

## **Text of Gov. Perry's State of the State Remarks**

February 8, 2011

*(NOTE: Gov. Perry frequently deviates from prepared text.)*

Thank you, Speaker Straus and thank you, Governor Dewhurst for your leadership and service to our state. The three of us are bound together by shared duties, shared responsibilities, and, most importantly, shared outcomes. When the final gavel sounds on this legislative session, we won't get points for our speeches or extra credit for our process. Instead, we'll be judged on our results, by the outcomes we achieve for the people of Texas.

I'm confident our efforts will be found wise, prudent and effective.

So let me begin by greeting my fellow statewide officials, members of the judiciary and the Legislature, distinguished guests, friends and fellow Texans. I am honored to uphold our constitutional tradition, and speak to you today on the state of our state.

As you know, I owe everything I am to Texas, for raising me, blessing me with opportunity, and teaching me the value of good, old fashioned hard work.

The shaping process that began under the watchful eye of my loving parents, Ray and Amelia Perry, continues to this day through the greatest gift of my life, Anita Thigpen Perry. She represents all that is good about Texas women, with her grace, strength and compassion and wonderful smile.

She also shares in my greatest joy: our children, Sydney, Griffin and his wife, Meredith.

I also credit the Boy Scouts for molding my character and shaping my values. I want to recognize the Scouts from the Capitol Area Council who are with us today, and congratulate the Boy Scouts of America at the conclusion of their Centennial Celebration.

Throughout my life and service to this state, my optimism about Texas and its people has never wavered, and, by any meaningful measure, the state of our state is strong.

As I look out over this chamber and see the familiar faces of so many friends and colleagues, I'm reminded of those who are no longer with us, especially my old roommate and mentor, Edmund Kuempel. His passing was a reminder to all of us that life is fleeting, that friendship matters and that we only have a short time to make a difference.

As legislators, you get 140 days to make that difference, and the clock is ticking.

As this session gets rolling, some folks are painting a pretty grim picture of our situation, so we need to balance their pessimism with the good news that continues to flow from our comparatively strong economy.

Have the doomsayers forgotten that Texas added more jobs in 2010 than any other state? Last year, the growth rate of Texas jobs was nearly double that of any other top ten state.

Some partisan commentators have tried to downplay our economic success by giving sole credit to our energy industry. Now, let me tell you, I'm mighty proud of what our energy industry has done and still does for our state, but our economic strength is built on a much broader base.

Our job growth occurred across a wide variety of sectors, including business services, healthcare, construction, manufacturing, hospitality, and, of course, our substantial energy industry.

According to the Brookings Institute, Texas had six of the nation's 20 Strongest-Performing Metros.

Those figures paint a much more encouraging picture, don't you think?

Our economic strength is no accident. It's a testimony to our people, our entrepreneurs and, yes, to the decisions made in this building. Employers from across the country and around the world understand that the opportunity they crave can be found in Texas, and they're headed our way, with jobs in tow.

People are seeking opportunity as well, and newcomers arrive every day, ready to pursue their dreams. For the sixth year running, research from Allied Van Lines showed that Texas was the top destination for relocations.

Need I go on? Well, don't mind if I do.

Newsweek magazine had four Texas cities on their list of "Top 10 American Cities Best Situated for Recovery", and Forbes considers our growth prospects best in the nation, based on projected increases in jobs, income, and gross state product.

In a category that really affects the bottom line for Texas families, our state leads the nation in strong home values. According to one industry analyst, the strongest appreciation in home values over the next seven months, will take place in the Houston area, the Metroplex and Amarillo.

According to our meticulous, hardworking Comptroller, Susan Combs, Texas has ten consecutive months of sales tax growth.

I could keep listing accolades, but I don't want to give the other states a complex, and we've got a lot of ground to cover this morning. So let me boil it down to these simple truths: the core elements of our economy are strong, and Texas is still the envy of our nation.

We have a strong advantage over those states that care more about the expansion and extension of government than the freedom and prosperity of their citizens. As Exhibit A, I submit the Illinois legislature's recent decision to raise taxes as much as 66 percent. That may have seemed like an easy fix from Springfield, Illinois, but it takes on a completely different meaning, for families on a budget or employers on tight margins.

Some experts have predicted that other states will follow their lead, including our key

competitors like California and New York. When those states dig deeper into their citizens' wallets, Texas looks even better by comparison.

I can assure you that we will compete and win jobs from those states, or should I say more jobs, since we've already won thousands.

