



PHIL BRYANT
GOVERNOR

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

STATE OF THE STATE
2013

Thank you Mr. Lieutenant Governor and thank you Mr. Speaker. I'm honored to be here before you tonight and am and honored to have these two young and dynamic leaders to help me move this state forward. I know as we begin this new year, both of you stand ready to bring positive change to Mississippi.

To the members of the Legislature, I thank you in advance for your service. I know that all of you will join me in thanking the people of Mississippi who sent us here to represent them. In this grand Republic, the citizens are the sovereigns, while we are their servants. We are here to work on behalf of our fellow Mississippians and to support productive policies that bring positive change to our state. I believe we are ready for the task.

I hope we have a great session all the way until we hear one of your favorite Latin phrases: Sine Die. When I was here, our favorite phrase, of course, was Per Diem.

I am proud that Mississippi's First Lady is here with us tonight. Deborah has traveled across this state in the past year, showing support and raising awareness for various causes, and inspiring those Mississippians who have been affected by disaster. I have been honored to watch her rise to her new role with the grace and caring that has blessed our home for 36 years. She is the light of my world and an inspiration to those she reaches. Please join me in welcoming Mississippi's First Lady.

In 1624, the English poet John Donne wrote, "No man is an island, entire of itself;" reminding us that the power we hold as a collective group is greater than the power of any single individual. The people of Mississippi made a change in leadership at the Capitol a year ago, and what they expect is bold action.

Each of us is a part of this great state, and each of us has a responsibility to contribute. Tonight, let us first remember that any success we may achieve through this body must be completed together. As I told you last year, we may fail separately, but we can surely rise together.

The constitution requires me from time to time to report to you on the state of our state. Last year was a great year for Mississippi. New jobs were created, tax relief was given, workforce training plans were enacted, and advances in our energy and health care sectors took hold.

Across Mississippi, dual enrollment programs are taking shape to provide more opportunities to help lower the dropout rate. More children are being treated for Dyslexia due to laws passed last session.

Thanks to the work of this Legislature, the Department of Education changed the complicated formula for ranking our schools to a simple one: A through F. And the passage of The Child Protection Act has given law enforcement officials more tools to bring child predators to justice.

In 2012, you helped produce one of the most business-friendly legislative sessions in modern history, and I thank you. Therefore, I am proud to stand here, able to report that the state of our state is strong.

Last January I told you that my first job was to make sure every Mississippian who wants a job has one. We have made great improvements, and with the help of the Mississippi Development Authority, we grew our existing businesses and brought new world class companies to our state.

As Governor, I am so proud of our state when a new business opens its doors or an existing business announces an expansion. Those moments are a testament to our people and our commitment to job creation.

In 2012, Mississippi's economic development efforts resulted in the announcement of nearly 2,700 new jobs. This success represents a private sector investment of more than a half-billion dollars. Let me share a few examples:

- Rolls Royce announced a 50 million dollar investment to construct a second jet engine test stand at Stennis Space Center and create 35 new high tech jobs. Rolls Royce and Stennis Space Center are an integral part of Mississippi's aerospace industry, and Stennis continues developing research and technology to further the exploration of space. Remember, it has been said, "Man may one day go to Mars, but he'll have to pass through Hancock County to get there."
- Kimberly Clark is increasing its presence in Mississippi, opening a medical products distribution facility in Southaven that is creating 100 new jobs. More than a quarter of the world's population uses this global company's products every day.
- Caterpillar is working to build new a warehousing facility in Alcorn County. This project represents a private sector investment of more than \$30 million, and Caterpillar will create 35 additional jobs at the new facility.
- Metso, a Finland-based process technology company that employs more than 30,000 people worldwide, announced plans to further invest in its Clarksdale operations. The company is adding approximately 40 jobs and investing \$4 million in its Mississippi expansion.
- Nissan in 2012 increased production and added the Sentra—and 1,000 new jobs—to its Canton facility. Just two weeks ago, Nissan celebrated 10 years of

manufacturing excellence in Mississippi and announced it would build yet another model in this state, the Murano crossover.

