

OFFICIAL SPEECH OF

GOVERNOR EDMUND G. BROWN, JR.

WEDNESDAY, JANUARY 18, 2012

GOVERNOR BROWN: Thank you.

Fellow dignitaries and fellow citizens, as

required by the state constitution, I'm reporting to

you this morning on the condition of our state.

Before I do, I just want to make one notation. I

noticed that Connie and Mr. Huff put out their

critique of my speech 24 hours ago. Now I'll let you

in on a little secret. My speech wasn't finished 24

hours ago, and I do want to say I didn't know that

you were psychics and that you possessed the powers

of precognition and clairvoyance. After the speech,

I want to check with you on some stock tips. We

could use them, especially in the state.

Look, putting it as simply as I can,

California is on the mend. Last year, we were

looking at a structural deficit of 20 billion. It

was a real mess. But you rose to the occasion, and

together we shrunk state government, reduced our

borrowing costs and transferred key functions to

local government close to the people. The result is

a problem one-fourth of what we confronted last year.

My goal then was to balance budget cuts with

a temporary extension of existing taxes, if the voters

approved. You made the reductions and some very

difficult decisions, but the four Republican votes

needed to put the tax measure on the ballot were not

there, so we're left with unfinished business:

closing the remaining gap.

Again, I propose cuts and temporary taxes.

Neither is popular, but both must be done. In a

world still reeling from the collapse of the

financial system, it makes no sense to spend more than we have. The financial downgrading of the United States, as well as of several governments in Europe, should be warning enough. It is said that the road to hell is paved with good intentions, and digging ourselves into a deep financial hole to do good is a bad idea. In this time of uncertainty, prudence and paying down debt is the best policy.

For my part, I'm determined to press ahead with substantial budget cuts and my tax initiative.

The cuts are not ones I like, but the situation demands them. As for the initiative, it's fair, it's

temporary, and it's half of what people were paying

in 2010, and it will protect our schools and

guarantee in the constitution funding for the public

safety programs we transferred to local government.

With enough time, we can and should devise more

permanent tax reform, but for now, we should finish

the job of bringing spending into line with revenues.

Putting our fiscal house in order is good

stewardship, and it helps regain the trust of the

people and also builds confidence in California as a

place to invest and realize one's dreams. Contrary

to those critics who fantasize that California is a failed state, I see unspent potential and incredible opportunity. Every decade since the '60s, dystopian journalists write stories on the impending decline of our economy, our culture and our politics. Yes, it is fair to say that California is turbulent, less predictable and, well, different. Yet, look at the facts.

After the mortgage bubble burst in 2007, California lost a million jobs, much of it driven by the overleveraged construction industry and its financial partners in the under-regulated mortgage

industry. The result is a recovery far slower than after the previous six national recessions. But now we're coming back. In 2011, California personal income grew by almost 100 billion, and 230,000 jobs were created, a rate much higher than the nation as a whole.

Contrary to those declinists who sing of Texas and bemoan our woes, California is still the land of dreams as well as the Dream Act, and thank you for sending me that.

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California is the place where Apple, Intel,

Hewlett-Packard, Oracle, QUALCOMM, Twitter, Facebook

and countless other creative companies all began.

It's home to more Nobel Laureates and venture capital

investment than any other state. In 2010, California

received 48 percent of U.S. venture capital

investments, and in the first three months of last

year, it rose even higher, to 52 percent. That is

more than four times greater than the next recipient,

Massachusetts. As for new patents, California

inventors were awarded almost four times as many as

inventors from the next state, New York.

California has problems, but rumors of its

demise are greatly exaggerated.

The year 2012 presents plenty of

opportunity, and if we work together, we can

stimulate jobs, build renewable energy, reduce

pollution and greenhouse gasses, launch the nation's

only high-speed rail system, reach agreement on a

plan to fix the Delta, improve our schools, reform

our pensions, and make sure that prison realignment

is working, to protect public safety and reduce

recidivism.

