

*****EMBARGOED UNTIL SPEECH IS DELIVERED*****

STATE OF THE STATE ADDRESS
Governor Doug Ducey
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Speaker Gowan, President Biggs, House Leaders Montenegro and Meyer, Senate Leaders Yarbrough and Hobbs, Chief Justice Bales, Members of the Judiciary and Legislature, fellow Arizonans – thank you all very much, and good afternoon.

It's been quite a day in this capitol, and the highlight was your swearing in. Elective office is an honor that rarely comes easy, and I congratulate and welcome each one of you.

Whether we've served before or we are new to the place, all of us have arrived here to find serious challenges waiting on us. The test is whether we answer them in a serious way, without trying to buy time, or to sidestep obvious problems that need to be dealt with right away. Putting off problems is certainly not what I had in mind in seeking this office. And I know that each of you would say the same about the positions of trust that you hold by right.

These next few weeks, we could all use the fresh outlook of newcomers, not trapped in the old ways of thinking about state spending, taxes, public education and the role of government in general. In government, just as in business, settled assumptions are not always correct assumptions. Conventional wisdom is not always wisdom. And the political parties do not have to be hostile parties, set against one another in every case.

This, at least, will be the spirit of my administration, as I work with you in every way I know how. Naturally, I hope it will be returned in kind. I think we'll all find that the best achievements are shared achievements. A week into this job, I won't press the case that the state of the state is any better than it was last Monday. But I can tell you this for sure: If you and I can see our way clear to those kinds of shared achievements, the people of Arizona will do the rest, and the state of our state will be confident, strong and rising.

But we can't do it without fiscal responsibility. In real life, when families or businesses take stock of how they're doing, the answer has a lot to do with the state of their finances. Well, it works the same in government. And turning to our state's checkbook, we start with the number one billion. In dollars, that would be the difference between spending and revenue if we were to do nothing about it these next two years.

Now maybe I'm of the old school of economics, but this strikes me as a problem. And I am just not persuaded by appeals to raise taxes so that we can spend more. I look at it this way: If the problem is spending more than we have, the solution cannot be even more spending. Instead of demanding more revenue from the people, I suggest we demand more fiscal responsibility from our government.

So, with all the care and debate the people expect of us, and with as little delay or complaint as possible, let's put this budget in balance – and let's keep it there.

This Friday, just in time for some weekend reading, I will deliver my budget, on flash drives to every member of this Legislature. It's my best effort to deal with a tough situation. Just as I promised in last year's election, my team and I gave a thorough look to current state expenditures. In reviewing

some items, we asked questions that hadn't been asked in a while – questions like, “Why does the state of Arizona need an office and a paid lobbyist in Washington, D.C.?” The short answer is, we don't. So that office and all its expenses will soon be gone, and there will be at least one less lobbyist in Washington.

But we didn't stop there. To balance the books, we're going to institute a state government hiring freeze – with protections for vital areas, like public safety and child safety. However, when it comes to bureaucracy, we're cutting back. The government can't take on any new expenses when we can't afford the ones we already have.

Our budget does what budgets are supposed to do. It prioritizes vital commitments that Arizonans value the most – public safety, justice, classrooms, and aid to the needy and vulnerable. My budget doesn't just give the appearance of spending discipline. It offers the reality of spending discipline – with decisions that are timely, real and permanent.

And to that end, I propose this: Our state needs an unbiased inspector general mandated to find more areas of savings – and where corruption exists, shine a light on it. This public advocate would be equipped with a badge and subpoena power to go in, ask the tough questions and be a watchdog for the taxpayers. I want to work with you – the Legislature – to make this happen.

With a tight budget we've all heard the calls these past few weeks to just go ahead and raise taxes, now that we're all safely in office. In this case, as the argument goes, it would be relatively easy because all we'd have to do is cancel all or some of the tax reforms that are currently taking effect. They were passed in a previous Legislature, after all, and circumstances have changed, so let's just renege on our commitment.

Any way you look at it, cancelling Arizona's tax reforms is the wrong way to go. They were designed to put more life in our economy and that need is stronger than ever. Business people – the ones we count on to create jobs – have been making plans around them, plans to build, expand and make new hires. If we change our plans, they'll change theirs. It's a high price to pay for going back on your word and that is why I say: Not on our watch.