There are also companies creating jobs in Mississippi whose names may not be as recognizable but are just as important to our economic efforts. These businesses are global leaders in their industries. For example:

- BorgWarner, a leader in powertrain technology, announced an expansion in Water Valley and the creation of 50 new jobs. This is BorgWarner's third expansion in Mississippi in two years.
- Roxul, a leading manufacturer of stone wool insulation products, is investing 130 million dollars to build its first U.S. manufacturing plant, which will create 150 jobs in Marshall County.
- Foley Products, a manufacturer of precast concrete components, announced a new facility and an investment of \$7 million in Prentiss. The new facility will create 40 jobs.
- General Atomics is investing \$12 million in its seventh expansion in Tupelo, which is creating 25 new jobs.
- Two weeks ago, aircraft components manufacturer Aurora Flight Sciences announced a 17 million dollar expansion, creating 250 new jobs in Columbus.
- Drax Biomass announced it would construct a wood pellet production facility in Gloster. Its Mississippi-made pellets will fuel the company's power plants in the U.K. The project will create 45 jobs in Amite County and represents an investment of more than \$80 million by the company.
- One week ago, we cut the ribbon on Comfort Revolution's new furniture manufacturing facility in Tishomingo County. The company is creating 200 jobs.

While I have only named a few examples of some larger projects, efforts by MDA to help expand our existing, home-grown businesses go on every day:

- Contract Fabricators, a manufacturer of large pressure vessels headquartered in Holly Springs, invested just over \$1 million to expand into Iuka and create 50 new jobs
- Two businesses—Mount-Olive based Blain and Fores Canada announced a new partnership to manufacture sand used in oil and gas recovery. Blain invested \$7 million, and its Canadian partner invested \$27 million in its new Mississippi operations. Together, these companies are creating about 60 energy-related jobs.
- Oxford-based mortgage technology company FNC announced an expansion into international markets, which is creating 100 new high tech jobs. The company was recently named one of the top 100 financial tech companies in the world.

- And VT Halter Marine, headquartered in Pascagoula, is constructing a ship repair facility that will generate 400 new jobs. The company currently employs 2,000 people at its Mississippi shipyards.

I am also pleased tonight to make a new economic development announcement.

Ashley Furniture – one of the largest furniture manufacturing companies in the world and a leading employer in our state – is expanding its Mississippi operations.

Ashley Furniture has had a manufacturing presence in our state since 1994, and this world-class company has continued to invest in its Mississippi operations and in our people over the years. Today, the company operates manufacturing facilities in Ecru and Ripley that employ more than 3,000 people.

With this expansion, Ashley will soon be opening a mattress manufacturing and customer service center in Verona, which will create another 60 jobs.

Joining us tonight is Ron Wanek, chairman and co-owner of Ashley Furniture.

Ron, Mississippi is grateful for your confidence, and we look forward to many more years of success for Ashley Furniture in this state.

I describe all these projects to you so that you can see at once what I get to see every day as Governor. MDA making contact with site-selectors, beginning the competitive recruitment process, putting a deal together, and landing a business win. With all the work our sister states have recently put into economic development, we must support the critical role of MDA.

Tonight I call on you to make sure the world knows Mississippi will not take a back seat to anyone when it comes to attracting jobs.

In the fall of this year, Mississippi will be the host of the United States Southeast Association and Japan Association meeting on our Gulf Coast. Our partnership with Japanese companies that do business in our state like Toyota and Nissan is strong. Hosting SEUS-Japan is our opportunity to showcase that partnership for the companies in attendance. I'm honored to have here with us tonight our American Chairman, Mr. William Yates, President and CEO of W.G. Yates & Sons Construction Company based in Philadelphia, Mississippi. Please join me in welcoming William Yates.

Through business development efforts, I get the chance to meet and talk to business leaders from around the world. They continually express their admiration for the quality of our people and our workforce. This session, there is one definitive way we can make sure that our workforce will remain competitive: we must improve our public education system.

After the legislative session last year, I formed a working group of educators at all levels to identify the core problems in Mississippi's public education system and develop realistic recommendations for improvement.

The statistics are troubling: Statewide figures show that nearly 17 percent of Mississippi students who begin high school never graduate; worse, 22 school districts in this state have a dropout rate of 25 percent or more. One half of Mississippi third graders are not proficient in reading. More than two-thirds of our fourth graders and eighth graders are also behind in reading, and Mississippi's math attainments are equally dismal.

These facts cannot be swept under the rug or explained away by concluding we just aren't spending enough money on public education. Make no mistake—these alarming numbers are evidence of a crisis in our education system and are tied directly to our dropout rate, our poverty rate, and more. Our very economic stability as a state is threatened if our education system is not improved.

Our higher education system spent more than \$35 million last year on remediation, and only 11 percent of Mississippi students who took the ACT met all of its benchmarks for college readiness. We must make reforms now so that our citizens can be productive contributors to our communities and less reliant on social welfare programs.

My administration has issued a set of policies to improve our schools. Known as "Education Works", these measures address our most pressing needs.

