

State of the Commonwealth
Jan. 7, 2015
Gov. Steve Beshear

Mr. President, Mr. Speaker, distinguished members of the Kentucky General Assembly, our new Lt. Governor, Crit Luallen, and Mr. Luallen, other Constitutional officers, honorable members of the Court of Justice, honored guests, including Kentucky's First Lady, and my fellow Kentuckians...

I come before you tonight for the eighth time to report on the State of our Commonwealth.

And I do so fiercely proud of how much stronger we've made Kentucky by working in a collaborative manner over the last seven years.

Back in December 2007, I took office as your governor right as the global recession hit us with all its fury, and the challenges I inherited were stubborn and steep.

That seems like a long time ago.

As a matter of fact, of the 138 members of the General Assembly, 64 of you weren't in office then.

So let me describe the despair that gripped this state.

Our businesses and families – like those across this nation – were struggling to survive.

On factory floors, in college classrooms and in crowded local health departments, I heard voices quivering with frustration and fear.

And I received letters and e-mails every day fraught with desperation and dismay.

People were losing their jobs, health care, confidence and hope.

Meanwhile, Kentucky's state budget was a red-inked disaster, with a \$430 million shortfall waiting as an immediate problem to be solved.

Our families were imploring state government for help – and yet we had fewer resources with which to provide that help.

In addition, state government itself was poisoned by rivalries and partisanship.

The atmosphere of division and derision eroding this nation's spirit had spread from Washington to the heartland.

And, distracted by partisan gamesmanship, leaders had forgotten why they were elected.

Add all this together, and the conclusion was grim:

Kentucky was broke, and broken.

That was seven years ago.

But today?

Today the picture and the mood are just the opposite.

Progress and success over the last seven years have fostered a sense of optimism and energy.

For example, during the depths of the recession, our unemployment rate hit 10.7 percent.

Today, that rate is 6 percent ... and still falling.

This last August, our jobless rate was lower than the year before in every single one of our 120 counties.

That had never happened before in our history.

But then it happened a second time, in September.

And then again, a third time, in October.

In November, the rate dropped in 119 of the 120 counties.

There are more jobs, because our businesses are growing.

And that activity is accelerating.

In 2014 alone, Kentucky's manufacturing, service and technology sectors announced more than 350 new location and expansion projects.

That's basically one every day.

These are projected to create almost 15,000 new jobs and more than \$3.7 billion in new investment.

That is the highest yearly business investment in Kentucky since we started recording data 28 years ago.

In 2013, our growth in new businesses was the highest percentage growth in the nation.

In 2014, we ranked 4th in entrepreneurship.

Among our neighbors, Tennessee was 26th, Virginia 43rd and Indiana 47th.

And thanks to the Kentucky Export Initiative we created to encourage international trade, our businesses set a record in goods sold to other countries in 2012.

Some \$22.1 billion.

We then shattered that record in 2013.

And we broke it again this past year.

In fact, our economic activity has been so vibrant that this past summer the Federal Reserve officially declared that Kentucky had more than recovered all of its losses from the Great Recession.

In other words, our economy had hit bottom ... bounced off that bottom ... and now has so much momentum that we've bounced higher than we were when the struggle started.

In health care, we've made similar gains with bold initiatives that have changed the face of this industry.

Electronic health records ... managed care ... our nation-leading Health Benefit Exchange ... increased health coverage for children and low-income working families ... expanded mental health and substance abuse treatment.

Folks, we have undergone unprecedented reform with a capital "R" --- a fundamental overhaul of core elements like how health care is delivered ... how people access care ... who can access care ... and what services they receive.

The result has been transformative: More Kentucky families than ever before are receiving the care they desperately need to improve their lives.

A Gallup poll recently reported that the drop in the number of uninsured Kentuckians was second-highest in the country, going from 20 percent in 2013 to just under 12 percent midway through this past year.

Since then, that number has declined even further.

Meanwhile, in education, we have energized reform efforts to focus on rigorous standards, aligned assessments and better preparing students for life after high school.

Unfortunately, for decades our education performance was cause for embarrassment.

And universities and employers alike were sounding the alarm: Kentucky students, they warned, were simply not prepared.

Today, student performance has improved tremendously, college and career readiness has skyrocketed and our graduation rates are climbing.

Back in 2011, education experts measured our college and career readiness rate at 38 percent.

