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Mr. Speaker, Mr. President, Distinguished Members of the Legislature, Honorable Justices of the Supreme Court, Constitutional Officers…My Fellow Nevadans:

It is a special honor to be here for my first State of the State with so many new members of the Legislature. Nevada is fortunate to have these leaders take office when we are in such a time of need. Welcome, all of you.

Welcome, too, all of the many guests who have joined us here in the Assembly chamber. Kathleen and I are honored that you are willing to share this evening with us. Please also allow me to express my special gratitude to the Douglas County High School Junior ROTC, Captain Hal Woomer, LeAyer Dante, and Manuel Mederos for their contributions to tonight's program.

Ladies and gentlemen, as we gather here in Carson City, countless Nevadans are watching on television or the Internet. It is as if the collective Nevada family has gathered around the table – each member leaning forward in his or her chair, eager to hear the news. In this time of sacrifice, our Nevada family looks to us for reassurance, for solutions, and for leadership.

And so I begin with the story of two men in uniform whose leadership in times of sacrifice can inspire us all.

Lieutenant Colonel Tony Millican is stationed at Nellis Air Force Base. He was awarded the Bronze Star and the prestigious 2010 Air Force Lance P. Sijan Award for his heroism in Afghanistan. Lieutenant Colonel Millican survived a blast from a 700-pound

explosive device that exploded less than 50 yards away from his location. His story of courage is echoed in the tale of Specialist Ernesto Padilla from Gardnerville. Specialist Padilla is assigned to the First of the Two-Twenty-First Cavalry of the Nevada National Guard. He left his pregnant wife in May 2008 and deployed to Afghanistan, where his vehicle was sliced in half in an explosion. He was severely injured and he earned a Purple Heart.

These are but two examples of the sacrifices made by our men and women in uniform every day. Gentlemen, God bless you both, and thank you for putting service above self.

As our family gathers tonight, Nevadans are confronted on all sides with bad news. Our friends have seen their credit ruined. Someone in our family has lost a job. The house around the corner stands vacant. A neighbor has closed her business. A relative is one trip to the doctor away from financial or physical ruin.

Some believe government is the only solution to our current plight. I disagree. Unemployment, foreclosures, bankruptcy – the cure is not more government spending, but helping businesses create jobs. The key is to get Nevada working again.

The Silver State has a long history of economic peaks and valleys. But the state of our state this evening should not be described as just another dip in the road. Instead, we find ourselves on the new terrain of a changed global economy, and the crossing is hard. The Nevada family looks to us to understand how we will navigate this new path. Certainly, there are short-term solutions – some of them painful. But true success lies in making a fundamental course correction and declaring, in the words of Abraham Lincoln: “The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled

high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew."

We begin with the state budget.

STATE BUDGET

When my staff and I first arrived at the state capitol, we were told that the State General Fund must spend $8.3 billion in the coming biennium instead of the $6.2 billion we are spending today. We rejected that premise. The population of Nevada has declined, yet the proposed budget would have increased state spending by 34 percent. That kind of math made no sense. Like any Nevada family or business, we began the budget process by looking at how much money we had to spend, not at automatic spending increases. We sought to return spending to 2007 levels, before the current economic crisis. And when the Economic Forum released its forecasts in December, revenues for the next biennium were projected to be only $5.3 billion. So we started there.

We examined each department on a case-by-case basis. Medicaid and other Health and Human Services caseloads have grown exponentially, requiring an additional $245 million. Moreover, Nevada is now responsible for providing an extra $190 million toward the federal Medicaid match. We also must begin paying the $66 million in interest on money Nevada has borrowed for unemployment benefits.

The previous budget included $450 million in stimulus funds from the federal government. Of course, stimulus spending was intended to be only a one-time contribution to our state budget, so it was not available for the next biennium. Finally,

due to reductions in local revenues, the State must contribute an additional $440 million to our public schools.

