

2015 state of the state

Mr. President, Mr. Speaker, Distinguished Members of the Legislature, Honorable Justices of the Supreme Court, Constitutional Officers...My Fellow Nevadans:

I'm incredibly grateful and honored that I have the solemn privilege of serving as your governor.

Tonight i wish to speak with you, not just about the state of our state, but about a plan to modernize and transform Nevada for its next 50 years of success.

Let me take a moment to recognize Nevada's First Lady, Kathleen Sandoval, as well as my daughters, Maddy and Marisa, my parents, Ron and Teri Sandoval, and my sister, Lauri.

Tonight we welcome 20 freshmen legislators.

Twenty years ago, I was a freshmen legislator, so I know exactly how you are feeling.

Will all the new legislators please stand so we can acknowledge your commitment to public service?

Sadly, since we last met, a great many former legislators have departed.

We lost a nevada giant in Speaker Joe Dini.

A total of 19 legislators will long be remembered for their service.

Please join me for a moment of silence in their honor.

Thank you.

Part One: How We Got Here

One month ago today, at the final event of the Nevada Sesquicentennial, I helped seal a time capsule that is now buried at the Capitol.

The contents capture a snapshot of the Nevada family today, to be presented to a 200-year-old Nevada in 2064.

I wrote a letter to Nevada's bicentennial governor for the time capsule.

As I wrote, I realized that the success or failure of the governor and people of Nevada in 2064 will largely depend upon our decisions today.

Ladies and gentlemen, we stand at a unique moment in time.

Having just completed our Sesquicentennial, we have proudly celebrated our state's history.

Tonight we begin writing the next chapter of that story.

We must decide if that chapter is about getting through the next two years, or about creating a New Nevada – for the generations to come.

The most recent chapter of our story required strength and perseverance as we weathered one of the worst economic storms in our history.

These times were even more challenging because they coincided with two long and difficult wars.

Even though some said it couldn't be done, we managed to lay the foundation for a New Nevada:

Nevada became one of only six national training sites for unmanned aerial systems.

We attracted Tesla in one of the most competitive site selections in our nation's history.

We became the home to dozens of other national brands who now employ Nevadans in industries of the future – cyber security, medicine, aviation, renewable energy, battery technology, manufacturing, data storage and more.

During my first State of the State Message in 2011, Nevada led the nation in unemployment.

We set a goal then of 50,000 new jobs – we have almost doubled that.

Today, Nevada's job growth is third strongest in the country, we have cut our unemployment rate in half, and we have the second fastest growing population in the nation.

We are adding good jobs in almost every sector, with business services, manufacturing, health services, gaming and tourism leading the way.

And yet, the success of our state is inextricably linked to the well-being of our most vulnerable citizens.

And I believe we have made significant progress in that regard.

Two years ago, 23 percent of NEVADANS lacked health insurance, the second worst ranking in the nation.

Today, that number has been reduced by more than half, to 11 percent, and we are the fourth most improved state in the country.

The uninsured rate for our children has dropped from 15 percent to 2 percent.

Nearly three-fourths of our Medicaid and Nevada Check-Up population is covered by care management organizations, which saves the state \$13 million and ensures that Nevadans receive timely, cost-effective and appropriate health care.

In 2013, our behavioral health system was in a crisis.

Individuals waited days to access inpatient psychiatric treatment, and emergency rooms were overflowing.

Through the work of the Department of Health and Human Services, the specially-created Behavioral Health and Wellness Council, and many others, there have been dramatic improvements.

TONIGHT, I THANK THEM.

We also focused on education.

We expanded full-day kindergarten.

We created new programs for English language learners.

We increased funding for special education, supported school choice through the creation of a Charter School Authority, and dedicated ourselves to college and career ready standards and assessments.

Our colleges and universities modernized their funding formula, rewarding performance and success.

We accomplished much in the worst economic crisis since the Great Depression.

because of our collective effort, I believe we now stand at the threshold of a New Nevada – a Nevada prepared to take its place among the most innovative, visionary and well-prepared states in the nation.

