



State of North Carolina Office of the Governor

Beverly Eaves Perdue
Governor

Good evening. Thank you, Speaker Tillis, Lieutenant Governor Dalton, President Pro Tem Berger, ladies and gentlemen of the General Assembly, members of the Cabinet and Council of State, distinguished members of the judiciary, honored guests, and my fellow North Carolinians.

It is my privilege to be here tonight, and I am joined by some very special people in my life - my husband, North Carolina's First Gentleman Bob Eaves and my sons and their wives, Garrett and April, Emmett and Sarah.

Now before I begin, I am told many of you in the room have blamed me for destroying Valentine's Day for your significant other. This speech doesn't last all night, and I bet there's a store out there that still has flowers. I have certainly made life difficult for legislators before, but in this case I am not your excuse.

This is my second opportunity to speak to you about the state of our state. Tonight finds us in a very different place than two years ago.

Two years ago we stood at the precipice of economic disaster. The stock market was in tatters. Construction in North Carolina had come to a screeching halt.

Business profits were down and companies were closing their doors. Workers were losing their jobs. Families were losing their homes. We stood on the edge of a cliff.

And when we looked over, we saw the potential collapse of the very foundations on which we have built the North Carolina we know today. We saw deficits, foreclosures, unemployment and bankruptcy. It was enough to make the best and strongest turn and give up. But, my friends, we did not give up.

We North Carolinians looked over that edge, and we did not flinch.

Instead, we began systematically, one day at a time, to overcome whatever the global recession threw at us. We squared up, put bat to shoulder, and swung hard. Two years later, we are winning the game and the nation is noticing.

We have garnered national acclaim as leading the way out of the recession and creating a business climate that is the envy of every other state. We are in the top ten states to improve our unemployment rate -- which has dropped by nearly one-and-a-half points compared to where we were last February.

Businesses are investing in North Carolina, building new facilities, expanding their existing plants, and putting our people to work. We have announced more than 300 new projects - companies we all know: Red Hat, Caterpillar and Electrolux and companies we are getting to know such as NS Aviation in Winston-Salem and Tasz, in Caldwell County. Businesses have pledged to create 58,000 jobs and are investing 12.5 billion dollars into the Tar Heel state and our people.

We are moving forward.

In a 24-month period, we have faced down a collective 5.5 billion dollar deficit in the state's budget.

And we have made tough decisions as we: cut services, saving more than half-a-billion dollars; furloughed workers, cutting another 60 million dollars froze salaries and closed programs, saving a combined 350 million dollars.

We made cuts that saved us hundreds of millions of dollars.

And in spite of these tremendous financial challenges, North Carolina today stands with a balanced budget - one of only eight states in America to maintain our AAA bond rating, and recognized by Site Selection magazine, Forbes, USA Today and others around the country as either the best state - or one of the best states- in America to live, work and play.

But there is much work still to be done, and there are many North Carolinians still hurting but still fighting. We all know someone - a spouse, a neighbor, a friend - who is still out of work. As long as that is true, our work is unfinished.

But North Carolina, my friends, is moving forward. We are not afraid to change - to adapt - to a new economic reality. And as I've said before, we must manage for results. That means resetting the way we do things.

It's more than just making those hard decisions about where to cut the budget and what jobs to eliminate. It's more than just repositioning our resources, shuffling things around, moving chairs on the deck. It's about real, significant, and sustainable change, resetting state government to work in a new reality, and to work for the people who call this state home.

North Carolina looks different today than she looked just two years ago. We have welcomed 400,000 more people. Our public schools are growing to meet the demands of a new North Carolina - enrolling 5,000 more students over the last two years.

And our business recruitment strategies have been renewed with an eye toward a global, high-tech economy - where North Carolina is no longer competing solely with Virginia, or South Carolina, or Georgia but also with China and India and other countries around the globe.

The budget that I deliver to you later this week is 2.2 billion dollars less than the budget that I inherited in 2009. It spends 11 percent less per capita and sheds thousands of state positions. Never before in history has North Carolina better lived the phrase "doing more with less." And, we must continue to do more.

North Carolina must be more agile, more responsive to citizens - less bureaucratic as we focus our limited resources on our core missions of jobs and education.

I've called upon the General Assembly to act where I am unable to. I sent over 345 boards and commissions for their review: Eliminate those that don't clearly benefit our businesses or our people.

I submitted more than 900 state regulations that are outdated and confusing, the first wave of the results in our Regulatory Review that began three months ago. Eliminate those 900 now and get ready to see hundreds more that I will send to you in the coming weeks.

