

Governor Asa Hutchinson
State of the State Address | 10:30 a.m., January 15, 2019
House Chambers | Arkansas State Capitol

Lt. Gov. Griffin; Speaker Shepherd; President Hendren; Mr. Chief Justice; and honored Members of the General Assembly.

This is truly an occasion to celebrate. You are celebrating. We are celebrating. It is exciting. But it is also a time to reflect and to set a determined course for the future.

As part of the celebration, I have my family here today. My wife, Susan; my son Asa III; Sarah and Dave, my daughter and son-in-law; John Paul and Nubia; and Young Seth and Julia. Thank you for being here and a part of this.

I have four grandchildren here today: Ella Beth, Malcolm, Isabella, and John Pablo. Maybe John Pablo took a leave of absence because he's young.

It is a special privilege to have my family here who have been along this journey with me, and it's important for them to share in this important occasion.

As we convene today to begin a new term in office, we can rejoice that the election is over. The seasons have changed, and we are now entering the winter of hard work. As we do so, we are reminded that the true purpose of political victory is service.

A simple but profound phrase: *We serve the public. Not a party; not personal interests. We serve the public.*

Some of you may not be aware. You've been in my office; maybe you've come directly to visit with me. But if you go in the door of my office, and you look left, you will see a box. It is a shoeshine kit. It is in my office, and there's a plaque on there that says, "This is to remind you of your youth in Gravette." In Gravette I shined shoes at Johnny's Barbershop as my first job. I shined shoes for 25 cents and boots for 50 cents, because they were muddy.

I have that in my office because it reminds me of my roots, and it reminds me of the dignity of work.

So, members of the General Assembly, during the session, come on by the Governor's office and get your shoes shined.

As we consider the upcoming session, we also realize very quickly that there is nothing we can do alone. It takes all of us working together for the people of Arkansas.

And if we toil well and together, then this spring we will be able to see the first fruits of our labor, and in due time, we will enjoy the full harvest when good policy strengthens public confidence; when good policy builds hope; and when good policy serves the cause of justice.

Today, as is our custom, we began our new leadership with a prayer service at the Mosaic Templars Cultural Center. And justice was one of the themes of that ceremony. Later, we will go out to the public ceremony, and we will have our poet laureate, Jo McDougall, read a poem that I commissioned, on the theme of hope in Arkansas.

I believe that we will all agree today that Arkansas is an amazing place to live, raise a family, and build our own special future.

It hasn't always been easy. Arkansans have had our share of challenge and difficulty. The most challenging time was during the Great Depression. During that time, we were poor. But we did not lose population. Our population did not decline. People stayed here because poverty was all over the nation. That was the 1930s.

But when the economy boomed again after the war, the jobs out of state offered better pay. Between 1940 and 1960, over 150,000 people left our state. Some of our best left for Michigan, California, and Chicago.

But now that trend is reversed. People are moving to Arkansas from California, Michigan, and Illinois, and we are retaining our homegrown talent. Our population is now over 3 million people and growing every day.

The lesson is that if people follow opportunity and pursue quality of life, they are going to come to Arkansas. We have it all.

That is why we work so hard to be competitive in our tax rates; to compete for industry and businesses locating in this state; to build a technology sector; to expand tourism; and to improve access to the arts and to education.

As evidence of these new opportunities, we have moved more than 65,000 Arkansans over the last four years out of poverty and into work. They have jobs and are making more money. Fewer Arkansans are on Medicaid, and fewer are having to rely upon the important safety net of SNAP and other benefits because they have more opportunity.

We have also proven that we can lead in entrepreneurship, agriculture, global retail trade, and technology education.

Before we forge into the future today, it is important to note what we have accomplished together.

Together, we have reformed our child welfare system. Three years ago, you approved \$24 million additional funding for our child welfare programs, and the result is a 30 percent increase in foster beds; the result is 22 percent increase in caseworkers; and the result is nearly 1,000 fewer children in foster care. We initiated the Restore Hope Summit where our faith-based leaders and government partners figured out ways to work together.

Thank you for making a difference for our children.

Together, we have reformed our criminal justice system, and as a result, the growth of our prison population has been reduced. Four years ago, we were growing at the rate of 3 percent per year in our prison population. The growth rate has been reduced to 1 percent per year.

We have invested more in reentry centers to give people a second chance in life. More than 1,200 inmates have graduated through our reentry facilities, and this results in a lower incarceration rate, more people working, and a reduced burden on taxpayers.

We want to give people a second chance in life after they have paid the penalty for any wrongdoing, and I am proud of our employers who give them a chance!