Another essential of good government are tax rates that are predictable and reasonable. Yet every year, Arizona taxpayers are faced with the threat of a tax increase because we don't tie our income tax to inflation. The result is an automatic tax increase. Let's end this by permanently indexing our income tax to inflation. This is an issue of fairness and we owe better to all Arizonans – so let's get it done this session.

In all that we do this year at this capitol, let's think big. And let's remember this: The business at hand is not to expand Arizona's government – it is to expand Arizona's economy.

By some measures, our economy has been growing, but not nearly at levels we know we can reach. And it's not just overall performance, either – we want the kind of growth and opportunity that reaches everyone.

Last week, I signed an order placing a moratorium on new regulations in the executive branch. It was a good beginning, but only a beginning.

There is also the matter of many state regulations already in place, often for reasons that nobody even remembers. Our small businesses have to deal with all these little rules all the time, just because they're on the books and nobody's bothered to change them.

I'm instructing the directors of every agency to conduct a top-to-bottom review of regulations, and then to send me a list of all the ones we can do without. It's likely to be a long list. Wherever we find any regulation that is outdated, irrational, unfair, or destructive to free and honest enterprise in Arizona – that regulation will be gone.

While they're at it, agency directors will also be reducing timeframes for permits and licenses. Our government needs to operate at the speed of business. And we have a Regulatory Review Council that's stacked with lobbyists? Who's advocating for the small business person, the startup, the entrepreneur who can't afford an attorney to navigate the endless maze of bureaucracy? I ask that you pass a bill requiring a small business owner on that Council and I'll sign it.

You'll have my full attention when you send me any bill that has the purpose of advancing free enterprise and spreading opportunity. When that's the aim, there is always more to do. I am frankly not impressed at all when I read that Arizona is still the tenth, or the fifteenth, or whatever, best place in America for finding work or doing business. In the competition among states our goal is not to be lost in the pack, somewhere between California and Texas. Our goal in Arizona is to be the best place in America to work and do business.

That same thinking should apply to education. In Arizona public schools, we can do better.

A snapshot of Arizona public education came in a survey a few years ago. It measured some basic knowledge among students, on matters where knowledge should be assumed. It was an elementary civics test, along the lines of the test required of every new citizen. And when 96 percent of our kids could not pass, you know something is missing.

Justice Sandra Day O'Connor has called this the "quiet crisis in education." President Reagan told us, "If we forget what we did, we won't know who we are." And John Adams had it right too, remarking that every child in this country should be "instructed in the principles of freedom."

To appreciate all this wisdom, however, it helps to know who Justice O'Connor, President Reagan and John Adams are. But for too many of our kids, those names sadly don't ring a bell.

This is an issue that can and should unite us. These are our children, and not long from now, it will be for them to vote on who sits in your chairs and who stands at this podium. How can we expect them to protect the principles on which this country was founded, if we are not preparing them for that task right now?

It's time to make this right and there's a bipartisan bill – the American Civics Bill. Send it to my desk, and I'll sign it immediately.

It's also time to take charge of our public schools and take responsibility for their results.

For too long, the federal government has forced a one-size-fits-all model on our education system. Politicians and bureaucrats on the other side of the country, with no understanding of our state or the needs of our teachers and students, have sought to impose their standards and their will on our youth.

In Arizona, educational excellence is a priority. For the next four years, I intend to lead under a "Classrooms First Initiative." Our goal is simple: To improve outcomes in the classroom for all our children. That's why I propose to spend not less in the classroom than last year, but more.

Right now we spend far too much on administrative costs – on overhead – and that’s got to change. So this morning, I signed an executive order assembling a team of education and finance professionals charged with scrubbing every dollar in every formula in statute in order to identify ways to get maximum dollars into the classroom, where it can do the most good for our children.

We know where education happens, between a teacher and a student. In my administration, we will honor teachers and the good work they do.

Many teachers will agree with me on this, the quality of a child’s education should not be determined by what neighborhood their parents can afford to live in.