It might be time to send a few more letters to their employers, inviting them to move to Texas. I'd include stories about business leaders like some that are here in this historic chamber today.

About ten years ago, a small group of entrepreneurs in Los Angeles created a company called LegalZoom, that grew rapidly. When it came time to expand, they looked to Texas, where they found the right mix of factors including our workforce, our quality of life, and investments from the Texas Enterprise Fund and the city of Austin.

We are proud to welcome them and their 600 jobs to Texas, and thank them for their contribution to our economy. Those jobs are among the tens of thousands of jobs that the Enterprise Fund has brought to Texas, along with nearly \$15 billion in capital investment.

As the nation struggles to recover from the ongoing economic crisis, and states go head-to-head for new jobs, now is not the time for Texas to roll up our tents and go home. Instead, it's time to keep attracting good Texas jobs by funding our premiere economic development tools like the Enterprise Fund, and the Emerging Technology Fund.

If we pulled the plug on our economic development efforts, no one would be happier than my fellow governors, in states like Oklahoma and New Jersey, who are creating their own versions of the TEF, to compete for the jobs we've been landing.

We owe it to our citizens to maintain our competitive edge, especially because our economy's relative prosperity does not extend into every single Texas home. I am deeply concerned about those Texas families that are dealing with joblessness and the fear and uncertainty that it cultivates. These are friends who live in our neighborhoods, worship in our churches, then wonder how long they'll have a roof over their heads.

An unemployment level that has hovered about a full point below the national average is a good indicator of our comparative strength, but it also tells a tough story for more Texans than any of us can or should accept. When it comes to our vision for this state, our work will not be done until every Texan who wants a job has a job.

Research and experience tell us that the only way to create those jobs is to knock down the senseless obstacles to economic growth. For more than a decade, those of us elected to serve in this building have been working diligently to remove those obstacles, and create a level playing field, following a few simple rules.

For example, setting aside resources for a rainy day has given us a resource that other states would love to have, and some in our state would love for us to spend dry. Emptying the savings account to pay for recurring expenses is a bad idea, whether it happens at home, the workplace or in our state budget.

That approach would not only postpone tough, necessary decisions, but also leave us ill-equipped to handle bigger emergencies in the future. Therefore, we must protect the Rainy Day Fund.

Second, we've created a predictable regulatory environment, so that employers know what to expect from one quarter to the next. I'm talking about programs like our flexible permitting program that has contributed to cleaner air and economic development in Texas.

Between 2000 and 2009, this program helped Texas achieve a 27% reduction of statewide ozone levels, more than any other state. NOx has fallen by 53-percent and almost every metropolitan area is meeting the current air standard. For those of you keeping track, Dallas is within just one part per billion of meeting the standard as well. In true Texas style, we made those air quality improvements, while Texas employers were creating more private sector jobs, than any other big state in the nation.

Third, we've reformed our legal system to cut down on frivolous lawsuits, so employers and doctors don't spend all their time in court. Since tort reform took effect, more than 26,000 medical license applications have been received, and 33 counties got their first emergency room physician. Since the passage of reforms, Senator Lucio, the Rio Grande Valley has added 220 physicians to care for its growing population.

Joining us today is Dr. Javier Cardenas, an OB/GYN who returned to his hometown of McAllen to practice medicine, thanks to tort reform. He represents all those doctors who are able to practice medicine in our state without the ever-present threat of a frivolous lawsuit. Those doctors represent better access to care, a higher quality of life, and, more importantly, lives saved.

Fourth, thanks to leaders like Representative Rob Eissler and Senator Florence Shapiro, we've increased accountability in our public schools. We've engaged legislators, local districts, teachers and parents in the process and genuinely reformed education in our state.

Over the past decade, the state's share of public education spending increased from \$11 billion per year, to \$20 billion in '09. That's an 82% increase. Part of our push for accountability has included a sharper focus on the basics like math, science, English & social studies.

Those efforts are paying off in the lives of our young people. For example, Texas has been recognized as one of only four states closing the achievement gap in math. On the latest National Assessment of Educational Progress, Texas children scored significantly higher than their peers.

The quality of education in our state is getting better and better preparing hardworking Texans to apply their legendary work ethic and provide for their families.

Those families sent a pretty clear message with their November votes. They want government to be even leaner and more efficient, and they want us to balance the budget without raising taxes on families and employers.

Fortunately, the leaders in this room, led by Chairman Ogden and Chairman Pitts, have balanced the budget before and they'll do it again. We just can't forget that dollars do far more to create jobs and prosperity in the people's hands, than they can in the government's.

