



# SPEECH

GOVERNOR'S COMMUNICATIONS OFFICE

## STATE OF THE STATE ADDRESS "EDUCATION: OUR FIRST PRIORITY"

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FEBRUARY 2, 2004

Governor Wilder ... Speaker Naifeh ... Members of the 103rd General Assembly ... Friends ... Guests ... and my fellow Tennesseans. I stand before you tonight for my second time as Governor to report on the State of our State and to fulfill my obligation to recommend a budget prepared according to the provisions of our Constitution.

The dual purpose of this occasion ... reporting on the State of our State and submitting a budget ... is fitting. The State of our State in these times is deeply intertwined with how well we manage our fiscal affairs. The State of our State in the years ahead depends on the choices we make now about how to use the resources we have available to us.

Budgets reflect priorities. This year, let's redouble our efforts to make education the fundamental priority. Tonight, I am proposing not only that we spend new funds to support education, but that we move money from other areas as well. I'm proposing that we begin the process of rebalancing our commitments ... of re-establishing the education of our children as our highest calling.

Fiscal soundness is the foundation, and I can report to you tonight that ... together ... we are laying that foundation. Through a genuinely bipartisan effort, I am proud to say we will finish this year in the black, with no new taxes. The new budget I am submitting to you is ... once again ... balanced. And once again ... it requires no new taxes.

This time last year, I asked you to help me apply the common-sense principles of a family budget to state government. To figure out how much money we had coming in ... and then plan to spend that much and no more. We made some painful decisions. We embraced the middle ground of shared sacrifice.

Tonight, I'm asking you to continue this common-sense approach ... our family budget approach. We've succeeded in getting control of how much we spend. Now ... we need to get control of what we spend it on. We're working hard. Now, let's work smart.

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Let me tell you what I love about our state. I love Tennessee's vision and its vigor. Tennessee has been a wellspring of ideas and energy throughout our history. Tennessee was the birthplace of so much of America's exploration and expansion. A Tennessee governor ... James K. Polk ... was the visionary of manifest destiny; the ideal of an America that stretched from "sea to shining sea;" a Tennessee vision that became the America we know.

We have been the fount of so much of what is seminal in American music and culture. We have sent far more than our share of great men and women to the national stage. And we have sent far more than our share of "Volunteers" to protect our freedom and liberties abroad. It's appropriate tonight to recognize those Tennesseans who have contributed their service ... and sacrificed their lives ... during the past year. For all they have done ... we are grateful.

One thing is certain in Tennessee: We have always charted our own course. I believe with all my heart that the wisest course of all is to educate our children. But we have to step up here. Everyone in public life is for education; I've never met a candidate who was against education. The real test comes when one is asked to step up and put resources and political capital behind the rhetoric. I am confident that ... together ... we are going to pass the test.

Our new budget reflects that belief. This budget contains \$174 million in new money for K-12 education. That's one in four available new dollars. The investments that I'm asking in education support a four-part strategy for the upcoming year.

First: To fully fund the Basic Education Program. Second: To place a focus on recruiting and retaining the best possible people to teach in our classrooms. Third: To begin the process of education long before our students show up for their first day in the classroom. And fourth: To invest in technology. Let me take them one by one.

The BEP: I'm asking you once again to fully fund it as we did last year. That's basic.

Recruiting and retaining the best people in our classrooms: The reality is, we have a problem with teacher pay in Tennessee that we need to solve. Tonight, I'm asking you for an investment of \$90 million to help make our teacher pay more competitive with our surrounding states.

Of this, \$35 million will go to reduce the disparity in teacher pay between richer and poorer districts. Together with last year's "down payment" ... and changes we are proposing in the structure of the Basic Education Program ... this will meet the requirements of our Supreme Court. It will place us firmly on the path of ensuring that all children in Tennessee ... no matter where they live ... have access to the education to which they are entitled.

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I'm asking you additionally for \$55 million to help fund across-the-board pay raises for every teacher in Tennessee. This is part of a broader plan of pay raises for all our employees that I will discuss later tonight.

Certainly, I'm placing a lot of emphasis on teacher pay. But if you accept these recommendations, we will reach a milestone. This year, our average teacher salary is below the regional average. Next year, the average salary for Tennessee's teachers will surpass the Southeastern average.

Do I think this is the entire answer? Of course not. But I do know that attracting and retaining the best teachers in Tennessee classrooms is a giant step in the right direction.

Raising teacher pay is critical. But I'm asking you also for a small amount of seed money to begin a new program I call "Teach Tennessee." Teach Tennessee will provide mid-career professionals with the opportunity to serve as teachers ... especially in our most underserved rural and urban schools.

Tennessee is the Volunteer State. And I have met many Tennesseans who might be willing to spend five or 10 years of their career working as teachers with our children and teenagers. We need to recruit them. We need to develop alternative certifications for them. And most of all ... we need to get them into the classrooms. Funding the BEP ... and getting great teachers to come to and stay in our classrooms ... is critical.

The third element of this strategy is important, too: Working to help our youngest children arrive in their kindergarten classroom on the first day of school prepared to take advantage of what lies ahead. Our lottery is off to an excellent start. With this in mind, I'm asking for authorization to add to our pre-K program if the lottery should generate excess funds this year beyond what is needed for higher education scholarships.

