

## **News for Immediate Release**

**Feb. 4, 2014**

### **As Prepared for Delivery: Text of Gov. Tom Corbett's 2014-15 Budget Speech**

#### **Introduction**

Speaker Smith, President Pro Tempore Scarnati, Republican Leaders Pileggi and Turzai, Democrat Leaders Costa and Dermody, Lieutenant Governor Cawley, members of the General Assembly, the best First Lady in the country Susan Corbett, members of my cabinet, friends and fellow citizens:

Thank you all very much.

This is the fourth time I have come here to present a budget to the general assembly, and it's always a privilege. Today, I've brought along some special guests.

They represent the men and women of this state who wear the uniform of our country, and the many who have served in theaters of war. This past year, the 104th Attack Reconnaissance Battalion, a unit of the Pennsylvania National Guard, completed a deployment in Afghanistan. Our guests are among the brave and highly skilled Apache helicopter pilots who carried out that mission. We are proud to have the Apaches based in Pennsylvania.

Recently though, the Army announced a plan to take many of these helicopters with their pilots out of Pennsylvania.

Along with Adjutant General Wesley Craig, I am going to fight to keep them here.

As a former member of the 28th AVBN, Pennsylvania National Guard, the pride I have for our pilots runs deep. Please welcome Major Randy Lutz and Chief Warrant Officer Joshua Soper.

We've done a lot of good work, you and I, in building a stronger Pennsylvania.

I thank each member here for serving this commonwealth with energy and conviction. I've tried to do the same, because our challenges have required nothing less.

Not so long ago, Pennsylvania was in pretty serious trouble, and there was no easy way out. We took some of the worst hits of the great recession.

Things were especially tough in many of our rural counties, places where economic stagnation had already seemed like a fact of life.

All of this was our starting point, and we have a lot to show for three years of hard choices and honest effort.

Of course, the good things we have seen since then are hardly the doing of government alone. So, right up front, let's give credit for Pennsylvania's comeback where it belongs, to the people of Pennsylvania.

For our part, we set out to revive the economy of this state, with sound budgeting and spending discipline. I have submitted, and you have passed, three balanced budgets – on time.

We addressed our state's fiscal problems by eliminating the deficit, and without adding to the fiscal problems of our citizens by raising their taxes.

Sometimes in government, nothing makes a difference like defining a promise kept. And with your support, we have not raised taxes in three years.

In that and other ways, we are doing things right, the signs of revival are clear to see. Pennsylvanians are finding jobs again, in Pennsylvania.

Today our labor force is 6 million strong and growing. In three years, our commonwealth has added enough jobs to replace nearly all we lost in the downturn.

At its peak, unemployment in our state was 9.2 percent, now it is 6.9 percent, a five year low. That demonstrates progress.

Better still, the economists say conditions are right for more job growth this coming year and well beyond. The PEW Research Center estimates that number to grow by another 76,000 this year alone.

Why? Because we are building a stronger Pennsylvania.

Every city is the heart of a region, and as a city is stronger, so too is that region. We're seeing that today in Philadelphia, Pittsburgh, and right here in Harrisburg – a city finally on its way to financial recovery.

A few short years ago our capital city's future was bleak. But this General Assembly acted, establishing the Office of the Receiver. Our commonwealth team, led by General William Lynch, has put Harrisburg on a path to a better, brighter future.

Please join me in thanking General Lynch.

In so many cases, too, we're seeing expansion of the best kind, into industries that have a good future ahead of them. Ten or 15 years ago, few would have guessed

that Pittsburgh would become a leader in biotech or high technology. Well, today it is a leader in both. When Google completes that new building in Pittsburgh this year, it'll be their second.

The entertainment technology industry that many think California has the market on, is on the move in Pennsylvania too. Just a few weeks ago, I was in Philadelphia when Comcast announced a 1.2 billion-dollar plan to build an innovation and technology center.

When major companies make investments on that scale, they look for cities on the rise, and in this case, they called it right.

Why? Because we are building a stronger Pennsylvania.

