



**OFFICE OF THE GOVERNOR  
RICK PERRY**

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Press Release

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**\*\*EMBARGOED UNTIL 11:30 AM\*\***

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

AUSTIN – Gov. Rick Perry today delivered his seventh State of the State address to the 83<sup>rd</sup> Texas Legislature. Full text of his remarks is below:

Thank you. It is always an honor to speak in this historic chamber.

I'd like to thank two quality leaders who have been dedicated partners in our ongoing mission to make an even better Texas, Lt. Gov. David Dewhurst and Speaker Joe Straus.

Before we begin, I'd like to say a few words about the people who have made the biggest impact in my life, of course, beginning with my parents, Ray and Amelia Perry, who I've been fortunate enough to have with me every step of the way.

And of course, the source of my strength and the love of my life, Anita Thigpen Perry.

Anita is an extraordinary wife, an exceptional mother, and an elegant First Lady of Texas, and I am honored to have her here today.

There are a lot of new faces in the room as session begins, but we should take a moment to remember two that are no longer with us.

Since the last session, we lost two important members of the legislature, Sen. Mario Gallegos and Rep. Ken Legler.

They were strong leaders, and passionate advocates for the people they represented, and they are sorely missed.

My fellow Texans, members of the judiciary and the Legislature, distinguished guests and friends, it is my pleasure to report that the state of our State is stronger than ever.

We led the nation out of recession and into recovery, and remain the nation's prime destination for employers and job-seekers alike.

In classrooms, on assembly lines, in laboratories, on farms and in office buildings, hard-working Texans are today turning their dreams into realities.

Those dreams can be as fundamental as supporting their family, and creating better opportunities for their children.

Or they can be as elaborate as launching a new business, harnessing creativity and new technology to create something the world has never seen before.

Big and small, dreams become reality in Texas.

As real as the success Texans are building, you, in this chamber, have built the framework that makes it possible for them to succeed.

Texans have succeeded to the tune of more than half a million private-sector jobs added over the last two years alone, a total of nearly 1.4 million created in the private sector over the last 10 years.

Now, there are those who insist our job creation stat doesn't mean much, because they say we are only creating entry-level, low-paying jobs.

The truth is, we are creating all kinds of jobs – low paying, medium paying and high paying.

We've created jobs in all three categories faster than the national rate over the last 10 years.

We need jobs of all sorts, full-time and part-time, long-term and temporary, for people of all backgrounds, career stages and skill levels.

With rare exceptions, no one gets hired out of college as the CEO, but if you want to be a CEO someday, Texas is the right place to start.

Our job numbers are more than statistics, they're real stories about hard-working people.

Just three years ago, Lisa Pounds of Houston saw a need for healthier food choices for children and families, so she left her job as a corporate insurance broker and started her own business.

Today, Green Plate Kitchen is a thriving and growing company, employing nine people and supporting numerous contractors and customers.

Even companies that are well-established see the value in choosing Texas.

Pactiv is a global leader in food packaging, and has employed more than 1,000 Texans at three different locations, including 122 in Corsicana.

When it was time for the company to build a new, state-of-the-art facility, our state's economic climate, along with the famous Texan work ethic, made the decision a lot easier.

Today, they're building that facility in Corsicana, which means 200 more jobs, and Chairman Cook knows that means 200 more opportunities for people to better their lives, and the lives of their families.

And just last June, Texas took another giant leap into commercial space, as XCOR Aerospace, a leader in the privatized space race, brought its research and development center to Midland.

They're part of a growing Texas presence in this important market, which includes businesses like SpaceX and Blue Origin.

XCOR, Pactiv and Green Plate Kitchen, are reaching for the stars in their own way, right here in Texas, and representatives with those companies are with us today.

Please join me, as they stand, to thank them for their contributions.

Multiply their stories by thousands and you understand why what we're doing in Texas is working, and why it's so vitally important we stay on an upward trajectory.

You have realized a simple truth: bureaucracy doesn't stimulate the economy, it gets in the way.

Texans succeed not because of bureaucracy, but because you, Dr. Allen, have ensured we have accountable, rigorous public schools.

Texans succeed because you, Chairwoman Zaffirini, have helped create a system of affordable, accessible higher education.

Texans succeed because you, Chairman Seliger, have given them the freedom to do more with the money they earn, and when private employers have more to spend, both the private and public sector benefit.