Taking more money away from Texas families and employers is not the answer to our challenges because they've already sacrificed plenty. Balancing our budget without raising taxes will certainly set a nice example for the rest of the nation, but we have a bigger motivation.

Balancing our budget without raising taxes will keep us moving forward out of these tough economic times, creating more jobs and opportunity and leaving Texas more competitive than ever.

Now, the mainstream media and big government interest groups are doing their best to convince us that we're facing a budget Armageddon. Texans don't believe it and they shouldn't because it's not true.

Are we facing some tough choices? Of course, but we can overcome them by setting priorities, cutting bureaucracy, reducing spending and focusing on what really matters to Texas families.

Fortunately, we saw this challenge coming. That's why we didn't touch the Rainy Day Fund during the last legislative session. That's why Lt Governor Dewhurst, Speaker Straus and I called on state agencies to get involved in the process.

Starting in January 2010, we asked them to identify 5 percent savings in the 2010-2011 biennium and 10 percent for the '12-'13 biennium. Those agency leaders responded with a concerted effort, taking stock of their organizations and coming up with proactive cuts, that will keep Texas moving in the right direction. To keep that momentum going, the three of us recently asked agencies to identify an additional 2.5 percent savings for the 2011 fiscal year.

My office is an agency as well, and we cut \$34.6 million in this cycle, which equates to almost 11 percent of our budget. As all Texans tighten their belts, we need to do more than just shave off a dollar here and there.

If ever there was a time to truly reform our approach to governance and streamline our organization, it is now. Frank discussions about the true purpose of state government, must be followed by a willingness to act on our convictions.

There should be no sacred cows in this business and that reality is reflected in the budget that I submitted this morning. To eliminate duplication, let's consolidate functions, like moving the Department of Rural Affairs into the Department of Agriculture.

Let's suspend non-mission-critical entities like the Historical Commission or the Commission on the Arts until the economy improves. Let's take an even closer look at the way we deliver essential services, to make sure we're taking the most efficient, cost-effective approach.

We should follow the lead of HHSC, whose inspector general has saved the state more than \$5.3 billion dollars since its creation in 2004. Applied across all state agencies and departments, these practices could significantly reduce wasteful spending, and save taxpayers' money. A state Inspector General would work directly with the agencies, enhancing the state auditor's efforts and improving efficiencies.

While we're at it, let's be sure we're not burdening local authorities with unfunded mandates, because they're facing their own budget challenges.

In the end, our decisions should always reflect a fundamental truth: we work for the people, not the other way around.

With a balanced budget as our foundation, I encourage you to move quickly on the emergency items I've submitted. Most Texans, regardless of party, believe the integrity of elections would be improved, by requiring participants to show a valid photo identification before voting. I wholeheartedly agree and thank Senator Fraser for carrying that bill.

We also need to protect property ownership with tougher eminent domain laws using the approach taken by Senator Estes & Representative Geren in their bill.

We need to protect the unborn by fast-tracking the sonogram bill, so that women are fully, medically informed before they make the life-changing decision to terminate a pregnancy.

We also need to hold Washington more accountable, with a bill calling for a balanced budget amendment to the U.S. Constitution.

As those bills come to my desk for signature, I hope they'll be closely followed by others aimed at improving our public education system, especially efforts to reduce our dropout rate.

So let's expand our Virtual School Network, with a Virtual High School that will not only enable students who have dropped out to earn a diploma online, but also give students across the state access to classes their own schools may not offer.

To encourage students to stay in high school, let's require them to either be enrolled or working towards a GED, if they want to get and/or keep their Texas driver's license.

Let's also create an incentive program for employers who encourage their employees to continue their high school education.

Let's offer employers a \$1,500 tax incentive for every employee who earns their diploma or GED after receiving two hours off per week with pay to study or go to class.

Let's expand our STEM academies, those innovative schools that teach young Texans the science, technology, engineering and math skills they need, to compete for high tech jobs and college scholarships.

We also need to help school districts reduce their expenses in these tight budgetary times, made worse by a certain Texas Congressman who singled out our state for punishment in

pursuit of his own agenda.

One approach is to encourage districts to enter into shared service arrangements with other entities in their area.

On the higher education front, we've experienced enrollment growth over the last two years higher than any time in Texas history. Our public institutions had 200,000 more students enrolled in 2010 than they did in 2008, so let's be sure those students and their families are getting the best value for their time and money.