In total, there was a $1.2 billion hole in the budget. We were confronted with the difference between immediate priorities and long-term investment. That required us to reform our overall spending plan. And I can tell you the process was as painful as it was necessary.

The budget I am submitting to the Legislature represents an eight percent reduction in total spending from the current biennium. My budget recommends the consolidation, elimination, or centralization of 20 departments and agencies. From the consolidation of the Departments of Personnel, Information Technology, Public Works and Administration to the smaller but nonetheless important streamlining of energy policy, we will make state government more efficient and more responsive.

State employees have been told that merit pay and longevity pay will remain frozen, and salaries will be reduced by five percent. I believe this is a far better alternative than the mass lay-offs chosen by other state and local governments. Positions are eliminated in this budget, and lay-offs will occur, but not on the scale seen in other states. My plan also eliminates the cumbersome furlough program. Administrators and employees alike told me furloughs make it difficult to manage an agency and nearly impossible to provide high-quality customer service.

Basic Support in our K-12 schools is reduced by $270 per pupil. The change in total support from current spending is just over nine percent. While this is not ideal, I believe the reductions are within reason if the education establishment is willing to make real changes in how those dollars are spent.

State, local, and student revenue for the Nevada System of Higher Education is reduced by less than seven percent. With the loss of one-time stimulus dollars, the total reduction is 17.66 percent. However, the Regents have the option of bringing tuition and fees more in line with other Western States, so many of these funds can be recovered.

In Health and Human Services and Public Safety, we identified over $100 million in state spending for what are essentially local programs. The State can no longer afford to pick up this tab, so some of these responsibilities must be transferred to the local level.

Nevadans need to know we did not blindly accept the cuts requested by the prior administration. In the Department of Health and Human Services alone, $118 million in spending for essential programs was restored. My budget preserves nearly $55 million for personal care services, $4 million in adult day health care, and $8 million in benefits to two-parent households on Temporary Assistance to Needy Families. We also preserved funds for traumatic brain injury services, autism, early intervention services, independent living, medically necessary dentures, prosthetics and orthotics – the list goes on. These programs are preserved, and overall spending is still reduced.

However, spending cuts alone could not do the work of balancing the state budget in a reasonable, thoughtful manner. Therefore, we made $1 billion of public money work harder so as to mitigate cuts to services and programs. None of this money comes from new taxes. We made better use of existing dollars. The public does not think of revenue as yours or mine. All of it, every last penny, is theirs. Whether it's in this bucket or that bucket does not matter.

My budget continues to redirect nine cents of property tax from Clark and Washoe Counties. I will restrict this money to the support of universities and community

colleges in those counties, because property values rise and economic growth occurs where universities contribute to economic development.

We are turning to the school districts, but not to capture capital construction dollars already allocated to projects. Instead, we propose to change the level of reserves required for debt service in all those counties with bond funds. School improvements, maintenance, and equipment purchases will continue – which means no construction jobs will be lost. Simply put, these tax dollars were unnecessarily locked away in one of those separate buckets. We will use $425 million of these funds to offset the $440 million in lost local funding I mentioned earlier. The money will stay in education and be used in the district of origin. And I have committed that the State will replenish these funds over time as the Local School Support Tax rebounds.

We must also make temporary use of room tax revenue now slated for teacher salaries in order to defray the costs of overall education spending. I had planned to use that money to reward teacher performance through merit, but we must live with current realities. Pay-for-performance is still included in my budget, just on a different scale.

Finally, I am proposing to raise $190 million by monetizing the state insurance premium tax proceeds. This solution is not perfect, but it is sound, and it prevents further reductions to education and human services.

When all was said and done, the proposed General Fund expenditures in my budget total just over $5.8 billion over the next two years – within one percent of General Fund spending in 2007.