Texans succeed because you, Rep. Lozano, have given employers the freedom to innovate and expand with consistent, predictable and sensible regulation.

And Texans succeed because you, Rep. Creighton and Sen. Huffman, have let job creators know they won't be frivolously dragged into court and held hostage by individuals seeking to make a quick buck.

You have all opened the door – and Texans have responded – and thousands more are getting here as fast as they can.

For eight years in a row, Allied Van Lines has named Texas the nation's top moving destination.

We've made inroads in almost every industry sector, from biotech and computer science, to energy and finance.

Visionary companies like Facebook, Apple and Electronic Arts have expanded here.

When these companies come to Texas – to your districts – they make a positive impact on your communities.

And even with a mass influx of job-seekers realizing their dreams in Texas, our unemployment rate has consistently remained below the national rate.

Even with that growth in industry and population, we've maintained a strong commitment to the environment.

We lowered ozone levels by 23 percent between 2000-2011, and cut industrial NOx gas emissions by 60 percent over that span.

The tough decisions we faced last session tested our resolve and our dedication to the principles that brought us here.

In the end, we remained dedicated to those principles, holding the line on taxes, spending within our means, and making the tough decisions separating wants from needs.

The revenue estimate we got earlier this month confirms we made the right decisions at that time.

Our bank balance is healthy, our economy is growing, our future is limitless.

The people running some other states are actually pretty smart, and they see what we've been doing.

If imitation is the sincerest form of flattery, you all should be flattered.

In Florida, Gov. Rick Scott has enacted very similar policies, and is promoting many of the higher education reforms that are yielding promising results here.

In Louisiana, Gov. Bobby Jindal has proposed doing away with his state's income tax, part of a move to make his state even more attractive to employers and those chasing their dreams.

And late last year, the State of Michigan became a right to work state.

Other states are following our lead and embracing the concept of vigorous competition.

They're aggressively courting major employers, fostering their high-tech sectors, and investing in their workforce.

In short, they want to beat us at our own game.

So here in Texas, we can't just maintain the status quo, we have to improve upon it.

We're in a position today to put our financial house in order, and it's time to do so.

We have an opportunity this session, an opportunity to true up our budget and move away from the budgetary techniques we've come to depend on all too often.

We need to pay now what is due now.

We should put in place a stronger constitutional limit on spending growth, ensuring it never grows more than the combined rate of inflation and population.

We need to make the franchise tax exemption for small businesses permanent.

We should continue to scrub the budget for any waste and redundancies, streamlining wherever possible.

We also need to do away with the practice of using dedicated funds and specific fees for anything other than the purpose for which they were intended.

If we don't need taxpayer money for that purpose, let's not collect it at all.

We've never bought into the notion that if you collect more, you need to spend more.

Today, I'm calling for a mechanism to be put in place so when we do bring in more than we need, we'll have the option of returning tax money directly to the people who paid it.

Currently, that's not something our constitution allows.

We need to fix that.

Also, while Texas is a low-tax state, let's make the burden on Texans even lower.

I know that's a goal Chairman Hilderbran has always worked towards.

In a legislative session where we can see billions still on the table after we've funded our services and met the needs of our ever-expanding population, I think providing tax relief of at least \$1.8 billion over this biennium is a good place to start.

As to how we provide that relief, there are plenty of good ideas, and that promises to be a very valuable conversation for us to engage in.

We want to hear more from the taxpayers themselves about how we run things in Austin.

My office, in fact, has built a web site to get your feedback on tax cuts.

You can find it at my main site, [gov-dot-Texas-dot-gov](http://gov-dot-Texas-dot-gov).

While Washington, D.C., can sometimes seem entirely non-responsive and is increasing the tax burden on Americans, and other states are scrambling to grab every tax dollar they can, I'm proud that in Texas, we're talking about the best way to give money back.

Our approach is even more important as Washington raises taxes and the costs of the Affordable Care Act begin to pile up.

We have made it clear Texas will not expand Medicaid under the ACA, as Chairwoman Kolkhorst can tell you.

We won't set up a state exchange, as Chairwoman Nelson can attest.

Texas will not drive millions more into an unsustainable system, and that stance has not changed an iota.

However, the costs of ACA will still fall on the backs of individuals and employers across the country, and it falls to us on the state level to do what we can to alleviate the federal burden as much as we can.