One of the policies many of you have heard me speak about is what I call the third grade gate. That simply means that we will end social promotion of third grade students who cannot read on a third-grade level.

We only hurt our students when we shuffle them through the system before they are ready. Taking additional time to ensure these students have adequate literacy skills will prepare them for success in later grades. I call on you to enact this important reform this year.

I also call on you to fund \$15 million to assist with literacy improvement efforts. These funds will help us train teachers on best-practices in reading instruction and will also help provide reading interventionists to help struggling third-graders and other students. If our education system does a better job early on making sure students can read on grade level, remediation costs will decline.

I have also discussed pay for performance – or merit pay – for our teachers. I believe we should reward our most effective teachers by compensation. Let me be clear, no teacher will lose any salary. Four districts—Lamar, Gulfport, Rankin and Clarksdale—have agreed to pilot this program. The results will help implement evaluations using frameworks established by the Mississippi Department of Education. Rewarding our best teachers with higher pay is the best way to keep great teachers in the classroom.

In addition to keeping and rewarding great classroom teachers, we must raise the bar for new teachers. The bill I submitted raises the entrance standard for education programs. Under this act, a student must have a 21 ACT score and a minimum GPA of 3.0 to become a teacher. Why would we want anything less for our students? We can also incentivize the best and brightest students to be school teachers by paying for them to attend an in-state college. I am asking for you to fund 200 scholarships for students

who have a 28 ACT score, a 3.5 GPA, and who commit to teaching in Mississippi public schools for five years.

When it comes to early childhood education, we must be realistic. I believe that parents are responsible for a child's earliest learning, but unfortunately many have abandoned that duty. To address this issue, we should work within the existing framework of child-care centers throughout the state and continue to assist in improving their efforts. By working with successful programs like Mississippi Building Blocks, we can develop best practices in early education. I ask you to fund \$3 million to continue the literacy research Building Blocks is conducting so we can help make sure children begin school ready to learn.

For far too long, a family's street address locked them behind a wall into one school. What if that school were failing? What options do parents have? As of today, the answer is none. Tonight, I am calling on you to change that.

When districts have room and choose to accept students from other attendance zones, we should allow them to do so. Open enrollment will create competition and offer freedom from restrictions that keep children in failing schools. Let us tear down those walls.

I am asking you to pass an act that will create privately funded Opportunity Scholarships so students who are below 250 percent of the poverty level and live in D and F schools districts can have a chance to take resources and go elsewhere. Let us give parents a choice so children can have a chance.

We should also have a workable charter school act that provides choices for parents. More than 40 other states have this option. Shouldn't we allow such opportunities for our own children? I applaud the Senate and the House for their efforts on this important issue. When a good charter school bill reaches my desk, I intend to sign it.

I am also asking you to support dropout prevention programs like Jobs for Mississippi Graduates, fund national certifications for high school students enrolled in workforce training, and continue to support Teach for America and the Mississippi Teacher Corps.

President Ronald Reagan reminded us in his 1982 State of the Union, of the "countless, quiet, everyday heroes of American life." Counted among those heroes are the parents who work so hard to bring more opportunity and a better life to their children.

It is for these quiet heroes that we strive. We must make available the opportunity to succeed. No longer should we tightly grip the key to the gate that traps children in poorly performing schools and districts. That key should be freely offered, and tonight I urge you to protect Mississippi's economic future by enacting these bold reforms.

It is imperative that we remember what others have also known—the path to Mississippi's economic success must pass through the school house door.

I am honored that both chairmen of the Senate and House Education Committees have agreed to author the "Education Works Act of 2013", and I thank Senator Gray Tollison and Representative John Moore for their support.

Just as failure in public education can threaten our economic stability, so too can overreaching federal mandates. Mississippi is faced with shouldering the costs of the so-called Affordable Care Act, or Obamacare. Many of these costs will be thrust upon us without our consent. However, we do reserve the right to choose whether or not we expand Medicaid.

Let me be clear. Any law that will add 300,000 Mississippians to a federal entitlement program partially funded by the state will either result in a huge tax increase or drastic cuts to education, public safety, job creation and other budgets. It will leave our children and grandchildren with ballooning federal debt. The research company Milliman analyzed The Affordable Care Act and its potential impact on Mississippi. They determined that if Mississippi fully expands Medicaid, our state will spend more than \$12 billion on the program between 2014 and 2020. These numbers are staggering.

Instead of assuming enormous costs that we cannot afford, I would suggest that we spend our time and efforts in finding good jobs for all Mississippians. We should be compassionate by lowering our Medicaid population through economic growth, personal responsibility, and providing more access to private sector health care.

