

Governor Brian Sandoval's 2013 State of the State Address

January 16, 2013

As Prepared for Delivery

Madam Speaker, Mr. President, Distinguished Members of the Legislature, Honorable Justices of the Supreme Court, Constitutional Officers, Senator Heller, honored guests.....

My fellow Nevadans: For nearly 150 years governors before me have stood in front of this body and delivered their state of the state address. The personal delivery of a biennial message has become one of our most honored traditions. I'm proud to be here tonight to continue this tradition, along with the First Lady Kathleen, and my children: James, Maddy, and Marisa. Thank you for your love and support.

I want to take a moment and pause to remember two extraordinary Nevadans, both of whom I had the honor of serving with in the Nevada Legislature. First, Gene Segerblom, who devoted her entire life to the service of this state as a mother, schoolteacher and state legislator. Her son, Senator Tick Segerblom, is with us tonight. Tick, Nevada will not soon forget your mother or her service.

Our friend Senator William J. Raggio lived a legendary Nevada life and served in this building with honor and distinction for over four decades. His legacy is a stirring reminder for those of us in public service ... there are no barriers to what can be accomplished if we summon the will to work together. I am particularly pleased that Bill's wife Dale could be with us tonight.

Two years ago, we gathered in a different time, under different circumstances.

As I stood before you on that evening, our state was reeling from the ravages of the Great Recession.

Nevada led the nation in unemployment, housing foreclosures, and personal bankruptcies. State revenue projections had dropped dramatically, and we faced budget cuts in every category.

That evening, I asked the Nevada family to embrace a fundamental course correction—to leave behind the limits of the past and consider the case of our state's future anew. The challenges of the moment were too complex to resort to tired partisanship. Rather, they demanded that we resolve to work together to meet the challenges of the 21st century.

And we rose to the occasion.

In the final days of the 76th Legislative Session, we were able to work together to craft a bipartisan compromise that led to a balanced budget, important education reforms, and a transformed economic development effort. These elements created the foundation of

the progress of the last two years—progress that every Nevadan can be proud of. And while my last appearance before you was preceded by a period of decline, my appearance before you tonight has been preceded by a period of growth—yes, growth.

We are emerging from the worst economic crisis of our generation. And though it remains unacceptably high, our unemployment rate is lower than it has been in over three years, and it is falling faster than almost every other state in the nation.

And state revenues are growing again—because our economy is growing again.

In the last 24 months Nevada businesses have created almost 30,000 new jobs.

Yes, the last two years have been a success story, not fully realized, but undeniably on track.

Tonight, ladies and gentlemen, I can confidently report to the people of Nevada that the state of our state grows stronger every day.

Now we stand at the threshold of another legislative session, another 120 days of decisions that will shape the future of our great state.

We must make some immediate decisions: a budget ... and pressing issues of the day. But that is only part of the task before us.

Our greater challenge is helping a Nevada that is still on the horizon.

It awaits us in the future.

Not too far off, but far enough that we must consider what we can be.

I want us tonight to contemplate a journey that takes us to that other Nevada. And I want us to agree that what we find there must be the best that it can be. And traveling with us on that journey will be the children whose faces you see on the screens behind me.

These children are all members of the graduating class of 2023. They're second graders today.

It is my hope that the faces of these children will inspire us as we consider both the short- and long-term realities of our state.

Two years ago we began laying the foundation for improved education in Nevada—to win a critical victory for Nevada's children. And we did...

We passed laws requiring performance-based evaluations for teachers, ending teacher tenure as we know it, and reinvigorating the State Board of Education. These historic reforms were essential changes necessary to ensure success for our children.

But structural reforms alone will not fix our problems. Responsibility for Nevada's students does not rest with one single group. It is borne by each and every one of us – parents, educators, school board members, legislators and governors.

To advance the cause of students we must now turn our eye to the classroom. I continue to believe that literacy is the key to long-term success. And so tonight I again ask you to take the necessary steps to ensure that every Nevada child can read by Grade Three.

If children cannot read by third grade, their chances of graduating from high school become remote.

For pre-Three students, I will propose increased funding for early education in the state's most at risk schools. And I will ask the Legislature to act quickly, because Nevada's students cannot wait another two years.

My budget therefore includes an aggressive expansion of all-day kindergarten among the state's most at-risk schools.

Twenty million dollars is allocated over the biennium for this purpose. This means that by 2015, almost half of our elementary schools would have an all day kindergarten option.

If we expect children to read by Three, we cannot continue to ignore all of the data that tells us all-day kindergarten is a critical foundation for a child's success.

My budget matches this focus on young learners with two initiatives targeting older students.

We all want the graduation rate to improve.

And we want students to have skills for work or college after they graduate.

One of the most successful programs in the country today is Teach for America – a unique corps of brilliant young leaders from America's top universities, who give their time and talent as teachers in schools that need them most.