We not only balanced the budget, we restored many of the cuts our constituents feared most. We also addressed some long-standing issues and some emerging challenges. For example:

In 2001, former Speaker Barbara Buckley led the charge to integrate the Child Welfare system in Clark and Washoe Counties. In 2003, former Senator Bill Raggio also pushed toward an integrated funding plan. My budget will finish the job with Block Grants to Washoe and Clark Counties for the basic operation of child welfare services with local autonomy. In addition, we provide $7 million for incentive payments if Child Welfare agencies achieve their stated goals.

My budget responds to the National Health Care Reform legislation passed by Congress last year. I firmly believe that many aspects of the law are unconstitutional, and I will continue to fight to have them overturned. In the meantime, however, the law imposes many deadlines, and we cannot wait until litigation is resolved. We must plan for a major expansion of Medicaid, which may cost Nevadans $574 million between 2014 and 2019. We must also plan for a Health Insurance Exchange so that we – and not the federal government – control the program. My budget includes funding to address these issues, and I have submitted legislation to address the operation and oversight of a Nevada Health Insurance Exchange.

These initiatives, and the overall approach we took to balancing the budget, are not about being liberal or conservative. A governor's responsibility is to provide solutions to the problems of the day. And because of Nevada's current reality, I have met this challenge through hard decisions, all the while remaining conscious of the current realities.

On Friday, Nevada's unemployment rate increased yet again – another clear indication that businesses are in a fragile state. Despite what some would have you believe, businesses are sharing in the necessary sacrifices of our times. Whether it's through increased health insurance premiums, the steadily increasing federal costs for unemployment insurance, or even the decreased Medicaid reimbursements to health care providers necessary under my budget, every Nevada business finds it harder and harder to make a profit – and thereby keep workers employed.

I recently received a thoughtful letter from a woman who works for a small dental practice in Las Vegas. For the first time in 20 years, they lost money. She wrote: "The assault on our practice finances come from everywhere – insurance companies, the State, the federal government, OSHA regulations, EPA regulations, payroll taxes and the cost of dental products and supplies." She begged me to "help set new directions…that free up some of our time and money." Otherwise, she said, "…a lot of small businesses…will decide that it isn't worth it to sacrifice the time and effort they do now…"

Ladies and gentlemen, it is worth it. I want that dental practice and other Nevada businesses, as well as their employees and families, to succeed. That is what I'm fighting for.

Fellow Nevadans, you and I know that the budget alone will not solve the state's current crisis. If anything, the budget is only a symbol of the challenges presented by our economic situation. In order for Nevada to fully recover, we must focus our energy on job creation. We must ensure long-term improvements in our education system and do everything in our power to guarantee that the people can respect the government that serves them. And so I will spend the balance of our time tonight talking with the Nevada

family about three policy areas: economic development, education, and responsive government.

ECONOMIC DEVELOPMENT

For at least the last 100 years, Nevada governors have called for the creation of economic development agencies or state publicity offices to foster what Assemblywoman Alice Towle in 1922 called "the up-growth of new industries." In 1983, then-Governor Richard Bryan proposed an overhaul of the Department of Economic Development to create the current structure. In so doing, he said: "Our efforts at economic diversification must emphasize our favorable investment climate, tax structure, labor force and Nevada's unique resources for solar and geothermal power." He was right then. He is right now. And we owe it to Nevadans to renew our economic development efforts for the realities of today.

Working with Senate Majority Leader Steven Horsford and Speaker John Oceguera, I propose a complete overhaul of our state's economic development program. Minority Leaders Mike McGinness and Pete Goicoechea also lend their support. And, of course, Lieutenant Governor Brian Krolicki will play a key role in modernizing our state's system of job creation and business diversification.

We propose to redesign the Commission on Economic Development and recommend a 50 percent increase in General Fund dollars to run it. A new entity, Nevada Jobs Unlimited, will be a public-private partnership existing largely outside state government. With a private sector mentality, it will be more nimble. And it will be a Cabinet-level agency, with the governor joining the lieutenant governor, Senate majority leader, Assembly speaker, and representatives of higher education and other critical

stakeholders on the board. A majority of the board members will come from the private sector to ensure the focus is squarely on jobs.