Last year, I appointed a top advisor with an impressive record in the private sector and charged him with finding out what doesn't work for business in this state and how to fix it. What he heard consistently was that business needed an effective champion to navigate the state's plethora of complex laws and regulations which can discourage investment and job creation. You enacted a law to restructure our Office of Business Development and place it in the Governor's Office. Under the name GO-BIZ, we now have a point of contact at the highest level, for businesses large and small. More than that, the

GO-BIZ office is staffed with people who understand

what it's like to be in business, and they stand

ready to intervene and give real help to get

businesses open and projects off the ground.

Already California is leading the nation in

creating jobs in renewable energy and the design and

construction of more efficient buildings and new

technologies. Our state keeps demanding more

efficient structures, cars, machines and electric

devices. We do that because we understand that

fossil fuels, particularly foreign oil, creates ever

rising costs to our economy and to our health. It is

true that the renewable energy sector is small

relative to the overall economy, but it pays good

wages and will only grow bigger as oil prices

increase and the effects of climate change become

more obvious and expensive.

I have set a goal of 20,000 megawatts of

renewable energy by 2020. You have laid the

foundation by adopting the requirement that one-third

of our electricity come from renewable sources by

that date. This morning I can tell you we're on

track to meet that goal and substantially exceed it.

In the last two years alone, California has permitted over 16,000 megawatts of solar, wind and geothermal energy projects.

In the beginning of the computer industry, jobs were numbered in the thousands. Now they're in the millions. The same thing will happen with green jobs and California is positioned perfectly to reap the economic benefits that will inevitably flow.

California also leads the nation in cleaning up the air, encouraging electric vehicles and reducing pollution and greenhouse gases. Our vehicle

emissions standards, which have always set the pace,
now have been adopted by the federal government for
the rest of the country.

Under AB 32, California stepped out and
crafted a bold plan to deal with climate change and
foreign oil dependency. The plan will require less
carbon in our fuels, more efficient technologies
across a broad swath of businesses, and a carefully
designed Cap and Trade system that uses market
incentives instead of prescriptive mandates.

As a result, California is attracting

billions of dollars in clean tech venture capital

investments. In 2011, almost 40 percent of such

investments were made in California, making our state

not only the leader in the nation, but in the entire

world. My commitment is to continue these

innovative programs and build on them in the coming

year in every way I can.

Now just as bold is our plan to build

high-speed rail system connecting the northern and

southern part of our state. This is not a new idea.

As governor the last time, I signed legislation to

study the concept. Now 30 years later, we are within weeks of a revised business plan that will enable us to begin initial construction before the year is out.

President Obama strongly supports the project and has provided the majority of funds for the first phase. It's now your decision to evaluate the plan and decide what action to take. Without hesitation, I urge your approval.

If you believe that California will continue to grow, as I do, and that millions more people will be living in our state, this is a wise investment.

Building new runways and expanding our airports and

highways is the only alternative. That is not

cheaper and will face even more political opposition.

Those who believe that California is in

decline will naturally shrink back from such a

strenuous undertaking. I understand that feeling,

but I don't share it because I know the state and the

spirit of the people who chose to live here.

California is still the Gold Mountain that Chinese

immigrants in 1848 came across the Pacific to find.

The wealth is different, derived as it is not from

mining the Sierras but from the creative imagination

of those who invent and build and generate the ideas

that drive our economy forward.

Critics of the high-speed rail project

abound, as they often do when something of this

magnitude is proposed. During the 1930s, the Central

Valley Water Project was called a "fantastic dream

that will not work." The Master Plan for the

interstate highway system in 1939 was derided as "new

deal jitterbug economics." In 1966, then Mayor

Johnson of Berkeley called BART a "billion dollar

potential fiasco." Similarly, the Panama Canal was

for years thought to be impractical, and Benjamin

Disraeli himself said of the Suez Canal, "Totally impossible." Well, the critics were wrong then, and they're wrong now.

After we build the first phase, so that in and of itself is worth the two billion dollars of state money that we're going to invest, nothing else happened, and it will.

Another issue we must tackle is water. Last week, Secretary of the Interior Ken Salazar met here in Sacramento with those in my administration who are working to complete the Bay Delta Conservation Plan.

