

Gov. Bill Haslam
2018 State of the State Address: Tennessee Will Lead
January 29, 2018 **As prepared**

Lieutenant Governor McNally, Speaker Harwell, Speakers Pro Tem Haile and Johnson, Members of the 110th General Assembly, Constitutional Officers, Justices, General Slatery, Commissioners, Friends, Guests, fellow Tennesseans, and to the girl from Memphis that I first met 42 years ago and still have a crush on today, Crissy.

Nine years ago this month, with Crissy and my family standing beside me, I announced that I was going to follow a calling that I felt to run for Governor of Tennessee. Later, Crissy gently reminded me that it was good to feel called to run, but it was an election that would determine if I was actually called to be Governor. I will always be grateful that the people of Tennessee gave me the chance to have what I still think is the greatest job in the world.

So seven years ago, for the first time, I had the honor and privilege of speaking to you in my first State of the State address. I can remember standing in the back, waiting to be announced, and realizing it was only about the third time I had ever been in the house chamber. To be honest, there were a lot of things that I didn't know. But, there was one thing that I did know with great conviction.

At that first state of the state address, I stood before you and said, if we will make the right plans and decisions, then the state of Tennessee can compete with any state in the nation.

I'm sure a lot of people wondered if we really could compete with the very best. But then, a lot of people wondered if Nashville, Tennessee could really have a hockey team. And if they did, would anyone show up for games? The 2017 Western Conference Champion Predators answered that.

Or, people once wondered if a start-up company in Memphis could really build a business of delivering overnight packages all over the world. Or, if a country girl from Sevierville, or a brown liquid from Lynchburg, could both become known around the world by just their first names. We all know how Fed Ex, Dolly and Jack turned out.

So seven years later, it is time to ask ourselves – how are we doing at competing with and against the very best?

The answer: We're doing really well. In the short time we've worked together, we have become one of the best destinations to live, work and raise a family.

Because of our commitment to jobs, education and conservative fiscal policy:

- Tennessee has a job growth rate greater than 17 percent, far above the national average, with nearly 400,000 net new private sector jobs created.
- We've added more than \$1.3 billion into K-12 education, with nearly \$450 million more going to teacher salaries. And thanks to the hard work and dedication of our educators and parents, and the additional accountability to our system, our children are the fastest improving students in the nation, across math, reading and science.

- And you'd think we did all of this by raising taxes the way other states have, but in Tennessee we've cut taxes by \$572 million annually, with policies in place to reduce taxes even more in years to come.
- Additionally, we've cut year-to-year spending by \$578 million. Most states would have found such a task insurmountable, but we didn't just do these things, we did them while tripling the Rainy Day Fund and decreasing our debt.

What this means for our citizens who have placed their trust in us is this:

- Regarding jobs, last year I told you more Tennesseans had a job than at any other point in state history. This year we have dramatically improved on that. Our unemployment rate has dropped from 5.1 percent to as low as 3 percent, the lowest rate in our state's 222-year history.
- In education, Tennessee students are posting the largest gains in the country and the highest high school graduation rates the state has ever seen. And while other states struggle to improve access to higher education, we created Tennessee Promise and Tennessee Reconnect, so that all Tennesseans have access to college, free of tuition and fees.
- And as it relates to being entrusted stewards of the people's money, we have accomplished all of these things while Tennesseans pay some of the lowest, if not the lowest, taxes in the nation.

Seven years ago, we began changing our expectations. In doing so, we realized we could compete with any state. Maybe that should have been a foregone conclusion, but at the time federal funds were vanishing and we were contending with a billion-dollar hole in the state budget.

Because of our willingness to make tough calls and take on challenges, Tennessee grew stronger.

The kind of progress we are talking about has not happened for many other states. I'll remind you that even in this healthy economy, many states are facing deficits. This kind of fiscal responsibility matters because the people count on us to deliver critical services whether the economy is good or bad.

You see, Tennessee's success didn't just happen, we didn't just get lucky. We have made tough decisions and focused on solving problems. That's how real progress gets made.

So let me be clear, because of the effectiveness of our work, Tennessee is in a better place today than it has ever been before.

But you and I learned a long time ago, 'to whom much has been given, much is expected.'

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This evening, I am proposing a bold new challenge. I want Tennessee to lead the nation in jobs, education and government efficiency. I don't just want us to compete; I want us to be the best.

Seven years ago we raised our expectations. We became the kind of leaders who didn't just talk about cutting taxes and enhancing services, we actually did lower taxes while growing our economy and providing access to high quality education. We cannot lose the momentum we have worked so hard to build.

Now is the time to ask ourselves this question, can Tennessee really lead the nation? And just as important, why should we want to do that?

Our reasons for desiring to lead are simple.