## **Energy**

In the space of a few years, our state has also become the nation's second-largest producer of natural gas. Shale gas offers our country a chance at energy independence and greater economic security – and it's part of the all-of-the-above strategy we've put in place. Our state is energy-rich, and we need to harness all our resources – coal, wind, solar, nuclear, hydro and gas.

We are very fortunate, and we can be very proud, that the shale-gas revolution is happening right here in Pennsylvania. Go to Williamsport, and you won't doubt the difference that this industry is making for our state. Talk to our local businesses – the dry cleaner and the diner owner - who are remaking Main Street. Talk to the folks at Allison Crane, NuWeld and Albert's Spray Solutions. These companies are seizing this opportunity, hiring local citizens for jobs, and helping to maximize our energy resources - responsibly.

Shale gas has made that region one of the top ten fastest-growing local economies in the country. It's lifting up entire communities, creating and supporting many thousands of jobs well beyond gas production. The revival extends to manufacturing, as leading companies put Pennsylvania back on the map for investment and growth.

And it's reducing home energy costs, right now, for Pennsylvanians.

Big things are in motion, and shale gas is the power behind it all. It's great for Pennsylvania, and even greater for the United States.

And we were smart enough to welcome that industry, and all those jobs, by working together with local governments, industry and environmental organizations...to craft a responsible impact fee that, by April will have generated more than \$600 million in less than three years to benefit every single community in this commonwealth. It's very simple: Energy equals jobs.

And I thank you for working with me to grow this industry for the people of Pennsylvania, and to deliver energy to the rest of the world.

## **Transportation**

For years, this state needed a sustained, large-scale investment in transportation. And somehow it just never got done. We did things a little differently, and we got a different result. Republican and Democrat. Labor and Industry. We all worked together to put the funding crisis behind us and do what is right for the people of Pennsylvania.

The construction season coming up will give us just a glimpse of the benefits. And far into the future, Pennsylvania will have the good roads, safe bridges, and reliable public transit that our people expect and deserve.

We have accomplished this and more, because, in our debates, we haven't let "NO" be anyone's final answer. We stay at it, until the work is done. You could call this the practical way of governing. You could call it the bipartisan way. I like to think of it as the Pennsylvania way, defined at its best by honesty, fair dealing, and the shared values of the people we serve.

## **Reform**

This being an election year, I suppose it's in the realm of possibility that a few disagreements might come into the picture again. It could happen. But so far as the budget of this commonwealth is concerned, our business is in the here and now.

This budget represents how we have worked together to build a stronger Pennsylvania. Because it's not about how much we spend, it's about how we invest precious tax dollars back into the people of Pennsylvania and our commonwealth's future.

We must be good stewards and ensure that every dollar we invest in this budget has a purpose. We must continue to push the boundaries of reform, and make our state government more effective in the use of tax dollars.

Together, over the past three years, we have done just that, and next month we expect to reach a milestone: half a billion dollars in net savings, from ingenuity and reforms, across state government.

## **Priorities**

This commonwealth is the sixth-largest economy in the United States. And we'll be running at full strength as long as we concentrate on three priorities, a great education for every child, a private sector where every business large and small can grow and hire, and a healthcare and human services system where everyone has choices and everyone is covered.

## **Education**

Let's begin with education. Every child in this state should be, ready to learn...ready to grow, ready to succeed, and my budget sets an agenda in that spirit.

Education is the largest single item in my budget. The increase I propose would bring direct state support of public education to \$10.1 billion, more than 40 percent of state spending.

That reflects additional money we've devoted to our schools during my time as governor, which comes to almost \$1.55 billion.

Early in my administration, of course, we were faced with the problem of the vanishing federal stimulus money. It had been used to pay for education, and when it was gone there was nothing left in the General Fund to fill the gap. But with every great challenge also comes great opportunity.

We have a responsibility to give the children of this state a 21st Century education, and over the past three years we have worked every day with thousands of parents, teachers and administrators from across this state to ensure that we drive each and every dollar into education that meets the needs of the children of Pennsylvania.

