



# Governor Pence's 2014 State of the State

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January 14, 2014

As prepared for delivery:

Speaker Bosma, President Pro Tem Long, Lt. Governor Ellspermann, Senator Lanane, Representative Pelath, distinguished members of the General Assembly and Judiciary, honored guests, my fellow Hoosiers.

Thank you for that warm welcome. After last week, warm is my favorite word! I want to thank all of you in this room and your families for your service to the people of Indiana in this historic place.

One year ago today, we started on a journey together. I've learned a great deal traveling this state over that year, being with Hoosiers in good times and bad. From hiking with kids in Lincoln State Park to walking neighborhoods in Kokomo devastated by tornadoes, I've seen the character and spirit of our people firsthand—hardworking, resilient, and generous to those in need.

And from all that I've seen, I can say with conviction that the state of our state is strong and growing stronger every day. We have good government, because we serve great people!

And nowhere was that more obvious than during last week's arctic storm.

There was heartbreak of course, but it could have been a lot worse were it not for the efforts of our first responders who—without regard for their own health and safety—rescued countless Hoosiers, and our highway crews, utility workers, churches and charities who opened their doors to shelter those in need.

To our local police, fire, EMS, to our highway workers, and state police, to every Hoosier who reached out to a neighbor, thank you.

And I offer special appreciation to our citizen soldiers, who on short notice, deployed Highway Assistance Teams to rescue stranded Hoosiers and assist local first responders in the midst of the storm.

Joining us here tonight representing all those who answered the call of duty are Sergeant First Class Malika Dowdell from the 38th Infantry Division, Staff Sergeant Nick Leis of the 113th Air Support Operations Squadron, and Sergeant Marc Muehling of the second of the one-fiftieth Field Artillery.

The people of Indiana thank you all for your service, and so do I.

Moments like this should be about the future, but it's also important to see how far we've come in the past year.

Last year I told you we would make job creation job one, live within our means, improve our schools and cut taxes.

Thanks to the hardworking people of this state and all of you in this room, we did just what we said we would do. We balanced our budget, created jobs, cut red tape by 55 percent, improved our schools and roads, and paid down state debt.

I even put the state's plane up for sale. If you know anyone looking for a great deal on a Beechcraft King Air 200, give me a call!

We did all of that and gave Hoosiers the largest state tax cut in Indiana history.

As a result, Indiana has become a national leader in job growth. Last year, Hoosiers created more than 47,500 new private sector jobs. And we maintained our AAA credit rating.

In November, one out of every eight jobs created in this country was created right here in Indiana. Unemployment was 8.6 percent when I stood here last year. Today, while still too high, it's at a five-year low of 7.3 percent.

And since 2009, Indiana has the fifth fastest private sector job growth rate in the nation.

Most encouraging to this dad, Indiana's fourth and eighth graders recently showed the second best improvement in America in math and reading scores, and fourth-grade reading proficiency is the highest it has ever been.

We've made progress in jobs and schools, but with still-too-many Hoosiers out of work, with our state lagging behind in per capita income and health, and too many kids in underperforming schools, I believe we must remain relentless, bold and ambitious to keep Indiana moving forward.

Last month I travelled the state to outline my agenda for 2014. I want to share a few highlights with you tonight.

First, we all recognize that low taxes are essential to attracting investment and good-paying jobs.

Even with our recent progress, one significant impediment to business investment remains—it's called the business personal property tax.

This tax is especially damaging because it makes it harder for Hoosier businesses to grow by directly taxing any investments they make in equipment.

Taxing equipment and technology in a state that leads the nation in making and creating things just doesn't make sense.

And it looks like our neighboring states have figured that out. Ohio and Illinois don't have a business personal property tax, and Michigan lawmakers just voted to phase theirs out.

To make Indiana more competitive, let's find a responsible way to phase out this tax. But, let's do it in a way that protects our local governments and doesn't shift the burden of a business tax onto the backs of hardworking Hoosiers.

I appreciate that both the House and Senate leadership are looking at the business personal property tax and other ways to ensure that Indiana has the best tax climate possible.

Phasing out the business personal property tax will spur new investment by businesses large and small, like Coeus Technology, an advanced manufacturing startup in Anderson launched by a Marine veteran, whose products help support our troops.

