

Governor Pence 2015 Education Agenda Remarks
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As Prepared for Delivery

Thank you, Toby. I'm pleased to be here today to talk about our great state, the progress we've made and what we must do to ensure the continued prosperity of Indiana and her people.

Indiana is on a roll.

Our budgets are balanced with no gimmicks and no new debt. We have held the line on spending and maintained strong reserves.

Even as we have funded our priorities and made significant investments in infrastructure and education, the current budget also maintained adequate reserves equal to more than 12.5 percent of our operating budget. Reserves really are the taxpayers' last line of defense in a recession.

To keep Indiana competitive, we have cut taxes—including the largest state tax cut in Indiana history when we lowered the income tax, and \$185 million in tax relief for job creators. And we've completely eliminated the inheritance tax and reformed taxes on business equipment.

And, with an eye on the future, we've prioritized education.

In the current budget, we increased tuition support for schools by \$193 million. Universities got an additional \$41 million in operating and line item funds and have received approval for \$199 million in cash-funded capital projects. Unlike other states, Indiana is fully funding its teacher pensions. And, I am pleased to report that today, for the first time ever, we are distributing \$30 million in teacher bonuses to thousands of good, hardworking teachers all across our state. And as someone who has always lived on a budget, I understand what a December bonus means to Hoosier families.

And here in the State that Works, what we have been doing for jobs and schools is working.

Unemployment in Indiana has declined from over 8 percent when I was elected Governor to 5.7 percent today. Since 2009, the drop in our unemployment rate is the fourth largest in the nation. We have added more than 83,000 private sector jobs in the past two years, and our real GDP growth led the Midwest last year.

Our labor force has grown by more than 65,000 over the past year, the fifth highest absolute number in the nation even though we are the 16th largest state.

We are on track to have more Hoosiers working than ever before in our state's history, which is a goal I set for our administration when I took office.

And we've made progress in our schools as well.

EDUCATION PROGRESS REPORT

High school graduation rates are up, ISTEP scores have increased, and Indiana ranked second in the nation in total growth on NAEP—the nation's report card.

And, four years after its launch, Indiana has the largest school voucher program in America, serving nearly 30,000 students. Four out of five of these voucher students are enrolled in A or B schools.

The percentage of A and B public charter schools is up as well, and charter school authorizers are closing down poorly performing schools. And while there have been challenges in the charter schools sector, we have also made progress in strengthening accountability.

In the coming days we will outline all of our priorities for this coming budget session, including tax and budget reforms designed to ensure that our fiscal integrity and growth remain strong. But the key to keeping Indiana on a roll is to recognize that if we don't succeed in the classroom, we won't succeed in the marketplace.

In short, I believe the coming legislative session should be an education session. And Hoosiers, we have work to do.

Despite all the gains we've made, as I stand before you today, Indiana still has more than 100,000 kids in D and F schools, and that's 100,000 kids too many.

While our graduation rate is improving, only 82 percent of our students graduate from high school without a waiver.

And most heartbreaking to me, in 2013 alone, 4127 students dropped out of high schools in our state.

My philosophy of executive leadership is pretty simple: It's to set big goals and offer solutions on how to achieve them, but also to stay open to other ideas that emerge in the legislative process or in conversations with Hoosiers.

But everything starts with a goal that is big enough—and specific enough—to focus our efforts on what really matters. Performance measured is performance improved.

Therefore, with more than 100,000 kids in underperforming and failing schools, our goal must be to have **100,000 more students enrolled in high-quality schools by the year 2020. To do right by our kids and secure our future, we must have 100,000 more students in B or better schools by the end of this decade, whether those are public, private or public charter schools.**

To achieve this goal, we must continue to fund excellence, expand choices, and fix what's broken in education in our state.

FUND EXCELLENCE

There are those who think that improving education is just about increasing funding. For decades people have purported to be on the side of children by simply proposing more money for education. But money alone isn't the answer. We do need to increase funding, but we need to do it the right way, the smart way. We need to fund excellence.

It would not be prudent for me to talk about budget numbers in advance of the revenue forecast on December 18, but I can say that our administration will be seeking additional funds to invest in education. How much remains to be determined, but this is certain: Investing in our teachers and students will pay dividends for generations.

To that end, we will propose to increase tuition support within available resources and will support efforts by legislative leaders to increase the base funding per pupil, which will benefit our traditional public, public charter and choice schools.

We will build on the successful performance funding in our last budget that made today's \$30 million in bonuses for great teachers possible. Because everyone knows that good teachers make a difference, we have to get even more good teachers in front of more classrooms.

How do you get more good teachers in more classrooms? You get more good teachers by paying good teachers more. That's the principle behind today's bonuses.

And we will build on that with a new performance grant based on a number of important measures.

We also will support efforts by the Commission for Higher Education to expand our performance-based model of funding for our universities.

We must find ways to reward teachers who are helping our kids achieve their full potential. Many believe this must be done through increased spending, but the answer oftentimes is spending money more wisely.

Part of that involves getting out of the way of good teachers and allowing teachers and principals to innovate and refocus resources on the classroom and on paying good teachers more. That's why in this next session we are proposing to allow schools to choose this kind of freedom and flexibility. We are calling them Freedom to Teach Schools.

These schools will improve educational performance by providing more flexibility to superintendents, principals and teachers by easing laws, policies, and regulations through waivers granted by the State Board of Education. This will give educators and administrators an

opportunity to innovate, and will enable school corporations to allocate more funding toward teacher salaries, to help attract and retain the best talent.

Paying teachers more is an important part of the solution.