In 2012, it jumped to 47 percent ... in 2013, 54 percent ... and in 2014, to 62 percent.

Meanwhile, our high school graduation rate in 2013 improved to 86.1 percent.

That's 12th, nationwide.

And it's better than all but two of our neighbors.

I could give countless other examples of our accomplishments ... because we have much to be proud of.

When you look at our progress and compare us with our neighbors, those critics who are always saying we need to be more like Tennessee or Indiana should realize that Tennessee, Indiana and the rest of our neighbors are working hard to be more like Kentucky!

The point is: You hear a lot of people – even within this state – running Kentucky down.

But the fact is, we have tremendous momentum.

And by staying the course, we can maintain that momentum and accelerate it.

And we must do so.

Because despite our progress, we're not yet as strong as we need to be.

Not every Kentuckian who wants a job has one ... not every family has financial security ... good health is a luxury some people still can't afford ... and too many Kentucky graduates enter the workforce unprepared.

You can't fix weaknesses like these overnight.

Nor can you do it with a single initiative, piece of legislation, program or executive order.

It's long, hard work.

Complex work.

Work that requires finding the right strategies and staying focused on them, year after year after year.

It requires staying the course.

Not retreating.

Not standing still.

Not second-guessing.

Not wavering.

But pushing forward.

Our vision is working in Kentucky.

Now, I came to this office determined to restore the people's trust in state government, to bring common sense to an out-of-control state budget, and to end the acrimonious partisan warfare that was interfering with good decisions.

Government was failing its people, and it needed to re-focus.

Together, we've done just that.

We instituted one of the strongest and most comprehensive ethics policies in the country ... reduced the state workforce to its smallest level in decades ... won national recognition for opening records to public view ... and cut \$1.6 billion in state spending while balancing and rebalancing the budget 15 times in seven years.

At the same time, we also worked together to help our families and businesses survive the recession by creating jobs and strengthening our safety nets.

And we're still doing that.

But while I'm proud that we've turned around both state government and the economy, I knew from the beginning that these short-term strategies weren't enough by themselves.

I came to the realization years ago that to truly make Kentucky a better place, to truly make Kentucky competitive, we had to look at our long-term capacity.

I wanted Kentucky to emerge from this fiscal crisis not shell-shocked and shattered but able and ambitious, poised and capable of doing great things.

I wanted us to do more than survive.

I wanted us to thrive.

Long term.

And to do that, I knew we had to address fundamental weaknesses.

Look, Kentuckians are industrious.

We all know that.

But you and I also know that our workforce has not been as trained, educated, healthy and drug-free as it needs to be.

Too many of our students leave high school unprepared for the next level.

Our job training has not been adequate for 21st century jobs.

Our collective health has been horrible.

And addiction to both prescription drugs and illegal substances has literally been killing our people.

That's why my top priority has been to create a workforce that executives can't wait to hire.

This effort has not been a quick fix.

Rather, it has required a long-term, multi-faceted plan.

So, for the last seven years, we have been carrying out a comprehensive strategy to make Kentucky a competitive force in the global marketplace and to improve the lives of our people ... both now and for generations to come.

And tonight I am inviting you to join with me to move forward on an array of issues that further that strategy.

Now what are the elements of that strategy?

And what else can you and I do to make even more progress?

Well, step one in building a stronger workforce has focused on our youngest children.

Too many Kentucky children were getting a poor start in life.

Too many children were entering school with preventable health problems, undeveloped minds and little engagement in life around them.

And as we all know, kids who start out behind rarely catch up.

So we worked to create an environment where every child – regardless of whether he or she is born in the inner city, in a mountain hollow, on a farm or in the suburbs – every child is given the opportunity to succeed.

To do this, we dramatically improved access to health care for children in low-income families.

We targeted dental problems.

We increased enrollment in preschool programs.

And we developed a screener to gauge whether early education programs were preparing our kids to hit the ground running on day one of kindergarten.

In this session, we need to continue our momentum by adding accountability and transparency to all of our early childcare facilities.

I will again seek legislation to implement the goals of what's called the All-STARS plan -- Accelerating Learning Statewide Through an Advanced Rating System.

All-STARS addresses safety, continuing education for staff members, nutrition and age-appropriate curriculum.

Look, we have health ratings for restaurants. Aren't our children just as important?

All parents deserve to know the quality of the place where they drop off their kids.

Step two in building a stronger workforce has been improving our schools so every graduate is prepared for success.