Later this week, I will present a budget that: Consolidates 14 state agencies into 8; that privatizes some services; and that continues the hiring freeze and halted pay raises in all but the most critical jobs. And we will offer an early retirement package to those who qualify, shedding as many as a thousand workers.

So we will not just make government smaller, we will make it more efficient, more capable of serving the 9.5 million people who call North Carolina home.

We have embraced public private partnerships and new technology, not as a substitute for our own ingenuity, but as a way to enhance it. Cops on the street are using new databases and radio networks, and probation officers now communicate with the entire justice system to better protect us.

Medicaid officials are using new software to hunt down fraud, saving money and helping catch those who try to scam the system.

We are also providing a 21st century education imbedded with technology, more career and academic choices for students of all ages and have established a new level of accountability for our teachers and administrators. Today, 46,000 high school students are taking courses from the NC Virtual Public School.

Teachers are using handheld computers to determine what a child knows, or needs to know, so the child can get the help needed, before falling behind and being unable to catch up.

A year ago I asked North Carolina to join me in our Career and College- Ready Set Go! initiative. We challenged educators at all levels, from kindergarten through community colleges and universities, to focus on one single goal: to prepare all students to graduate ready for a career, college or technical training.

North Carolina accepted that challenge with gusto.

Leaders from throughout the education community and beyond joined together to make Career and College Ready Set Go! the standard for public schools across the state. Then - as North Carolina so often does - we took it a step further.

Using Ready Set Go as our foundation, we applied for federal Race to the Top funds - and we won. Because we are not afraid to think differently and to demand more from our students and educators, we were recognized nationally as one of only 12 states leading the way in education reform. Career and College Ready Set Go! won us 400 million dollars in federal Race to the Top funds and a spot on the lists of states to watch.

So we are resetting state government, and resetting education. We are also resetting the way we go after businesses - and the jobs they bring.

Last summer, a company called Clearwater Paper was looking for a site for a new manufacturing and distribution center. When they looked at North Carolina, they found a business climate where clusters of 21st century industries thrived:

- Green businesses,
- companies tied to our vibrant military bases,
- and innovative start-ups -- the next SAS or Quintiles.

They saw local and state governments willing to work with them as partners.

They found flexible recruiting tools like the One North Carolina Fund. Last June, after considering 100 different sites in several other states,

Clearwater Paper decided, like many other companies, that North Carolina is THE state for their business and workers. They are investing 260 million dollars to set up shop in Shelby, and over five years, they will employ 250 people.

Gordon Jones, the company's chairman and CEO, explained the decision this way, "It was a critical combination of four things - reasonable taxes, good highways, available workforce and a very good working relationship with city, county and state agencies that made North Carolina the excellent choice for us."

Mr. Jones is with us tonight. Would you please stand up, and let's all welcome Gordon and Clearwater Paper to North Carolina.

Clearwater Paper and its 250 jobs could have gone anywhere. So could Plastek, which is bringing 250 new jobs to Hamlet - that's a huge deal in a town of 6,000 people.

They picked North Carolina because we use every tool in our toolbox to convince companies that the Tar Heel state deserves our reputation as the BEST place in the nation to do business.

And let me be clear: that includes our use of business incentives.

Tonight I propose giving North Carolina one more tool to attract new jobs and to grow jobs here in existing small businesses: Tax relief for corporations and for small businesses.

Right now, we have the highest corporate tax rate in the southeast. That means our businesses are paying more taxes when they could be creating jobs. That's a strike against us from day one as we work to convince businesses that North Carolina is the best value. Businesses look at more than the bottom line, but the bottom line is the big difference maker in a company's relocation decision.

So in this budget we will continue to fund our business incentives for job growth and job recruitment and I am asking the General Assembly to lower our corporate tax rate to 4.9 percent the lowest in the southeast and one of the lowest in the nation.

This change will push North Carolina to the forefront in growing jobs for our people. And that, my friends, must be the No. 1 priority for every one of us in this chamber tonight.

I also understand clearly that existing small businesses are the core of North Carolina's economy. That's why I worked with the North Carolina Rural Center to develop the Capital Access Program - the very first in the nation to put federal Treasury funds into the hands of small business owners who need loans.

With 46 million dollars in federal money, we will leverage up to 800 million dollars in loans from banks across North Carolina - loans that will be used to grow businesses and create jobs.