One illustration is Steven Edwards. He is an example of a person who got a second chance and is succeeding. Steven was convicted of first-degree murder at the age of 16. He spent nearly 20 years in prison. During that time, he got his GED; he earned a diploma from Ozarka College; and he earned a bachelor's degree through correspondence from Ohio University. Steven became the first inmate in our correction system to accomplish those educational goals while incarcerated.

The Parole Board gave Steven a second chance and reduced his sentence. He moved to Marion, where his first job out of prison was at an eye-care clinic. A patient heard his story and hired him to teach GED classes at the juvenile center in West Memphis.

Then he started a lawn-care company with two push mowers from Wal-Mart. Now, he has 80 clients, owns his own home, pays taxes, and tells his story at teen summits.

Steven Edwards got a second chance. We need to give everyone who is willing to change and contribute that second chance in life.

Four years ago, we had a scholarship lottery that was declining each year in the amount of scholarships for our students. We transformed the lottery from an independent agency into part of the Department of Finance. The result is that we have cut administrative costs and lottery student scholarships have grown by 26 percent. They have increased from \$72 million in 2015 to over \$91 million this last year. That's effective government work that we did together.

We had an off-course, behind-schedule, and discredited effort to put high-speed internet in our schools. We didn't let it ride; we changed course and built the Arkansas Public School Computer Network. At that time, we became one of only six states in the country to fully deploy the highest broadband internet to every school in our state.

Together, we have lowered taxes for everyone making less than \$75,000 in this state; and we have recruited industry to this state from Sig Sauer in Jacksonville to EnviroTech in Helena/West Helena to Glatfelter in Fort Smith to Conifex in El Dorado and Glenwood, with hundreds more businesses moving here or expanding in our state.

Together, we have invested in technology education, and as a result, we lead the nation in computer science education of our students. It started with an idea; a modest investment; and legislative support. It now sets an example for states from California to North Carolina.

Together, we have invested in pre-K education. Our budget for pre-K has increased from \$111 million to \$114 million in recent years. We rank 17th nationally in spending on pre-K and Number 18 in four-year-old pre-K access; and we rank Number 5 in the nation in terms of three-year-old access to early education.

Together, we have cut the size and inefficiency of government. We have worked with you to cut the red tape. We repealed over 800 outdated and unnecessary regulations, which makes state government less burdensome to taxpayers and businesses.

We have reduced the size of the executive branch of state government by more than 1,400 employees. That is a reduction of over 5 percent. This is through improved management practices and attrition, but we can do more.

Together, we have transformed a wasteful healthcare system to make sure our health care assistance is available to those who need it most. Think about the abuse of Preferred Family Healthcare, which sucked millions of dollars out of Medicaid into the hands of executives. All at the cost of our behavioral-health population.

It has not been easy, but *together*, we have changed the rules to reduce waste and the potential for abuse in Medicaid payments.

And when it comes to the disability waiting list, we did something about it, and for the first time in decades, we provided help to these families and created a way to reduce the waiting list further. This helps families and maximizes the lives of those with disabilities.

One year ago, I stood in this chamber, and I reported to you on the story of Wendie and Wade Reaves and their daughter, Regan. Today, I want to give you an update. As you remember, Regan was one of the more than 3,000 on the disability waiting list hoping for services to improve their lives. She had been on the list for eight years.

Then we together allowed \$8.5 million every year for those in need of services, Regan was off the list and got the help she needed. Now Regan's, mom, Wendie, reports she has been able to get a full-time job for the first time since Regan was born. Regan is learning new skills with the help of her waiver worker. Wendy reports that, "The first time Regan learned to wash her hair by herself was a big day."

What we do in these chambers and in public service makes a difference in the lives of people.

Together, we have changed our state budget from one that spends it all to one that creates savings for more difficult times. We now have the Long-Term Reserve Fund. The current balance is over \$125 million.

So when it comes to the future, we have an understanding from history that our future is brightest when we embrace the new, and we create growth. Remember, the voters supported us and gave us approval for a growth agenda. We cannot let them down.

Let's not let this moment in history pass us by, but let us work together for success.

Let's work together and make history by reversing the trend of high taxes in Arkansas; let's make history by transforming state government; let's make history by raising teacher pay to historic levels in our state; and let's make history by focusing on a growth agenda that allows Arkansans to prosper.

I have submitted my balanced budget to you, and it includes additional funding for public safety with 30 additional probation and parole officers. It also includes \$2.3 million for an increase of 24 new troopers over the next two years.

The Arkansas State Police is our top law-enforcement agency, and we must support our law enforcement. And Arkansas does.

Recently, Corporal Clayton McWilliams was severely injured in the line of duty. The citizens of Ashdown had a fundraiser to support Corporal McWilliams, and more than 500 attended and raised over \$50,000. Well done, Ashdown!