Our state has some great public schools, among the best in America, but unfortunately because of yesterday’s policies, many families are shut out. They sit and wait, as their sons and daughters get another year older and their dreams of providing them with the best public education possible slip farther and farther away.

This has gone on too long; I will not accept this inequality.

How many Arizona children should have equal access to our best public schools? My answer is – all of them.

Here’s what makes the situation even more troubling: Right now, there are nearly 400,000 empty seats in our public school system. In fact, some public schools are completely vacant. These are educational assets, funded by the taxpayer, meant to benefit our children, and they are going to waste. It’s time to put these assets back to work.

So here’s the plan: Let’s make open enrollment and parental choice a reality and not just a talking point. Let’s open the doors and make those empty seats available to our best public schools.

By creating what I call the “Arizona Public School Achievement District,” we can give our state’s best public schools – quality schools that are at capacity or have waiting lists – new and innovative options.

These public schools would have the ability to apply for use of the empty schools and empty classrooms, so we can put those kids where they belong – in the public school of their parent’s choice.

We also need to make capital available to our public schools that are ready to expand.

My budget will reserve resources that our best public schools can borrow against to bring down their debt service costs. And half the projects funded will be in low income communities. Every dollar not spent on debt service can go to more classrooms, more teachers, more students getting the education they deserve, regardless of where they live.

For consistently underperforming schools, it’s time for a change in management. First rate public school superintendents, principals, teachers and operators make the difference. They are the ones who give our kids a shot at a real education. So when local control intended to benefit children, turns into organized chaos to protect bureaucrats, expect a united Legislature and chief executive to make a change.

Looming over all our discussions about education is a court order demanding payment of money we don't have.

Here's the short of it, elected leaders acted in good faith during the Great Recession to keep statutory commitments to education, while also keeping this state afloat. And now the courts have given us a choice – between a fiscal crisis or a constitutional crisis.

So I say, to you – the Legislature: Settle this lawsuit.

To the education community: Be reasonable – and put this behind us.

It's time to stop paying lawyers and start paying teachers.

And Attorney General Brnovich: Dust off your dictionary and help us out here. The words of the statute are clear. "And" means "and;" "Or" means "or."

Of course, improving the lives of Arizona children can't and won't end when they leave the classroom. Too many of our kids find themselves in difficult family situations because their dads aren't being dads.

So guys, I've got a message for all of you out there: Wherever the authorities know of a deadbeat dad in Arizona – find him and hold him to his responsibilities with the full force of law. If you are old enough to father a child in Arizona, you're old enough to assume financial responsibility for that child. For single moms being stiffed by deadbeat dads, you need to know: "We're on your side and help is on the way."

With all our renewed focus on opportunity in Arizona, it's worth remembering that the best of these can be opportunities to serve.

In November, I launched an effort during the holiday season called "Serving Arizona" to highlight volunteer and charitable efforts throughout our state. Visit these food banks and shelters and you'll see first-hand those who are struggling the most in our communities. You'll also see the best of our state – people taking a little bit of time out of their busy days to help those most in need. Maybe it's serving lunches. Maybe it's packing food baskets. Maybe it's reading to a child. Whatever it is, these selfless Arizonans are an example for those of us elected to represent them.

Christmas season has come and gone, but Serving Arizona has not. Giving more to charities close to our heart is always a good thing, but there is nothing like giving your time, and I hope with this effort to encourage that spirit.

Our state isn't without its challenges, but we have the leadership to reach our full potential. And I'm not just talking about here in this capitol. I'm talking about the leadership of all Arizonans. The mom who's doing everything she can to make sure her children have opportunities she didn't. The entrepreneur who is risking everything she's got to chase her dreams and the teacher who will stay late tonight to help tutor one of his students. It's about all of us. All Arizonans have a stake in making this state the best place in America.

In less than a month, our state will host the Super Bowl for its third time. As a sports fan, I'm pretty excited. I know you are too. It's a prime opportunity to showcase Arizona to the rest of the country. It's a chance for everyone in the world to know what we know – that Arizona is the place to be.

Members of the Legislature, I'm grateful for this chance we have to do good for our state. This is why the people sent us here. So let politics stand down for a while. Let future elections wait their turn. Let's give our best for Arizona. It's time to get to work.

Thank you and God Bless.

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