



State of New Mexico
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**GOVERNOR SUSANA MARTINEZ DELIVERS
STATE OF THE STATE ADDRESS**

SANTA FE – The following is the prepared text of the State of the State Address delivered by Governor Susana Martinez from the chamber of the New Mexico House of Representatives on January 15, 2013.

Governor Martinez – 2013 State of the State Address

Lieutenant Governor; Senate President Pro Tem; Mr. Speaker; Democratic and Republican leaders; esteemed members of the New Mexico Legislature, especially the new faces; honorable members of the judiciary; former New Mexico governors; tribal governors; Senator Udall; Senator Heinrich; distinguished guests; the State's first gentleman, my husband, Chuck Franco; and my fellow New Mexicans.

It is an honor to join you for the annual State of the State Address.

And while today's mood is one filled with optimism and hope, it is also bittersweet.

There is one very noticeable absence from this chamber - a man whose legacy in this body endures - former Speaker of the House Ben Lujan.

The thoughts and prayers of New Mexico continue to be with the Lujan family.

It is a privilege to stand with you as we mark the opening of New Mexico's 51st State Legislature and chart the course for this New Year - a year in which we must focus on making New Mexico more competitive.

At a time of intense gridlock in Washington, DC, it is encouraging to reflect on the progress we have made together here in New Mexico.

Two years ago, we faced the largest structural budget deficit in state history. Skeptics said we could not balance the budget without either a massive tax increase or making deep cuts to classroom spending and Medicaid. But we came together, in a bi-partisan manner, and together, we proved the skeptics wrong.

For two years in a row, we compromised and passed good, balanced budgets. We protected critical priorities like classroom spending and basic healthcare for the most vulnerable. We protected childcare for working moms and school clothes for kids in need. And let's remember that we accomplished all of this without raising taxes. Not only did we eliminate the deficit, we created a surplus. This wasn't a Republican accomplishment or a Democratic accomplishment. It was an accomplishment we achieved together.

The next year, we used those surplus tax dollars wisely. We put some in our state's savings account, increasing our reserve levels. We used some to increase funding for education, targeting reading and early childhood initiatives. We used a portion of the surplus to cut taxes, to create more jobs by curbing the double and triple taxation in construction and manufacturing. And we provided a tax credit to help small businesses hire those who deserve jobs the most - our veterans returning from Afghanistan and Iraq.

We have seen some encouraging signs in our economy. Tourism is on the rise, with more growth in visitors to New Mexico than was experienced in Arizona or Colorado. We are building our state's strongest-ever relationship with Mexico's border governors, focusing on creating jobs by developing a border region near Santa Teresa. Major companies are once again looking at New Mexico, including two companies in the aviation industry that are relocating their headquarters to Albuquerque. The manufacturing sector is growing once again. In the last two years, New Mexico exports have doubled, amounting to more than 2 billion dollars, meaning that in one year, our export growth jumped from 38th to 3rd in the nation. While we still have much work to do, the state of our state is getting stronger.

But I've always promised to be straight with you. It's my job to say when trouble is on the horizon. Allow me to take a moment to describe the challenge before us. The national economy is stagnant. It's hardly growing. And the federal government - on which our state has become so dependent over the years - is faltering, weighed down by \$16 trillion in debt.

While New Mexico has seen some job gains in certain private sector industries, there is no question that the number of government jobs is on the decline. Last year, New Mexico lost more than 4,800 government jobs, including 400 federal jobs in a single month. On top of that, many private sector companies that contract with the federal government have seen those contracts cut, costing us more jobs. Unfortunately, it doesn't look like Washington, DC is going to solve the budget mess anytime soon. It's the fault of both parties and it's hurting New Mexicans.

I am committed to working with our delegation to protect our labs and military bases and

fighting to avoid further cuts. Our labs and bases are not only important to New Mexico, but they are critical to the security of America.

However, with a federal government that is so far in debt, so dysfunctional, we'd be foolish to leave our state's economy at the mercy of the next fiscal cliff in Washington. The opportunity to forge a new path and shape our own destiny is before us. It's an opportunity defined not by decisions made in Washington, but by the hard work and ingenuity of New Mexicans. That means diversifying our economy and growing the private sector.

New Mexico has a lot to offer, but what we lack is a level playing field with surrounding states. We are simply not competitive. I have always said that government doesn't create jobs - businesses do. But I do believe government has an important role in ensuring a level playing field so that New Mexicans can compete fairly.

Unfortunately, right now the playing field is tilted against New Mexico and it's pushing jobs to other states. We are in a global economy. Businesses will locate and grow where they have the best opportunity to succeed, get a fair shake, and find the best-trained workers without being overtaxed.

