

Federalist Society Address
Governor Mike Pence
June 13, 2014

Thank you all for that wonderful, warm welcome. It is wonderful to be here. I started the round of applause for Bryan Paul—Bryan, thank you. Thank you for your leadership with the Federalist Society, the Indianapolis lawyer chapter here.

This is a great group. I've been speaking with one of the founders of the Federalist Society yesterday whose name has already been mentioned. I think the Federalist Society and its Indiana roots should be a source of great pride to commonsense conservatives in the state and all over this country, and I appreciate your leadership and the great heritage of the Federalist Society in Indiana. Let's give them another round of applause.

I'm delighted to be here. I look around the room and I see so many people who are of enormous importance in the life of the state and in the legal practice of the state. If I started to recite them all, I'd probably have to go table-to-table, but a couple of people who are particularly meaningful to me, when I saw them at the head table here, I said "It's great to see *the* Tom Fisher." His son and I got to know each other particularly well; he has had an extraordinary career with the Attorney General's office under way. And just so you know he said to me, "Just so you know, I'm not *the* Tom Fisher." So Tom, it's great to see you. I so appreciate your whole family's commitment to our state.

Justice Mark Massa is here who I think represents one of the great leaders in the judiciary not only in Indiana, but in the United State of America, at the state level. And I'm also thrilled to have the opportunity to renew my warm relationship with Dean Harvey who means a great deal to me. Dean, it's wonderful to see you and Jerry looking well. Thank you for the way you have stood for commonsense conservative ideals in the law, in Indiana and in America for several years.

Thank you all for being here. I'm deeply humbled at this tremendous turnout today, owing this to your appreciation for our leadership, and for the need for continuing legal education credits.

I'm reminded of something Harry Truman said long after he left office. He said "If you want me to speak for 15 minutes or less, I need 30 days notice. If you want me to speak 20 minutes or less I need 15 days notice, and if you need me to speak for more than 20 minutes, I'm ready now."

I want to share with you all some things from my heart and thank you all for the hospitality today. I want to talk to you about Indiana, the life of our state, and how I think our state has been putting into practice the very ideals that Bryan described about the founding of the Federalist Society in a very real sense.

I think it's becoming more apparent every day at home, and abroad in these headlines here today, that there's been a failure of leadership in Washington, D.C. Frankly, there has been a lack of leadership at both ends of Pennsylvania Avenue, and the American people are frustrated with Washington, D.C. and frustrated with the "Washington knows best" mentality that's come out of Washington, D.C.

Honestly, it's been a mentality that's emerged from time to time in both political parties.

But here in Indiana, we've taken a different path, and I want to share with you that path and show you some different aspects of it.

It's accurate to say that we live in a state that works. And that stands out even more at a time when it's clear Washington, D.C. isn't working. The American people in a very real sense are looking for answers.

I will tell you that I will always be grateful and I will always be proud of the years which I had to represent our state in the nation's capitol. In fact, I would like to say that if I had just 12 years left to live, I would like to live it as a member of Congress, because that was the longest 12 years of my life.

I'm often asked "how has it been making the transition from working for Congress and working as the Governor of the State of Indiana?" It's always a tough question to answer because my years in Congress, with a few happy exceptions, were times characterized largely by frustration and by gridlock and by the lack of ability to move forward. From the very first day that I lay down my right hand to be the Governor of the state of Indiana, we've been able to focus on

results. We've been able to work with what I think is the best state legislature in the United States of America.

To work with the great leadership partners like Attorney General Greg Zoeller and others who believe in the principles of limited government and state-based solutions here in the state of Indiana has been a great privilege. So this afternoon, I want to talk to you about the concept of Federalism as we're putting it into practice here in Indiana, and I want to give you some examples of that and also share with you ways Indiana has always played a role in this national discussion.

The truth of the matter is that I believe that the principles of Federalism, which I think were punctuated maybe with an exclamation mark in the Tenth Amendment, were alive and well at the time of our nation's founding. It's impossible to read the Constitution of the United States without understanding that it is a document of a limited federal government that contemplates that there would be those responsibilities and resources and those functions of government, many of which would be best administered at the state level.

