



## **News for Immediate Release**

**Feb. 5, 2013**

### **As Prepared for Delivery: Text of Gov. Tom Corbett's 2013-14 Budget Speech**

#### **Introduction**

Lieutenant Governor Cawley, President Pro Tempore Scarnati, Speaker Smith, Majority Leader Pileggi, Majority Leader Turzai, Minority Leader Costa, Minority Leader Dermody, members of the House and Senate, distinguished guests, my fellow Pennsylvanians, thank you.

I stand here today proud to have worked with you over the past two years to make Pennsylvania a better place to live, work, and raise a family.

The results we have accomplished make me optimistic about our future. And I'm pleased to say, I believe Pennsylvania's best days are ahead:

- We are a state blessed with a wealth of natural resources.
- We are and always will be the Keystone State because of our unique location in this country and the world.
- We are, most of all, home to the hardest-working people in the world.
- Pennsylvania has unlimited potential.

Two years ago, I talked about creating a brighter future for all Pennsylvanians. And, over the last two years we have worked together to make that a reality.

We have worked together to bring spending under control.

We have worked together to reduce taxes, putting more money in the pockets of our hard-working taxpayers and small business owners.

We have worked together and learned that our potential is, and continues to be, greater than any challenge we face.

Together we continue to seize every opportunity to create success which leads to more success and more success. We didn't create our success by raising taxes. We created it by expanding our opportunities.

With the leadership shown by you we have kept spending within our means. Our energy industry continues to expand providing tens of thousands of new jobs for hardworking people in all regions of our state.

In the west, it promises thousands more new jobs when we succeed in attracting the new petrochemical plant and the hundreds of new businesses that will spring up around it.

In the north, it is delivering thousands of jobs as the economy expands. We passed a law that further safeguards our environment, addresses the impacts of new industry and helps bolster our economy. For example, residents in Bradford County will see their property taxes reduced by six percent this year.

In the southeast, three refineries survived almost certain closure when their owners, and most of the industry, had given up on them. But we didn't give up.

Working in a true bipartisan effort that is all too rare today, I joined with elected leaders like Congressman Pat Meehan, Congressman Bob Brady, Senator Dominic Pileggi, Representatives Bill Adolph and Bill Keller, and Marcus Hook Mayor James Schiliro.

With business leaders like Brian McDonald, Gustavo Valverde, and Pat Killion.

And with union leaders like Jim Savage, Leo Gerard and John DeFazio to find new owners and a new future for those refineries.

We were able to show new investors like Phil Rinaldi, David Marchak and Jeff Warmann, the skill, work ethic and limitless potential of the Pennsylvania worker.

And we were able to share with those new investors the vision of Pennsylvania's energy future as a world leader.

Please join me in applauding all of these people for showing their faith and commitment to Pennsylvania.

Today, those refineries still employ thousands and support thousands of more jobs, from the truckers who drive in and out with deliveries, to the lunch counters and small shops that will continue to thrive in the shadow of those plants.

I want to read you a letter I received from one of those business owners.

While this letter was written to me, it was meant for all of us.

Getting that letter, now, that makes it all worthwhile.

I will never forget the look on the faces of those employees at Braskem the day I visited in July. When they knew their jobs would be there tomorrow, they broke into spontaneous applause.

With tears welling in the eyes of many, they knew it was more than a job. It was being able to continue providing for their families and loved ones.

The spontaneous show of emotion in that moment affirmed my belief that anything is possible when we put aside our differences and work together for the good of all Pennsylvanians.

But isn't this really why we're all in government? Isn't that why we're here, to work together to help people? I hope so.

## **Jobs**

And we've succeeded, not only by preserving jobs like those at the refineries or by creating new jobs, but maybe more importantly, by preparing people for existing jobs.

I'm talking about people like Greg Vasquez. Greg and his wife, Teresa, live in Dillsburg, York County, with their son, Kyle, and daughter, Rachel.

A Marine Corps veteran, Greg worked for 30 years in the printing industry until the day in August of 2011 when he was laid off. He found another job.

Different industry, but same story:

Greg was laid off last summer. Around that time we, working together, Republicans and Democrats, passed legislation creating the Keystone Works Program. This program is built around a worker's ambition, not bureaucratic rules.