Time and again, we've seen that when people keep their money, they invest it wisely and selflessly in things important to them.

That's why Texas' cultural arts community, for example, is thriving – even without unlimited amounts of federal and state money.

The Dallas Arts District, and the Museum of Fine Arts Houston, Bass Performance Hall in Fort Worth, just to name a few, have each brought in major tourism dollars and enriched countless lives.

Our surging arts communities are yet another reason so many people and employers are choosing to come to Texas.

As our population expands and industries grow across our state, the demand is increasing upon the fundamental building blocks of our communities.

This session, we need to deal with our state's infrastructure needs.

We must particularly address our growing needs in water and transportation.

Doing that without breaking the budget will require creativity and some "outside-the-box" thinking.

I believe one answer lies within our Rainy Day Fund.

The Rainy Day Fund was created to ensure we had a sufficient amount in reserve in case of disaster, and to ensure Texas maintains its strong credit rating.

Due to our economic success, the fund will soon hold nearly \$12 billion, significantly more than the amount we need to meet those obligations.

We need to maintain a strong Rainy Day Fund.

While we cannot – and will not – raid the fund to meet ongoing expenses, we also shouldn't accumulate billions more than necessary.

That's why I support a move to utilize \$3.7 billion from the Rainy Day Fund for a one-time investment in infrastructure programs.

In addition to the Rainy Day Fund investment, we should also end the diversion of State Highway Fund appropriations, which will mean another \$1.3 billion every biennium for road maintenance and construction.

What I am proposing will support critical water and transportation systems across our state, addresses our needs both short- and long-term, and ensures both water and traffic will continue to flow in Texas for generations to come.

None of us can deny the need for these improvements.

Water and roads add to the quality of life for all Texans – anyone stuck in traffic at rush hour in our cities can speak to that.

It also plays a major role in our continued economic development.

Whenever we're recruiting a business seeking to relocate or expand, a chief concern of theirs is ensuring there are adequate water, power and transportation systems for their needs.

We've been the nation's top exporting state for 10 years now, and for us to continue that dominance requires a clear way to move goods from one place to another

Our success also relies upon the continued excellence of the Texas workforce, and it falls to us to better prepare the next generation for the jobs available to them.

We've worked hard to improve our public education system over the past decade, and the results are encouraging.

According to the U.S. Department of Education, our graduation rates are at an all-time high – the third highest in the nation – which represents a significant turnaround from just a few short years ago.

Of course, we can't let up now.

I believe that the best way forward is the way that will provide the most opportunities for each child, something I know Sen. Patrick supports.

Not every child learns for the same purpose, not every child thrives in the same settings and schools.

Limiting a child to just one opportunity does nothing more than limit that child's future.

The way forward must involve more public charter schools, which offer parents a tuition-free alternative to their neighborhood school.

These innovative public schools already serve more than 150,000 students across Texas, with more than 100,000 students on waiting lists.

It's also time to introduce scholarship programs that give students a choice, especially those who are locked into low-performing schools.

Of course, all that has to be done in a fashion that continues to encourage teachers and administrators in traditional schools to produce excellent students.

In addition to a choice of schools, we should also give students more flexibility in the courses they take in high school to prepare them for whatever their goals may be, without sacrificing our rigorous academic standards.

Anytime we talk about education, we have to remember that the focus has to be squarely on one specific special interest group: our students.

We cannot stop thinking of new ways to teach and inspire our children.

They're ready to learn and eager to use that education to improve their lives.

Over the last five years the number of Texas students participating in college preparation tests has increased, a clear sign the young people in Texas understand the importance of a college education.

Most encouraging of all, those figures indicate a significant increase in participation among minority students.

42 percent more African-American students are now taking the SAT than were participating five years ago, and 65 percent more Hispanic students.

Along the same time frame, the rate of Hispanic students taking the ACT has doubled.

A short time ago, those same students might have felt like a college education wasn't for them, and felt discouraged from trying.

These students are realizing their potential, and they're going to use that potential to change Texas, and the world for that matter.

Of course, this means that we have to make sure that college is accessible and affordable.

Two years ago, I stood here and called upon our institutions of higher learning to develop plans for degrees that cost no more than \$10,000.

There were plenty of detractors at that time who insisted it couldn't be done.

However, that call inspired educators at colleges and universities across our state to step up to the plate.