That means tougher classes, and keeping kids *in* class.

We were the first state to adopt rigorous Common Core academic standards.

We were the second to adopt the Next Generation Science Standards.

With Senate Bill 1 in 2009, we changed our testing system to make our schools more accountable.

And we raised our graduation age from 16 to 18.

We've also smoothed the transition from two-year colleges to four-year degree programs to save students time and money.

And recognizing that the four-year university path isn't the best route for everyone, we've made our career and technical programs more rigorous and applicable to real-life jobs that demand high-level technical knowledge.

These aren't the so-called "shop classes" of yesterday but modern training with a tough academic foundation.

We're also working to improve the talent pipeline through modern apprentice programs like KY FAME, which combines work experience in advanced manufacturing with college classes.

More than a dozen Central Kentucky manufacturers are participating in KY FAME, and it will be expanding soon.

We need to move quickly to implement the recommendations of the Dual Credit Task Force, helping students earn their degrees quicker and at less cost.

And this session, we can expand Kentucky's workforce by making it easier for two groups to get jobs – disabled veterans and offenders who have paid their debts to society.

A certification program for businesses owned by veterans disabled in the line of duty will provide the same recognition and opportunity enjoyed by women- and minority-owned businesses.

We still have Kentucky military men and women stationed in war zones, and every day we pray for them and their families.

We can never fully repay their service and sacrifice, but we can and must ease their transition back into society after they leave the military.

And “offender re-entry” – which prohibits public agencies and licensing boards from automatically discriminating against people with criminal records – will address one of the leading causes of recidivism: The inability to find gainful employment.

We can’t tell people who have paid their debt to society to get a job and get their lives back in order while at the same time making it impossible for them to do so.

Step three in creating a stronger workforce is better health.

Kentucky has long ranked among the worst, if not *the* worst, in almost every major health category, things like smoking ... cancer deaths ... preventable hospitalizations ... premature deaths ... heart disease ... mental health ... and diabetes.

Our poor collective health has had devastating consequences for families and the state:

Decreased worker productivity. Depressed school attendance. A poor public image. Difficulty in recruiting businesses. Huge health-care costs. And a lower quality of life for our people.

There is a direct line from poor health to almost every core challenge Kentucky faces – whether that’s poverty, unemployment, low education attainment, substance abuse or crime.

So with your help, we have increased cancer screenings ... expanded access to substance abuse treatment and smoking cessation programs ... and helped more seniors access critical prescription drugs.

We’ve aggressively acted to reduce Kentucky’s addiction to prescription pain killers, expanding treatment options and driving out those pill mills willing to kill our people to make a profit.

And finally, I seized the opportunity presented by federal reform to reduce Kentucky’s uninsured population.

Big problems require big solutions, and the Affordable Care Act was a transformative solution.

Now some told me to reject the ACA – the president was too unpopular in Kentucky, they said.

Embracing federal health care reform was just too politically risky.

Well I decided that the health of our people was more important than partisan politics.

And so Kentucky became the only southern state to both expand Medicaid and create its own state-operated Health Benefit Exchange.

And look what happened.

Over half a million people have used Kentucky's Health Benefit Exchange – called “kynect” – to sign up for health insurance during the first enrollment period.

Tens of thousands more have already signed up during the second enrollment period going on right now.

Seventy-five percent of these people -- our neighbors, friends and families – did not have health insurance when they enrolled.

And this access has now given them health care and hope, many for the very first time in their lives.

Just think for a moment about what this means.

It means that our friends and neighbors can now afford to take their children to the doctor.

It means they don't have to choose between medicine and food.

It means that if they have a health concern, they can get it diagnosed and treated before it becomes a chronic, life-altering condition – or a disease that kills them.

And they can be treated in an appropriate setting – not in an emergency room, the most expensive place to get care.

A national study has estimated that because of reform, about 26,000 more Kentuckians will get cholesterol screening each year ... almost 7,000 more women will get a mammogram ... over 10,000 more women will get a pap smear ... 14,000 more people will get treatment for depression ... and Kentuckians will visit the doctor half a million more times.

Collectively, this means a higher quality of life, better attendance at school, a stronger work record and less chance of bankruptcy due to illness or disease.

Look, you can argue the politics, but you can't argue the results.

Kentuckians are getting healthier.

Now I know some of you are concerned about Kentucky's ability to pay for the Medicaid expansion, long term.

I was too.