Keystone Works provides on-the-job training to allow displaced workers to train for open positions.

Here's the great innovation: those trainees don't have to give-up their unemployment benefits while learning a new skill on the job.

Greg became a trainee at Schugt Manufacturing in York.

Dave Schugt was the first businessman to put the Keystone Works Program in place at his plant. And Greg was the first worker to enroll.

Today, I want to introduce you to two pioneers: Greg Vasquez and his new employer, Dave Schugt.

They are here today because they, their families, and I, want to thank the general assembly and its prime sponsors Representative Stan Saylor and Senator John Gordner for passing Keystone Works.

But even as we celebrate this progress there is more work to be done. There are promises to be kept.

### **Helping Those in Need**

I'd like to share with you my experience on a visit I made recently to Vision for Equality, a social service agency in Philadelphia. I met with families who had adult sons and daughters with severe intellectual disabilities.

Because of their conditions they face challenging lives. And it became even more challenging because they "aged-out" of the services the state provides for children.

They were put on a waiting list - a waiting list that delays their access to the help that would allow them to work, to live at home, to enjoy a full measure of life's experiences.

But these families would not let these disabilities and the waiting list stand in the way of their dreams.

Brittany Stevens is here today with her mother, Harlena Morton. Harlena wakes up at 4:30 every morning. She makes sure Brittany has physical therapy. She makes sure Brittany has a lunch ready for later in the day.

All Brittany wanted was a chance to work, to have the same opportunity as the rest of us. She might have needed our help, but because we gave her that help last year, she is ready to chart her own course.

A course fueled by courage, passion and an independent spirit. Because of our commitment last year, Brittany is now off the waiting list.

Her story and those of so many parents and sisters and brothers are tales of the every-day heroism shown by the families and friends of our neighbors with special needs.

That waiting list is a powerful metaphor for what has gone wrong in our society.

We need to act now and we must not turn our backs on all the other Brittany's who are out there currently on the waiting list. That is why I am counting on the general assembly to join with me to make certain we pass this next round of funding for expanded services for people with intellectual disabilities.

Please join me in a round of applause for Brittany and her mother, Harlena.

We are now at a turning point. Because we are regaining our financial footing, we now have a chance to fulfill our obligation to help more moms and daughters like Harlena and Brittany.

We now have it within our grasp to create more jobs for people like Greg;

We now have the opportunity to make every young persons job search a local one;

And it is now within our power to make Pennsylvania's products, and not our young people, our greatest export.

But great challenges must be met if we are to continue strengthening our commonwealth and fulfill the promise of a brighter future for all Pennsylvanians.

Now is not the time to be timid in our approach. Now is not the time to cling to old ideas and the status quo. Now is not the time to make small changes and expect big results.

Now is the time to be truly innovative. Now is the time to embrace new ideas. And now is the time to be bold. Pennsylvanians deserve this from us now.

Every one of us has come here to make things better for all Pennsylvanians. Nobody in this room ran for office on a promise to keep Harrisburg the way it is. Nobody displayed a campaign bumper sticker that read: "Vote for me - I want to keep Harrisburg the same." No one ran on the promise to bind Harrisburg to the status quo. We all come from different backgrounds, various philosophies, but we share the common goal of a better Pennsylvania.

Our job isn't to explain why things can't be better. Our obligation is to make things better. We ran on the promise to change Harrisburg. Leave it to the historians to write our history. Our job is to make history - now.

## **Education**

Public education is entering an era of transformation. Ageless subjects - math, reading and science - have seen new strides in how we teach them.

We have moved beyond the age of the blackboard as new technologies tie every classroom to the world and have the potential to link every young life to a bright future.

My budget works to provide our public schools with enrichment funding to help them achieve academic excellence at all grade levels. It provides for enhanced learning opportunities, career-focused training and most importantly, a safe learning environment.

For the past two years, the commonwealth has invested more Pennsylvania tax dollars in basic education than at any time in our history.

It is true that we no longer have one-time federal "stimulus" dollars money that should never have been put toward school operating costs.

Yet once again this year, we will be putting a record amount of state funding into basic education, \$5.5 billion dollars, starting with early childhood programs and going all the way through grade 12.

