



OFFICE OF THE GOVERNOR

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2017 State of the State Address

As prepared for delivery

Good afternoon:

President Cullerton

Speaker Madigan

Leader Radogno

Leader Durkin

Lieutenant Governor Sanguinetti

Attorney General Madigan

Secretary White

Comptroller Mendoza

Treasurer Frerichs

Members of the General Assembly

Ladies and Gentlemen: It is an honor to stand with you today to discuss the State of our State. Despite the problems and uncertainties we face, I am deeply optimistic about the future of our beloved Illinois. We have big challenges and like many of you, I'm frustrated by the slow pace of change in Springfield. But with great challenge comes great opportunity. By working together, we can overcome any obstacle. We have the best people and best location of any state in America. Through bipartisan cooperation, Illinois can once again be the economic engine of the Midwest and the home of innovation and prosperity for everyone.

Two years ago, when our Administration came into office, we set about to return Illinois to a state of growth and opportunity. We knew that we could not simply tax our way out of our fiscal problems; we needed to grow; we needed to fix a broken system. We needed to make Illinois more welcoming to job creators; to restore confidence in government; and to ensure that all of our children could receive a high quality education and job training so they could obtain high-paying careers here, at home.

Given those realities, we set key goals for our Administration:

- Make Illinois the most ethical and efficient state in the nation
- Invest in education so that Illinois has the best schools and vocational training in every neighborhood and in every community
- And most importantly, make our state more competitive, more attractive to job creators, to grow our economy and bring more good-paying jobs to our state

Working together, we've begun to accomplish these goals, but much remains to be done.

Inside government over the past two years, we've made great strides in ethics reform. We closed the revolving door on Executive Branch employees leaving government to become administration lobbyists. We tightened the gift ban loopholes that lobbyists and contractors used to influence regulators and win favor with decision makers. We increased transparency, so that any resident of the state can now go online and review state spending on contracts and at-will hires. We required more comprehensive economic interest statements so we all could see who was being paid, and by whom. We cleaned up the hiring mess we inherited at IDOT – and we're working cooperatively with Michael Shakman to strengthen state hiring rules even more.

We are modernizing and streamlining state government, and building toward a higher level of transparency through our new Department of Innovation and Technology. In the last year, the Department has protected more than 5 billion records of Illinois residents that were previously left unsecured and unencrypted... and we're moving millions of pieces of paper out of file cabinets and into the digital age.

Kirk Lonbom leads our cybersecurity efforts at DoIt. He is working around the clock to ensure that our efforts are successful and state records are secure. He is here today, let's give him a hand.

We've cut red tape and made it easier for constituents to interact with state government. We are moving to a digital application process for professional licenses and reducing processing times by 70 percent. We are cutting paper and postage costs through online license renewal notifications, saving money and 16,500 hours of work every year.

Richard Morris works for the Department of Financial & Professional Regulation and has been a leader in our transformation to online licensing. Working across agency lines and with professional associations outside of government, he has put the time and effort in with the right people, at the right level, and at the right time to make this initiative a success. He is here with us today – let's all give him a hand for his service to our state.

We are using technology and innovation to stop fraud and abuse, and we're already saving taxpayers hundreds of millions of dollars inside Medicaid alone. And working together, we enacted historic reforms to crack down on unemployment insurance fraud as well.

We signed innovative new contracts with 20 of our state government unions to drive more value for taxpayers, by paying more for productivity and high performance rather than just seniority; by starting overtime pay after 40 hours rather than just 37.5; by adding greater flexibility in the workplace; and, we have laid the groundwork for allowing volunteers to work at our state parks and health facilities. These are all common sense changes that are good for employees and taxpayers alike.

We formed a bipartisan task force led by Lt. Gov. Sanguinetti to recommend ways we can reduce the cost of our bloated bureaucracy and worst-in-the-nation 7,000 units of local government. Every dollar we save in reducing bureaucracy is a dollar we can invest in education and human services, along with reducing our highest-in-the-nation property taxes. The task force made 27 recommendations that we can implement together through legislation to save hundreds of millions of dollars. The communities of Grayslake and Hainesville are leading by example, saving \$500,000 per year through sharing services while providing more support to their local police.

Grayslake Mayor Rhett Taylor is with us today. Let's give him a round of applause for his service – and for setting an example for all of us to follow.