That's why, before I made that decision in May 2013, I sought advice from the pre-eminent actuarial firm Pricewaterhouse Coopers and the University of Louisville's Urban Studies Institute.

They concluded that expanding Medicaid would inject \$15.6 billion into Kentucky's economy over eight years ... create almost 17,000 jobs ... turn costly federal mandates into an \$800 million positive budget impact ... and protect Kentucky hospitals from the impact of cuts in indigent care funding.

Now, like you I'm intensely interested in whether that forecast will prove accurate.

So we've hired Deloitte, an internationally recognized accounting and consulting firm, to do an analysis of Medicaid expansion after its first year.

That process is nearing an end, and I will be reporting the results to you in the next few weeks.

However, the preliminary numbers look encouraging.

From November 2013 to November 2014, the number of core health-services jobs in Kentucky increased by 5,300.

And that pace is accelerating: A little more than half of those new jobs were created just this last October and November alone as "kynect" readied for a second year of enrollment.

That overall total doesn't count the creation of thousands of new administrative and support jobs related to the growth of the health-care workforce, facilities and patient loads.

As to concern over how hospitals, especially rural hospitals, would fare under the new system, consider this:

Hospitals were scheduled to lose \$8 million per year in federal payments for uncompensated care in this biennium.

Those cuts have been delayed until 2017.

In the meantime, hospitals have seen their Medicaid revenues increase by more than \$450 million from 2013 to 2014.

This includes only about nine full months of expansion payments.

That equates to a 31 percent revenue increase.

This is indeed a new day.

Look, the success of “kynect” is a means to an end: Better health.

We are using “kynect” as a foundation for an initiative called “kyhealthnow,” which takes aim at stubborn health problems like tobacco use, obesity, heart disease, cancer, and behavioral and oral health.

Through “kyhealthnow” we’re driving the long-term improvements in health that will allow us to be more competitive as a place to do business, and more attractive as a place to settle and raise a family.

Long term.

But there is more to do.

A lot more.

This session, there are an array of issues related to health and safety that we must take action on.

One of these is heroin.

Heroin is a big problem in Kentucky, and it’s getting worse every day.

Back in 2011, 5 percent of people who died from drug overdoses in Kentucky had heroin in their bloodstream.

In 2013, that had risen to 32 percent.

Let me give you another number.

Back in 2010, about 900 heroin cases were sent to the Kentucky State Police crime lab for analysis.

In 2014, that number will be almost 4,000 cases.

That's a 340 percent increase in the last five years.

We need legislation that expands access to drugs that immediately reverse the effects of overdoses ... that protects law enforcement and health care workers from needle sticks ... that expands access to treatment ... that enhances penalties for major traffickers ... and that protects users from minor drug charges when they call 911 to help an overdose victim.

No single change in the law is enough.

Like we did with prescription drugs, we have to attack this problem from all angles.

This is not a partisan issue.

Yesterday dozens of families who have lost loved ones to this scourge came to the capitol and told tragic stories of wasted lives.

These families are looking for solutions – not political rhetoric and posturing.

It's also time to protect people in dating relationships.

Kentucky is among the last states not to provide domestic violence protection to dating couples.

Violence and the threat of violence are tragic realities for too many Kentuckians – especially our young women but also those who are older.

More than 14 percent of high school students in Kentucky reported being the victim of dating violence, one of the highest numbers in the country.

That number only gets worse when our young women get to college.

And national studies show that over one-fourth of women over 65 have experienced violence at the hands of a partner.

It's time for us to come together and protect our people.

Another issue is smoking.

Some people are still fighting the notion that cigarette smoke is toxic.

Folks, this is the 21st Century.

It's time to accept modern medicine and science, and it's time to protect our children and our workers from exposure.

Kentucky has the highest smoking rate in the nation.

It's one reason we lead the nation in heart disease, respiratory illnesses and other chronic diseases.

In fact, when it comes to preventable illnesses and deaths, every single study concludes that nothing is as devastating to Kentucky as smoking and tobacco use.

The damage is shocking:

- Almost 8,000 lives lost to smoking in Kentucky, each year.
- Almost \$2 billion in tobacco-related health-care costs, each year.
- More than \$2 billion in lost productivity, each year.

During this session, I will again support comprehensive, statewide smoke-free legislation.

Two-thirds of states already have smoke-free laws.

Half of all Kentuckians already live in communities which have them.