Although we can never lose our focus on job creation and the economy, we must now turn our attention to Nevada's generations to come, the youth of our state.

I featured them at my Inaugural for a reason; they are incredibly talented, hard-working and determined, and it is they who will live with the decisions we make during this legislative session.

I know this view is shared by all here assembled.

I am relying on the four leaders of this institution – Senator Roberson, Speaker Hambrick, Senator Ford, and Assemblywoman Kirkpatrick to work with me on what must be done.

We have already started, and I thank them for their leadership.

Part Two: A Plan to Change Education in Nevada

It's no mystery. Nevada's new companies will need a highly skilled workforce.

Our historic industries do as well.

Improving our public education system must therefore begin with modernization, and modernization requires investment.

But our investment cannot simply be buying more of the same.

We have to own the fact that our K-12 system doesn't need to improve, it must to improve.

Today's public education system was largely established in the 1950's, when public leaders responded to challenges similar to what we confront today.

Rapid enrollment growth spurred voters to implement the first State Sales Tax in 1955.

Governor Russell and the Legislature went even further, consolidating over 150 local school districts into the current 17, based on county lines.

This made sense in 1955. Nevada's entire population at that time was just 237,000 people – roughly two-thirds the number of students in Clark county.

In 1967, educational needs again required leadership, and the Legislature enacted the Nevada Plan for School Finance.

This plan sought to stabilize state funding to local districts.

In that year, Nevada's entire population was roughly 450,000 – less than today's total enrollment in all public schools.

Not only was the Silver State less populated 50 years ago, Nevadans were financially better off.

From the end of World War II until the late 1960's, Nevada's per capita income was among the highest in the West.

In contrast, today, almost one out of four children in Nevada lives in poverty.

our population is also much more diverse.

Nevada is a different place.

America is a different place.

The world is a different place.

Yet we rely on the same public education governance and financing models established 50 years ago.

I submit to you this evening that an education system for this century requires bold new ideas to meet the reality of our time.

I am asking the Legislature to join me in beginning the work of comprehensive modernization of our education system to meet the needs of today's students and the New Nevada.

This work begins with our youngest learners.

Nevada has the lowest preschool attendance of any state in the nation.

Thanks to a recent federal grant, and matching funds provided in my budget, we will improve this worst-in-the-country statistic.

My budget also finishes what we started two years ago, the expansion of Full Day Kindergarten to every elementary school in Nevada.

These two efforts provide a foundation for the future success of all our children.

We must also improve our students' reading skills.

Studies show that a child's chances of graduating from high school are cut in half if they are not reading at grade level by third grade.

I will therefore work with Senator Becky Harris and the Senate Committee on Education to introduce a "Read by Three" bill to help ensure every student is reading by third grade.

My budget includes nearly \$30 million to support this literacy effort.

My budget also begins modernizing our classrooms through instructional technology. Today, we invest LESS THAN \$4 million OVER THE BIENNIUM in school technology.

MY BUDGET WILL launch the Nevada Ready 21 Plan.

This plan will put digital devices in the hands of middle school students throughout Nevada and ensure teachers have the necessary training for this environment.

NEARLY \$50 MILLION WILL BE INVESTED.

as we expand technology, we must take steps to protect privacy.

I encourage this Legislature to work with the various stakeholders to enact legislation protecting student data.

Our most troubling education statistic is Nevada's worst-in-the-nation high school graduation rate.

WE HAVE TO DO better.

My budget includes a new grants program designed to ensure students are college and career ready by graduation – as well as a significant expansion of Career and Technical Education, Jobs for America's Graduates and STEM education.

In total, this effort will make over \$20 million dollars available to our high schools.

We must remember that the New Nevada will be different in other ways from 50 years ago.

Our students are different, and their needs are different.

The 40-year-old Nevada Plan for School Finance must be modernized to consider the needs of individual students.

A better alternative uses "weighted formulas" where students with differing needs would receive additional dollars based on a percentage of the base amount.