Change does not come easily or naturally to these big institutions, but it is critical to educational effectiveness and efficiency. Back in September of '09, I ordered a review of cost efficiencies at our universities as a way to make education more affordable.

One idea that emerged from that process is called "Outcomes-Based Funding" in which a significant percent of undergraduate funding, would be based on the number of degrees awarded. Texans deserve college graduation for their hard-earned tax dollars, not just college enrollment.

As families continue to struggle with the cost of higher education, I am renewing my call for a four-year tuition freeze, locking in tuition rates at or below the freshman level for four years.

As leaders like Senator Zaffirini search for more low-cost pathways to a degree, it's time for a bold, Texas-style solution to this challenge, that I'm sure the brightest minds in our universities can devise. Today, I'm challenging our institutions of higher education to develop bachelor's degrees that cost no more than \$10,000, including textbooks.

Let's leverage web-based instruction, innovative teaching techniques and aggressive efficiency measures to reach that goal. Imagine the potential impact on affordability and graduation rates, and the number of skilled workers it would send into our economy.

Speaking of skilled workers, we have a ready source of technical skills living among us that too often goes untapped. Countless Texas veterans receive top-level training in the military, but have a hard time getting credit for their knowledge and skills when they return to civilian life. We should support what one school calls "College Credit 4 Heroes."

With the support of Senator Van de Putte, the Texas Workforce Commission is working with Higher Education Coordinating Board and our community colleges on a plan to offer veterans credit for their skills & experience. The goal is to accelerate them into the Allied Health Occupations, which are critically needed across our state, and offer immense opportunity to these brave men and women.

As we increase the opportunity inherent in our economy, let's increase the accountability, transparency and efficiency of our legal system as well. Let's take the next step in our fight against lawsuit abuse by sparing our citizens and our job creators the financial burden of defending themselves from frivolous lawsuits.

Texas needs a “loser pays” component in our legal system, in which those who sue and lose are required to pay the court costs and legal expenses of those they sued.

Texas is one of a very few states who don’t have an “early dismissal” option for obviously frivolous lawsuits...but we should. We need to make our system more accessible to the little guy, by setting up expedited trials and limited discovery, for lawsuits with claims between \$10,000 and \$100,000 dollars.

These reforms would further improve the legal climate in our state, and impart even more energy, stability and security to our economy.

The pursuit of true stability and security also requires us to maintain law and order and keep our citizens safe. Last fall, I proposed legislation targeting sex offenders, to better protect our citizens. We should empower prosecutors to seek life without parole for certain repeat sex offenders, and requiring active GPS monitoring of high risk offenders for three years after they’ve done their time and been released by TDCJ.

On a broader scale, we should also continue our investment in border security because the threat of cross-border violence has only grown, as the drug wars escalate. I don’t raise the issue of border security as a criticism of our neighbors to the south, but to show our resolve and unity in the struggle, as they deal with a wave of violence unlike anything outside of the world’s war zones.

Our relationship with Mexico predates our establishment as a state, and our proud Hispanic citizens are friends, neighbors, partners and family. Our desire is to strengthen our trade and cultural ties with Mexico through a climate of law and order, that brings peace and security to our border region.

The vicious criminals who murdered American missionary Nancy Davis just two weeks ago, are, no doubt, inflicting the same violence and intimidation on the people of Mexico, and they must be brought to justice. I must admit that news of Mrs. Davis’ death brought the events of this last fall rushing back, as we grieved with Tiffany Hartley over the loss of her husband, David, at the hands of narco-terrorists on Falcon Lake.

Tiffany is with us here today. Tiffany, know that we continue to pray for you as we demand the perpetrators of this brutal crime be brought to justice.

Tiffany’s presence reminds us that border security is not just a hot button issue for the talk shows, but a matter of life and death for American citizens, in the border region and in communities across our state.

We must keep taking the fight to vicious Mexican drug cartels, and the gangs that operate in our state on their behalf, as we support the men and women of law enforcement who remain on the front lines of this struggle.

I also want to thank Senator Williams and Representative Solomons for supporting my efforts to abolish sanctuary city policies, restrictions that handcuff our police officers as they work to uphold the law and protect our communities.



Joining us today is Officer Joslyn Johnson from Houston, whose husband, Rodney, was killed by an undocumented alien, who had previously been in police custody multiple times. Texas law enforcement professionals must have the discretion to use their judgment; judgment honed by years of training and experience, when it comes to inquiring about immigration status during lawful detentions and apprehensions. Thank you, Sgt. Johnson for being here and for your grace and courage in these difficult times.