Everywhere I have gone for the last two years, this is the No. 1 worry I have heard from small business owners or companies hungry to start up.

They say to me: "I can't find capital." Well, now you can.

And my job creation package will be more robust than ever before - investing in incentives to support small businesses and green companies. We will provide tax breaks for companies like LSG Printing here in Raleigh.

LSG was started by Wayne Branch ten years ago. He had two employees and shared an 800-square-foot space with another printer. He carved out a niche printing plans and technical documents for architects and engineers. Business grew. Then the recession hit and construction slumped.

Wayne adapted his business in the spirit of reinvention that we know so well in North Carolina. He started providing green projects - producing electronic documents instead of paper. He started selling copy equipment and those giant signs that wrap around trucks and buses. And he ventured into web design.

Wayne now has 36 employees, a 14,000 square-foot printing plant and a satellite office in Greensboro.

Wayne is in the gallery tonight if you would please stand.

We want to draw outside money into our state, but we also want to keep North Carolina dollars here. So I have expanded our North Carolina Business Preference to include information technology purchases, making sure that more North Carolina tax dollars go to North Carolina-owned businesses.

A year ago we created the North Carolina Business Preference, which gives our own home-grown companies the opportunity to match the low bids for state government contracts. So we keep those North Carolina tax dollars here and we keep our citizens working. That's just plain ol' North Carolina common sense.

These days our economy is increasingly driven by knowledge instead of muscle, so as the state transforms, government must adapt. It's the only way to continue our progress.

We are writing our own story of North Carolina, as we continue to create the promise of tomorrow for our children and grandchildren. Friends, we know how to do this.

This is not the first time our state has been struck by adversity, nor the first time North Carolinians have had our resolve tested. We were the first state to call for Independence before the American Revolution. The nation's first public university sits in North Carolina. North Carolinians transformed a Greensboro lunch counter into a beacon for the Civil Rights movement. We turned a plot of undeveloped pine forest into the world-renowned Research Triangle Park.

Tar Heel families give our sons and our daughters to the Army, the Navy, the Air Force, the Marines, Coast Guard, and the National Guard. We cry together when they are wounded or give their lives for America, and we rejoice together when they come home.

Through it all, we declare ourselves - our North Carolina - to be the most military friendly state in America.

We are the people who refuse to turn backwards. We have the ambition to conquer tomorrow. Generation after generation, North Carolinians have risen to meet any challenge, and have overcome what many other states, especially in the South, have not. Decade after decade in this state, our leaders - from both parties, from the public and private sectors - have consciously chosen to do whatever it takes to ensure that North Carolina is the most progressive state in the South and in America.

I'm talking about Governors Sanford and Hunt, Martin and Holshouser - visionaries who knew how to focus on what sets North Carolina apart. They were never afraid to reinvent, to innovate, and change the game. They never ran away from tough choices or necessary investments to protect our core-- education.

Last year I visited China on a trip to recruit new businesses and develop our economic relationships with our second largest trading partner. It was my first time in that country, and I'll tell you, I wasn't fully prepared for what I saw or how I felt afterward.

I went into classrooms where children were studying concepts far in advance of American children of similar ages. They demand more work out of their kids. They require more involvement from parents. They expect no less than excellence from their students and teachers and parents and schools. Education in China is a major part of the reason their workers are global competitors.

Make no mistake - they are North Carolina's competition, and they have learned from our successes.

Brian Crump of Catawba County knows what I mean.

Let me tell you a little about Brian. China changed his life too, but in a very different way. He was a high school football player. He got decent grades, and went to work in a furniture factory shortly after graduating. He got married. They have three beautiful kids. Life was good. Then the factories started laying off workers or closing. Chinese imports were competing with American products.

Six years ago, Brian lost his job. He was angry. He'd worked hard, built a good life as a factory worker. He didn't know anything else. But with a family at home, he didn't have time to feel sorry for himself.

Brian made the choice so many other North Carolinians have made through this recession. Brian decided to reinvent himself. He turned to Catawba Valley Community College and started training for a job that had always called out to him, but a job he had never actually thought possible - being a paramedic.

It wasn't an easy choice. After a year in school, finances were short. He fell behind on his mortgage. He had to sell his truck to make ends meet. He said: "I was in shambles." But Brian did something else we North Carolinians are known for - what got us our nickname as the Tar Heel state - he stuck with it.

He slogged through that second year, and today Brian Crump is a paramedic for Catawba County EMS. Brian took a hard time and economic challenge, and turned it into an opportunity to change his life.