Nevada Jobs Unlimited will pursue strategies that grow jobs within existing Nevada businesses, as well as recruit companies from out-of-state. But we will do so with a new sense of urgency, coordination, and accountability. Collaboration and tighter performance indicators will be the metrics of this new system.

We are also proposing a $10 million Catalyst Fund to provide much-needed resources to close deals, finance infrastructure, and spur the growth of new jobs. The Fund will be continued in future budgets only if it delivers the kind of success we expect.

Our proposal builds upon the foundation laid by the New Nevada Task Force, which was convened by the lieutenant governor last summer, and has provided new ideas for the future of our state's economic development activities. Our future lies in business sectors like technology commercialization, bioscience, renewable energy asset development, and defense sector expansion. Innovation will drive tomorrow's economy, and so it must drive our decision-making as we rebuild our economic development infrastructure.

There's a treasure in our state that can launch this new focus on innovation: Switch, a two-million-square-foot technology ecosystem campus in Las Vegas. CNBC recently called the Switch SuperNAP "the best data center on the planet." For the last ten years, Switch has been building massive, secure, technology data centers in combination with a telecommunications hub that is unique to North America. Switch's vision and innovation are attracting many Fortune 1000 companies to Las Vegas, and they are bringing jobs to Nevada.

Switch is sponsoring an incentive program called the Nevada Advanced Technology Alliance. By moving employees and divisions to Nevada, companies will save 10 to 20 percent on nationwide telecommunications costs, no matter how big the corporation. This incentive is not funded by tax dollars, donations, or any other government efforts. It simply takes the technological innovations of Switch and extends those benefits to those who partner with Nevada by establishing operations here. This is an advantage unique to Nevada that we will be offering to businesses around the world. With us tonight are Switch CEO Rob Roy and his wife, Stella. Thank you, Rob, for raising the bar for innovation.

Let me tell you briefly about how innovation will also help drive change in broadband technology, the gaming industry, renewable energy, and the state's infrastructure needs.

We must continue to drive investment in broadband technology that fast-tracks job growth and provides a platform for spurring innovation across our state. My budget includes $3 million to help residents of rural Nevada use broadband access to start and grow businesses, or telecommute to anywhere in the world. These improved broadband connections will also allow the electronic exchange of health information between providers and hospitals to improve the quality of care.

Since I completed my term as chairman of the Nevada Gaming Commission, the gaming entertainment industry has expanded to new states and many new corners of the world. Competitive forces demand a new approach from our regulatory infrastructure. In an increasingly competitive and global economy, Nevada will be "the" place for gaming innovation. Nevada started this industry. We shaped its development, and we

must remain the undisputed leader in the gaming economy. Twenty-first century demands mandate that we provide a flexible environment for the technological resources that are the underpinning of modern gaming devices. I have asked the leadership of our regulatory bodies to begin immediately to process statutory and regulatory changes that sensibly reflect the modernization of the industry.

Nevada can strengthen our leadership role in the renewable energy and energy efficiency industries. The Nevada Retrofit Initiative is leading a ground-breaking partnership with higher education, nonprofits, and local banks for the construction and financing of residential energy efficiency retrofits. In addition, our Renewable Energy Loan Fund is a successful low-interest loan program that provides financing for renewable energy projects. Over $8 million has been loaned to nine renewable energy projects throughout the state. Companies have used these revolving loans to expand manufacturing capacity and create new jobs. Nevada must also remove barriers and develop business models that allow for the export of renewable energy to California, while benefitting taxpayers here at home.

The Nevada Vision Stakeholders Group, conceived by Senator Horsford, recognized that our state's geography and economic development are intertwined and recommended that Nevada secure better access to federal land for renewable energy production and transmission projects. I support all efforts to make Nevada the renewable energy capital of the country.