Our goal this session should be to make New Mexico more competitive, to level the playing field so that our small businesses can grow and put more New Mexicans back to work. There are essentially two areas on which we should concentrate - instituting a fair tax and regulatory structure and creating a world class workforce through common-sense education reform.

One way to make New Mexico more competitive is to lower the business tax rate from 7.6% to 4.9%, just as Arizona has done. Right now, we have the highest in the southwest. I'm not asking to take the rate to zero, as other states have done. I'm proposing a reasonable, balanced approach, and 4.9% puts New Mexico in the game.

If a New Mexico company wants to make and sell goods to every corner of the world, we shouldn't punish them with our tax structure, like we do now. We should adopt a single sales factor, just as 25 other states have done.

To ensure our veterans stay in New Mexico when they retire, to start a second career or maybe open a small business, I am proposing we exempt their retirement pension income from state taxes. They fought for us and we should fight to ensure they make New Mexico their home. And while the large employers always dominate the news, we must never forget about our New Mexico small businesses. Last Christmas, I received a letter from Misty Castro. Misty owns a small business - Castro's Barber Shop - and was facing some really difficult choices. She could stay open and hope things turn around or close her doors after 11 years in business. She puts her heart and soul into that business, and she was at her wit's end.

I wrote her back to encourage her. This Christmas, I received another letter from Misty that I'd like to read to you. She says, "I was planning to close the doors and move on. You took the time to write back with such kind words, and you placed a small card that simply said, 'I believe in

you.’ When I start to feel overwhelmed and down, I look at my little ‘I believe in you’ note, pick my head up and keep going. Knowing someone believes in me makes it much easier.”

We need to make sure all small business owners know we believe in them. That’s why I’m proposing that we give every New Mexico small business a \$1,000 tax credit for every job created and retained over the next two years. In these uncertain times, if a small business owner is willing to take the risk to invest in a new job, then we should stand with them.

But competing for jobs goes further than just common-sense tax policy. We need to partner with our small business owners to help them hire and train new workers now. That is why I am also requesting a \$4.75 million investment to further the success of our Job Training Incentive Program, or JTIP. This is a partnership with small businesses to help them train new employees and encouraging more hiring.

I’m also asking the Legislature to pass job-creating infrastructure projects, projects like the Paseo del Norte expansion we passed last session, or for water systems, roads, and dam repair. These types of projects create immediate jobs to kick-start our economy, while also building the infrastructure necessary for long-term economic development. And when we invest in local projects, let’s make sure they’re vetted, prioritized, and fully-funded.

We must also protect the public investments we’ve made, such as Spaceport New Mexico. Taxpayers have already spent more than \$209 million on this venture. But now, we risk losing this investment. The states competing with us for Spaceport business have passed a bill protecting companies from lawsuit abuse. Because we didn’t pass this last year, a company called XCOR Aerospace chose to locate in Texas, over New Mexico. Again, it’s about competition. Let’s protect our investment in Spaceport and pass lawsuit abuse reform this session.

I am particularly hopeful we can pass these reforms to help our businesses compete because many of them face the daunting challenges imposed by the new federal health care law. I didn’t support Obamacare. But it’s the law of the land. The election is over and the Supreme Court has ruled. My job is not to play party politics, but to implement this law in a way that best serves New Mexico.

That’s why, last week, I announced we will expand Medicaid to cover up to 170,000 more low-income New Mexicans. It was the right thing to do. It means expanding the health care safety net to more of those in need and moving care from costly emergency rooms into primary care offices. And, it does not jeopardize the state’s long-term budget outlook. In fact, given our unique population and programs, we can expect revenue increases that offset the cost of providing these services.

But I’ve been clear: Medicaid expansion is a federal government commitment and if they should ever break their funding promise, New Mexico will not pick up the burden of adults most recently added to the program at the expense of cutting health care for New Mexico kids. I will not let those kids pay the price.

Another way New Mexico can level the playing field and become more competitive is to place a high emphasis on developing our workforce. We know that only 63 percent of our students are graduating within four years. Sixty-seven children drop out each and every school day. Those dropping out are not statistics – they are our children. They were once little boys and little girls who believed they could one day fly a spaceship to the moon, who once saw themselves becoming a doctor, or firefighter, or scientist, or whatever they dreamt they could be.

But somewhere along the line, the system failed them. They lost hope and they dropped out, dashing those dreams. We have an obligation to focus on raising our graduation rate and better prepare our high school students for New Mexico's workforce or for college.

