Thank you, Charles (McMahan). It’s good to be back with the men and women who are not only building a stronger Texas economy by creating jobs... ...but who are also building a brighter future for every Texan by offering their service and expertise to the Governor’s Business Council.

Since I last had the honor of speaking to you all as a group in April, Texas has been through some unusual and extraordinary times.

We have had two special sessions on education and tax reform... ...followed by two major hurricanes.

And if you don’t think that’s unusual enough, I actually appointed John Sharp to lead a statewide tax reform panel. And he accepted!

That alone probably has some folks wondering if we are living in the end times.

(pause)

It is often said that the worst thing one could hope for is to live in interesting times.

I’m not sure that I completely agree with that.

The reason is that sometimes it is only through great trials that we witness the very best attributes of the human spirit... ...and test our character to find out who we really are.

That is certainly the case with Hurricanes Katrina and Rita.

In the wake of these two devastating natural disasters, we witnessed an outpouring of compassion unrivaled in our history, as families donated food, clothing and medicine... ...as doctors and nurses worked thankless hours to provide lifesaving care... ...as volunteers flocked to shelters to serve... ...and as our first responders rushed to the scene of disaster to remove people from peril.
And right there among the very first to answer the call of compassion were hundreds of private sector leaders, who sprang into action with massive shipments of food and supplies... who transported gasoline and generators on their own dime... and who offered millions upon millions of dollars to help the bruised and broken begin to rebuild their lives.

Over the past two months, the world has seen what Texas is really all about... not the cocky and brash stereotype you often hear... but a people overflowing with compassion and courage in the face of great human need.

And the way that you all have responded has made me prouder to be a Texan than I have ever been in my life.

(proud)

Texans' response to Katrina and Rita has not only made me proud... it has also renewed my confidence that there is nothing we cannot accomplish when we come together for a great cause.

If we can evacuate some 2.5 million people... the equivalent of the entire state of Kansas... in a matter of hours, then nothing should shake our faith in our ability to solve the challenge of school finance.

Through the regular session and two special sessions, legislators put in a lot of hard work... and put forward a number of good ideas.

Our best efforts to reach an agreement got us close, but didn't lead to a bill landing on my desk.

Going forward, the problem I see is that every school finance proposal has essentially emanated from inside the capitol building.

I think it is time to look outside the capitol corridors and seek a fresh and broader perspective... a new approach that puts partisanship aside in order to do what's best for Texas... and that takes this debate directly to the people.

That is exactly what we are going to do with the tax reform panel led by John Sharp. The reason I chose John is simple:... he knows the issue... he knows the players... and he knows the mission is one that transcends politics.

Over the next few months, this task force will hold hearings across the state, and develop proposals aimed at providing a fairer tax code and tax collection system... permanently reducing property taxes... and ensuring a long-term, stable source of revenue for our schools while protecting jobs.

And when lawmakers return to Austin, we will have a solid proposal... developed by members of both parties... that can win the support of both chambers of the legislature.

(pause)
I have always maintained that addressing education and tax reform is a responsibility of the legislature, not the courts. But at the same time, I am not willing to wait for lawmakers to overcome their differences when our children’s future is at stake.

That is why the same day the legislature adjourned, I directed the Texas Education Agency to increase the minimum pay for Texas teachers... so that we could encourage some 8,000 teachers to keep making a difference in the classroom.

I also issued an executive order that put into law some of the most important education reforms that lawmakers failed to pass... including many of the concepts contained in the GBC’s report issued last year.

My executive order will mean more financial accountability for taxpayers... more efficiency in school spending... and more funds directed to the classroom under a new standard that says 65 cents on every dollar must be spent on direct instruction.

What that means is that we are putting an additional $1.6 billion straight into the classroom... without adjusting funding formulas... without waiting for the legislature to pass a bill... and without raising taxes.

Local schools will have a few years to reach the 65 percent requirement, and they will be able to decide how to get there... whether they choose to spend more on science labs, computers, teacher salaries or a host of other direct classroom expenditures.

But at the end of the day, Texas schools will be refocused on their primary objective: educating our children.

Under my directive, schools are also going to have to start reporting how efficiently they are using taxpayer dollars... and those that are wasteful will face tough, new sanctions.

And for the first time in history, every school district in Texas must open its financial books to public scrutiny.

Taxpayers will be able to see how much is being spent on educating their children... and how much is being spent on public relations campaigns and lawsuits against the state for more of their money.

With this information in hand, taxpayers will be empowered to demand change at the local level... and that is the ultimate form of local control.

I am a firm believer in an old Japanese proverb:... Vision without action is a daydream... action without vision is a nightmare.
Today we have a clear vision for education reform in large part because of the work of the GBC... ...and we are taking concrete action to implement that vision.

What I like about that proverb is that it is true for a whole host of issues that Texas deals with on a daily basis... ...and especially on the issue of job creation.

As the world economy evolves, a state that fails to develop and act upon a vision for attracting technology-based jobs is guaranteed to face a future of fewer opportunities.

That’s why it was tremendously important that we succeeded in getting $200 million in funding for the new Emerging Technology Fund.

Now we have a unique tool that can help us form new partnerships between the private sector and universities... ...bolster research capabilities at Texas institutions of higher learning... ...and help start-up companies get the capital they need to transform ideas into life-changing inventions.

I strongly believe that when government wisely invests taxpayer dollars in technology research and development... ...all of Texas stands to reap economic and scientific benefits far greater than the money spent up front.

The same is true when government and technology-based employers work in partnership to coordinate long-term economic development strategies... ...which is exactly what we have been doing for the last two years with the Industry Cluster Initiative.

The goal of the Cluster Initiative is simple:... to attract clusters of related technology-based companies to the same geographic region.

That way, likeminded employers can benefit from an abundance of ideas and talent in close proximity... ...with the ultimate goal being faster growth, new technological developments and the creation of more jobs.

Last month, a task force of business leaders submitted a comprehensive report to my office that provides a clear roadmap for reforms in education, workforce training, transportation and regulatory policies that will help Texas build a more collaborative business climate and ultimately foster the development of industry clusters.

And combined with our recent overhaul of our workers’ compensation system... ...our reform of asbestos lawsuit procedures... ...and the fact that we still have some of the lowest taxes and least burdensome regulations around... ...I believe Texas is in great shape to maintain its status as the world’s premiere location for job creation.

(pause)

Let me close by saying how much I appreciate all that you do not only for the Texas economy... ...but for every Texan who wants their children to experience a future of unlimited opportunity.

Your service to this council, to this state, and to me is of immeasurable value.

I ask for your continued help in laying out a vision for Texas that will lead to a better tomorrow... ...and for your renewed commitment to ensuring that this state acts to implement that vision for the sake of the next
generation.

Thank you so much, and may God bless you.