I'm also asking for seed money to expand the Imagination Library. This is the innovative program started by our own Dolly Parton to place books ... one book a month ... in the hands of children from birth until they begin school. Books in the home are one of the sign posts of a child who will do well in school. And perhaps the greatest contribution we can make to a child is to help that child develop a true, lifelong love for reading.

As the fourth element of this strategy, I am asking for a modest investment to allow us to begin developing real state-of-the-art computer technology in the classroom. No Child Left Behind has underlined for us that we have schools and classrooms with difficult challenges. Over the past decade, modern business has used technology to transform how it performs. We should do no less for our children.

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In addition to focusing on K-12, let me turn now to higher education. In this tight year, I have had to ask for some modest cuts in the operating budgets of our colleges and universities. Far less than last year ... but cuts nonetheless. But we have more than offset these with recommendations for major capital investments on our campuses.

First: This budget proposes \$77 million for badly needed capital maintenance. These items have been too long delayed already. Second: I am proposing to you a new program of public-private partnership. I have placed an additional \$94 million of new construction money for higher education in this budget, which I propose to match with locally-raised money ... two for one.

For example, the University of Tennessee needs to rebuild the aging Glocker Hall at a total cost of \$30 million. We're saying to them, "If you raise \$10 million of this from private sources, then the state will provide the remaining \$20 million." This partnership ... if our college presidents take advantage of it ... will allow us this year to fund the 11 highest-priority building projects across our higher-education system ... from Northeast State to Motlow State to Dyersburg State. If this "challenge" is successful, we can extend it next year.

Last year, as we worked to get our expenditures under control, I had to ask our employees to forego raises. That was particularly painful for me, because I know the costs of groceries and gas and healthcare don't sit still. And I place a high value on treating our employees fairly. This is still a tight year, and we're cutting budgets in various areas.

But I am asking you to approve a total of three percent for our employees: Two percent as a regular raise on July 1; and an additional one percent as a one-time bonus out of the surplus we have been able to accumulate this year. This will apply to all employees ... state government, higher education and teachers alike. Our employees are our greatest resource in state government. They've earned this increase. We hope to do more in the future.

Because of the performance of the stock market, our pension plan requires the investment of an additional \$73 million annually to maintain its actuarial soundness. And we have incorporated that increase into this budget. I know one Legislator who would be pleased about that. John Bragg served in this House for more than 30 years. He passed away this weekend after devoting a lifetime to public service and to the principles of fiscal responsibility. I am proud to have known him. And I know that he will be missed.

In addition to all our other commitments, I am proposing to you investments in job training and in economic development.

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We are proposing that \$8 million of this year's surplus be added to the TIIPS fund for industrial infrastructure investment; that \$11 million be allocated to job training, primarily for two specific industrial projects with Nissan and Toyota; and for \$10 million to support the truly visionary biotech initiative in Memphis.

For me, one of last year's most personally painful cuts was in the land acquisition fund. While I was not able this year to fully restore these funds, I am proposing to allocate \$10 million of this year's surplus as a one-time contribution to begin making that fund whole once again.

If you've been keeping track as I have gone along, you no doubt realize that the investments in human capital that I am proposing total more than the new revenues that are available to our state. In order for us to make these common-sense investments we also need to make cuts in other areas, and this budget reflects those as well. We have asked most departments of state government to cut their budgets by five percent. And they have responded constructively and successfully.

As those in this Chamber know, all of our efforts for education will be for nothing if we don't succeed in controlling the growth in spending of TennCare. Left alone, TennCare will itself consume virtually all of the new funds we expect from our growth, and will starve and kill our commitment to education. That cannot happen.

I will be making a full report on TennCare and describing a strategy for its long-term stability in this Chamber in a little over two weeks. The budget you are being presented, however, incorporates some immediate reductions from the requested TennCare budget totaling \$112 million ... or five percent of the total TennCare state dollars. Combined with a greatly enhanced initiative to stamp out fraud and abuse, this will help us transition to the longer-term solution.

Before we close, let's step back for a moment. We are here tonight to begin the process of another budget, another session of the Legislature. Beyond these immediate tasks, we are also here to consider the State of our State ... to reflect on Tennessee's future ... and to reflect on our responsibilities to chart that future.

When finances are tight ... and they certainly continue to be ... it is all too human to fall into the trap of lamenting all the things we can't do, rather than focusing on those things that are within our power to change. As we forge ahead, we need to keep our balance. Good times shouldn't make us careless. Tough times shouldn't make us afraid.

I spoke at the outset about the vision and energy of Tennessee, and about our historical ability to chart our own course.

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Tennessee has always looked to the frontier. That frontier changes. It's no longer the prairies and canyons and mountains of the west. But the frontier is still there. It's still about realizing the dream of America. It's in pioneering the highest-quality education for every child. It's in fighting to bring every family into the mainstream of our wonderful country. It's in believing that we can truly be "One nation, under God."

I love serving as your Governor, and hope to do so for years to come. We have places to go, and I'm going to challenge myself in the years ahead ... and I'm going to challenge you ... to put aside the ordinary and the timid; to rekindle that Tennessee spirit to the new tasks at hand; and to once again lift our eyes to the far blue mountains and supply the vision and courage to go there.

Thank you and Godspeed.