Let me tell you about a program called the Bridge. The Bridge program was created in response to the gaps that existed between the needs of a 21st century economy and the preparedness of high school graduates in Dona Ana County. It's a partnership between the local business community, their community college and state university, and their public schools. Together, they established the state's first early college high school. The school is located on land donated by New Mexico State University, and it offers dual credits that are accepted by Dona Ana Community College.

Every student who will graduate from this school not only earns a high school diploma, but they also earn an associate's degree and, in some cases, a work-ready certificate. That student is ready to be hired.

Today, we are issuing an achievement award for one of the Bridge students, Maria Guadalupe Carillo. Maria is the first person in her family to attend college. As a high school junior, Maria has already earned 48 college hours. And when she finishes this high school program, she will enter NMSU as a college senior. Congratulations, Maria. New Mexico is proud of you.

Since the Bridge Program has been operating, not one student has dropped out. And let's remember, 78 percent of the students are Hispanic, an incredible 63 percent are first-generation college students, and 43 percent come from low-income families. This is one tool helping the Las Cruces graduation rate rise from 51 percent to 72 percent in just the last four years.

This session, I'm pursuing a plan to take what the Bridge has accomplished in Dona Ana County and bring it to other areas of New Mexico.

For students looking to attend college, I'm asking the Legislature to embrace several other reform opportunities for our high school students, including \$2.5 million to expand Advanced Placement courses to provide AP test waivers for low-income minority students, and to train more AP teachers so that every child in New Mexico has the opportunity to get a jump-start on college.

I'm also proposing a new, statewide dropout warning system to help parents and teachers identify students who are at-risk of dropping out long before they reach high school. When we talk about reducing our dropout rate, we need to tackle the root causes head-on.

A recent study found that 88 percent of high school students who drop out were not proficient readers in the 3rd grade.

I have had the privilege of visiting thousands of New Mexico kids in classrooms. It's wonderful because those children are so full of hope. I ask them, what do you want to be, what do you want to do? And their eyes light up when they tell me, when they share with me their dreams. That's why I think of those kids when I think of our dropout rate - Because those dreams get dashed if a child drops out.

We all know there are a lot of factors that determine one's path in life, but it's difficult to overstate the importance of reading by third grade. Again, a child is four times more likely to drop out if they can't read by the end of 3rd grade. That's why I believe so strongly in early childhood literacy and why I believe we must do all we can to ensure New Mexico's children can read by the 3rd grade.

Last year I was pleased to make permanent the K3 Plus program, a program that helps struggling students with additional instruction and more help. We doubled the funding for Pre-K. Our reforms are being recognized nationally. New Mexico has competed for the federal Race to the Top funding, seeking money that will be specifically targeted to help our youngest students master the basics.

This year, I am proud to say we were one of only 14 states to be awarded this funding - \$25 million to help more children in New Mexico get the help they need in early education.

And while we're making progress, we are still a long way from the finish line. You see, I agree with President Obama's Education Secretary Arne Duncan, who said "If your students keep being allowed to leave third and fourth grade without being able to read, you're not doing them any favors."

Reading enables a child to chase his or her dreams. I want to introduce you to a young boy named Jamal Witter. Jamal is a first grader who wrote a book for a special project through the Albuquerque Chamber of Commerce's reading program. The reason I invited him is because of one key passage that Jamal wrote in that book. Jamal, will you please read it?

(Jamal will read the passage from his book)

Thank you, Jamal. And he's right. Reading paves the way for success.

We must intervene early and do all we can to help struggling students. But I believe if a child is still unable to read by the third grade, after all those interventions, then it's far more compassionate to have that child repeat that level - to get them up to speed - than to simply pass them onto the next grade and make them four times more likely to become a drop-out.

There have been many compromises made to this bill, including more funding for intervention and increasing parental involvement. It's been sponsored by Democrats and passed by both

chambers. And you heard what the Obama administration said. So let's stand together and pass this bill.

With last year's "New Mexico Reads to Lead" investment, we hired reading coaches and were able to train nearly 2 thousand educators in methods proven to produce better readers. This year I propose we expand the "New Mexico Reads to Lead" program from \$8.5 million to \$13.5 million.

Our focus is on struggling schools - on offering a hand-up to those who need help. That's why I'm proposing \$4.7 million in school turnaround programs to close the gap between high-performing schools and schools that are struggling.

As we improve academic performance in New Mexico, we cannot overlook the crucial role that New Mexico's teachers and other school leaders play in this effort. One of the greatest gifts a teacher can give a child is hope, a belief that the child can do anything and be anyone.