In the second year of the coming biennium, my budget will establish the first of these funding categories in Special Education and then work toward a final weighted formula.

Other categories will follow in subsequent years.

Last session we introduced for the first time additional resources for Nevada's English language learners.

We created the Zoom Schools, and early indicators point to the kind of success we expected.

My budget doubles our original investment for a total of \$100 million this biennium.

But English language learners are not the only population with differing needs.

My budget includes \$50 million for students in the most impoverished parts of our state.

Within areas of poverty we find many persistently underachieving schools.

These schools require a solution to win the struggles their students endure every day.

I propose calling them "Victory Schools," signifying our commitment to help these students overcome adversity.

We have also historically neglected our gifted and talented learners, allocating less than \$200,000 per year for these students.

My recommended budget provides \$10 million to establish a true Gifted and Talented Learner allocation.

These initiatives represent a down payment on total modernization of the Nevada Plan.

Legislation this Session will also adjust when we count student enrollment, increase transparency in the funding model, ensure money reaches the classroom, and modernize equity allocation.

A hard reality of today's Nevada schools is that they are simply overcrowded and need maintenance.

Imagine sitting in a high school class in Las Vegas with over forty students and no air conditioning.

The need is real.

Therefore, I will support legislation to approve a temporary rollover of bonding authority for the construction and maintenance of local schools, with state oversight.

While many must recognize the hard truth that our education system will not improve without more funding, others must accept the reality that improvements will not be made without accountability measures, collective bargaining reform, and school choice.

Our new investment must come with performance measures and accountability.

We will only pay for programs that make a difference in the lives of students.

I will again support Opportunity Scholarships, giving tax credits to businesses that provide tuition-based scholarships for at-risk students to attend private schools.

Through the leadership of Assemblywoman Woodbury, the Assembly Committee on Education will introduce this legislation.

I will sign it when it reaches my desk.

I support legislation that increases the quality of public charter schools.

My budget provides \$20 million in matching funding to encourage successful, proven charter school organizations to open more charter schools in Nevada.

Based on recent events, I have concluded that local school boards should be appointed, not elected.

Although well intended, some of these boards have become disconnected from their communities.

I will therefore support legislation to provide for the appointment of members of local school boards.

We must also recognize that Nevada's school districts may be too large or too small.

Today, they range in size from 74 students in Esmeralda County to over 318,000 students in Clark county.

I will introduce legislation that allows local governments to create smaller school districts in our urban counties, and consolidate school districts in our rural counties.

I will also support legislation to enact true collective bargaining in our school system.

In 2011, I asked the Legislature for a more balanced approach to contract negotiations.

Most bills never had a hearing.

I again stand ready to work with you to ensure that employee compensation is fair, but also recognizes the need for reform.

We cannot expect that governance and financing models alone will address the underlying issues that prevent many students from learning.

Achieving meaningful public school reform also means addressing the environment in which our children learn.

Our First Lady has long been a champion for our youth.

And in recent months, she has focused her abundant energies on hunger in our schools.

Responding to recommendations from the Food Security Task Force, my budget includes \$2 million to expand breakfast in the classroom – and legislation will be introduced to leverage federal spending in this area.

The onset of the internet, texting, twitter, Snapchat, Facebook and other technologies has introduced new stressors in the lives of our youth, without necessary coping skills.

Many have nowhere to turn, resulting in lower grades, school absence, and in the worst cases, violence and tragedy.

The price paid by some is staggering.

With us tonight from Las Vegas are Mary Bryan, Aimee Hairr, and Jason Lamberth, whose children were the victims of school bullying.

Unfortunately, these parents are not alone.

Over 4,000 incidents of bullying and cyberbullying were reported in Nevada during the last school year.

I will work with Senator Parks and Assemblywoman Spiegel, champions of school safety and anti-bullying efforts, to propose legislation this session to reform Nevada's anti-bullying laws.

in addition, a new Office for Safe and Respectful Learning will administer \$36 million in grants for social workers in our schools, as recommended by the Behavioral Health and Wellness Council.