Finally, we need to improve ground connections by linking Las Vegas to Phoenix via Interstate 11 and to Southern California via high-speed rail. Both are critical for transportation and logistics, as well as tourism.

My message tonight is one of opportunity – certainly for Nevadans who care about our economic growth – but also for those listening outside our state. Nevada is a place you can call "home" and "headquarters" with equal measure. We are proud of our great cities and towns, low taxes, and our state's natural beauty. Many of our state's leaders are products of our schools and universities. Thanks to my Executive Order freezing most state regulations and requiring a complete regulatory review, we can promise you a stable regulatory environment. Nevada officials and agencies see their job as one of helping you do business, not slowing you down. We are uniquely situated for logistics and transportation. We have abundant natural resources and are home to preeminent cancer and brain institutes. We love our state, and you will too.

For businesses already operating in Nevada, we want you to know that our focus is on your growth. Roughly 80 percent of new jobs will be created by local businesses, and we need every one of them to put Nevadans back to work. New economic development initiatives will include rural manufacturing workforce development and business expansion programs for small, minority, and veteran businesses.

We will not leave behind those whose careers have been disrupted by the economic earthquake that has shaken our state. For many Nevadans, old skills will simply be inadequate for the new economic reality. I have therefore directed the Department of Employment Training and Rehabilitation and the Department of Health and Human Services to jointly develop a seamless service plan to put Nevadans to work and reduce reliance on social service programs.

The "Silver State Works" program will target veterans, unemployment benefit recipients, public assistance recipients, and ex-offenders. A primary goal is to promote a

"Work First" culture through employer hiring incentives, on-the-job training, and community service. We will invest $10 million over the next biennium in providing these services to 10,000 unemployed workers – and we will administer "Silver State Works" utilizing existing staff resources.

Ladies and gentlemen, each one of us has a role to play in Nevada's economic recovery. Our buying power matters. Whether we are buying a car, computer, or book, we should shop Nevada first.

I have said before that if Nevada were a stock, I'd buy it now. We have opportunities ahead of us, and plans to realize them. Education reform is the linchpin to a solid return on our investment, so let me share with you my plans for our public schools, colleges, and universities.

EDUCATION

As governor, part of my job is to tell people things they don't like to hear. And when it comes to education in our state, I want to level with the people of Nevada. Our education system is broken. Not the people, but the system. While many teachers, professors, and students are excelling, collectively they are held back by an antiquated system that emphasizes too many of the wrong things – and for which the only suggested answer has been more and more money. Educators who are effective at teaching students and leading schools are paid exactly the same as those who are failing. Graduation rates remain the worst in the nation. The achievement gap leaves too many students without hope or opportunity. And grade-level performance on national assessments lags.

I know that many students take personal responsibility for their education and succeed as a result. I want them to know they are not alone – that Nevada's system can and will support them.

Since the advent of the Class Size Reduction program in the early 1990s, hundreds of millions of dollars have been provided to local school districts. The students who first participated in that program should now be graduating – yet many are not. I believe we have put too many constraints on local school districts. My budget proposes the creation of a Block Grant Program that encourages districts to be innovative and results-oriented. If one district chooses to continue class size reduction, so be it. If another district wants to pursue other programs, we will no longer hold them back. Flexibility, local autonomy, and accountability are the keys.

The new Superintendent of Schools in Clark County, Dwight Jones, recently demonstrated why he is already a leader in our state. He wrote: "The downturn in the economy offers a real opportunity to change how we deliver our services. Yes, funding will be a challenge, but the greater imperative is outlining what we want to achieve."

I agree. So here is my outline of significant reforms in the way we manage our schools:

- End teacher tenure. An important first step is to eliminate the protection of seniority when decisions about force reductions must be made.
- Rely heavily on student achievement data in evaluating teachers and principals. As incentives, we will provide $20 million in performance pay for the most effective teachers.