These teachers help spur innovation and creativity in instruction that makes the entire system better.

Teach for America has helped make a difference in the lives of hundreds of Nevada's students.

But we can do more.

I am proposing a new investment in Teach for America to help recruit, train, develop, and place top teacher and leadership talent in Nevada.

I am also asking that Nevada make a firm commitment to another national program with proven results. In the last year, I used available funding to pilot the Jobs for America's Graduates initiative in seven Nevada schools.

JAG helps prevent dropouts by putting a specialist in the school to work with the most at-risk students.

The work continues even after the students graduate, and transitions students from high school to college or a career.

It works in over 30 states and it has worked here.

With me tonight in the hall is Dayton High School JAG student Joey Doyle and his JAG advisor, Nancy Gardner. Joey grew up in challenging circumstances that most of us can only imagine.

Despite these challenges, Joey made a conscious decision to turn his life around, and with the help of good friends, mentors, and the JAG program, he is now a senior at Dayton High School on track to graduate. Joey is proud to be a member of the Dayton High school JAG Program, and Joey, we are proud of you.

My budget includes sufficient resources to fund the JAG program to include up to 50 additional high schools by 2014 and to serve nearly 2,000 additional high school students.

To all our current JAG students and specialists, thank you for setting an example across the state.

As we make these investments, we must also recognize how Nevada has changed: Our schools are more diverse. More than 15% of Nevada's students are English language learners.

The Clark County School District alone is responsible for more than 50,000 English language learners, representing more than 150 languages. The challenges these students confront are wholly different from those faced by their peers, yet our obligation to them is no less important.

Reality dictates that we acknowledge that reading levels, graduation rates, and college readiness will not improve until we appropriately focus on these students.

To lay the first plank in building a stronger foundation for these students, my budget proposes 14 million dollars for an English Language Learners initiative.

I will continue to fight for more school choice. Many students attend schools that are not meeting their needs. We owe them and their parents additional choice as well as individualized instruction.

I will introduce an opportunity scholarship bill giving businesses a tax credit for making contributions to a scholarship fund. These dollars will be distributed, on a means-tested basis, to students at low-performing schools for use in attending the school of their choice.

All in, the proposed budget includes 135 million dollars in new investment in Nevada's schoolchildren.

As parents and taxpayers, we have a right to expect a return on that investment.

While Nevada's teachers will be supported through the most effective professional development, elevated student performance requires an outstanding teacher in every classroom, and an outstanding principal in every building. Nevada is on the cusp of implementing a system that will transform the way we evaluate our state's teachers and administrators.

But we need to take the next step.

My budget includes an appropriation for a data system that links student performance to teacher effectiveness. This system is a long term investment in what will be the backbone of our approach to teacher evaluation.

It will ensure that parents and students have the teachers they deserve, and that teachers are evaluated fairly. I believe the future of Nevada's students is bright.

We've already seen progress – not just in passing reforms, but in improving outcomes for students.

Last year, graduation rates in Clark County rose, third graders in Washoe County posted their highest reading scores ever, and high school math and science performance across the state increased.

These are small steps, but they're steps to build on – and we will. What we can never do though, is fall backwards. My pledge to parents, students and educators is to always move ahead.

Of course, our efforts to improve education cannot focus only on the very young.

The Nevada System of Higher Education has been an important part of our state's success since its founding. And it has become an even more important player in our economic development efforts.

I am pleased to have the Chancellor both as a member of my Cabinet and as an active member of the State Economic Development Board. With the Chancellor's support, we are creating new courses of study at UNR and UNLV focused specifically on the sectors we are targeting for economic growth.

UNLV is working with my office of Economic Development to establish UNLV as the global intellectual hub for gaming, hospitality and entertainment. I am also proud to announce that funding is included in my proposed budget to begin the planning and construction of a new Hotel Administration School at UNLV and a student achievement center at UNR.

Our community colleges are also meeting the challenges of today and tomorrow. We are pairing the community colleges more closely with our workforce needs so that they can deliver students into jobs that will be waiting for them in the new economy.

And, perhaps most importantly for the lives of thousands of current Nevada high school students, my budget again contains an appropriation to support and extend the Kenny C. Guinn Millennium Scholarship through 2017.

I would like to take a moment to introduce former First Lady Dema Guinn who is with us tonight. Dema, I give you my solemn promise, that as long as I am Governor, there will always be the Millennium Scholarship.

A quality education is the foundation of economic growth—the key to improving quality of life in our state. However, the modern economy requires more than investment in education to broaden economic opportunity.

Economic development—getting Nevadans working again—has been my greatest priority. Over the last two years, we've completely overhauled the way Nevada approaches economic development.

We have worked as one – Democrat, Republican, independent – north and south – urban and rural – to improve the economic conditions facing Nevada families.