The budget includes \$60 million allocated for raising the minimum teacher pay by \$4,000 over the next four years.

And recognizing that agriculture is our state's number one industry, my budget includes a much-needed increase in funding of \$1.1 million for the Division of Agriculture. It includes \$1.5 million increase in budget for University of Arkansas Medical Sciences, as well.

Our proposed budget includes sufficient funding for programs that provide a critical safety net for our citizens, and that is why it is important to continue funding at \$2.5 million per year of our Crisis Stabilization Units. The CSUs. The CSUs provide a treatment option for those suffering from mental illness rather than incarceration or just simply ignoring their needs.

As you know, we have dramatically increased our numbers in computer science courses in Arkansas. Last school year, we were at about 6,000, and this year we have more than 8,000 students in high school taking computer coding. That is a 30 percent increase.

One of the key results of this initiative is that more technology companies are locating in Arkansas or are being created here. One of my goals for Arkansas is to be a hub of technology companies that will provide new opportunity and diversity to our economy.

For that reason, I am calling for the creation of a private sector Technology and Innovation Council. This Innovation Council will bring industry leaders and technology entrepreneurs together to create new energy and support for tomorrow's problem solvers and thought leaders in

software design, cyber security, data analytics, blockchain technology, and all those other things that you're expert in.

When it comes to our goals for the future, to me it comes down to a growth agenda. I know I talk about that a lot. But it's a plan for Arkansas that includes more and better paying jobs; increased attainment levels in higher education; a strong diversified economy; and competitive tax rates.

That is why the third phase of tax cuts is planned for this session. Four years ago, I signed into law the tax cut for the middle-income category. This reduced tax rates for those making between \$20,000 and \$75,000 per year.

In 2017, we came together and passed the second phase of our overall tax-cut plan with a \$50 million reduction for lower income Arkansans. This includes those making less than \$20,000 per year.

At this point, 90 percent of all Arkansas taxpayers have received a tax cut, but we have more to accomplish. I applaud the work and recommendations of the Legislative Task Force that worked for two years in analyzing and making recommendations. While I wanted to flatten the rate for all taxpayers to 5.9 percent over the next 4 years, the task force wisely said we should also simplify the rate structure and to raise the standard deduction for all taxpayers.

The result is a plan that we call the 2-4-5.9 plan. It will set Arkansas on a path to be competitive with our surrounding states; to attract new investments and talent in our state; and to continue our vigorous economic growth. We will work with you to make sure that this plan reduces taxes, and that we will hold everyone harmless so that no taxpayer will see any tax increase.

For those who think we need to do more, I remind you that the 2-4-5.9 plan reduces revenue by \$47.4 million in the first year; but everyone should also note that in the same year, we will be reducing the grocery tax by \$61.1 million, and then the low-income goes into effect, that's \$50 million. So the total tax reductions will be around \$158 million.

For those who are concerned about the tax cuts and meeting the other needs of our state, please note that in the last four years, we have cut taxes carefully. And we have continued to invest in education, in prisons, public safety, and even funding expanded Medicaid in this state. And we have set aside, during that same time, over \$125 million in savings. Those commitments remain. Carefulness. Commitment. Meeting our obligations in education and services. But let's not take our eye off the ball of competitive tax rates in this state.

Today, we have a budget that allows for tax cuts while investing in the future. We have demonstrated we can get this done. And we will do it again.

As we think about the last four years and look forward to what the future holds, it is more than fitting that we recognize those who serve our state and nation in the Arkansas National Guard and our military branches. Without their leadership and service, we could not get the job done in terms of security and services in times of natural disaster in our state. Thank you, men and women, for your service.

Thirty-two years ago, I had the opportunity to meet with President Ronald Reagan in the Oval Office. It was my first time in the White House, so I was trying to memorize everything about it.

As I was in the oval office, I noticed on the president's desk two mottos. They caught my attention. One was, "It is amazing what can be accomplished when you don't care who gets the credit." The other motto was a simple phrase: "It can be done."

When I think about how hard it is to transform government, we need to remind ourselves: "It can be done."

When I worry about reaching an agreement on a new highway-funding plan: let's remind ourselves, "It can be done."

When we ponder the requirement of a three-fourths vote for lowering and simplifying our income tax rates in Arkansas, let's remind ourselves: "It can be done."

When I look at the need to raise minimum teacher pay in Arkansas, we know: "It can be done," and it must be done.

Let me add one phrase as I conclude today's remarks—one phrase to the president's desk motto: That is. "*Together, it can be done.*"

Thank you, and may God bless this General Assembly, the work ahead, and the people of this Great State.

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