Brian is here with us tonight. Brian, will you and your family please stand up?

This is who we are in North Carolina.

We have an unmatched capacity to persevere. We grow stronger from adversity.

The fires of the recession have forged a new North Carolina, one where we never lose faith in our possibilities. So many of those possibilities point directly back to education.

Brian Crump had access to a stellar community college system that could help him retool and retrain. He took advantage of that resource and took a life that was turned upside down and righted it.

There are thousands and thousands of North Carolinians out there right now who are looking for that same kind of turnaround. Others are looking for a start.

While we've seen North Carolina's high school graduation rate increase to 74 percent that is not good enough to reach North Carolina's goal for EVERY child to graduate high school ready for a career, college or technical training -

How many of those students drop out of high school because they see no way to ever be somebody? How many give up because they don't understand the value of a high school education? Or because they never dreamed about career training or college because they didn't think they could afford it?

Tonight I am following through with a promise I made to North Carolina more than two years ago: a College Promise. Except tonight I am rebranding it as North Carolina's Career and College Promise.

By consolidating existing programs and nurturing partnerships between high schools and our community college system, career training and a college degree will be more affordable to our students than ever before.

In the budget I will submit to you, any high school junior who signs up at school for the Career and College Promise who meets certain criteria while maintaining high academic standards will be eligible to earn a two-year college degree at no cost.

The students of the Career and College Promise will have a new reason to stay in school because for what may be the first time for many of them or their families they will have a clear, attainable path to success. They will have the ambition to conquer tomorrow. They will be the workforce we depend on to propel our futures. These students will be the workers who fill our 21st century industries and workplaces.

The North Carolina Career and College Promise will set them on the path to a career or college degree but we can never forget that real education begins in the early years, long before they reach high school.

Every single child in this state must have the very best education we can muster. Every single child has a right under North Carolina's constitution to a basic, quality public education, no matter where he or she lives.

I go in and out of schools all across North Carolina and meet many, many marvelous teachers and principals. Teachers like Jennifer Facciolini of Midway High School in Newton Grove. Jennifer is North Carolina's teacher of the year, and she is here with us tonight. Please stand up, Jennifer.

We wish every classroom had a teacher like Jennifer. But the truth is, teaching positions have been lost during this recession. There are schools all over the state that are failing our children. And there are teachers and administrators failing to meet the standards of excellence that we need from them.

My friends, this is unacceptable.

The budget I submit to you will fund every current state-supported teacher and teaching assistant position. We will demand that all teachers and administrators meet our standards of excellence or we will replace them. Now is not the time to let our children fall behind. We must act decisively, and we must act now to ensure all children in every single school system get the sound education they must have to compete in the workforce of tomorrow and keep our state competitive.

I urge the General Assembly to join me in making critical choices about how we invest our state's resources. The leaders in this room tonight have a decision to make: invest in our students or cross your fingers and hope for the best.

We all understand this state is facing a 2.4 billion dollar deficit. The cuts have already begun, and so has the debate over where to cut more. I have made deep and painful cuts, and I will listen to any suggestion for cutting waste, finding savings and stretching our limited resources.

But there is one thing I will not do - I will not sacrifice our children's future. We will not eliminate teachers, whose job it is to build that future and the future of our state.

No governor or legislature in our history has ever walked away from that core responsibility, and I refuse to be the first.

Tonight, you have heard me talk about what makes North Carolina great.

You have heard me talk about our capacity to change, our toughness in the face of adversity, our relentless ability to reinvent ourselves and keep on going. You have heard me praise the leaders that came before us, who made conscious choices to invest in our children and their future. And you heard me talk about my priorities of creating jobs, educating our children and transforming state government.

Hear me now: I will not back down from these priorities.

I will not play partisan politics, and I will reach across the aisle to find compromise. I will sacrifice some of my goals if it means protecting our children's education and growing new jobs.

I challenge you to do the same, for our people, for our state, for our children.

We in North Carolina can never forget what those leaders before us knew so well. The story of North Carolina is still being written, and this chapter is ours.

Someday, when our children learn of our present struggle and the choices we made. When they read the history of this moment they will turn the page, and learn that in this Great State, we, like our forbearers, refused to betray our future just to soothe the sting of our present need. They will learn that through our faith in each other and in God, we were undaunted.

Join me in this endeavor; so when that day comes, our children can proudly recall our fierce ambition for their tomorrows.

God bless you, and God bless the great state of North Carolina.