I want to hold up some powerful examples of the very best our state has to offer - educators like those at Anthony Elementary School, a school where nearly all of the students come from low-income families and speak English as a second language. These kids face many challenges. Some don't expect them to succeed, because of these challenges. But the teachers at this school sent them a very different message. They raised expectations and said no more excuses. They believe in these kids. They help these kids believe in themselves.

Because of the dedication of the teachers, principal, and other staff at Anthony Elementary, this school - a school with 100% on free and reduced lunch - is not in the top half of our schools. It's not in the top third. Instead, out of 831 schools, this elementary school is ranked 5th in the entire state.

And we have with us today several teachers, school leaders, and kids from Anthony. Let's welcome Principal Linda Perez, second grade teacher Orlanda Palomares, sixth grade teacher Leticia Gonzales, and students Clarissa, Bryan, Kayla, Diego, and Alex. Thank you for all that you are achieving.

We need to replicate success like this. That is why I am requesting we dedicate \$11.3 million to recruit, retain, and reward our best educators.

I want school districts to know and I want parents to know that I have heard their calls for more math and science teachers in New Mexico schools, particularly in low-income areas. We have an exciting initiative to dedicate \$2 million to recruit more math and science teachers, to move scientists and engineers to the classroom and to entice college graduates through loan forgiveness programs. Let's make sure every child in New Mexico has the benefit of great math and science teachers.

Reform in education should have no political party label. It's not about party or politics. It's about having the courage to challenge the status quo, to put student achievement and nothing else at the very top of our list of concerns.

In addition to moving our economy forward and better educating our kids, we must also ensure the safety of our communities.

We need to improve our Amber Alert system so that we can issue an alert whenever a New Mexico child is abducted and police believe the child is in danger, even when the suspect is a family member.

And we must improve our ability to protect children from abusive homes by allowing case workers to conduct emergency background checks through NCIC.

We need to increase penalties for child abuse and expand Brianna's law to cover all children, not just those under the age of 12.

And, of course, I am hopeful that the Legislature will enact the recommendation of the 9/11 commission, the position of nearly every other state in America, and the opinion of a vast majority of New Mexicans that we stop being a magnet for human trafficking, fraud and crime rings. I'm asking the Legislature to finally repeal the law that gives driver's licenses to illegal immigrants.

And I know, when it comes to public safety, New Mexicans are as fed up as I am about our problem with repeat drunk drivers. Every time there is another fatal accident caused by someone who has racked up multiple DWIs, New Mexicans ask themselves, why are they still on the road?

I'm asking the legislature to stiffen the penalties for repeat drunk drivers, making DWIs count when sentencing habitual offenders of other crimes. And if a drunk driver doesn't get the message after a first conviction, we should seize their vehicle – their deadly weapon – the second time around. This year, we need to close the loopholes that allow so many DWI offenders to keep their licenses after an arrest. New Mexico's problem with repeat drunk drivers is serious and it's time we take a stand.

When we talk about leveling the playing field, one of the best ways to ensure the playing field is not unfairly tilted toward the connected and the powerful is to continue rooting out corruption. We've already made strong progress. State government is now barred from contracting with companies involved in corruption. My appointees are barred from lobbying state government for two years after serving in my administration. And last year, in a bi-partisan manner, we passed a law that allows judges to take the pensions away from convicted corrupt officials.

This year I propose that we continue bolstering New Mexico's anti-corruption laws. If a public official is convicted of corruption, they should be forced to resign immediately. If they have money in their campaign war chests, those funds should not be used as their own personal slush fund. They should be returned to the taxpayer's general fund. And when the state goes to court to recover our taxpayer money from a corrupt public official, taxpayers should not be forced to foot the bill for the corrupt official's defense.

We are certainly confronted by serious challenges.

Yes, we face a stagnant national economy, an economy in which too many New Mexico families are struggling. To help those families, we must level the playing field with states around us, to bring more businesses to our state, to create more jobs for New Mexicans.

Yes, changes at the federal level have led to large government job losses here, and more could be on the way. While we fight to protect those jobs, we must also grow the private sector and diversify our economy in response.

And yes, competing for jobs means competing for a highly skilled workforce. That requires us to compete for the future of our children – fight tooth and nail to ensure they can read and never allow them to be set up for failure.

I believe that a call to compete should be the charge of New Mexico's next century. And I am convinced we can do this together.

While we won't agree on every issue, and while we will have spirited debates, I know we can come together and find common ground. Let's answer that call to compete. Our children depend on it. And we have it in us.

Thank you.

God bless you all, and God bless the State of New Mexico.

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