I truly believe that Federalism explains a great deal of American exceptionalism and the extraordinary progress of economic growth and influence of our nation over the past 200 years. I believe that reinvigorating federalism in this country is essential to restoring the fortunes of our nation. Now, that being said, let me focus on Indiana—on how we have now for the better part of ten years, owing to many of you in this room who have supported leadership in the Governor's office and leadership in other statewide offices and leadership in our legislature, supported these principles. Indiana has been busy setting the pace for state-based solutions and state-based forums.

Long before I gave this speech a few weeks ago, I was talking about how I think we need to be solutions conservatives. Hoosiers have been focused on crafting solutions in Indiana to some of the problems facing our country. You need go no further than our policies about economic growth. When most states are awash in a sea of deficit and debt, Indiana made the hard choices in recent years to live within our means and to balance our budgets. Because of this, we'll closeout the end of this fiscal year with more than 100 million dollars in an annual surplus, some

2 billion dollars in reserves, and a triple A bond rating from all three major credit rating in the United States of America.

We've been doing that at a time of economic uncertainty, difficulty, and recession, and it's because Hoosiers have been going our own way. We've been promoting economic growth through tax reform, property tax caps in recent years, and placing those as we have in our past years in our charter. Since I arrived in office, we've been promoting pro-growth policies, like the right to work that was enacted into law in 2012. We've lowered the state income tax in Indiana. We have lowered the corporate income tax rate, and, when that is fully implemented, we will have the second lowest corporate tax rate in America. We gave local communities new tools to innovate and attract capital formations and jobs, and we ended death taxes in Indiana once and for all. Independently rated organizations are looking in Indiana and the fact that we are going our own way, and they are recognizing that Indiana is consistently rated as one of the best places in America to start a business, grow a business, or get a job. Site Selection Magazine said we're the best place in the Midwest and the number two place in America to relocate a business. CEO Magazine listed us as the fifth best place in America and the best place in the Midwest, and the Tax Foundation, without even accounting for some of our recent tax reforms, recently put Indiana for the first time in the top 10 list of pro-business tax climates. I am told that we actually bumped Texas off the list that year. So I tweeted that because Rick Perry follows me on Twitter.

We have been charting our course here in the state that works on pro-growth policies, but we have been doing it in other areas as well. And certainly chief among them is education. Indiana is routinely recognized as the leading education reform state in the country. In the last year and a half we put into practice our core belief in Indiana that education is a state and local function. I will never forget my first year on Capitol Hill, a new Republican President, new Republican Congress, said their number one priority in that new Congress was No Child Left Behind, which was the largest expansion of the federal Department of Education since Jimmy Carter had created it back in the 1970s. I and a couple of other Republicans in the Congress opposed No Child Left Behind. We lost that fight. But in a very real sense we have been winning the argument.

In Indiana this year, I was pleased to sign legislation to make Indiana the first state in America to withdraw from national standards of the common core. We went through an arduous and rigorous process to adopt new standards in the state of Indiana that were written by Hoosiers and for Hoosiers. While that process included more than 150 educators and academics who contributed more than 6,000 hours to the development of new standards, I think the principle is the most important thing: that we serve here in Indiana whether it comes to standards or curriculum. We in Indiana can run our schools and develop our standards and our curriculum the Indiana way, in a way that best serves the interests of our kids whether they are headed to college or careers. That is not a new path for Indiana.

While some states are following us, and stepping away from national standards, frankly Indiana has been on path of education innovation for some time and we have the fastest growing educational choice program in the United States. While our neighbor to the south, last time I checked, doesn't have a single charter school. Indiana has more than 70 charter schools, bringing new ideas and innovation to the education landscape in the Hoosier State. We hold those same charter schools accountable for the outcome and results we demand.

Indiana has been setting the pace on charting the new course on pro-growth policy and economic reforms and also on education, and we also have been for a half a dozen years on health care reform. Now many of you know that I was in leadership in Congress when the Affordable Care Act was debated, and I remember how many times that we heard leaders in the other party saying, "If you like your health insurance, you'll be able to keep it." Turns out that wasn't so much the case, which was no surprise to any of us that had taken some time to understand the bounds of Obamacare. I know the Supreme Court upheld this framework, but I've got to tell a bunch of smart Federalist Society lawyers in the room, you will just never convince me that ordering every American to buy health insurance whether they want it, or need it, or not is consistent with American ideals or is the answer to the health care challenge.