Together we agreed that by this summer we should have

the basic elements of the project we need to build.

This is something my father worked on and that I

worked on, as well, decades ago. We know more now

and are committed to the dual goals of restoring the

Delta ecosystem and ensuring a reliable water supply.

This is an enormous project. It will ensure

water for 25 million Californians and for millions of

acres of farmland as well as 100,000 acres of new

habitat for spawning fish and other wildlife. To get

it done will require time, political will and

countless permits from state and federal agencies. I

invite your collaboration and constructive

engagement.

Next, I want to say something about our

schools. They consume more tax dollars than any

other government activity and rightly so as they have

a profound effect on our future. Since everyone goes

to school, everyone thinks they know something about

education, and in a sense they do, but that doesn't

stop experts and academics and foundation consultants

from offering their ideas, usually labeled reform and

regularly changing at ten-year intervals, on how to

get kids learning more and better. It's salutary
and even edifying that so much interest is shown in
the next generation. Nevertheless, in a state with
six million students, 300,000 teachers, deep economic
divisions and a hundred different languages, some
humility is called for.

In that spirit, I offer these thoughts:

First, responsibility must be clearly delineated
between the various levels of power that have a stake
in our educational system. What most needs to be
avoided is concentrating more and more decision

making at the federal or state level. For better or worse, we depend on elected school boards and the principals and teachers they hire. To me, we should set broad goals and have a good accountability system, leaving the real work to those closest to the students. Yes, we should demand continuous improvement in meeting our state standards, but we should not impose excessive or detailed mandates. My budget proposes to replace categorical programs with a new weighted student formula that provides a basic leveling of funding with additional money for disadvantaged students and those struggling to learn

English. This will give more authority to local school districts to fashion the kind of programs they see their students need. It will also create transparency, reduce bureaucracy and simplify complex funding streams. Given the cutbacks to education in recent years, it's imperative that California devote more tax dollars to this most basic of public services.

If we're successful in passing the temporary taxes that I proposed and the economy continues to expand, schools will be in a much stronger position.

No system, however, works without

accountability. In California, we have detailed state standards and lots of tests. Unfortunately, the resulting data is not provided until after the school is over. Even today, as I speak to you, the ranking of schools based on tests taken in April and May of 2011 is not available. I believe it's time to reduce the number of tests and get the results to teachers, principals and superintendents in weeks, not months. With timely data, principals and superintendents can better mentor and guide teachers as well as make sound evaluations of their performance. I believe we also need a qualitative

system of assessments such as a site visitation

program where each class is visited, observed and

evaluated. I will work with the State Board of

Education to develop this proposal.

The house of education is divided by

powerful forces and strong emotions. My role as

governor is not to choose sides but to listen, to

engage and to lead. I will do that. I embrace both

reform and tradition but not complacency. My hunch

is that principals and teachers know the most, but

I'll take good ideas from wherever they come.

As for pensions, I put forth my 12-point proposal. Examine it, improve it, but please take up the issue and do something real.

I'm committed to pension reform because I believe there's a real problem. Three times as many people are retiring as are entering the work force.

This arithmetic doesn't add up. In addition, benefits, contributions and the age of retirement all have to balance. I don't believe they do today.

Start tomorrow, you work for 30 years. Are you going to live to 80, 90, 110? How much is that? How many

people are retired? How many people are working?

How many people are coming along? How does it all

work out? Anybody that tells me that you feel

absolutely confident that 40 or 50 years from now

things are all going to be paid for are not looking

at the numbers and the other comparable investments.

As for prison alignment, we are just at the

beginning. The cooperation of sheriffs, police

chiefs, probation officers, district attorneys and

local officials have been remarkable, but we have

much to do to protect public safety and reduce

recidivism, and together we'll get it done.

It's one thing to pass a law, it's quite

another to implement and make it work. As I see it,

that's my job as Governor and as chief executive:

make the operations of government work efficiently,

honestly and in people's interest. With your help,

that's what we'll do in 2012 and prove once again

that the declinists about California are wrong.

We're on the move, we're on the mend. Let's get it

done. Thank you.