- Eliminate costly programs that reward longevity and advanced degree attainment. Bill Gates, Secretary of Education Arne Duncan, and others have repeatedly noted this kind of spending does not improve student achievement.
- End social promotion. Students who cannot read by the end of third grade will not be advanced to the fourth grade. It's simple – until third grade, we learn to read. After that, we read to learn. Most kids who start behind, stay behind. It has to stop.
- Improve accountability report cards and provide more parental choice: Open enrollment, better charter school options, and vouchers to make private school education a possibility for more families.
- Reform K-12 governance. I ask the Legislature to support the recommendations of Nevada's Promise to provide an improved governance model in which the governor appoints the state board of education and the superintendent of public instruction.

Finally, I am pleased to announce tonight that the Executive Budget includes an additional $10 million to preserve the Kenny C. Guinn Millennium Scholarship.

And what of our colleges and universities? It is widely acknowledged that they are important for our state's economic development. But here again, the system has failed us. Graduation rates after <u>six years</u> at the state's public two-year colleges range from a high of 20 percent, to a dismal low of only four percent. Our four-year institutions have graduation rates below 50 percent.

There is concern that further budget reductions will require significant changes to the university and community college system. Perhaps a new system is precisely what

we need in this new era. Therefore, I will move forward to grant autonomy over tuition to the Regents. Nevada's tuition rates are well below our Western neighbors – the Regents have long asked for the authority to raise them.

Universities and community colleges must develop a more strategic focus that connects degree programs and the state's economic development efforts. I would also ask that at least 15 percent of any increased tuition be reserved to ensure access for those who need financial aid. As we increase autonomy, we will also increase performance indicators so that graduation rates, completion times, and access are measures of success.

I know that none of this is easy to hear. So let me be clear: Nevada has many effective teachers in our schools. We have great principals and outstanding college professors. But there are also some who have no business teaching or serving as an administrator. It is unacceptable that children in classrooms literally across the hall from one another achieve at dramatically different levels because of the quality of their teacher. The current system cannot address this. It is too cumbersome and so focused on the wrong things that we lose students along the way.

There will be many debates about these issues in the coming weeks. And one who will debate them with us is here tonight as my guest. I am pleased that Michelle Rhee, former chancellor of the Washington, DC public school system and the Founder and Chief Executive Officer of Students First, a national advocacy organization, is here tonight. Michelle is recognized throughout America as a leader in education reform. She will add her considerable voice to our debate, and I thank her for demonstrating the importance of finally having a frank and honest conversation about public education. Michelle, I know we will hear your voice as one advocating for students first.

RESPONSIVE GOVERNMENT

Just a little more than two weeks ago, the nation watched in horror as a gunman opened fire on a member of Congress, a federal judge, and other innocent people in Tucson, Arizona. This despicable act served as a stark and sobering reminder that civil discourse can vanish in a split-second. In Nevada, we must never allow this to happen. Isolated madness will not make us afraid of those we serve. And terror will not keep us from putting service above self, from treating each other with civility, and from working together to ensure public confidence in state government. We have the power to demonstrate to the people of Nevada that honest, civil, and responsive government is alive and well in Carson City.

We can begin by working together without political agenda to draw the lines for Nevada's Congressional seats and the State Senate and Assembly. The laws of our land are clear – and I will not sign a bill that favors one political party over another. Congressional seats and legislative districts should be drawn with a fair and proportional representation of constituents. Period.

We can rededicate ourselves to eliminating any sign of waste, fraud, or abuse in government. I will soon sign an executive order creating the Office of the Inspector General within the executive branch. The Inspector General will join the existing Internal Audit Division in reviewing, auditing, and evaluating the expenditure of state funds.