Here in Indiana, even while I continue to advocate in speeches across the state recently, and one in Washington, D.C., I think Obamacare should be repealed lock, stock, and barrel. I think it is a principle of personal freedom and personal choice. But any sensible repeal of Obamacare should be accompanied with market-based reforms that expand access to affordable health insurance for every American. But I also believe, as I long advocated on Capitol Hill, it should be

accompanied with efforts in Congress to block grant Medicaid back to the states. The good news here in Indiana is that we have been charting our own course on Medicaid reform now for more than half a dozen years. We call it the Healthy Indiana Plan, and recently we announced plans to see if we can use the framework of the Healthy Indiana plan to expand coverage in our state for working Hoosiers. I commend our proposal to your attention.

Some people call it Healthy Indiana Plan 2.0 or HIP 2.0 for short. It is really our alternative to traditional Medicaid expansion. I know these days about half of the states out there have gone ahead and expanded traditional Medicaid. But from the very moment I became your Governor, we ruled out expanding traditional Medicaid. I think Medicaid is a deeply flawed system that disserves people who are enrolled in it. There was a study that came out by the Medical Association just a year ago that actually discovered in the state of Oregon that people who were enrolled in Medicaid in that state versus people who had no coverage that there was no difference in health outcome. In fact in some cases, the health outcomes were better for those with no coverage. Many physicians, and there may be some physicians who made their way into this room today, can attest to the fact that a lot of doctors are not taking Medicaid patients anymore because of the compensation rates and because of the red tape.

So, we've ruled out traditional Medicaid just the same as we've ruled out an Obamacare exchange in Indiana from the very first day after I was elected. I'll never forget. It was the morning after the election, and I was seated next to my predecessor—the first time I got to sit in that office after the election. I was asked, "What about health care coverage? What about this issue of expanding coverage in Indiana?" I said two things. Number one, I'd be open to expanding coverage if we could do it in a fiscally responsible way without jeopardizing the fiscal integrity of the State of Indiana. Number two, I'd be willing to consider it if we could do it preserving the fundamental structure of the Healthy Indiana Plan. Frankly, in the last year and a half, we've been working to do that. Last year, we preserved the current waiver of the Healthy Indiana Plan, and we secured a one-year extension to continue discussions. Over the last six or seven months we've been working with federal officials, and in a matter of a couple of weeks we're going to be submitting a waiver request that I believe meets both of those criteria.

I'm pleased to tell you today that HIP 2.0 will include not only a program that preserves the health savings accounts provisions, the consumer-driven health provisions at the very core of this

successful plan, but we're also going to introduce for the first-time ever, if given the opportunity, a premium assistance program for working Hoosiers who would have the opportunity to access these resources to purchase health insurance through their own employer. And we're doing all of this in a fiscally responsible way. We worked hard with our health care community in the state of Indiana and with health care providers in Indiana, and I can tell you, if we're given the ability to expand health care coverage in Indiana the Indiana way under HIP 2.0, we'll be able to do it without any additional spending from the general fund or any need for tax increases for the people of Indiana.

The reason I'm so enthusiastic about this has really nothing to do with dollars and cents, but I truly believe that consumer-driven health care is the future of health care in this country. There are really only two futures ahead of us in health care – government-driven health care and consumer-driven health care. Here in Indiana, we've been charting the course for consumer-driven health care for the last six years. We're going to create what we call POWER accounts, most people know them as health savings accounts, where people make a contribution and take greater ownership of their own health choices. They have incentives to participate in preventive medicine and wellness. They move from emergency room care to primary care. My greatest enthusiasm for this is that it just works. It works for better health outcomes for Hoosiers, and, of course, consumer-driven health care—which 95% of Indiana's State employees already have in the state of Indiana— which saves the State of Indiana millions of dollars every year because commonsense tells us when people lead healthier lives, their health bills go down, right? And that's why you see in some aspects in the commercial marketplace that private sector consumer-driven health care, when it is implemented, can save up to 25% of health care costs according to some estimates.

