the creation of jobs, which will lead to greater tax revenue for the state. ●