Teachers and principals who lead our schools also deserve our support through investment and accountability.

We must empower them.

That is why I am introducing legislation to strengthen the current pay for performance laws.

We will require districts to set aside money TO REWARD the very best teachers and principals, and to attract them to teach at underperforming schools.

I have also substantially increased the state's commitment to professional development through a Great Teaching and Leading Fund.

These funds will be used to improve the teaching profession, attract new teachers, and train the kind of school leaders we need.

Finally, we must acknowledge that far too many of our schools are persistently failing.

Tomorrow our Department of Education will release a list of underperforming schools.

The list includes 10 percent of the schools in our state.

Many have been failing for more than a decade.

We must draw a line in the sand and say "no more."

I am therefore requesting the creation of an "Achievement School District".

This unique school district will manage failing schools without regard to location.

I have asked former Washoe County Superintendent Pedro Martinez to help with this initiative as a Superintendent in Residence with the Nevada Department of Education.

Pedro is here tonight, and I thank him for his leadership on this critical issue.

This is my plan to improve education.

We will make investments from early learning through high school graduation.

We will support enhancements in technology, students at risk, gifted students, teachers and principals, school choice, and construction.

We will tie those investments to performance, with targeted grants wherever possible.

There will be no blank check.

We will revise collective bargaining laws.

We will also modernize and transform the system.

And we will ensure that our students are ready for success in college and careers.

Today, only one out of three Nevadans have the benefit of education or training after high school.

Yet we know the jobs of the future will require two-thirds of us to have post high-school credentials.

The New Nevada will need more scientists, machinists, engineers, computer programmers, welders and other STEM workers to grow our new industries.

our colleges and universities are the key.

Last session we took steps to introduce performance funding to the Nevada System of Higher Education.

The institutions responded, and tonight, I am pleased TONIGHT to announce additional investments in our colleges and universities.

My budget includes new operating funds in the amount of \$76 million for higher education, plus \$24 million in bond funding for capital construction.

The Nevada System of Higher Education sees a growth of over 8 percent in State support over the next budget cycle.

A UNLV hotel school is funded with \$24 million.

There is absolutely no reason why the best hotel school in the nation should be anywhere but Las Vegas.

Las Vegas also needs a medical school.

It is the largest metropolitan area in the nation without one.

The Board of Regents has recognized this need and I am pleased to provide the first \$9.3 million for the initial costs of establishing the new UNLV medical school.

Although we will establish a medical school at UNLV, Nevada needs more doctors now.

My budget includes \$10 million in new funding for graduate medical education to attract and retain the best new doctors in America to train and stay in Nevada.

all in – from preschool through graduate school – from increased enrollment to targeted spending – the proposals I have outlined tonight will invest \$882 million in education in our state over the next two years.

Ladies and gentlemen, I do not make these proposals lightly.

I know they represent a change in the way we approach education.

But I also know that our system has to improve and that every child deserves the opportunity to succeed.

This investment in our children and transformation of our education system is absolutely necessary, and so, tonight, I ask for your help in creating the funding base to pay for it.

Part Three: The Budget

For four years, we have held the line on spending.

Temporary revenue measures, cuts, and efficiencies were necessary – we sought to get Nevada working again, and we did it.

Businesses were able to get back on their feet and plan for the future.

We also cut red tape and improved State Government.

Yet caseload growth, school enrollment, and infrastructure needs place new pressures on State spending every single day.

In the current fiscal year, despite an improving economy and record job growth, we would be unable to pay our bills without significant adjustments to the approved spending plan.

This year alone we ARE \$150 million below forecasts – in a time of economic recovery.

Our current revenue structures do not keep up with growth.

The Economic Forum set available General Fund revenues for the next biennium at approximately \$6.3 billion.

Our current biennial budget is \$6.6 billion.

For the coming budget cycle, the Forum projects General Fund revenues will only be slightly more than the 2005-2007 budget – ten years ago!