It's the right thing to do for Hoosiers health, it's the right thing to do for the fiscal health of our state, and I also believe that it is one more example of the kind of state-based reform, state-based solutions that are at the very core of what the Federalist Society has been advancing throughout the storied history of this organization. There were other examples we could talk about today, but I don't want to risk actually getting you some CLE credit. You know I really do believe that in a broad range of areas—education , economic policy, healthcare, even transportation, and energy—that the pathway forward in this country is to give our states the ability to develop

solutions on a state-by-state level in a manner that is consistent with the ideals of the American founding which is what Brian said at the onset of this. I don't want to take us all the way back to the Bill of Rights, I'm not a Dean Harvey guy, but maybe I'll take you back a few years. As I said on the occasion of his 100th birthday, I had the chance to speak before the Illinois Republican Party a few years back, about Ronald Reagan who, just about a week ago, is gone a decade now from this earth. I had the honor of speaking at this gathering with a number of other speakers, but that was the first time I actually said that I thought that Federalism was Reagan's unfinished work, and I believe that more today than ever before. And let me support that by citing a few things that also bear directly on our own history with the 40th President of the United States.

In his first inaugural address, President Reagan said, "It's my intention to curb the size and influence of the federalist establishment." We all remember that, but he also said that to demand recognition of the distinction of the powers granted to the federal government and those reserved to the states. It is one of the first things he said to the American people after he raised his right hand and my favorite line from that first inaugural address was, "all of us need to be reminded the federal government did not create the states; the states created the federal government." You can clap for that. You could kind of see he was going for it. I clap every time I say it because it's true. What's remarkable was after the President gave that address it would be a little more than a year later in February of 1982 that he came right here to the state of Indiana. He spoke before our General Assembly. In fact, in my study back at the Governor's Residence, I have a picture that Mike McDaniel gave me that he snapped of the President with the bronze seal of the State of Indiana at the podium just behind. He came to give a speech on the very topic that I just recited from his first inaugural address, and I think it bears reflecting on for just a few moments before I close. In fact if you are interested in this speech, it's actually carved in bronze on the wall of the Indiana House Chamber, and it still holds up today. He was talking about the relationship between the federal government and state governments, and early in the speech he said there was a story of two partners who decided to take a day off and go fishing. They rode out to the middle of the lake, baited their hooks, and waited for the first bite when all of a sudden one of them said, "Sam, oh my gosh we forgot to close the safe!" To which Sam replied, "It's okay; we both are here so no problem." He said for too long that's the kind of partnership the federal government has enjoyed with the states. But then he got very serious, and he started to talk about a plan he

had to launch a Presidential commission on federalism. In fact he published a book with the American Legislative Exchange Council that very month I think it touted Reagan and the states and before the Indiana General Assembly he described what he would call the new phase of the great American experiment and it was federalism.

He proposed a series of several dozen federal programs that he was prepared to offer to any state in the country that would be willing to take back control of the resources, cut the red tape, and manage those programs. And he said, looking out at our General Assembly, he said you here are the ones who will carry the experiment forward, you are the public servants that offer the most creative solutions and the most promising hope for the nation's future. And that was the end of it. The Commission didn't really go anywhere, no one really picked up on it so while I was preparing to run for governor I made my way over to the Heritage Foundation to sit down with Ed Meese, former Attorney General and a friend of a number of people in this room. I literally scheduled a meeting. I said you have to tell Attorney General Meese I have a specific topic I want to talk to him about so my staff called ahead and said it's about the Indiana speech in 1982 because I didn't expect him to remember it. I sat down and we had a wonderful conversation, it was incredibly illuminating and gave me great insight. I sat down with him and I said, "You know I don't even know if you remember this speech. He said, "I remember it like it was yesterday." And I said, "Really? What was the deal there? Did the President, was he coming through Indiana and he just wanted to do the federalism speech there?" He said, "Absolutely not." He said, "Mike, you need to understand Ronald Reagan cared as much about federalism as he did about a strong national defense." I said, "Really? Where did that come from?" And he looked at me with a little bit of a smile sitting as we were in Washington, D.C. and he said, "You know, Mike, people in this town, even those that idolize him, they miss a big point about my old boss. I said, "What's that?" And he said, "He was a Governor. You've got to remember we spent a lot of years in Sacramento in one of the largest states in the union, with our hat in our hand asking people in a far distant capital whether they would give us the position, the freedom to run our lives and the flexibility to run our state. President Reagan had a passion about this, and he was determined to do it. So I said to him, "Well why didn't it go anywhere?" And he just looked at me, and he said, "Well you just didn't have leadership at the state level like you have today." Back then, you didn't have the Mitch Daniels, you didn't have the Scott Walkers, you didn't have the Rick Perrys, the Nikki Haleys, the Rick Scotts, and you didn't have the kind of