Our country's founding fathers established the states as laboratories of democracy, where each state could choose its own path and learn what works. In Tennessee, we now know what works.

We've seen extraordinary job gains and now we must continue to fuel the jobs machine that we have created here in Tennessee.

We've gone from the back of the pack in education results to being a state frequently cited as an innovator - now we have the opportunity to accelerate those gains.

And, working together, our record of low taxes and low debt now position us to be the very best stewards of the people's money.

In a time when the American people are frustrated with political gridlock, Tennessee will lead the charge in showing the country what it means to actually solve problems.

Can we lead? The answer is yes. Tennessee can and will lead, and I am confident the Tennessee way of providing opportunity, while ensuring accountability, will prevail.

So why are we using jobs, education and government efficiency to measure ourselves?

Because by continuing to fuel the jobs machine we have created here in Tennessee, we lift up the already high quality of life here in this great state. Jobs are created when businesses put capital at risk, so we've focused on fostering the best business environment.

And because every business is looking for predictability, we passed tort reform and workers' compensation reform to bring our state into a more competitive position and make our business environment more predictable for businesses looking to grow or to locate here. Today, our worker's compensation insurance rates are 40 percent below what they used to be.

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We restructured our Department of Economic and Community Development and they began to focus on the unique assets in each region of our state. The state's FastTrack program began to steer away from tax credits and began to focus on grants with a better return for our citizens.

And this past year, the IMPROVE Act strategically focused on economic development from multiple angles. Good roads lead to good jobs. By providing a safe and reliable transportation network, we're making sure the next generations of Tennesseans have access to the high quality jobs made possible by a robust transportation system.

The IMPROVE Act also cut taxes for manufacturing businesses, a strategic advantage we focused on because, for every manufacturing job created, there are three to four other jobs that come with it, and businesses are already coming to Tennessee because of this change.

And, for all of our efforts, Tennessee is now being recognized for the jobs machine we have created. During this administration, Tennessee was named the number one state for Advanced Industry Job Growth by The Brookings Institution. We were named State of the Year for Economic Development by Business Facilities magazine, not once, but twice, becoming the only state to win back-to-back years. Additionally, we ranked No. 1 for new jobs resulting from foreign direct investment. And very importantly to us, during 2017 alone, 45 percent of Tennessee's new job commitments were located in our rural communities.

In addition to all of these economic development strategies, there's an even more critical step that we have taken.

We quickly realized, if we could not provide businesses looking at expanding here or locating here the skilled workforce needed for 21st century jobs, those businesses would go elsewhere. And if we could not offer new businesses coming to Tennessee a quality K-12 education for their own children, well, those businesses would go elsewhere too.

I want to be really clear – when we talk about jobs, we are also talking about education. We are talking about the ability for every Tennessean to fully realize his or her potential. We are talking about the God-designed gift that is the joy of learning. And we are talking about the importance of creating a solid foundation for every child in Tennessee to enjoy a meaningful and productive life. So when we talk about education, we are talking about the very future and success of Tennessee.

Tennessee is now viewed as a change agent, an innovator in the world of public education. By accelerating the gains we've made and, most importantly, staying true to the reforms in place, we will ensure that no matter how much money a family has, and no matter what neighborhood a child grows up in, every student will have an opportunity to learn.

We have introduced accountability into teacher tenure, treating it more like the honored profession it is. In 2012, we asked our teachers if they believed the teacher evaluation process used in their school led to improvements in their teaching. Thirty-eight percent of our teachers believed it had. Five years later, the number of teachers reporting that the evaluation process has

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improved their teaching has nearly doubled. Today, 74 percent of our teachers agree they are better teachers because of the evaluation process.

We committed to the goal that every student has a quality teacher in a school led by a great principal. We have set high Tennessee state standards. We are no longer lowering our hoops to five feet and telling everyone our kids can dunk.

We lifted the caps on charter schools, giving parents more choices, and six of our state universities now have local boards focused solely on making those campuses the best they can be.

We implemented the Complete College Act and expanded statewide a successful pilot program that began at Chattanooga State, the SAILS program, which tackles the issue of high school graduates coming to college unprepared for the coursework. As a matter of fact, 15 percent fewer students need remedial work when they get to college now.

All of these were discussions that needed to be had, with tough decisions to be sorted through, but as we think back to our fundamental challenge of not just competing with other states, but believing we could be the best, it was clear a shock to the system was needed.

Everyone in this room or watching this at home can be proud of the realization that all Tennesseans have access to college free of tuition and fees – everyone. We did that through the Tennessee Promise and Tennessee Reconnect programs. We did that, without raising taxes. And it's a promise not just for the next few years, but for the next generation of high school students and the next generation after that, whose sights will automatically lift to a college degree because we've removed that barrier to access. Our goal of 55 percent of Tennesseans having a certificate or degree by 2025 WILL happen. In fact, if we sustain our current momentum, we are on pace to meet the Drive to 55 goal two years early.

