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DEMOCRATIC RESPONSE TO THE STATE OF THE STATE DELIVERED BY SPEAKER-ELECT JOHN OCEGUERA

Tonight we heard Governor Sandoval's first State of the State Address. It is my duty to present a response on behalf of the majority of the State Legislature.

I'm John Ocegüera. I was born in Reno, raised in Fallon, work in North Las Vegas and live in Las Vegas. I'm a husband and a father. I'm a fourth-generation Nevadan, and our young son is a fifth-generation Nevadan. This is home for my family. Our roots are here.

I'm mentioning this because, while I'm responding to Governor Sandoval's speech, I'm responding as a Nevadan who recognizes, as so many Nevadans do, that we face the most challenging times in a generation.

I want to congratulate the Governor on his address, and wish him success as the leader of our state.

My colleagues and I look forward to a positive, productive, open working relationship with Governor Sandoval. The stakes are too high for us to fail. We must bridge our differences and create a sound plan for the future of Nevada. All Nevadans of all political parties, all regions of the state, all branches of government at every level must work together in a spirit of cooperation and frank communication.

Let's make this immediately clear to every Nevadan: Governor, we agree with you on many of the issues you presented. We are ready to begin working with you to achieve our mutual goals.

For the past several months, I have crisscrossed the state, met with business leaders and local officials, and discussed the problems we face. I've spoken in town halls, city councils and county commissions. I've seen first-hand the empty houses, the shuttered businesses and the look in the eyes of many Nevadans uncertain of the future.

Majority Leader Horsford and I have worked with the business community, talked with out-of-work employees, listened closely to what Nevadans have to say, and we've drawn the best ideas from other states as well.

We call on each of you—the business community, employees in the private sector, those searching for work, public employees, home owners, retirees, and those of you in need—we call on each of you to be involved in the solutions.

All of us understand the difficulty and know it will take hard work to dig ourselves out. Nevadans are a resilient people. Our state has seen trouble before, but we've always managed to pick ourselves up and do better. This time will be no different.

We believe in hope and optimism, and we believe in common-sense planning to give form to that optimism.

That's why my remarks to you—and to the Governor—are a response. This is not a rebuttal. It is a common-sense, practical and responsible path to rebuilding Nevada. We will draw from the Governor's ideas and from our own ideas as your representatives. We will seek public comment and reasoned suggestions during our deliberations.

As I said, we are in bipartisan agreement with the Governor on many issues. They are practical steps to cut costs, create jobs, and improve education.

There are other areas where we believe the Governor is too optimistic or—in his first month in office—hasn't had the time to dig as deeply into the consequences as we must.

We believe the size and scope of Nevada's financial difficulties are greater than the Governor indicated—and demand still more thought if the job is to be done right.

In his Inaugural Speech, Governor Sandoval rightly said “the ground shifted under our feet.”

The governor was talking about the harsh realities we now face in Nevada:

Our state depends heavily—too heavily—on just two taxes, gaming and sales. When entertainment and sales falter, our state stumbles.

People aren't gambling OR shopping, and Nevada's budget is taking a pounding.

At its peak, Nevada had just over 140,000 construction workers on the job. With the many projects finished and few new ones started, 80,000 construction jobs were lost.

Our huge inventory of empty, foreclosed and underwater homes in Nevada means we won't see a boom in housing any time soon.

Our dependence on gaming, construction and homebuilding is now challenged, and we must change.

As we prepare to start the legislative session, we're confronted with immense challenges – but as the scholar William Arthur Ward said, “The pessimist complains about the wind; the optimist expects it to change; and the realist adjusts the sails.”

I'm a realist, Nevada needs to adjust its sails.

The Governor called for us to not shrink from the challenges but confront them together, even if it means shared sacrifice.

We agree, and I want to outline the steps we believe we should take together to rebuild Nevada—and a few, but critical, differences we have with the Governor's view.

First, we agree it begins with even greater reform of government spending.

Remember, though, we've already drastically cut programs, eliminated jobs, put public employees on furlough, reduced benefits, and sliced over a billion dollars out of the budget. We asked people to do more with less. We will likely be forced to ask again, even as we recognize it will be painful for state workers and their families. We need to keep in mind that they have already taken deep cuts.

- We agree with the Governor on the need to consolidate agencies for better service and greater efficiency
- Together, we'll identify those agencies which have outlived their usefulness or are competing with the private sector, and we will eliminate them.
- We'll offer specifics, and we expect those with other ideas to be just as specific.

Our second step . . . must be to implement long-term government reforms.

- We will work with the Governor and local governments to determine where restructuring makes sense. If the state is trying to do a job local government could do better, let's give that task to local government, but let's give them the

tools to do it well.

- He said, “Whether it is in this bucket or that bucket does not matter.” Here we respectfully disagree with the Governor’s plan. We believe that if the state takes a full bucket of tax money from local government and gives that same local government more responsibility AND an empty bucket, it does indeed matter. Someone will have to pay the difference.
- Transferring tasks without resources is just shifting blame. It is our responsibility to see that problems are solved, not just passed along.
- For those agencies which remain, we must set measurable performance standards and make sure those standards are met, eliminating or consolidating the agencies which can’t measure up.