To help us further develop our medical industry and identify ways to improve our personal health, I am pleased to announce the formation of the Mississippi Health Care Solutions Institute. Dr. Clay Hays, a respected cardiologist and former chairman of the Greater Jackson Area Chamber Partnership, will serve as the first chair of this non-profit group. This institute will serve as a Chamber of Commerce for Health Care, bringing our medical industry together and supporting health care as an economic driver in our state. Please join me in thanking Dr. Hays for assuming this critical responsibility.

One essential health care step we must take is increasing the number of doctors in Mississippi. We know that physicians create about \$2 million in economic impact in their communities, including the people they hire, and the equipment and supplies they buy to run their offices. Having more providers will create better health care access for Mississippians, thereby lowering the cost of health care.

Just this month, I joined the University of Mississippi Medical Center to break ground on a new expansion of the School of Medicine. With the addition of new classrooms and laboratories, each incoming class of medical students will increase to more than 160. This means Mississippi will graduate more doctors.

The University estimates that by 2025, an expanded Medical School would produce 1,000 new physicians and support more than 19,000 new jobs. I ask the Legislature to consider the impact of this medical school on our state and support its growth.

We should also look to our energy sector for growth and job opportunities. Mississippi is a leader in many energy related policies and industry practices. By supporting energy development and investment, we can bring more jobs to our residents. As chair of the

Southern States Energy Board, I will work hard to make sure Mississippi is positioned as a leader in the energy economy.

As all of you understand, Mississippi's business climate plays a critical role in attracting new opportunities and new jobs to our state. In my Executive Budget Recommendation, I proposed a small business tax relief measure that will further stabilize our business climate. Each June, certain small employers in this state are required to pre-pay a portion of their taxes.

Known as the delayed-accelerated tax payment—a name only the government could create—this move puts a large burden on our state's job creators. My budget proposes relief for small employers, and I urge the Legislature to support it. The National Federation of Independent Businesses joins me in my call.

Last year, we took steps to protect Mississippi's financial stability. You were responsive to my request not to spend more than 98 percent of General Fund revenue. I have made the same request this year and ask you to join me in this commitment to savings.

I also ask you to heed the guidance of my Executive Budget Recommendation and support the essential functions of our government. I understand the difficult decisions required when allocating limited resources for multiple priorities. I have submitted two balanced budgets as Governor. I served as Lieutenant Governor during the beginning of the financial crisis and had to make tough choices to cut more than \$100 million from state government. However, public safety and economic development are essential functions of our government, and they should be treated as such.

I will accept that any agency can do a better job of managing its resources, and I continually challenge my Executive Agency Heads to do so. I especially ask that you will work to the best of your ability with our new Executive Director at MDA, Brent Christensen, to support economic development, business recruitment and tourism in Mississippi.

The story of our country is bound by the men and women who risked, and in many cases, gave their lives for the life of someone else. Human acts of selflessness are what sustain and define our great nation.

As Mississippians, one could say our most active security threat is the strike of severe weather, and last year, like many years prior, reminded us of the sudden danger that severe weather can bring. Mississippi suffered the impacts of Hurricane Isaac just a few short months ago. This storm destroyed homes, threatened dams, and flooded communities.

Families were rescued from the rising flood waters by swift water teams, and I am proud to have personally witnessed the bravery of individuals from The Mississippi National Guard; The Department of Wildlife Fisheries and Parks; The Department of Public Safety; and many local response agencies. In all, nearly 900 Mississippians owe their lives to the daring rescues these brave men and women completed. Please join me in thanking these Mississippi Heroes.

So now we, in this government, have begun our second year of service. I know each of you understands that nothing which truly makes a difference is ever achieved alone. As your Governor, I stand ready to lead our state forward. I have asked you to consider some bold initiatives tonight, and I am under no illusion that accomplishing them will be easy. To paraphrase President John F. Kennedy, we do not attempt these things because they are easy but because they are hard and we are willing to accept the challenge.

I know that all of us share good intentions and great hopes for our mutual success. I am reminded of Chapter One, Verse 18 in the Book of Isaiah, where the prophet writes, "Come now, let us reason together..."

Here is my pledge to you. Work in good faith with me on items both easy and hard, and I will pledge to you to do the same. We are a state of great people, who are confident in a promising future.

Remember, "No man is an island, entire of itself." We must work together to achieve big things. And together we will.

God bless each of you.
God bless Mississippi;
And God Bless the United States of America.

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