By contrast, in the same decade, Nevada’s population increased by SOME 335,000 people, K-12 enrollment increased by OVER 55,000 students, and the number of Nevadans in many social service programs more than doubled.

The budget I am proposing includes \$7.3 billion in General Fund spending – significantly less than agency requests.

But it begins the strategic investment in the education that we require.

I believe this is necessary, even critical, for our future.

we must also consider Sensible reform to the Public Employee Retirement System and the way we pay state employees.

My budget will no longer require state employees to take furloughs.

STATE EMPLOYEES HAVE MADE GREAT SACRIFICES, AND I THANK THEM FOR THEIR SERVICE TO THE PEOPLE OF NEVADA.

Tonight I am asking this legislature to work with me to ensure that Nevada moves forward.

To close the gap between proposed revenue and projected spending, I am offering a two-part solution.

Like so many of these new proposals, it provides an opportunity for modernization.

First, the so-called “sunset taxes” must be continued to cover basic expenditures.

They provide revenue not only for the General Fund but also the Distributive School Account.

It's time we are honest with ourselves —these revenues are now a part of our comprehensive budget.

Second, we must identify new sources of revenue.

\$132 million can be found through changes to existing state law, and this will help address some structural issues.

But we must fully fund the education initiatives I have outlined.

I am therefore proposing a broad-based solution that asks Nevada business to invest in our education system.

By modifying the existing Business License Fee to a graduated scale, we will generate over \$430 million dollars in the next two years – funding equal to the investment in Pre-K through twelfth grade that I am proposing in this budget.

I realize these decisions are DIFFICULT.

I know I am asking a lot from the business community.

But I have explored every option and find this to be the broadest, least complicated, and fairest solution.

Business License Fees will be immediately available, something that is critical for our budget.

And this revenue will grow as the economy grows in the years ahead.

I know this approach will engender debate.

YOU WILL ALL FIND THAT There is no perfect solution.

What we must all agree on is that another generation of YOUNG Nevadans cannot move through our schools without more RESOURCES, choice and reform -- and that we must MODERNIZE our revenue system.

Part Four: Nevada Leads

Together we must establish a plan to continually improve the Silver State.

We have an opportunity to show that Nevada leads.

Nevada is poised to lead the nation in the technology sector.

My budget includes funding to re-ignite the Governor's Office of Science, Innovation and Technology.

It will bring focus to our STEM strategy and coordinate broadband connectivity so that our schools, telemedicine, and others have the necessary access to fiber technology.

It will also administer STEM Workforce Challenge Grants as envisioned by the recent Brookings Institute report.

And tonight I am pleased to announce the expansion of one of Southern Nevada's homegrown technology companies.

Switch, the world's largest data center, is poised to expand to Northern Nevada, bringing \$1 billion of investment with it.

Switch also plans 1 million square feet of new data center space in Las Vegas, for a total investment of \$2 billion.

This will make Nevada the most digitally connected state in the nation.

The list of companies wanting to do business in Nevada keeps growing.

But Nevada's unemployment rate is still too high.

Much of the persistent unemployment can be attributed to construction jobs, which were cut in half in the last recession.

Getting housing construction back to pre-recession levels would create thousands of new jobs.

I am calling on the Legislature to pass reasonable construction defect reforms to revive our housing market, and bring new jobs to Nevadans.

We can lead by spurring construction in other areas as well.

The Department of Transportation's Project NEON will invest \$250 million to improve southern Nevada's I-15, reduce congestion, and create construction jobs.

Other statewide projects will use \$230 million for construction, maintenance, and future planning.

In Las Vegas, the Convention and Visitors Authority is helping us remain competitive with the proposed Global Business District.

This District will add crucial new technology that conventions demand, and it will add new trade show space that could generate \$700 million in economic impact EVERY YEAR.

This project is critical to maintaining Las Vegas as the entertainment and convention capital of the world.

Threats to the sagebrush ecosystem, and the resulting potential impacts to Nevada's wildlife, agriculture and mining, offer another area where Nevada can lead.