It is also time to seriously address the demand side of illegal immigration. We must establish criminal penalties for employers who knowingly hire workers who are here in violation of immigration law.

At the same time, we need to increase the heat on the parasites who repeatedly exploit those seeking a better life in our state. I want to commend Representatives Senfronia Thompson and Randy Weber for their unrelenting focus on Human Trafficking, which impacts far too many in our state. It's time to target the worst offenders with a 25-year minimum sentence for a first conviction for Continuous Human Trafficking, and life without parole for repeat offenders.

I'll tell you, it's frustrating that we're still having these border security conversations, but Washington remains an abject failure in this area. It is part of that frustrating paradox where Washington neglects their responsibility for areas clearly within their purview, while interfering in other areas in which they're neither welcome nor authorized.

Despite our frequent requests, Washington has yet to dedicate sufficient resources to secure our international border. We still need 1,000 National Guard troops to support current law enforcement operations on our border until they can provide those 3,000 more border patrol agents. We also need Predator drones flying along the Texas-Mexico border, providing real time intel to our state and local operation centers.

It's time for our delegation in Washington, on both sides of the aisle, to step up and speak out in support of our state's needs. If it seems that their interest in this legislative session is higher than usual, that's to be expected in a redistricting year.

When you do hear from our Congressmen, try guiding the conversation away from redistricting, and suggest that they should be asking "How can I help Texas by ending federal mandates or easing the growth of Medicaid costs?"

Then ask them about their progress on repealing the Doggett amendment that is taking more than \$830 million from Texas schoolchildren and teachers right now.

Enlist them in our ongoing battle with an activist EPA, intent on derailing our Texas air quality program, which is cleaning our air as we create jobs.

Tell them it's time to repeal Obamacare, with its mandates that will cripple our healthcare system, and a price tag that will bust our budget.

Our Medicaid population and accompanying financial burden are growing as we speak, and,

in 2014, ObamaCare will cause them to explode. This Washington-centric healthcare plan puts many states on a collision course with bankruptcy.

Instead of oppressive mandates, we need solutions like block grants, and the freedom to improve health care delivery, with innovation, flexibility and local input from leaders like Senator Jane Nelson.

We most definitely do not need Washington encroaching even further on our individual liberties.

I hope you'll support Representative Creighton's legislation stating the simple truth – upheld by at least two federal courts, that it's unconstitutional and wrong for the government to force someone to buy health insurance.

In this and other areas of overreach, we must be united in sending one clear and simple message to Washington: "Enough."

The differences between Texas values and Washington's self-serving games have never been more stark than they are right now. The federal government's efforts to accumulate more power, by bribing us with our own tax dollars are simply unacceptable.

We must continue to call attention to the essential truth of the 10th Amendment and commit these 28 words to memory: The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Our founders knew that a federal government powerful enough to run our lives would be powerful enough to rob us of our liberties. In this chamber, where so many great Texas leaders have served, we affirm the principle of state sovereignty, and proclaim without reservation that Texans can run Texas better than bureaucrats in Washington DC.

Where Washington encroaches upon the rights of states, this state will push back with resolve and the full force of the law. In that regard, we are blessed to have a leader with the wisdom and courage of Attorney General Greg Abbott, who is using every resource at his disposal and working with Texas lawmakers to protect the best interests of our state.

Some will say we're just spoiling for a fight, and I'll admit that Texans rarely walk away from a tussle, but we'll also never walk away from our freedom. Our state was built on that that freedom and its unlimited opportunity.

The spirit of discovery and adventure that drove the earliest settlers still beats in the hearts of Texans everywhere, as they push past the known into the unknown, in the laboratory, in the marketplace and in our universities.

Long known for our bountiful natural resources, Texas is now esteemed for its greatest resource, the intellect and character of our people.

Our culture of sturdy pragmatism, forged through centuries of exploration, exertion and

endurance strengthens our resolve, and equips us to overcome the challenges we now face together.

As other states flounder about, oppressing their citizens with more taxes and driving away jobs with bad policy, Texas will make the right decisions, and emerge stronger.

As I've said before, I believe this will someday be regarded as the Texas century, as our resolve, our discipline and our commitment to one another carry us to brighter days, and blazes a path for other states and even for our federal government to follow. Our charge is to lead and, together, we will blaze this path.

May God bless you all and, through you, may He continue to bless the great state of Texas.