We have a vision for a new, revitalized, and diversified Nevada.

We can rebuild Nevada. But we cannot expect businesses to invest in Nevada if we aren’t willing to invest as well.

That leads us to the third step of helping Nevada businesses and frankly addressing the reasons we haven’t attracted more new business.

- Our transportation and infrastructure links to Arizona and California—major pathways for commerce and tourism—need expansion now.
- Our power transmission lines are inadequate for growth.
- Our internet coverage falls far behind the national average for scope and speed.

We can do something about it. Working with the Governor . . .

- We can encourage more businesses to invest in upgrades.
- We can use our public construction monies to repair and build an infrastructure for the 21st century.
- We can follow Arizona and Utah’s examples where they partnered their strong higher education systems with emerging technology companies.
- We can push for federal support for a new Interstate 11 connecting Phoenix and Las Vegas.
- We can call for federal loans to private companies for a high speed rail to Southern California.

A key part of attracting business is to recognize our weaknesses and fix them now.

Our ability to grow new jobs paying a decent wage depends on an educated work force.

That is why our next step must be to improve and strengthen our schools.

- We agree with the Governor that more can be done and will work with him on
 - expanding school choice within the limits of the Constitution
 - concentrating on support for the classrooms
 - rewarding the best teachers and removing the worst
- But I also want to emphasize . . .
 - Most teachers and administrators are hard-working, effective professionals facing very tough challenges. We cannot make them the whipping boys of school reform.
 - We recognize that better schools, from kindergarten through graduate school, are needed to attract and keep the best businesses. We can't wait until times are flush, we believe the time to act is now.
 - The Governor has proposed a 17.6% cut to higher education—some say the true impact is 36% or more. We must have a strong higher education system, and we can't price the cost of a college education out of the reach of Nevada students and Nevada families.
 - A lesson I learned early—you get what you pay for. We can't stay at the bottom of funding and get to the top of education. The Governor is trying to save money by cutting per pupil spending, and we understand that, but he is setting us on a course to drop from a lowly ranking of 46th among the states to becoming dead last. The cuts must end.

Finally, there is one last issue to tackle. One more step to take.

Let's level with Nevadans. Reducing the cost and size of government, promoting business growth, rebuilding our infrastructure, and improving our schools will not be enough to balance our budget.

The situation is more severe, and that facts and figures unveiled through open, public legislative hearings and a rigorous examination will make that clear.

In the past, instead of changing the fundamentals, special interests and a stubborn minority in the legislature have argued for quick fixes, a prayer, and, as we used to say in my hometown of Fallon, patching things up with spit and baling wire.

Because Nevada could not find the will to repair our structural weakness during the good times--when we could--we find ourselves obligated to fix it now--during hard times--when we must.

We have to look further than the next quarter or next year or the next election.

Rebuilding and investing in Nevada will cost us. But putting off solutions which are right in front of us will cost us dearly. We get what we pay for.

We know it's never a good time to raise taxes. There is never a good time to fire employees. But this is the right time to shoulder our responsibility and do the right thing for our state. As the Governor said, it is a time for shared sacrifice.

Business leaders, labor leaders, small business owners, employees, and advocates for causes must be present during our deliberations and tell us what share of the sacrifice they will shoulder and what they need, not just to survive now, but to thrive in the future.

Our goals are simply stated:

- We will continue to cut the cost and size of government, but we aren't going to turn our backs on our future.
- We will not forsake the elderly, the disabled, those unable to care for themselves. They will be helped.
- Working families deserve both protection from unreasonable taxation and the continuation of the essential governmental services they depend on.
- We will invest in Nevada and rebuild a strong infrastructure to serve our citizens and attract new businesses, creating good paying jobs as we build.
- We will fast track sustainable development of new businesses—wind, geothermal, solar energy, new technologies which can partner with our universities, and we will retrain our workforce.
- We will keep business regulation reasonable, taxes affordable, and change the culture of government service to actively help business, not impede it.
- We will invest in our future. We will invest in our schools to graduate students able to easily move on to college or qualify for new jobs.
- We will work toward affordable higher education which meets the needs of present and emerging businesses.

It's a huge job. We believe Nevadans will support these efforts if they can see a clear plan, efficiency and progress.

To the people of Nevada: The Governor first presented his budget tonight. Tomorrow morning your legislature starts our careful examination of that budget.

Additionally, we are hosting Town Hall meetings north and south on Saturday, January 29th to listen to you, as we will throughout the legislative session.

I'm a realist. There will be disagreements. The path forward will be difficult. But we are all Nevadans. We were elected to serve this state to the best of our abilities.

We have this clear opportunity to make the changes needed. We have this obligation to meet our responsibilities. Now is our time. We must reset our sails. We must rise to the challenge. We must meet that challenge.

Thank you and God bless Nevada.