I will continue to support Nevada's cutting edge plan to protect our habitats and avoid a listing of the Greater Sage Grouse.

Our long history of cultural preservation provides another opportunity for Nevada to feature its proud diversity.

My budget includes funding to begin planning for the Stewart Native American Historic Experience.

This project will restore the Stewart Indian School IN CARSON CITY and create a ONE-OF-A-KIND Cultural Welcome Center focusing upon our Nevada tribes.

Tribal leaders are with us this evening as we launch this effort – I thank them and welcome these heads of state to this chamber.

I am keenly aware that Autism Spectrum Disorder impacts 1 in every 68 children.

Estimated projections indicate nearly 6,000 children in Nevada have Autism Spectrum Disorder.

We must meet the needs of these children as early diagnosis and treatment have life changing consequences.

Through increased state support and better use of federal resources, overall funding will increase from \$1.8 million when i took office, to \$73 million.

My administration is also proposing to centralize eleven agencies within the Department of Business and Industry into a convenient one-stop shop – the Nevada State Business Center.

This Las Vegas complex will reduce costs, and provide better service to our business community.

Nevada also leads through service.

I proclaimed 2014 to be the “Year of the Veteran”.

This was part of the Green Zone Initiative, Nevada’s nationally recognized veterans services effort.

Over the last two years, our veteran’s cemeteries have received millions of dollars in grants to continue to provide dignity, honor, and respect for our fallen.

We doubled the number of veterans’ service officers, and as a result, Nevada veterans have received an additional \$50 million dollars annually, tripling the amount from three years ago.

unfortunately, Our Southern Nevada Veterans Home is at capacity, and Northern nevadans have no veterans home of their own.

My budget contains \$14 million in bond funds to build the Northern Nevada Veterans Home.

out veterans deserve nothing less.

Seated among us tonight are five veterans, Each representing a different conflict from our nation’s history, and they embody the spirit of how Nevada Leads:

Retired First Sergeant Chuck Harton of Reno served in World War II and Korea.

Erwin “Moe” McQueen of Ely served as an Army Infantryman in Vietnam.

Air Force Master Sergeant BJ Jefferson of Las Vegas served during the Gulf War, Iraq and Afghanistan.

Amy Wallin of Reno served in the Coast Guard during the Global War on Terrorism.

NATIONAL GUARD Captain Denisse Ramos of Las Vegas

deployed three times—twice to Iraq and once to Afghanistan.

Please join me in thanking these American heroes.

Ladies and gentlemen, Nevada stands at a threshold.

We live in a state that is transforming before our eyes – with 21st Century companies, jobs and technologies that place us AT THE FOREFRONT OF INNOVATION AND THE NEW ECONOMY.

yet we still operate with decades-old funding systems and an education structure that will eventually grind us to an inevitable halt.

I KNOW we have the ABILITY, willingness, and determination to do what is necessary.

We all want to tell our grandchildren that we were the architects of the New Nevada – that we were here when Nevada needed us most.

Those before us rose to the challenges of their time and built the foundation of the state we love.

The Sesquicentennial celebration highlighted those achievements.

But tonight, as we close the chapter on 150 years of history, THIS IS OUR TIME AND we must resolve to make our own history.

I am a son of the Silver State.

I love our people, i'm proud of who we are, and i'm optimistic about what we can become.

I truly believe Nevada's best days are yet to come.

I know you feel the same way.

We may stand for different causes.

We may wear different political jerseys.

We may have different beliefs.

But we are united in our desire to move Nevada forward with a transformed education system;

a healthy citizenry;

safe and livable communities;

a vibrant economy;

and an efficient and responsive state government.

With our spirit of perseverance and courage, we must dare to write the next chapter of the Nevada story.

A STORY THAT NEVADANS IN 2064 WILL LOOK BACK ON AND SAY, "THEY DID IT RIGHT".

I ask us all to rise above that which seems easy.

I ask us to lead.

I ask us to lead, so that the new nevada can lead.

Thank you, God bless you, and God bless the great State of Nevada.