It is good to see friends in city and county government as well as your legislators I am so privileged to work with.

I am truly honored to be with you today to talk about the preeminent challenge facing our state, the education of our children and to shed light on a future of hope and opportunity for our 22 million people.

I can’t speak today without first acknowledging the great ritual we as a nation undertook just two weeks ago – the election of a president.

It is a testament to the enduring virtue of our democratic experiment that more than 225 years since the birth of our republic we still decide our destiny as a nation without tanks in the street, or without fear or intimidation, but instead in the sanctity of a voting booth where the opinion of a poor tenant farmer carries as much weight as that of a well-heeled stock broker.

Regardless of your political persuasion, isn’t it great to be an American?

In their infinite wisdom, I do not believe Texans have sent us to Austin or Washington to continue a permanent campaign but instead to solve problems.

Texans want Democrats and Republicans to walk down the same aisle and pursue the same objectives.

They want discourse, not discord.

And they want a future with good jobs, great schools and strong families.

I truly believe there is no problem we can’t solve when Democrats and Republicans decide to work together.

Reforming public education, cutting property taxes, fixing adult and child protective services and funding our budget can all occur when Democrats and Republicans engage in consensus and cooperation – not cynicism and combat.

And as someone who has worn the jersey of both partisan teams, I have a unique perspective when I say no party has an intellectual patent on good ideas or common sense.

If someone has an idea to address school finance, I will ask, “what social good does it accomplish” not “what party do they belong to?”

My door remains open to all who enter in good faith to the members of this respected chamber of commerce and to the members of both parties seeking to achieve the common good.
As I remain open to new ideas to solve the school finance challenge, I want Texans to know I am guided by strong principles on this issue.

First, I believe Texans deserve and demand a property tax cut that is significant in size, and that stands the test of time.

That means we must not only lower school rates, we must stop skyrocketing appraisals from making a property tax cut temporary and meaningless.

Second, I believe we must stop pitting communities and school districts against one another with the divisive funding scheme known as Robin Hood.

The impact of Robin Hood is anything but mythical.

Today, a district like Austin ISD, which educates a population of students that is 56 percent economically disadvantaged, is considered wealthy under the Robin Hood formulas.

This means local property tax dollars are being taken away from predominantly poor students in Austin to be spent somewhere else.

We can do better. We can do better and must do better while making sure we have equity in education funding.

A great education should not depend on what side of town you live on, or the income of your parents.

In America today, education is the means to a brighter future, the reason children of migrant workers can dream of one day owning the farm.

That dream must be available to all.

And that brings me to the third and most important principle concerning school finance, the issue I want to focus most of my comments on today, and that is this: School finance is not simply about cutting property taxes or eliminating Robin Hood. It is not merely an exercise in tax accounting or changes to the Byzantine school funding formulas. It is first, and foremost, about providing a great education for every child.

Some try to make it much more complex than it is, but it is that simple: It is about providing a better future for our children, regardless of where they come from, the sound of their last name or the heritage of their family.

The future of our state is dependent upon the education of our children.

We have a once-in-a-generation opportunity to provide meaningful reform to public education. The time is now to refocus our sights. For ten years we have made great strides in focusing attention on low-performing schools and underperforming students.

In an eight-year span, the passing rate on the old TAAS test rose 32 points.

This is a tremendous tribute to our dedicated teachers, administrators and parents.

But history is not recorded when you climb halfway up the mountain, only when you reach the summit.

For all that we have accomplished in education, we still have a long way to go to reach the
And I will never allow good to stand in the way of great.

You and I cannot settle for an education system that is geared toward meeting minimum standards. We must focus on maximum achievement.

We can’t be satisfied with the number of children dropping out of Texas schools.

When a child drops out, a dream is extinguished.

We must have two goals: that more students graduate from high school and that more students graduate ready for college or a job.

Some will say we should just put more money into the current system – billions more depending on who you talk to.

That issue is currently before the courts. My resolve is to address school finance regardless of how the courts rule.

And ultimately, we will be judged in a different court, the court of public opinion.

And it is the public that is clamoring for more education for its money, not just more money for education.

Parents and taxpayers will measure the success of school finance by the results we reap, and not the amount of new money invested.

Money spent is not the measurement of success; results are.

We need new measures for financial accountability in education, a new focus on educational excellence and a new push for introducing free market principles to education.

Some of you may have heard how LSU put an incentive clause in their football coach’s contract, that they would make him the highest paid coach in the country if they won a national title.

I’m not saying that’s the only reason they beat OU last year, but it sure couldn’t have hurt the effort.

If we can reward success on the football field, why shouldn’t we reward victories that happen every day in the classroom?

Merit pay for our best and brightest teachers will keep those teachers in the classroom, and improve the learning environment for our children.

I think we must focus merit pay for teachers on schools where we have large numbers of economically disadvantaged students.

I want to encourage the best and brightest to teach in the hardest classrooms in our urban schools and in districts where failure is too often the rule and not the exception.

Incentives work everyday in the business world. And incentives can work in education too.

That’s why last year I put forward an equitable incentive plan to reward excellence in
education.

But I have never heard of a good idea that couldn’t be improved upon.