I will work with Legislative leadership to introduce a bill that "sunsets" every licensing and advisory board now on the books. More than 180 of these entities require gubernatorial appointments. Under our proposal, boards and commissions will sunset at

the end of June 2013, giving us plenty of time to eliminate, consolidate, or improve functions among those that must remain.

I am also pleased to announce that the "Priorities and Performance Budget" makes its debut in the documents transmitted to the Legislature this year. We articulate not only what level of priority each program or service carries, but the performance measures by which it will be judged. In the coming biennium, this initiative will expand to include public participation through websites and other tools as we ask Nevadans to further rank spending priorities. Even more robust performance indicators will therefore be established.

I am calling for the creation of a central Grants Office for state government. This office will identify federal and philanthropic opportunities that have for too long been overlooked. It will provide a targeted, coordinated effort to infuse additional outside dollars into worthy programs.

I will also work with Senator Dean Rhoads on his long-standing idea to provide bonuses to state workers whose agencies save money during the year so that innovative thinkers are rewarded.

Finally, I will explore resources and services available through the Nevada Judicial College, the Attorney General's Office, and other state agencies to ensure that all agencies with rule-making and regulatory authority take advantage of appropriate training.

Through continued hard work, transparency, and clarity, each and every one of us in this chamber can take steps to send a clear message to our constituents: This is the

people's government. We are but stewards. And Nevadans have every right to hold us to high standards of conduct and responsiveness.

In case we think there is no one to show us the way, we can stop and recognize employees like Trooper Chuck Allen. Trooper Allen was recently named the Reno Gazette Journal's "Citizen of the Year" in recognition of his volunteerism. By day, Trooper Allen is a public information officer with the Nevada Highway Patrol. He is proof that service is alive and well in our state. Thank you, Trooper.

Government employment is not just another job. Nor is it an entitlement program. Frankly, we seem to have lost this sense of public service where collective bargaining is concerned. I hope this legislative session will see an open discussion of a more balanced approach to employee negotiations. Collective bargaining must be reformed if we are to change the course on which we find ourselves. I stand ready to work with local government officials and union leaders to ensure employee compensation does not hamper government performance.

We must also admit that Nevada's Public Employee Retirement System cannot sustain its current level of liability. Future employees must join PERS under some form of a defined contribution plan. And the Public Employee Benefit Plan can no longer afford full health care coverage for all retirees. New employees entering that system must do so under a new set of rules as well. I encourage the Legislature to send me a package of public employee retirement and benefit reforms as quickly as possible.

Together, we can create many more opportunities for improvement. I have directed my staff to explore a major consolidation of the Departments of Transportation, Motor Vehicles, and Public Safety. The objective is to streamline governance of these

three agencies to more effectively and efficiently provide public service. Dollars saved will be reinvested, through the state highway fund, to create jobs and enhance public services.

In addition, I plan to continue the dialogue recently begun with cities, counties, and school districts. I firmly believe there are more opportunities for shared services, cooperation, and functional home rule. We must focus on accountability at every level, and we must reward success at every turn. The Nevada family expects us to succeed by working together.

Therefore, I end this speech where I began my inaugural address just three weeks ago: looking forward – yes, with optimism – to the promise of opportunity presented by the coming celebration of 150 years of statehood in 2014.

The current terrain is difficult, to be sure. Changing course is never easy. But I believe that by making the short-term sacrifices I have outlined, coupled with the long-term reforms I have proposed, we will reach that milestone with pride.

My fellow Nevadans, I have no doubt that together we are changing the course of history. We are leading the Nevada family onto a new path, and I submit that it is one of progress and ultimate prosperity. If we have the courage to make the tough decisions, and there will be many, we will succeed. If we focus on new solutions that fundamentally change the way we do business, we will succeed. If we make supporting private sector job creation a way of life for all government agencies… if we control state spending…if we push forward with education reform…if we recognize that service above self is a way of life…if we do all of these things together, then truly Nevada will be Nevada again.

Thank you, God bless you, and God bless the great state of Nevada.