We worked hard to change our broken political system and restore competitive general elections in our state. We encouraged the people of Illinois to put more than one million signatures on petitions to get term limits and fair maps on the ballot. Unfortunately, our judges, who themselves are elected through our state political process, decided that a million signatures weren't enough. They decided that only you, the members of the

General Assembly, could pass the necessary legislation to enable the voters to have their say.

I ask you today, on behalf of all the people of Illinois – Democrats and Republicans – please do the right thing and pass the bills to put term limits and fair maps on the ballot. Let the people decide these issues for themselves. End the power of incumbency and special interest groups, and give power back to the people of our state. Illinois turns 200 in 2018. What better time to give us a brighter next 200 years than by bringing greater integrity to our political system?

When it comes to providing a better future for the people of Illinois, nothing we do together is more important than educating our young people. We all want our children to be able to stay here in Illinois with good-paying jobs. And we want employers to come to Illinois because we have the best people. So our administration has made education from cradle to career a top priority.

Two years ago we delivered unprecedented funding for our K-12 schools, and the next year we came back and did it again. In all, our kids are receiving \$700 million more per year from the state than two years ago, including an extra \$100 million for early childhood education. The practice of proration has come to an end.

We formed a bipartisan task force to recommend changes to the unbalanced way our K-12 public schools are funded. For years Illinois has provided the lowest percentage of education financial support from any state in the country. And we have the largest gap between funding for high income schools and low income schools in the country, both across the state and within the city of Chicago. The task force expects to finish their work in the coming weeks, and we look forward to working on a bipartisan basis to implement their recommendations.

We created the Governor's Cabinet on Children and Youth, bringing together all state agencies that serve our children to ensure that Illinois' young people are healthy, safe, well-educated and on the road to becoming self-sufficient. The commitment, cooperation and effective problem solving among the agencies involved is extraordinary; in partnership with external partners in the private sector, they will make Illinois a better place for all children.

Working with the Illinois State Board of Education, local high schools, community colleges and local employers, our youth Cabinet is striving to expand vocational training and apprenticeship programs for all our high school students so each of them has a clear path to an attractive career.

Another critical initiative of the Children's Cabinet is reducing young children's exposure to lead. We're proud to recognize Jen Walling from the Illinois Environmental Council, who is working with us on this effort, and she's here today. On Martin Luther

King Day, all of us, Democrats and Republicans, stood together in signing a bill that requires all schools and day care centers to test their drinking water regularly, and inform parents of the results. Dr. King spoke about the threat of lead in 1966, so it was particularly appropriate that we were able to sign that important piece of legislation on his birthday.

Reducing lead exposure—which disproportionately affects low-income children and children of color—is a social justice issue. So too is ensuring that we provide a means for those in our criminal justice system to rehabilitate and return to productive lives. Over the past two years our Administration has worked to reform our criminal justice system, reduce recidivism and address underlying behavioral and mental health issues for those in our systems of care, in order to keep our communities safer.

We're making great strides in implementing initial recommendations from our Commission on Criminal Justice Reform – helping non-violent ex-offenders get back on their feet and giving them meaningful skills to find employment. We're turning around the Department of Children and Family Services, and we've safely reduced the juvenile justice population by 49%. We've shuttered the outdated Roundhouse at Stateville Prison while repurposing two other facilities in Murphysboro and Kewanee as life skill centers to help non-violent offenders return to the work force more effectively.

Sadly, our progress in reducing non-violent crime is overshadowed by the skyrocketing rate of violent crime in Chicago.

The violence occurring in Chicago every night is intolerable; we've got to bring it to an end.

Violence experts say there's no single cause and no single solution. But with the right mix of policies – with a joint commitment between the city, the county, the state and the federal government – we can and must find solutions to curb the violence.

At the Illinois State Police, we're providing the Chicago Police Department with a wide range of resources – and we stand ready to do more wherever and whenever called upon. Our troopers have already surged to counter the violence that's spilled over to our expressways – and we're committed to hiring more State Police officers to help patrol Chicago expressways, and other high violence areas.

Law enforcement plays a critical role in violence reduction – but in the end, it's a treatment, not a cure. Addressing the roots of this plague will take much more: to restore hope where hope has been lost, to build a long-term future of quality education and good jobs for communities that need it most. Tearing down the barriers to good jobs and economic opportunity. Getting rid of blight and incentivizing redevelopment. Making sure both the state and Chicago Public Schools treat low-income kids the same as high-income kids. Giving parents more choices and support to give their kids a world

class education. Putting vocational training back into our high schools so young people can see a clear path to a career rather than falling victim to the gang recruiters.