But to lead the country, we must continue to push forward. A recent report from Stanford University highlighted K-12 student achievement growth throughout the country and the results are startling. The South, and particularly the Southeast, has not fared well. But in a sea of low to mediocre growth, one specific place on the map stands out as a beacon of progress. That place is Tennessee.

This report has the rest of the country talking and trying to figure out what Tennessee is doing right. I would submit to you it's not magic dust or rocket science, but rather a lot of people working hard every single day. Tennesseans who have maintained a commitment and willingness to make hard policy decisions around school accountability, and to stick to them when things get tough and critics get loud.

The fact is this: together we have made the right calls, the tough calls, on the policies we've pursued. And we now have proof that our decisions were right. Why have other states not experienced the same growth we have? Well, it's actually a pretty simple answer. Nearly every other state has compromised in some way on the core principles of those policies that have

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proved to make a difference: high standards, assessments that measure those standards, and educator evaluations tied to those assessments.

We have not compromised. And I'm asking you to stand with me to ensure that we don't back up now. Not now. Not this year. Not next year. Not ever.

Tennessee can and will lead the nation in education.

But decisions about jobs and education are not made in a vacuum, so we must measure ourselves in a third way. There is no single more important thing the Governor and General Assembly do than put together a state budget. Budget sets policy. So let's talk about government efficiency.

Coming out of the Great Recession, we had a billion dollar hole in the state budget and a Rainy Day Fund that had served its purpose but was in need of rebuilding. We didn't just back into lowering taxes in record amounts these last seven years. We had to work for it.

There was a need, and we had the opportunity to drastically overhaul the state's budget with a new philosophy built around seeking innovation and a commitment to provide the best possible service at the lowest possible cost. Working together, our strong track record of low taxes and low debt now allows us to be the very best stewards of the people's money.

For decades, employment decisions in state government were based solely on seniority with no consideration of job performance, while employees either received modest, across the board pay increases, or nothing at all. That is not a good way to motivate our employees or serve our taxpayers.

I've said it before and I'll say it again: the team with the best players wins. State government's role is to provide services that Tennesseans aren't able to get on their own. Great employees make sure we're providing those services in the most customer focused and effective way.

The TEAM Act changed how we hire, evaluate, and reward state employees. It delivers what hard working employees deserve and what taxpayers expect. And both are seeing the benefits. Tennessee state employees, on average today, make \$10,000 more than they did seven years ago. No other administration or General Assembly in history has worked as hard to fairly compensate our team members as we have.

I want to take this opportunity to thank our Cabinet for their outstanding work. They have taken a customer focused approach to leading and serving. We put in place a performance management system, where leadership is held accountable for great service delivery. They have taken tourism to new levels, deployed troops all over the world, served our veterans honorably, protected us, improved health care, led safe prisons, built better roads, focused on our children and other vulnerable citizens, settled decades old lawsuits that had cost us billions of dollars, and I could keep going all night. Please join me in thanking them for their great work.

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We took a hard look at better managing our state's assets. We have invested in maintaining our buildings like never before, so that our state facilities are ready to serve future generations of Tennesseans. We have eliminated unnecessary square footage, and during this administration, we will have vacated more than one million square feet of state office space, eliminating significant dollars in operating costs.

So you may wonder, how we can maintain our status as one of the lowest taxed states in the nation? We must continue to explore industry best practices and we must stay true to our principles of providing the best possible services at the lowest possible cost.

We've cut \$578 million in taxes, including a nearly 30 percent cut to the tax that everyone pays, the sales tax on groceries. We've set a schedule to end the Hall income tax, and we have already eliminated the inheritance tax and the gift tax. At the end of the day, we will have cut taxes nine times more than any other Governor and General Assembly before us.

For all of our efforts and our problem-solving, Tennessee is recognized as one of the best managed states in the nation. We have the lowest debt per capita in the nation, and we have one of the lowest taxes in the nation as a percentage of personal income. But we're also seeing the results I've mentioned: rising incomes for families, more jobs than ever before, and our lowest unemployment rate in state history.

Governing Magazine recently said, and I quote, "Seven years ago, Tennessee was seen as a laggard in the field of public administration. Today it's a leader." And "Tennessee offers a compelling example of what conservative government can deliver."

We will lead the nation in efficiency by being the best stewards of the people's money. Again, we didn't just get lucky. The collective decisions we have made over the last seven years have allowed us to reach where we are. To retain that, we will need a relentless pursuit of providing the best services at the lowest possible cost.