Through targeted initiatives, we have worked to increase accountability and transparency in our schools, infused stronger educational resources into our classrooms and focused financial resources on supporting students at all levels. This budget will continue to support these strong reforms.

Each of our 3,000 schools now has a School Performance Profile, so that parents and communities have all the basic facts. If a school has problems that are setting children back, that's something parents and communities need to know.

And when everything is going right in a school, and students are doing great, we want to know that, too, so the best can become the standard for the whole state.

As former teachers, my wife, Sue and I have been visiting schools all across the commonwealth. It's been an uplifting experience, to return to the kids and the classrooms and feel the enthusiasm in our schools.

We are pleased to have with us today, Representatives from one of the schools that has received an Excellence in Education Award. Students, Amira Ellison and Hoang Le along with their teacher, Judd Pittman, and their principal, Marisol Craig, from Harrisburg's Math Science Academy, welcome, and congratulations on your achievement.

We have worked to strengthen teacher evaluations to ensure great teachers in every classroom, and improved testing that better measures what a student is learning. These improvements are a result of collaboration with and input from superintendents, administrators and teachers. Our goal was to listen to - and

benefit from - the experts in education so we could put the best methods into practice.

As we increase education spending, we are making certain that more of that money goes where it will do the most good, directly to our kids.

At every level, from Early Childhood to high school and beyond, every dollar we spend is an investment in the future of our commonwealth. Because of these strong reforms, I am pleased to announce today the next phase of my Ready to Learn education agenda, which includes strategic investments at all levels of education.

This budget starts with our youngest, investing an additional \$10 million in Pre-K Counts to allow more 3- and 4-year-olds to enter high quality early learning programs. This funding, combined with the recent \$51 million we were awarded in the federal Race to the Top grant for early learning, means that Pennsylvania will continue to provide some of the best early childhood education programs in the nation.

For K-through-12, I am excited to announce the Ready to Learn Block Grant, \$241 million in funding for school districts that focuses on student achievement and academic success.

It builds upon the strength of the Accountability Block Grant created many years ago by Speaker Sam Smith, bringing the total Ready to Learn dollars available for districts to \$341 million in this budget.

This block grant is designed to ensure that every child is reading and doing math at grade level by the third grade, that students are getting the grounding they need in science and technology, and that a school is flexible enough to give tailored instruction to students who need it.

This block grant includes \$1 million in targeted grants to help struggling schools meet their potential. The most obvious way is to link up with the top schools in a mentoring partnership, to gain from their experience and knowledge. These grants will make those school-to-school connections possible.

In order to embrace new, and customized, methods of learning, this budget will invest \$10 million into the Pennsylvania Hybrid Learning Grant Fund. Ask our teachers, and many will tell you that hybrid learning produces great results and engages the interest of children and helps them to excel.

Of course, every school should always be a welcoming place for children with special needs, just as our whole state should be. School districts have not seen an increase in special education funding in six years. In this budget, I am proposing an increase of \$20 million in special education funding, to make sure that every child has a chance to succeed.

As we focus on early childhood and K-12, we also need to ensure that once our children graduate, they are prepared not only to enter the workforce, but also to achieve post-secondary learning opportunities on their journey to a career.

We all know post-secondary degrees are costly and sometimes out of reach as students and their families worry about debt. With this budget, we will launch the Ready to Succeed Scholarship program, which will provide an additional \$25 million for middle income students who want to earn a two- or four-year degree.

The grants would go directly to academically achieving students who otherwise may not be able to attain enough financial aid. To further support our students, I present a challenge to all post-secondary institutions across Pennsylvania, join with me in holding the line on student debt. I urge these schools to match the grants. Let's give every Pennsylvania student a great start.

Whether students are looking at trade school or college, a little help at the right time can make a world of difference. And it'll make our state even more attractive to businesses considering whether to move or expand here.

They'll want to know if Pennsylvania has prepared our young adults in the trades and disciplines that are always in demand. And our answer will be YES.

## **Jobs**

Another critical priority of this budget, after investing in our students, is creating jobs for our citizens, creating as many jobs as possible right here in Pennsylvania.