Two years ago, I promised that with a renewed focus and with your help, Nevada businesses would create 50,000 new jobs across Nevada in four years time. As I stated earlier, we are more than halfway there. Nevada's employers have created nearly 30,000 new jobs in the last two years. And in October-November of 2012, Nevada's job growth was the second strongest in the nation.

In addition to companies like Zappos, we are now seeing dozens of other companies coming to Nevada, like Apple, Urban Outfitters, NOW Foods, Xtreme Green, Romotive, and Ameriprise Financial. They bring with them capital investment and good paying jobs with benefits.

Many other businesses are in the pipeline to start up or expand in Nevada, thanks to the work of our state and regional economic development teams, and the business environment we have created right here in our state.

We have made great progress - but our task is far from over. While we aggressively pursue new businesses outside our borders, we cannot forget the businesses that are right here in Nevada. We all know Nevada employers continue to struggle with the aftermath of the Great Recession. To assist their recovery, my budget provides 25 million dollar in further tax relief from the Modified Business Tax for an additional 2,700 businesses. That means that since 2011, we will have eliminated the burden of this tax on almost three-quarters of Nevada's small businesses.

Let me be clear ... Nevada's employers cannot afford higher taxes, and I will not support them.

You and I know that we must continue to address the unemployment in our state, and we must deal with the economic realities thrust upon us. Too many of our friends and neighbors are still out of work, and at 10.8%, unemployment is still too high.

Against this backdrop, many programs have required modernization, and even the job description of Governor has changed. I have led trade missions to China, Korea, and Canada. And, missions to Mexico and Israel are planned to expand Nevada's global footprint. I am committed to leaving no stone unturned – no road not taken.

We must also invest in our Nevada's innovators and entrepreneurs. And tonight, I am proud to announce that we will commit 10 million dollars to Nevada's Knowledge Fund to do just that.

For rural Nevada, we have also placed an item in the budget to support the University Cooperative Extension program, in rural Nevada and we are moving forward on "Nevada Grown," to provide Nevada farm products for Nevadans, and funds to market rural Nevada tourism are increased.

And, we are moving forward with our sage-grouse management plan, to show the federal government that we can manage our own lands and limit further federal intrusion into our lives.

We will also restructure the nearly 703 million dollars Nevada owes to the federal government used to pay unemployment benefits to Nevadans who were out of work. This step will save employers 9 million dollars, stabilize the rate paid by businesses, and ensure that the entire amount is paid off by 2016.

We will also work on Project Neon, a major new highway project that will meet the most critical transportation needs of Southern Nevada. Project Neon is perhaps the largest public works project in Nevada since the construction of Hoover Dam. It will completely

modernize the infrastructure of Southern Nevada's transportation grid and ensure that our commute is safer and more efficient for decades to come.

Nevada must continue to lead in other ways, and no opportunity is as rich with promise as our primary industry, gaming. Nevada was the first state to legalize and regulate online gaming. In the absence of federal action on this issue, Nevada must continue to lead.

The Nevada Gaming Control Board will bring legislation to eliminate Nevada's statutory barriers to interstate online poker, and ask for authority to enter into interstate agreements. Nevada has always been the gold standard of both gaming regulation and operation, and I intend to see to it that our state will lead the world into this new frontier. Other states are moving quickly on this issue and I ask you to pass a bill within 30 days.

The promise of these ideas is real. The chance to innovate is exciting.

But even as we work to modernize our economy and set a new course toward a brighter economic future, we must address the consequences of the prolonged economic downturn.

Last month, I announced that Nevada would comply with the provisions of the Affordable Care Act as they related to the expansion of Medicaid services. As a result, some 78,000 more Nevadans will now have coverage – without facing the new tax penalties imposed by the Affordable Care Act.

The federal law allows us to shift mental health and other state spending to Medicaid sources, saving the General Fund nearly 25 million dollars over the biennium. Over the next 6 years, this comprehensive approach will create up to 8,000 new health care jobs and inject over half a billion dollars into our state's economy. And, as I've noted before, we must reduce taxes on businesses to help them bear the increased costs of the Affordable Care Act.

But, the issue of long-term health care costs remain. As such, I believe we must ask certain Medicaid patients to make a modest contribution toward the cost of their own care. And I will insist that Nevada be able to opt-out of the Medicaid expansion program in future years, should circumstances change.

Beyond Medicaid, my budget provides additional funding for our state's most vulnerable citizens. It includes more support for autism and early intervention services, piloting 24/7 mental health care in southern Nevada, and increased community based services for Nevada's disabled and senior citizens.

We have all been touched by the housing crisis over these last few years and Nevadans continue to struggle with home foreclosures. Last year, thousands of Nevadans attended a free housing assistance event in Las Vegas, sponsored by our own Department of Business and Industry, called "Home Means Nevada." At the

comprehensive event, over 250 representatives from banks met with homeowners and provided help on the spot. While many Nevadans received assistance at the event, we must continue to do more.