Children enter this world as students. From the time a child opens their eyes, the world offers a wealth of learning. Those formative years, the ones before kindergarten, are crucial.

Pennsylvania currently spends more than \$348 million dollars each year in early childhood programs. My budget reaffirms that commitment.

I propose adding another \$6.4 million dollars toward our Pre-K Counts and the Head Start Supplemental Assistance programs. This money gives an additional 3,200 children, and their families, access to quality full and part-day programs as well as summer kindergarten readiness programs.

Why do we want to spend more on these programs? Because every child in Pennsylvania deserves an equal start in life, and I intend to see that promise kept.

As we lay this foundation, we must also continue to expand funding for K-through-12 education. This budget adds nearly \$100 million dollars to be distributed to our school districts. That is over and above last year's record funding levels.

We intend to maintain full funding levels for state and state-related universities. That is \$1.58 billion that will go towards these institutions. At the same time, the leaders of these universities have promised to work to keep tuition increases as low as possible for students.

Our commitment allows schools to plan their budgets for the coming year and make the best use of their resources. Their commitment should allow students and their families to plan their own budgets.

Some of these university presidents are here with us today. Please join me in offering our thanks for their commitment to hold down costs while lifting up the cause of available higher education.

Our message to college students today is that both my administration and the leaders of your state and state-related schools are committed to making the dream of higher education attainable.

Finally, I recently unveiled the "Passport for Learning" Block Grant, an unprecedented \$1 billion dollar program enriching our public schools over the next four years.

It provides maximum flexibility for school districts in four general areas.

One is called "Ready by 3." The funds can go toward supporting and enhancing a quality kindergarten program that meets our academic standards and enhances elementary reading and mathematics through third grade.

The second program acknowledges that every child learns differently at his or her own pace. When it comes to education one size does not fit all. Schools can establish customized learning plans that allow our students to learn at the pace and manner that best suits them.

Science, technology, engineering and math remain critical to the continued advancement of our students, our state and our nation. That is why they comprise the third area to receive a share of this new revenue. The grant will provide funding to invest in programs and equipment that support science and math in grades six through twelve.

There is a fourth component to this block grant. It is one that earlier generations did not anticipate and which our generation dare not disregard.

Children cannot learn if they do not feel safe. Pennsylvania schools continue to make great strides in safety. This grant ensures that local schools can invest in the necessary safety and security measures to make certain that when our children sit down at their desks the only thing they need to think about is how bright their futures will be.

Senator Scarnati has already made this issue a top priority, and I look forward to working with him to help make our schools safer.

### **Privatization**

I can think of no better use for the proceeds created by getting us out of a business we should never have been in than to put those dollars toward the essential responsibilities of state government.

That is why I have proposed that, as we phase the commonwealth out of the liquor business, we put that money toward education.

Selling liquor is not a core function of government. Education is.

We need to put our liquor system into private hands.

Pennsylvanians have waited too long for the day they could buy beer or wine at the grocery store or choose from a greater variety of offerings at privately owned liquor stores.

This is our opportunity and our children's.

We have another opportunity to make things right for the future.

## **Pension Reform**

The entire system of state pensions has become a mountain of debt, and the avalanche could bury our economic growth, swallow up benefits for our elderly, education for our children, and transportation for our economy.

We cannot let that happen. We cannot allow hard-working teachers and state employees to be threatened by the loss of their pensions. Nor can we allow the burden of saving those pensions to snowball into a nightmare of economic hardship for our children.

Resolving our pension crisis will be the single most important thing we do for decades to come.

I will not allow any cuts to any benefits of our retirees.

Let me repeat that: no cuts to any retiree benefits. They earned their retirement. They earned their guaranteed security.

Nor will I allow any pension dollars already earned by any current employee to be diminished in any way.

Through meaningful pension reform, this budget will provide another \$140 million dollars in pension savings for school districts across the state.

What we need to do, going forward from this time, is to create a new 401(k)-style retirement benefit for our future employees consistent with the retirement packages currently enjoyed almost universally by private sector employees.

My plan also suggests some adjustment in the way future benefits are calculated for current employees in order to maintain the solvency of our pension system and guarantee all current and future employees a worry-free retirement.

The surest way to guarantee the solvency of our pensions is to make certain that our pension systems can deliver what they promise. We can do that with very little disruption, but only if we act now!