I am proud to tell you the Governor’s Business Council formed a special committee to reform education, chaired by former U.T. regent Charles Miller and business leader Woody Hunt of El Paso, and involving education reformer Sandy Kress, that is working on educational incentives for schools with large numbers of economically disadvantaged students.

Their work product is not finished, but the path they are on is promising.

It is a “no excuses,” innovative approach to education reform that focuses on helping schools that need it the most.

They have visited with the leaders of this chamber, the Greater Houston Partnership, and some of the leaders of the Metro 8 Chambers.

They are reinforcing an important message: School finance is first and foremost about the quality of our schools.

They are developing a blueprint that not only focuses on incentives for success, but will provide real consequences for schools that consistently fail our children and refuse to change.

We must not allow schools that fail our poorest children year after year to continue to do so without real consequences.

Our most immediate response to this kind of local crisis must be to provide expert help.

But at the end of the day, if failing schools refuse to change there must be real consequences and real reforms that will reassu parents.

Ultimately, public education exists to improve the welfare of our children, and not perpetuate status quo interests.

I also believe, as do members of the Governor’s Business Council, that we need to demand greater financial accountability of public schools.

If taxpayers are going to foot the bill, they ought to be able to look at every item on the receipt.

School budgets should be open and transparent, not written in bureaucratic code.

They should be accessible, and easy to read.

Taxpayers should know exactly what percentage of their dollars makes it into their local classrooms and precisely what is considered a classroom expenditure.

They should know if school tax dollars are being used to hire high-priced lobbyists, law firms and PR firms to extract more money from the very Texans paying the bills.

We can’t merely focus on the question, “how much,” we must ask the question, “how?”

How is the money being used?
How can we make the most of the dollars we currently have and how can we ensure any new dollars go toward the highest and best use in the classroom?

We must refocus funding to make success becomes its own incentive.

Successful teachers in struggling schools should be rewarded.

Successful schools in areas of the state with large numbers of disadvantaged students should be recognized, rewarded and emulated.

When we fund failure equally with success, we make failure its own incentive.

We must make excellence the goal of every school in every region of Texas.

I am not talking about modest reforms to be made at an incremental pace.

I am talking about transforming education so our schools work as well for the poorest kids as they do those from privilege.

I’m talking about setting new standards of excellence, where schools are measured by the progress they make with struggling students, where students are encouraged to take the hardest classes, where the basics are the foundation and that foundation prepares every willing mind to succeed in college and the world beyond.

Some may be critical of the proposals that the Governor’s Business Council and I make to reform education.

I expect criticism, because there are no two subjects that stir greater passion than education and taxes.

The critics are free to criticize, but even critics have a greater responsibility if they want to be known as leaders and that is to come to the table of ideas to offer constructive solutions.

Leadership is not saying what we can’t do. It is the courage to say what we must do.

I say we must change the culture and set our sights higher than ever before.

Designing a system for success in education is our greatest task. Funding that system will take all of us working together.

I believe there is 100 percent agreement in this room that we must cut property taxes.

I believe there is also 100 percent agreement that we must protect the economic engine of growth – job creation.

What presents a problem is that there are a lot of different opinions about how to achieve those two goals.

I want your help in coming up with viable revenue alternatives that can offset a significant property tax cut, and sustain our classroom needs.

It is often misreported that I have ruled out new business revenues. I have not.

In fact, I have long proposed closing franchise tax loopholes to generate more money for education and property tax relief.
And I am keeping an open mind, and an open door, to other ideas, with the goal of finding alternatives that are fair to business taxpayers without doing harm to job creation.

It is true that employers are willing to pay a price for better schools. It is equally true that the price for better schools cannot be paid in lost jobs and lost revenue.

Like the old Casper the Ghost cartoons, you have to follow the bouncing ball: Job creation leads to the creation of wealth, the creation of wealth leads to more revenue, more revenue leads to better funding for education, healthcare and other core priorities.

If you turn that model on its head and raise taxes first and ask questions later, you get a taste of what California went through last year.

I prefer creating jobs over raising taxes to raise revenue.

I am proud of our efforts to create jobs in this state.

We are growing our way out of the national economic downturn. In fact, we’re leading the nation out of it.

We have created more than 120,000 new, net jobs in the last year.

Last year we landed nine of the 20 largest capital investments in the nation, including the largest: the $3 billion investment by Texas Instruments right here in Dallas.

Earlier this year, we announced the largest job creation project in the nation, the Vought Aircraft expansion.

And earlier this month, Site Selection Magazine named Texas the best place to do business in the nation, citing the new $295 million Texas Enterprise Fund, our lawsuit reforms, and our low tax rates as the reason for our ascension.

Employers know what most Texans intuitively understand: We will never tax and spend our way to prosperity, but we can certainly grow our way there.

The future of our state has never been more promising.

If Democrats and Republicans work together to address the challenges that confront us, if we see issues without a partisan perspective, but with a Texas perspective, we can build a Texas with good jobs, great schools and strong families.

I ask for your help in reforming education and lowering property taxes.

I ask for your help in finding alternative revenues to finance those two important goals, and I ask for your leadership in protecting our job climate, the engine of progress and prosperity for our future.

Thank you, God bless you, and God bless Texas.