If you make job creation the test for most every policy, you'll never go wrong. When it came to business taxes, all I needed to know was that they were costing people jobs. The General Assembly agreed. So over the past three years, we have reduced the tax burden on Pennsylvanians by a billion dollars and our workers are better off for it. And we're pressing on with more tax relief this year, by continuing the phase out of the capital stock and franchise tax.

Since 2011, we've come together to make some wise investments, with long-term payoffs in productivity and quality of life. So, let's make a few more. And if we stay focused on that same defining goal – jobs for our people – it will see us through.

We have so much going for us in Pennsylvania. I meet a lot of people in business who are scouting around for new locations to build or expand. I always point out that if location matters, they're not going to do any better than our state. I tell them that 60 percent of the population of North America lives within a long day's drive of the Keystone State. I remind them of our tremendous energy resources, which have driven down energy costs for homes and businesses. And I tell them that if they are looking for the finest workforce in America, their search is over – it's right here in Pennsylvania.

In all of these ways, my budget plays to our strengths. This budget invests more than \$450 million for job training for Pennsylvanians -- to make our workforce even better, and to sharpen our state's competitive edge. We should also invest more in the effort to draw new companies here, and to win back the ones that have left.

Every time we have a chance to tell the world that Pennsylvania is a great place to live and do business, we should. It's time well spent. And as our economy gets stronger, the message only gets more persuasive, and more businesses will come. To companies across this country and the world, we speak as one: Come here, and make it in Pennsylvania.

## **Healthy Pennsylvania**

Now and then, we make decisions in this building that carry consequences far beyond the years we will spend here. That's when we need to do our clearest thinking. Health care in Pennsylvania is that kind of issue, and here's where matters stand.

As the federal government has asserted more authority over health care in recent years, Pennsylvania has showed caution. We know a great deal about health care policy in this state. We have a history of bipartisan reform to prove it.

The Children's Health Insurance Program now reaches across the country, and the first state to put CHIP into law was Pennsylvania. We've kept it strong, too. And when we saw children having to wait six months before their coverage would start, we got rid of that requirement. Because our children come first.

In the same way, we've tried to protect physicians from the excesses of trial lawyers. In some cases, even a doctor's expression of sympathy or regret about a patient's condition was being offered as evidence of malpractice. That was an abuse of our legal system. We should be strengthening a patients' relationship with their doctor and not putting barriers between them. So we put an end to that too.

While things get sorted out in Washington, here in Harrisburg we've been at work on a program called Healthy Pennsylvania. It will make the most of the buying power of our state government.

It will take full advantage of competitive pricing in the free market. The program will bring more doctors into under-served communities, and bring specialists to remote areas through telemedicine.

When we are done, Healthy Pennsylvania will put high-quality, private-sector health insurance within reach of all our citizens, whatever their means. This is the solution we have chosen for ourselves. The alternative is to let Washington, with its usual one-size-fits-all mindset, make our choices.

Their approach would send a half-million currently uninsured Pennsylvanians into Medicaid, with no other option. Our approach would provide those same citizens



with the kind of affordable, private health coverage that working people all over this state receive through their employers.

Instead of a restrictive entitlement program, Healthy Pennsylvania will give these individuals and families more choices and independence, encourage healthy behavior, and deliver better care at less cost to the taxpayers. It will also save the commonwealth more than \$125 million this year alone.

To make good on this promise, all we need is a waiver from Washington. We'll do the rest. Pennsylvania will provide access to health insurance where it is needed most, we'll do it right, and we'll do it best.

### **Investing in People**

The smartest investments we make are the ones we make in people. We're committed to helping those who need it most. My budget is a reflection of this commitment. It will help secure a brighter future for our seniors, our neighbors with disabilities, our victims of violent crime, and our veterans.

As many of you know, Pennsylvania is home to a growing senior population. Our seniors deserve our best care. To make certain they receive the help they need. This budget will invest \$23.5 million to protect and expand services for nearly 3,300 older Pennsylvanians.

But we are not stopping there.