The longer we wait the more disruptive the solution will become. Let us act now.

With some imagination and some cooperation, we can find a way to preserve our existing pensions and allow the next generation of state employees and teachers a chance to shape their futures.

## **Transportation**

Pennsylvania sits within a day's drive of 60 percent of the nation's population. Every year, nearly half-a-trillion dollars worth of goods and services move through our state transportation system.

Transportation is the bloodstream of our economy. If it fails, our economy fails.

However, the average bridge in our state is 51 years old. More than 4,000 of them are now deemed structurally deficient. In rural areas, some roads have been essentially cut in half because failing bridges have been closed to traffic, interrupting emergency services and threatening public safety.

Each day, one-and-a-half million Pennsylvania students travel in school buses across those very same bridges and roads. Our mass transit system has staggered under growing demand, aging infrastructure, and a lack of funding. Mass transit is crucial to sparing our highways from congestion and providing a reliable environmentally friendly and affordable means of moving around a region.

Yet our customary way of funding transportation has fallen short of our needs.

Travel patterns have changed.

Cars have become more fuel-efficient.

People buy less at the pump.

Coupled with rising construction costs and a lack of serious action from the federal government this drop in revenue threatens our roads and bridges and with them our safety and our livelihoods.

I am proposing two adjustments to the way we provide for our transportation needs.

I am calling on the legislature to pass a 17 percent reduction in the flat liquid fuels tax paid by consumers at the pump.

Second, I am asking the general assembly to begin a five-year phase out of an artificial and outdated cap on the tax paid by oil and gas companies on the wholesale price of gasoline.

This cap was put in place at a time when experts assumed the price of a gallon of gas would never go beyond \$1.25. It has gone to more than triple that rate in recent years.

This is not a new tax, nor am I proposing to increase the rate of the existing tax.

I am simply saying the time has come to apply it to the full value of what the company is selling. It is time for oil and gas companies to pay their fair share of the cost of the infrastructure supporting their industry.

Our most costly option would be to do nothing. It will cost us in repairs, it will cost us in rebuilding, and it could cost us in tragedies we might have avoided.

## **Health Care Reform**

This budget makes it clear that we are committed to providing Pennsylvanians with the best health care options at the most affordable price for the taxpayers.

As we planned our budget, we took great care to analyze the requirements of the Affordable Care Act and its impact on the lives of Pennsylvanians.

In 2009, at a White House reception for Senate Democrats, President Obama said, and I quote: "As we move forward on health reform it is not enough for us to simply add more people to Medicare or Medicaid to increase coverage in the absence of cost controls and reform."

He went on to conclude, "Another way of putting it is, we can't simply put more people into a broken system that doesn't work."

He was right.

We cannot afford to expand a broken system. Right now, without expansion, the cost to maintain our current Department of Public Welfare programs will increase by \$400 million dollars. The main driver in that cost increase is Medicaid and long-term care.

Washington is asking us to expand Medicaid as part of the Affordable Care Act without any clear guidance or reasonable assurances.

Today, I sent a letter to Secretary of Health and Human Services Kathleen Sebelius advising her of our position.

We need to work together to provide access to greater and affordable health care for all Pennsylvania families.

However, Washington must provide a clear answer about what this expansion would cost the taxpayers of our state.

The federal government must authorize real flexibility and innovative reforms that empower us to make the program work for Pennsylvania.

We also should not permit the federal government to take away millions of dollars from our hospitals as leverage to implement their one-size-fits-all policies.

At this time, without serious reforms, it would be financially unsustainable for the taxpayers, and I cannot recommend a dramatic Medicaid expansion.

## **Health & Human Services**

In the last two years we have transformed the state's health and human services programs, making them more efficient and better able to respond quickly to the needs of all Pennsylvanians.

This budget reaffirms this commitment to helping individuals with intellectual and physical disabilities. It seeks to help senior citizens, children and low-income families.

Earlier, I mentioned the need to serve more Pennsylvanians who have been on waiting lists. When I think of young people with intellectual or physical challenges, I don't think of them as disabled. I see them as differently-abled.

I think of youngsters like a little girl named Chloe Kondrich of Allegheny County. I have known Chloe since she was three years old. I know her mother, her father and her grandparents.