We all know that changing K-12 education is difficult. Achieving results begins with allowing more autonomy and less bureaucracy for schools and teachers. The future of today's students—and the American economy—depends on it.

EXPAND CHOICE

In addition to funding excellence, we have to give parents and students more choices within our public schools and through public charter and private school choice.

For starters, we'll seek \$10 million a year in this next budget to fund pre-K scholarships for our new pre-K pilot, which already gives low-income parents new options for their children. Four of the five pilot counties will launch their programs in January, with the first-ever state funding for pre-k scholarships.

Next, we will adjust funding for public charter schools that will allow more communities in Indiana to offer more choices for families and their kids, and attract more investment for education innovation in Indiana – investment that is currently going to other states.

And, we will improve the largest school choice program in America by lifting the cap on the dollar amount for vouchers and supporting efforts to raise the cap on the choice scholarship tax credit program.

Finally, we will work with legislators to act on the State Board of Education's recommendations to develop a new, strategic approach to turning around failing schools.

Together, these actions will make charters more available and more affordable, and make new choices available for many parents and their students.

I also believe we need to expand choices within our public schools. That's why when I ran for office, I promised to make career and vocational education a priority in every Indiana high school.

The General Assembly embraced that vision, helping to create both the Indiana Career Council and the Indiana Regional Works Councils, which have laid out a strategic plan and built important community partnerships.

With more than 40 meetings and 500+ hours invested in just under a year, the Career Council delivered its Strategic Plan for Indiana to the General Assembly this past June.

We also created 11 Regional Works Councils which have forged new partnerships between businesses and schools and have awarded \$3 million in Innovative Curriculum Grants to 18 projects across the state. The private sector matched those dollars and more—with \$4 million to establish new career and technical training opportunities that match regional business needs. More than 1700 students will participate in the first year of programs.

We have improved the career and technical education opportunities available to our students and aligned them with what employers need, but we've only just begun to scratch the surface.

In the next budget we will propose to increase the amount of money, public and private, to give our students more career and technical education opportunities.

By 2020 we will have a five-fold increase in students who graduate with an industry-recognized credential.

We will do this by changing how we fund career and technical education courses, basing funding on performance and relevance instead of enrollment alone.

No matter where a student wants to start in life, we should ensure career and technical education funding helps high schools shepherd students successfully toward completion of courses, work-based experience, and industry recognized credentials.

Make no mistake about it, this will improve our graduation rates, because students who specialize in career and technical education courses have higher graduation rates than students who do not.

This is an ambitious education agenda. It's a significant investment in the people of our state, and particularly in our students. We've already laid the groundwork. But to maintain our momentum and implement new policies, we also need to fix what's broken in education.

FIX WHAT'S BROKEN

We've all seen the confusion – and even friction – at the highest levels of state government, and we've all been frustrated.

From the outset of my administration, we have worked hard to make things better for students and schools by encouraging collaboration and innovation.

That's why I created the Center for Education and Career Innovation, which took on a series of important policy objectives.

The Center's team, under the able leadership of Claire Fiddian-Green and Jackie Dowd, has done a tremendous job navigating difficult waters and has served the people of Indiana admirably. They have partnered with the Indiana Department of Education to develop new, more rigorous academic standards in English/language arts and math, and to design a new A-F model reflecting educator input. The Center has worked with Indiana's Family and Social Services Administration to design the new pre-K pilot, and has helped the Works Councils and Career Council discharge their duties faithfully and to a high standard.

I am proud of the work that the Center for Education and Career Innovation and the talented men and women working there have done. But I am aware of the controversy that has surrounded the center since its creation. I'm also aware that we have too many entities with overlapping responsibilities in public education in Indiana.

For education to work in our state, it has to work at the highest levels, and someone needs to take the first step to restore harmony and trust in education. In that spirit, later today, I will sign an executive order to dissolve the Center for Education and Career Innovation.

Our commitment to aligning statewide efforts in education and workforce development will remain undiminished. CECI has laid the groundwork necessary to accomplish these goals through other existing agencies and programs.

In connection with this step, I am calling on the General Assembly to improve how the State Board of Education works.

By law, the State Board of Education is designed to represent all people of Indiana. Its members come from all corners of the state. They include educators from private and public schools. They are both Democrats and Republicans. And by law no political party can have representatives occupying more than six of its 11 seats.

The Superintendent of Public Instruction plays a vital role on the board and brings an important perspective as the head of the Department of Education, and should always be on the State Board of Education.

But, in the interest of restoring trust, improving harmony and getting the job done for our kids, I believe the time has come for the members of the State Board of Education to elect their own chair, and I am calling on the General Assembly to enact that reform.

It is time to take the politics out of education in Indiana, or at least out of the State Board of Education, and get back to the business of investing in our schools in ways that prepare our kids for the future that awaits them.

Most of the state boards and commissions that I appoint have an elected chair. For instance, I appoint all of the members of the Commission for Higher Education, and they elect their own chair. The State Board of Education should operate the same way. Whether the chair is a

Democrat or Republican, or the Superintendent of Public Instruction or a high school principal, doesn't matter. What really matters is that the chair can focus on building consensus and getting the job done on behalf of Hoosiers everywhere.

CONCLUSION

To achieve the goals I laid out today—100,000 more kids in quality schools and dramatically increasing the number of graduates who are ready for careers—we must be bold and act with a sense of urgency.

We must fund excellence. We must expand choices for families. And we must fix what's broken.

If we do that, we will make the grade. We will open the doors of opportunity for our children, in this generation and the next.