We have the chance to continue to improve the lives of our friends and neighbors with disabilities, individuals whose strength and courage have become a constant source of inspiration to me. For far too long, these people had to wait for services they and their families so desperately needed. But last year, our increased investments helped reduce that waiting list.

Just last week, I visited the Kroc Center where those with disabilities are able to work and lead fulfilling lives in the community. I saw the commitment of a community to make people's lives better. I know how important that commitment is, and so do you.

We need to create a Pennsylvania where people with disabilities, and their families, will never be forced to wait for services again.

This year, we will work to further reduce those waiting lists with an additional \$41.5 million to provide home and community-based options for people with disabilities and autism spectrum disorders.

The budget I propose to you today also helps guarantee victims of violent crime will not be forced to go through such a devastating experience alone. With a 10 percent increase in funding for Pennsylvania's domestic violence and Rape Crisis programs,

we will keep our commitment to provide the services necessary to victims of domestic violence and sexual assault.

To honor and care for those who have served in uniform, last year we established the Veterans' Trust Fund. This fund supports Pennsylvania veterans and their families and includes help for veterans in need of shelter and living necessities. The sacrifice of our veterans requires more. In this budget, I propose an additional \$1 million to honor our ever-expanding veteran's population. It is our duty to continue to support those who have served us so bravely.

### **Liquor Privatization and Pension Reform**

Along with the priorities of this budget, we have unfinished business we must address.

First, we have to reform our antiquated system of state-owned liquor stores. Visitors often wonder about it – unless they're from Utah.

Our own people don't think much of the system, either, because it's inconvenient and they don't appreciate paying monopoly prices. About the only ones who do like it are the stores in New Jersey, Delaware, and Maryland that pick up the extra business.

Pennsylvania loses about \$80 million a year that would otherwise be spent here. So here's a thought, let's make 2014 'last call' for state-controlled liquor in Pennsylvania.

A crucial reform that would provide the state with even more to invest in the future of our children is pension reform.

Three years ago, the commonwealth's pension debt was a 42 billion dollar problem. Today, it is a 50 billion dollar problem that continues to drive local property taxes up. This problem consumes more than 60 cents of every dollar of new revenue.

In fact, this year, we can expect to pay about \$1.5 billion in pension costs for state and school district workers. In just a few short years, that number is expected to grow to more than \$4 billion.

You heard that right, I said \$4 billion - with a "B".

When I was before this assembly last year, I proposed a comprehensive solution to our pension problem. My plan did not touch the benefits of retirees, nor did it touch the benefits that current employees have already earned. Debate ensued but no solution was agreed upon.

Since that time, some in this room have put forth their own pension reform plans. They see the need to do something; the importance of solving the problem.

I ask you to work with me in the coming months to find a solution. We must fix this. Those who say there is no pension problem are misinformed. They are in denial.

Billions in new debt to our state is the cost of doing nothing. The only question is whether we will do it now, when it's still a manageable problem, or let others do it later, when it's an all-out crisis.

So many good things that we achieve can be undone by uncontrolled debt and our increasing pension costs. The basic reform package in my budget this year will save this state and local school districts a combined \$300 million.

Inaction is unwise in the extreme, and deeply unfair to our children, communities and schools.

Again, I urge, help your state. Help your school districts. Help your taxpayers. Enact public pension reform before the end of this session.

## **Conclusion**

When it comes to our state and our ability to meet great challenges, I have great confidence in the people of Pennsylvania. We've seen our way through some fairly tough times.

And with some notable successes in this building lately, we have shown what we are capable of doing. These are the kinds of successes that usually last the longest in government work done with common purpose by both parties, in the public's interest.

Things are coming together. All around us are the hopeful signs of a stronger Pennsylvania. We have work to do, and commitments to honor. And now we have a way forward with the budget I submit today, a budget reflecting real numbers, responsible choices, and unlimited confidence in what our people can accomplish.

I have no doubt that you will give your full effort and nothing less. You can be sure that I will do the same. This year, together, let's give our best for the future of this great commonwealth. Let's build a stronger Pennsylvania.

God bless you, God bless Pennsylvania, God bless the United States and thank you.