Or Amatrol in Jeffersonville. Don and Roberta Perkins started their company in 1964 to manufacture technical training systems and interactive multimedia software for colleges, industry and high schools. Today, Amatrol employs 143 Hoosiers, and in 2010 it was named the Indiana Outstanding Business of the Year.

These are just two Indiana success stories that we can help with the right kind of tax reform. Join me in welcoming Nate Richardson of Coeus Technology and Paul Perkins of Amatrol who are with us tonight.

But we have to do more than just improve our tax code.

Because roads mean jobs, we need to release \$400 million for the next era of highway expansion, and put people to work now.

Because Indiana is agriculture, we need a permanent fix to the soil productivity factor.

Because Indiana's regional cities are vital to our state's economic development, we need public and private investment to improve quality of life.

That's the Indiana way to a growing future.

That way also means standing up to Washington, D.C., from time to time.

Most Hoosiers didn't like Washington intruding on our healthcare long before it became a reality. Now, more people than ever know why we were right to stand up to the federal government on the Affordable Care Act.

There's been a lot of talk about Medicaid. The sad truth is that traditional Medicaid is not just broke, it is broken.

Research shows that the program does not lead to better health outcomes and in some cases hurts the very people it is supposed to help. One analysis found two-thirds of the children on Medicaid who needed to see a specialist, couldn't.

Traditional Medicaid is not a system we need to expand. It's a system we need to change. The Healthy Indiana Plan is the right place to start.

The Healthy Indiana Plan is consumer-driven healthcare that moves people from emergency rooms to primary care and encourages low-income Hoosiers to take more ownership of their own healthcare decisions.

Let me be clear, we will continue to work in good faith with federal officials to expand our Healthy Indiana Plan. I will oppose any expansion of our health insurance system that condemns vulnerable Hoosiers to substandard health care or threatens the fiscal health of our state.

Of course, the most important aspect for achieving Indiana's long-term success is all about our kids. It's about our schools.

If we can't succeed in the classroom, we won't succeed in the marketplace. The great news is Indiana schools are succeeding.

This year more than 500 public schools improved a full letter grade or more. With nearly 20,000 Choice Scholarships currently in use, Indiana has the fastest growing school choice program in the country.

And, with strong bipartisan support from both Chambers, we are busy making career and vocational education an option again for every high school student in Indiana. We are expanding

curricula in our high schools and developing new partnerships with local businesses to support career and technical education on a regional basis.

While anyone who wants to go to college should be encouraged to go, there are a lot of good jobs in Indiana that don't require a college degree. These new partnerships will make sure our schools work for all our kids.

To ensure we succeed, I am proposing legislation that will conduct an in-depth assessment of how our career and technical education dollars are being spent.

And let's make sure that adults who have a high school degree get the skills they need to get back on their feet by repurposing current job training dollars to help adult workers get high-wage, high-demand jobs available today.

Hoosiers have high expectations when it comes to Indiana schools. That's why Indiana decided to take a time-out on national education standards.

When it comes to setting standards for schools, I can assure you, Indiana's will be uncommonly high. They will be written by Hoosiers, for Hoosiers and will be among the best in the nation.

Our progress is a testament to our students, our teachers, our parents, and our State Board of Education. Join me in thanking every member of the State Board of Education and Superintendent Glenda Ritz. It's good to see you all here tonight.

I've always said there's nothing that ails education in Indiana that can't be fixed by giving parents more choices and teachers more freedom to teach. To continue to give parents more choices, we can start in the area of early childhood development.

Because every child deserves to start school ready to learn, I believe the time has come for a voluntary pre-K program to help Indiana's low-income kids.

Now, I'll always believe the best pre-K program is a prosperous family that is able to provide the kind of enrichment in their home that every child needs and deserves. But the reality is that's not the case for many Indiana children.

It's important that the program be voluntary. It's important that the program is available in the form of a voucher. I want parents to be able to choose to send their child to a church-based program, a private program, or a public program that they think would best meet their needs.

Let's open the doors of opportunity to low-income families for preschool education, for their future and ours.

Another way to give parents more choices is to expand the availability of public charter schools.