As my good friend Reverend Marshall Hatch has said, nothing stops a bullet like a job. And so we are focused on building opportunity in every community in our state so that EVERY resident of Illinois can share in the American dream. That's our single greatest priority: growing more good paying jobs everywhere in Illinois.

Improving transportation is critical to our goal of growing more jobs across the state.

We've advanced critical transportation projects to improve the quality of life for residents, and attract new families and businesses. We rebuilt 62 miles of Interstate 90 between Rockford and Chicago and replaced or rehabilitated 100 bridges along the way. We expanded the I-57/70 corridor in Effingham and completed a new flyover ramp connecting the Dan Ryan and Eisenhower Expressways in Chicago.

With your approval in the General Assembly, we are hoping to create a public-private partnership to create a new managed lane on I-55 paid for by private investors – not taxpayers. The project will create thousands of construction jobs, expand the quality of life for commuters, and support faster economic growth throughout the region.

We created a partnership that draws upon the wisdom and experience of our state's top business executives to recruit employers. We call it Intersect Illinois, and it includes people like Sheila Morgan of the Minority Supplier Development Council; Inga Carus, a 30 year environmental business leader and Chairman of the Peru, Illinois-based Carus Group; Jim Wong a CEO and business entrepreneur with more than 20 years experience; and Chairman Jim Schultz – a fifth generation Illinoisan and agribusiness entrepreneur – working together to bring hope and opportunity to our state.

Sheila, Inga and Jim Wong are here today, let's thank them for their service to our state.

They've already been successful in recruiting employers like Amazon to expand here in Illinois – creating thousands of new jobs across our state.

Working with the General Assembly, we were also able to save jobs in the Quad Cities and in Clinton by passing legislation that ensured energy plants there stayed open. We protected families and job creators by putting caps on business and residential energy rates. And at the same time, we were able to advance green energy by improving our Renewable Portfolio Standard that will lead to billions of dollars in private investment in wind and solar energy.

Jeff Wrage and his wife Stephanie live in Clinton with their two daughters, eight-year-old Halle and six-year-old Maesie. Jeff works as a Chemistry technician at the plant, Stephanie is an IT analyst for State Farm and their daughters attend Clinton Public

Schools. They were understandably nervous about the potential plant closing and elated when we successfully passed the Future Energy Jobs Bill. The Wrage family is here today – and we can all be thankful that they’ll be Illinois residents for years to come.

But this is just a start. Illinois is home to some of the greatest research universities in the world. Working in partnership, we can create a technology and innovation center here in the Midwest that can rival Silicon Valley or North Carolina’s Research Triangle, creating tens of thousands of high-paying jobs. We can recruit companies who are drawn to our great transportation system, our natural resources and our Midwestern work ethic and quality of life.

Working together, we can accomplish this kind of growth and opportunity.

Critical to our success is helping our world-class research universities like the U of I and SIU to extend their footprint in the state, form alliances with other great research institutions like the University of Chicago and Northwestern, and significantly expand their efforts in research and innovation. Our goal must be for our great research universities to drive the same stunning level of company formation, entrepreneurship, innovation and wealth creation as Harvard and MIT have done for New England and Stanford and Berkley have done for California.

A few months ago I met a native son of Illinois, Sam Yagan, who has moved his family back to Illinois after many years of success in Silicon Valley. He came back because Illinois is his home. He loves the people, the values, and the quality of life here in our great state. And he’s working to make the next great tech success story right here in Illinois.

I know how he feels. I bet you do too. We love this state, the people here, and our way of life. This is our home, and we’ll never give up trying to make it better.

Clearly we’re excited about the achievements we’ve made, and the unlimited opportunities open to us. But we still face significant challenges.

We haven’t had a full year budget of some kind in a year-and-a-half– and we haven’t had a state budget that is truly balanced in decades. We have more than \$11 billion in unpaid bills, a \$130 billion unfunded pension liability, and the worst credit rating in the nation. We have the 5th highest overall tax burden and one of the lowest rates of job creation of any state.

These problems aren’t new. They’ve been building up for many years as past governors and General Assemblies – from both political parties – kicked the can down the road to avoid making tough decisions.

Years of irresponsible borrowing and deficit spending have been devastating to human service organizations that assist children, senior citizens, people with behavioral health issues and disabilities, and our other most vulnerable residents. It has caused student and faculty departures at our colleges and universities. Decades of undisciplined spending and uncompetitive regulations and taxes have made employers hesitant about coming or staying in Illinois, limiting job opportunities across the state.