Today, I'm proud to tell you that 13 Texas universities have announced plans for a \$10,000 degree.

Some of those innovators and educators are with us in this chamber. Again, please join me in recognizing them as they stand.

The idea is spreading, too.

As I mentioned earlier, Florida is developing its own \$10,000 degree program, and even California – yes, that California – is taking a stab at making these programs commonplace.

These are promising developments, but we must do everything we can to continue making higher education an achievable dream for all Texans.

To that end, I've called for a four-year tuition freeze for incoming freshmen, and I know Chairman Branch has been working hard on this issue.

This will provide students and families cost certainty, as their tuition will be locked in at the rate they pay their first semester for the next four years.

This will also encourage them to graduate on time, which is a problem we simply can't ignore anymore.

Currently less than 30 percent of full-time students at our four-year institutions graduate in four years, and only 58 percent have their degree in six.

That's why we should tie at least a portion of state funding – I'm suggesting a minimum of 10 percent – based on the number of graduates.

We need to encourage these schools to get their students educated and ready to work as quickly as possible.

Texas employers need additional, qualified workers.

Of course, not all these jobs require a college degree.

Many require a technical certification, and those jobs are among those most in demand in our state.

Last fall, I announced an initiative that will bring industries and our technical and community colleges together to create a statewide model that will enable students to swiftly earn their technical certifications at an affordable cost.

Chairman Davis and Sen. Birdwell will help lead the charge with legislation that will encourage and incentivize more fast track programs.

Under this framework, an individual will be able to attain certain certification in a high-demand industry, utilizing competency-based learning to allow students to gain credit for skills they have already mastered.

It's an innovative solution, the kind we need more of in the years to come.

It's the decisions made here that will determine what Texas will look like for the next 50 years.

As an example of what I mean, let's take a look at how dramatically and how quickly things are changing in South Texas.

We've committed to expanding and building roads, so businesses are finding it easier to transport goods.

We've helped nurture and grow a major Regional Academic Health Center in Harlingen, as well as the Irma Rangel College of Pharmacy in Kingsville.

Today, the students of South Texas are able to stay closer to home to earn their college degrees.

This area of the state is critical to our state's future, and our investment in the children of South Texas will be returned a thousand-fold.

That's why I'm calling for the legislature to pass, by a two-thirds vote, a bill necessary to give South Texas access to the Permanent University Fund.

The changes in South Texas – in fact, the changes across our state – remind us that we're living in a fast-moving world, and that we'll need the contributions of everyone to keep up.

I'm proud that Texas is a place where anyone can make a difference, regardless of where you're from or how you might spell your last name.

During his second inaugural address, President Obama called on us all to work together and do our part to secure a brighter future for America.

Mr. President, Texas stands ready to do our part!

From our origins pioneering a rugged frontier, Texans have a long, proud tradition of working together – South Texas ranchers and DFW teachers, Bay-area shrimpers and west Texas farmers.

We are a diverse tapestry of cultures, faiths and blood lines, but we are bound by a common spirit and a common lineage that's remarkable for a state so big.

Not only will we all work together for the remaining 119 days of this session, we will work together every day in companies and in agencies across our state.

We will work together at places like TxDOT, led by El Paso's Ted Houghton, who oversees a team focused on building and maintaining our roads.

We will work together at the Department of Public Safety, led by Cindy Leon of Mission, with well-trained professionals who spend every day working to make Texans safer.

We will work together at the Texas Education Agency, led by Arlington's Michael Williams, who has one of the most important jobs in Texas – educating our children for the challenges of the future.

From these great chambers to the Governor's Office, to local offices in small towns across our state, we are all privileged to do our part to make a better Texas for all.

Texas is not merely strong, but exceptional.

We are a testament to the power of freedom, to the entrepreneurial spirit unleashed from government interference.

We believe these ideals are sturdy enough and strong enough to advance any and all Texans, regardless of race, color or creed.

We embrace a “can do culture” for every citizen willing to work hard and pursue a dream.

Those ideals propel us forward as we stand as a national example that hard work can breed success regardless of one's station in life, that freedom is the best antidote to poverty, and that each individual deserves to inherit a state of equality and opportunity.

May the work we do in these hallowed halls preserve opportunity for every Texan.

Thank you, God bless you and, through you, may He continue to bless the Great State of Texas.

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