Even though they are public schools, charters operate with several disadvantages. We need to level the playing field and allow charter schools to manage their budgets with the same flexibility as traditional public schools.

At the same time, in the interest of greater choices for families, we should make sure that unused and underutilized public school buildings can be put to good use by charters and other schools that need them.

Choice matters, but at the end of the day a good teacher makes all the difference. We can all think of a teacher that changed our lives—someone who saw more in us than we saw in ourselves. For me it was Sister Rachel and Mrs. Fisher.

Too often we don't invest enough in our teachers and allow them to lead as reformers. After all, they have dedicated their lives to education, and we should do more to unleash their creativity and expertise.

That's why I believe we need a teacher innovation fund to help teachers who are willing to try new ways to better teach our kids.

Teachers like Steve Perkins, a Latin teacher at North Central High School in Indianapolis, whose enthusiasm has ignited a passion for classical education in his school. Please join me in welcoming the 2014 Teacher of the Year, Steve Perkins, and his family.

And, with all the talk about parental choice, I believe teachers deserve more choice, too.

Any public school teacher who feels called to serve in a low-performing school or a public charter school serving low-income students should have some of their compensation protected if they are willing to make the move. Let's let our teachers follow their hearts, and go where they think they can make the most difference.

Now on the subject of marriage, we are in the midst of the debate over whether Indiana should join some 30 other states that have enshrined the definition of marriage in their state constitutions.

Each of us has our own perspective on the matter. For my part, I believe in traditional marriage, and I have long held the view that the people, rather than unelected judges, should decide matters of such great consequence to the society.

Reasonable people can differ, and there are good people on both sides of this debate. No one, on either side, deserves to be disparaged or maligned because of who they are or what they believe.

So let's have a debate worthy of our people with civility and respect.

Let's protect the rights of Hoosier employers to hire who they want and provide them with benefits that they earn. And let's resolve this issue this year once and for all.

And then, let's come together to support every Hoosier family. One way we can do that is by helping the family budget.

Did you know that our tax deductions for dependents in Indiana have not increased since 1978, even though the cost of living has increased 3.6 times?

It's time to index the personal and dependent exemptions to inflation and end this hidden tax increase on working families.

Let's also remember that families come together in many different ways. Like the family of Karen Sauer. Karen is a single mom who felt called to adopt. She adopted her two children, Neven and Dusten, when they were 11 and 12 years old, after they had both been in foster care for some time.

Karen says people always tell her she's changing her kids' lives. She says, "They are changing mine." Please join me in welcoming Karen and her children tonight.

Adoption is a beautiful way for families to come together forever. We can better support families like Karen's by expanding and improving adoption in Indiana.

We can improve the way we place children from state care into adoptive homes, and we can support every parent who is willing to lovingly adopt a child into their home. Let's make it our aim to make Indiana the most pro-adoption state in America.

Indiana is strong and growing stronger, but we still have work to do. We will only achieve our full potential by working together, like Hoosiers always do when it matters most.

Like on a warm summer day last July when two boys were walking on the dunes along Lake Michigan, and one of the boys suddenly disappeared.

Six-year-old Nathan Woessner simply vanished into the sand.

His dad ran to the scene, marshaling help even while frantically digging for his son. Michigan City police and fire raced to the dune and were joined by beach goers using their bare hands as local businesses rushed machinery to clear away the sand. Even reporters covering the story were seen using their notepads to dig.

For nearly three hours, no one gave up out of the nearly 140 people on that sand dune, until a firefighter felt a hand beneath the surface and pulled little Nathan to safety.

They called it the Miracle on Mt. Baldy.

When I called Nathan's dad at the hospital to see how he was, I told him I thought it was a miracle. Greg told me, "Governor, this is everyone's miracle." And so it was.

That's the Indiana way.

We are strong and good people, but we are never stronger than when we work together.

As I said a year ago, I say again tonight.

Together, we will build a more prosperous future.

Together, we can open doors of educational opportunity for all our kids.

And together, we can approach our third century with confidence.

With faith in Him who has ever guided this 19th star and boundless faith in all who go by the name Hoosier, I know the best is yet to come.

Thank you all very much. God bless you, our state, and the United States of America.