When I began as your governor, I challenged us to be better. Tonight I'm challenging us to take the next step. While we have accomplished so much, our work is not done. We must not let up. We must not slow down.

The opioid epidemic is crippling our state and our country. The United States of America comprises approximately 5 percent of the world's population, but we use 80 percent of the world's opioids. In Tennessee, we write 7.6 million prescriptions a year and there are only 6.6 million of us, a staggering statistic. This is a crisis that knows no boundaries and impacts individuals and families regardless of race, income, gender or age.

Last week, we announced TN Together, a comprehensive plan to end the opioid crisis that focuses on prevention, treatment and law enforcement. Our approach will be aggressive with provisions to limit the supply of opioids, provide significant dollars to treat those in need, and to fight the illicit sale and trafficking of opioids. This will not be an easy fight, or one that will be won overnight, but it is one we must attack head on.

I want to commend the considerable work the House and Senate have already done to help inform and construct the plan and I want to thank the judiciary for its collaboration and leadership on this important issue. Tonight I ask that all stakeholders around this issue work together with us to achieve real reform and take action that will save lives.

In K-12 education, we must continue to push forward with policies that have led us to be the fastest improving state in the nation: high standards, assessments tied to those standards, and educator evaluations that include measuring how students perform on those assessments.

And we should continue to couple increased accountability with increased investment. If the budget I am proposing for next year is approved, together we will have added nearly \$1.5 billion to K-12 education, with more than \$500 million for teacher salaries. Think about those figures. These are unprecedented increases and anyone who claims this administration or General Assembly is not fully committed to public education is simply ignoring the facts. We have supported our educators and public schools and we will continue to do so. But we will do it in a way that improves student outcomes, not one that erases the gains we have made.

In higher education, we have made great strides towards improving access to college through the Tennessee Promise and Tennessee Reconnect programs. We can also be proud, that due to the hard work of our colleges and universities, Tennessee has had the lowest three years of tuition increases in the last 40 years. But it is time for us to not just focus on access, but success in college. While more students are entering Tennessee's postsecondary schools, only one out of every four community college students completes college in six years, and roughly half complete at our four-year institutions during that same time frame.

The research is clear: taking the credits needed to graduate on time results in better academic performance, higher retention rates, and the increased likelihood of completion. So tonight, I am announcing the Complete to Compete initiative, which, through appropriate levers and resources to students, will ensure that they start strong, receive support to stay on track, and make it to graduation day.

Tonight, I am also introducing the Juvenile Justice Reform Act of 2018. We know that too many kids get lost in the juvenile justice system. With great leadership from the Senate and the House, a task force on juvenile justice studied our system and determined that reform is needed.

We can do better. We can be smarter. And tonight I am asking the General Assembly to adopt responsible reforms that will focus the most significant state intervention on the most serious offenses. We know from evidence that costly out-of-home placements, in many circumstances, are not good for children, communities or taxpayers. With a responsible investment now, we can positively impact the lives of children and their communities, and use our resources more effectively.

Seven years ago we challenged ourselves to compete against the best. We have met that challenge. Not only have we transformed into a state that can compete, we have created the kind

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of momentum it takes to actually lead. Make no mistake – this is one of the most effective governments in Tennessee’s history, and the momentum we have created will make us the most effective state government in the country.

It has been my life’s greatest honor to lead the state I love for the past seven years. Will you join me in finishing what we began?

Tennessee, it is time to lead the nation. I believe we can and I believe we will.

- Tennessee will lead because every man and woman, created in the image of God, deserves meaningful work.
- Tennessee will lead because every child in every zip code deserves a high-quality education.
- And Tennessee will lead because taxpayers, hard-working Tennesseans who get up every day with the desire and hope to do better today than they did yesterday, deserve a government that will work as hard as they do.

Several weeks ago on a Sunday night, I was driving back to Nashville from a weekend in Knoxville. Well, actually I wasn’t driving, I was being driven. That’s another thing that will change about my life in about a year. Travelling down I-40 in the dark that night, I started thinking about this amazing journey that we have been on for the last several years and how much I have loved the honor of having this job.

I thought of a quote that I had memorized back in college that seemed right then, but I know now to be even truer than a 20-year-old could know. Oliver Wendell Holmes, the brilliant jurist, said, “This is the great joy in life, to be a force for good, instead of a feverish selfish clod of ailments, complaining that the world will not devote itself to making you happy.” The people of Tennessee have given us this incredible opportunity to be a force for good.

Whether, like me, you have one more year, or you intend to be here for years to come, let’s use this time while we have the privilege of answering the call to lead, to be that force for good for the state of Tennessee.

Let’s decide now that Tennessee will lead.

Thank you and good night.