In fact, some of you may know her grandfather, Ted Kondrich, who served in the House of Representatives from 1989-1990.

I visited with Chloe this past Wednesday. She is a bright 9-year-old who takes theater classes, plays baseball, and is in fourth grade at Eisenhower Elementary School.

One other thing about Chloe: she was born with Down syndrome.

Right now, she can expect the aid and support of our many programs for children as well as the love of her parents.

Chloe has a wonderful life. She adores her brother, Nolan, and he adores her.

Along with the love of her family, Chloe receives the benefits the state has in place for children with special needs.

As her dad says, "You want your kids to be healthy and happy, and safe and productive members of the community. She's on track to do all that."

But eventually, Chloe will become a young adult and "age out" of that benefit system.

Her mom and dad will, like all of us, someday grow old and be unable to support her.

I am determined that by the time Chloe, and the thousands of other young people with disabilities, have reached adulthood, they will be able to step into a full and active life as citizens of this state.

These young people and their families have waited long enough. We will find a way to erase this waiting list.

I asked Chloe and her family to be here today so I could make that promise in person.

And I hope you in the General Assembly will help me keep that promise.

My budget will dedicate \$40 million dollars to provide critical services to an additional 3,000 men, women and children with physical and intellectual disabilities. This will allow them to live independently in their homes and communities.

It means we will help more people with autism and Down syndrome and serve more people living with physical disabilities.

When it comes to children, we must spare no effort.

My budget proposes that we assist more than 210,000 low-income families and enable 1,400 children now on waiting lists to receive child-care assistance.

This budget includes more than \$8 million dollars in additional resources to provide health care coverage to more than 9,300 additional children through CHIP.

At the same time we also need to reach those in rural and underserved areas of the state.

We have many great hospitals and local clinics that provide first-rate health care to our citizens.

But not everyone can reach those clinics.

Some of our health clinics get few visitors, but we know there are people out there who need their services.

If they can't reach us, then we need to reach them.

I am proud to join with Senator Ted Erickson in proposing to invest \$4 million dollars in the creation of the Community-Based Health Care Program to bring care to those citizens.

This budget will also expand the Primary Health Practitioner Loan Repayment program. It will assist us in recruiting more physicians, dentists, and other health practitioners, to work in rural areas and in communities that lack sufficient medical care.

### **Caring for Our Senior Citizens**

Right now, Pennsylvania has the fourth highest percentage of seniors in the United States and their number is growing. In 17 years, one Pennsylvanian out of four will be 60 or older.

That is nearly one million more senior citizens who will depend on the services funded by our state Lottery.

As a result of changes in the management of the Lottery, changes publicly discussed over nine months and explained in public hearings both last April and last month, we can meet the future needs of our seniors.

Because of these changes, in this budget alone, we are now able to add \$50 million dollars for our senior programs.

This money will expand care for older Pennsylvanians in their homes and communities.

It will help to modernize programs at centers.

It will, in short, keep the promise we made to older Pennsylvanians the day the Lottery sold its first ticket.

## **Agriculture**

While we work to honor our commitment to older Pennsylvanians, we must not forget our obligations to another one of Pennsylvania's precious resources - our agricultural community.

A few weeks ago, a record number of people visited the Pennsylvania Farm Show. They were making a bit of history, while exploring an industry that is at once part of our future as well as a vital tradition.

Our agriculture exports now approach \$1.7 billion dollars annually.

Farming in Pennsylvania is a business but it remains, inherently, a family business.

Centuries ago families who left their native countries began farming the fields of William Penn's colony. Today, their descendants do the same.

Every time a plow cuts into the soil of Pennsylvania, it deepens the roots of our heritage. We must keep it that way.

That is why we worked together last year to end the inheritance tax on family farm land.

The value of land for housing and commercial centers is very high. The value of the tradition and contribution of agriculture on that same land is beyond calculation.

No farming family should have to bury their father or mother and their way of life at the same time. Nor should we lose our farm land to uncontrolled development.

That is why my budget contains more than \$35 million dollars to fund the nation's best farmland preservation program.

It offers \$10 million dollars to continue a system of tax credits for the Resource Enhancement Protection Program that rewards farmers for best environmental and management practices.