We are seeing the collective impact of those realities from Carbondale to Chicago, from East St. Louis to Danville. Families and employers are leaving. Nonprofits and small businesses are cutting staff and services. We are failing to be compassionate because we are failing to be competitive.

These problems aren't new, but these problems are now ours to solve.

We can, and we must, do better.

We know that much in our state has been broken for many, many years; but we know that there is a way forward – there is a path to a better future for ALL Illinois families.

All of us, on both sides of the aisle – President Cullerton, Leader Radogno, Speaker Madigan and Leader Durkin, we all agree that we must have a truly balanced budget and we must make changes to our broken system to return our state to a path of prosperity.

Listen to these comments from recent news reports:

“What is going on is not good for the state.”

“The only way we can solve our problems is in a bipartisan fashion.”

“To break the impasse, both sides must respect each other's priorities. That means negotiate, compromise.”

“We should focus on working together and finding common ground to address the issues facing our state.”

Those statements were made by Leader Radogno, President Cullerton, Leader Durkin and Speaker Madigan.

I agree with every single one of them.

Now, let's get it done!

Our state's economy could take off like a rocket ship if we could just come together on major pro-jobs changes that need legislation to take effect. Lawmakers from both

parties deserve credit for working for many months to find ways to reduce regulatory costs and property tax burdens that make businesses in Illinois less competitive than our neighbors. Hopefully we can build upon these initial proposals to ensure they drive big results on job creation. And hopefully we can work together to cut the red tape even more – reducing filing fees and costly licensing barriers that prevent hard-working Illinoisans from qualifying for good, high-paying jobs.

When it comes to the budget, we all can agree Illinois HAS to do something different. Our Administration has offered many proposals to achieve a truly balanced budget with changes that fundamentally fix our broken system. We must remember that to keep budgets balanced in the future, our rate of economic growth must be higher than our rate of government spending growth. It's just simple math.

Changes to the worker's compensation system to prevent misuse and abuse, and attract employers and good jobs. Property tax relief to reduce the immense burden felt by our families and businesses – and to give them reason to stay here. Term limits and redistricting, where voters pick their representatives and not the other way around, in order to restore the confidence of job creators and working families in our state.

We have offered these proposals to drive the change that we ALL KNOW is necessary. It's heartening to see the Senate coming together on a bipartisan basis to acknowledge these changes are needed. Let's build on that cooperation to achieve a truly balanced budget and changes that really move the needle on job creation and property tax relief.

Our aim to have the most ethical and efficient government in the nation, the best schools in every community of our state, and good jobs for all of our residents – these goals are all within our reach...

All of us are here to build a better future for families across this state.

To build a future where our economy booms and job creation soars. Where states around America watch with amazement as Illinois takes the lead in innovation, job growth and economic opportunity. Where people around the country say to themselves, you know what – we want to live in Illinois – that's where we want to build a business, that's where we want to start a family, that's where we can achieve the American dream.

It's a future where our schools are the envy of the world. Where every child from every background gets the same, high-quality education – from cradle-to-career – to get on the path to wealth, prosperity and a high-quality of life.

It's a future where our budgets are balanced for decades to come – where our credit ratings rise as our pension liabilities drop – where our economy grows faster than government spending - where taxpayers are treated with respect and their government squeezes every penny to go the extra mile.

We've been at the bottom for far, far too long. It's time we race to the top. To lead the nation in job creation. To lead the nation in education funding and outcomes. To lead the nation in ethics and accountability. To lead the nation in poverty alleviation and violence reduction.

Yes, we've made important gains in government efficiency and economic development these last two years. Now let's work together to make Illinois more competitive – so we can realize a better future of jobs and opportunity for all.

Yes, we've made important gains in education these last two years. Now let's work together to ensure that every child, in every neighborhood, and in every community, has the opportunity to succeed. To ensure the violence that plagues Chicago and other communities comes to an end. To give people hope that tomorrow will be better than today.

All of us – Republicans, Democrats, and everyone in between – have a moral obligation to work together to bring change. We...together...can return Illinois to a place of hope, opportunity, and prosperity.

Illinois is home. All of us love it here. Ultimately, we all want the same things for our home – good jobs, strong schools and safe communities – it's just a question of respecting each other's views on how we get there. If we negotiate in good faith, we can move Illinois forward as a state which is both competitive and compassionate.

Now, let's work together to get the job done.

Thank you. God bless you, God bless our beloved State of Illinois, and may God continue to bless the United States of America.

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