people that were demonstrating a character and a competence and a commitment to state-based solutions and putting that into practice.

And it just really got me to thinking that as we go forward in this debate over the future of this country that we have to find a way, and I can assure you, Bryan, I give this speech even when I'm not speaking to Federalist Society groups.

But I think we have to recognize that to renew our land, it will not be enough for renewed Republican majorities in Washington, D.C. simply to cut government spending. We must demand that renewed Republican leadership in Washington, D.C. to permanently reduce the size and the scope of the federal government by restoring to the states and to the people those resources and responsibilities that are rightfully theirs under the Constitution of the United States.

And it really is, you know what I'm listening for, I have to tell you—some people say that the next president ought to be a governor, and I'm certainly sympathetic to that view.

But let me tell you what I'm listening for as an American. I'm not listening for somebody to say, "Send me to Washington, D.C. and I'll run the nation's capitol the way we ran our state." Because I can tell you, I've worked out there and D.C. is not a state, literally or figuratively.

I'm actually listening for that man or woman who says, "Send me to Washington, D.C., and I'll make it more possible for the next person running my state to run it with more freedom and more flexibility, to solve the problems facing their people with solutions that are designed by their people. That's the message I'm listening for today.

Now, will this be easy? No. In Washington, D.C., just like in any concentration of power, the first impulse is to hang on to what you've got. It's not going to be easy, under even renewed leadership. But I really do believe that Indiana is going to play an outside role in encouraging renewed leadership in our nation's capitol to do just that because we're a state that works.

We're a state that has demonstrated in the areas that I've mentioned, and hopefully we'll be able to build on that momentum in the areas of education, areas of economic freedom, areas of health care reform. When you give us that freedom and you give us the flexibility, we solve problems.

We come up with solutions that work for our people and produce the results that people aspire to see.

I always tell people I see when I travel around the state that of all the things we're advancing in Indiana I think are going to have two results. Number one is we're going to increase the prosperity and the well-being and the educational outcomes of our people. But I also do believe that Indiana has an opportunity to lead this country by our example, back to the practices and principles that have always made America strong and will make America strong again.

It will be difficult, and maybe that's always been the case. Thomas Paine gives us some words of encouragement in this regard. He said, and I quote, "We have this consolation with us, that the harder the conflict, the more glorious the triumph. What we obtain too cheap, we esteem too lightly. Heaven knows how to put a proper price upon its good and it would be strange indeed so celestial an item such as freedom should not be highly rated."

So we should be encouraged. Those of us that believe in that Constitutional framework, that principle of Federalism, should be encouraged that restoring that principle back to the center, to bring to life what President Reagan said about the new phase of the great American experiment is worth doing and it can be done. And to me, it's at the very core of unleashing a renewed energy in our nation and our state, for ourselves and for our children.

I want to thank the Federalist Society. Thank you for holding the banner high. Thank you for holding that Constitutional framework high, and standing up in your profession for the principles of limited government and doing so with distinction in our state and all across this country.

I encourage you to stay in the fight at every level. And know that here in Indiana, we're leading the way because of strong, commonsense conservative voices like all of you gathered here. I encourage you, don't become weary in doing good, for in the old book it says we will reap proper harvest if we do not give up. So I want to thank you. Thank you for the stand that each one of you take. Thank you for the great privilege of addressing you today. And thank you for all that you've done to make Indiana a beacon of state-based solutions and a leader of state-based reform in the United States of America. It's an honor to work with all of you, and for all of you. God bless.