Working with Attorney General Cortez-Masto, my administration will use multistate settlement funds to assist Nevadans who have been hardest hit by the housing crisis. We are obligated as leaders to find ways to keep people in their homes and families together. And I will use every available means at my disposal to protect and help the people who fight every day to stay in their most important possession, their home.

The recession has hurt the entire Nevada family.

State employees have seen their pay cut and have been required to take unpaid furlough days. Tonight, I am announcing that we will be able to provide some relief to them as well. Merit pay will be restored for state employees beginning on July 1, 2014, and the number of required furlough days will be cut in half as of July 1 of this year.

There is another group that deserves our attention and respect – our veterans. The men and women who have served our nation in two wars are coming home. Tonight, I ask you to join me in remembering those who have made the ultimate sacrifice and those who have not yet returned.

Over 300 Nevadans remain deployed with our Army and Air National Guard, and many more of Nevada's finest are serving in uniform at home and abroad.

With us tonight is one Marine recently returned home, a reminder of all those who remain deployed, Gunnery Sergeant Ben Stryffeler. I had the privilege of meeting Ben two years ago. Since then, we have twice chatted over breakfast about his life and military service. Ben graduated from Carson High School 17 years ago and immediately enlisted in the Marine Corps. Since then, he has served his country with dignity and honor, being deployed four times to Iraq and Afghanistan. Ben returned home from Afghanistan over a month ago, after serving alongside a weapons company that engaged in heavy combat. Gunnery Sergeant Stryffeler represents the best that we can be. Ben and all the men and women of the military deserve our heartfelt gratitude and respect.

Ben, if you would please stand and be recognized.

In honor of those who serve in the Armed Forces, my budget contains funding for additional veterans service officers. And it also includes money to begin the first phase to build a new, stand-alone veteran's home in Northern Nevada, to complement the veteran's home in Boulder City. These resources will help ensure that our service members receive the benefits they deserve. We owe the men and women who serve our country nothing less than total victory.

Ladies and gentlemen, by doing all of these things, we are laying the groundwork for the future of our children and their families. They are the foundation of my budget and will continue to be the primary focus of my administration.

My Executive Budget that will be transmitted to the Legislature tonight represents General Fund spending of approximately 6.5 billion dollars for the next two years – which is a modest increase over my last budget. Caseload growth in Health and Human Services drives much of this increase. My commitment to K-12 education has also increased spending for our schools. But we must only allow for growth that our fragile economic recovery can bear.

In this budget, we've reduced the tax burden on local businesses, we've addressed increasing caseloads and we've begun to diversify our economy. The social service net is stronger. Support for education is increased. And Nevadans will continue to benefit from the over-arching policy of this administration throughout this economic downturn – that is, we cannot cut our way out, we cannot tax our way out, we can only grow our way out.

And that is exactly what we are doing.

As Nevada prepares to celebrate 150 years of statehood, we must consider how far we have come and prepare for what lies ahead. 2014 is not just the anniversary of Nevada's statehood. It also marks the centennial year of the approval of women's suffrage in our state.

Nevada gave women the right to vote in 1914, five years before the rest of the nation adopted the 19th Amendment in 1919. It is my hope that the celebration of women's suffrage and the commemoration of Nevada's 150th birthday will provide a joint platform for examining who we are – and who we can be.

Nevadans are rightfully proud of their history. We are also cognizant of the world around us. And we are ever mindful of those students whose faces inspire us to plan big for a bright future.

Tonight, we can take pride in our progress.

The table has been set by economic improvements, and we can now see a light at the end of the tunnel. But problems persist, and they demand our attention.

Such is the current context in which I have come before you tonight to describe the budget and the policy agenda placed before the 77th Session of the Legislature. It is a context of improvement, realism and yes, optimism. It is a context in which we are cast again in the role of problem-solvers. My plan represents the next phase of recovery and rebuilding.

Tonight, we prepare to embark on a legislative session that I hope will set an example of bipartisanship. Two years ago we gathered in difficulty and confronted a time of triage. Then, we were consumed by the effort simply to stop the free fall. Tonight, we come together to further stabilize our state and lay a stronger foundation for its future.

From the vantage point of this new foundation, from the watershed moment of our 150th birthday, we can cast our gaze to the horizon – to the world we want for the graduating class of 2023: an educated and healthy citizenry, a vibrant and sustainable economy, safe and livable communities, and an efficient and responsive state government.

Each step we will take – indeed each of the many steps taken over the last two years – is coming together to reveal a map of promise and opportunity.

And I know in my heart it will guide us, not just where we want to go, but where we must.

I am proud to be your Governor, and I am proud to call the State of Nevada my home.

God Bless you, God Bless America and God Bless the great state of Nevada.