This budget also continues funding for four more Agricultural programs:

- \$17 million to fund the state Food Purchase Program providing critical help to Pennsylvanians who are at risk of having too little to eat;
- The PennVET program at the University of Pennsylvania;
- The agricultural research program at Penn State; and,
- In keeping with a pledge I made when I first sought this office, we are increasing our commitment to county fairs by putting forward \$2.5 million to fund them.

We understand that any event that brings farming people together results in progress.

## **Public Safety**

One of the greatest challenges we continue to confront as Pennsylvanians is the threat of crime.

Public safety remains a top priority in my administration. Without safety society cannot long endure.

That is why, once again, I have announced plans for new cadet classes at the Pennsylvania State Police Academy. Over the next fiscal year we plan to train 290 new state troopers to protect and defend our citizens and our rule of law.

We will also add 90 new civilian dispatchers, freeing our troopers to get out on the roads and into our communities, where they are most needed.

Much of that expansion has been made possible by enhancing our justice system.

It costs \$34,000 a year to keep a man or woman in prison. That is \$34,000 that doesn't reach our schools, pave our roads, or care for our poor.

While prisons are necessary, they are not necessarily the only answer.

Our Justice Reinvestment Initiative gets eligible offenders out of the system and works to re-introduce them as productive citizens. It also will save us \$139 million.

This money is being moved to the "front end" of the justice system - victim services, local policing, county-based offender treatment, improved probation services.

And some of it will be reinvested into our budget, our schools and our communities.

We need to be tough on crime and smarter about preventing it. Justice Reinvestment does both.

I want to thank you all for working with me to bring about these important changes in the way we address public safety.

In particular, I would like to acknowledge Senator Stewart Greenleaf and Representative Ron Marsico for all their hard work in ensuring Justice Reinvestment became a reality.

## **Conclusion**

Over the past two years, we have worked together to reform and remake Pennsylvania.

We, working together, eliminated a \$4.2 billion dollar budget deficit without raising taxes.

We took the first steps toward reforming our tax code to attract new businesses and jobs which has already resulted in more than 100,000 new private sector jobs.

We, working together, Republicans and Democrats, saved the Unemployment Compensation System, saved three refineries, and are close to winning a \$4 billion dollar petrochemical plant in the state's west.

We ended the inheritance tax on family farms, while preserving more farmland.

We passed the most comprehensive environmental and safety regulations on gas drilling in the nation. This progress is even more remarkable when we see what has happened at the federal level.

Washington has driven the nation to the edge of the fiscal cliff and seems intent on keeping us there with its inability, or unwillingness, to address exactly the kinds of issues that we have solved here in Pennsylvania.

We solved our own "fiscal cliff" before it even had a name.

Over the past two years, we have saved the average Pennsylvania, two income family of four, more than \$2,500 in state taxes by holding the line on spending.

Meanwhile, the federal government is raising the payroll tax by two percent, costing the average family an additional \$1,000 each year.

If we keep faith with one more round of reforms, we can move from a time of recovery to an era of growth and prosperity.

We can make certain that our pension plans are sound and that hard working employees, when they retire, will receive the pensions we promised and they earned.

At the same time, we can free up hundreds of millions of dollars to care for Pennsylvanians in need and to educate our young.

We can begin a program to rebuild our roads and bridges, a program not for this moment alone, but for future generations, so governors and legislators years from now will not face a crumbling infrastructure.

We can make certain our workers, our economy, and our public safety are protected for our lifetimes and those beyond.

We can bring Pennsylvania into the 21st century by giving choice and convenience to consumers of spirits, wine and beer, at the same time generating \$1 billion for our schools.

And we can do all of this without abandoning the basic principle that I know Majority Leader Turzai and I agree on: that we spend no more than we have.

I believe we are "this close" to forever changing Pennsylvania for the better.

Even in the hardest times, we believed in better days.

We knew that our work ethic our resources and our unique geography placed us in the center of the New Industrial Revolution as surely as our ideals placed us in the center of the American Revolution.

We now have it within our grasp at this moment to use our enterprise our imagination and our faith in ourselves to forge a new Pennsylvania. This is not just our goal, this is our responsibility.

Thank you and may God bless you, our commonwealth and the United States of America.