And a new survey just out shows that 66 percent of Kentucky adults favor such a law, while only 29 percent oppose it.

Last month I strengthened protections for state workers and visitors to state properties by toughening our anti-tobacco policies.

Furthermore, smoke-free policies are good for business, which is why 90 percent of Kentucky Chamber of Commerce members support a statewide smoke-free law.

It's time to protect all Kentucky workers and all our children from second-hand smoke.

Another protection that needs strengthening relates to booster seats.

Kentucky requires booster seats for children under 7 years old who are between 40 and 50 inches tall.

But federal highway safety officials and pediatricians recommend booster seats for children up to age 9 and 57 inches tall, because it's safer.

Simply put, seat belts are designed for taller bodies.

And our failure to act is putting kids at risk.

Of the 150 children seriously hurt in accidents during one study period, 70 percent were 8 or 9 years old, meaning they fell outside of the protection of Kentucky's current law.

Because of improper seat belt positioning, they became trauma patients, with horrible internal injuries.

Thirty-two states – including every single state on our borders – have these stronger protections.

Our Kentucky children need them too.

Now, step four in creating a stronger workforce is creating an environment in which that workforce can thrive.

We've improved Kentucky's economic climate during the recession and its aftermath, strengthening incentives and keeping taxes low.

That's why we got an "A" rating for small business friendliness and were ranked 8th for business climate.

But we can do more.

We can take an array of tangible steps this session that expand our workforce, improve our tools for building critical infrastructure needed by businesses and create opportunity across the Commonwealth.

The first step is passing legislation to make it clear we are able and eager to partner with private businesses to procure, build or finance capital projects or services.

This is the P3 legislation.

Now, we have used public-private partnerships for a variety of projects and services, including marinas at our state parks, the new residence halls at the University of Kentucky, and managed care in our Medicaid program.

And we just signed an agreement last month to use a P3 model to expand high-speed Broadband access around the state.

However, we cannot yet use P3s on transportation projects – one of the biggest areas of opportunity for funding major infrastructure needs.

We need to fix that.

Kentucky has large gaps in our road and bridge system, and federal resources aren't enough to fill those gaps.

Using current procurement and financing mechanisms, we are simply not equipped to tackle these “mega-projects” in a timely manner without squeezing out local projects.

This legislation passed in the 2014 session but was undercut by an anti-toll provision tied to a specific project, and I vetoed it.

We cannot let the opposition of a few people on a single project hold us back from making progress around the state.

Nor can we close the door on tolls as a partial solution to a major infrastructure need.

And we can't continue to offer our citizens false hope that Washington is going to whip out its wallet and pay for all of our critical needs ... because we all know better.

Another piece of legislation would help us advance the goals of SOAR, the Shaping Our Appalachian Region initiative.

It's been over a year since we kicked off this effort to revitalize a long-fragile region suffering from a stunning downturn in the coal industry.

We have made enormous strides on projects like expanding high-speed Broadband, creating a \$2.6 million loan pool for entrepreneurs, four-laning the Mountain Parkway and establishing a new Kentucky Innovation Network office in Pikeville.

We must keep this momentum going.

Last session we set aside \$2 million in single-county coal severance dollars in each year of the budget for a regional development fund to make strategic investments in Appalachia.

We need to provide a governing mechanism for that fund ... and we need to plan for a sustained effort to diversify the economy in our eastern region.

We also must take steps to protect our agriculture economy.

This past June, Attorney General Jack Conway and I announced a legal settlement that brought stability and certainty to Kentucky's receipt of tobacco settlement funds.

The agreement gives Kentucky \$57.2 million more in these payments over the next three years than budgeted, money that has been earmarked for agriculture diversification, early childhood development and health-care improvement, including cancer research.

It was a huge achievement.

But we need to update our statutes – like many other states have done – to protect receipt of these payments long into the future.

And finally, another way we can encourage investment in our public infrastructure is by passing a Constitutional amendment that will allow our local communities to vote on a local sales tax for specific projects they may need.

Our cities and counties need the option of using this tool to invest in their communities.

Now, I realize this is a short session, but I'm confident that we can work together on these priorities as well as others you may have.

I'm confident ... because our record over seven years is one of collaboration.

And that is not just feel-good rhetoric.

In fact, let me speak for a moment directly to the 15 legislators who are new:

Daily headlines are filled with conflict and controversy.

We're told it sells papers and boosts ratings.

And outside the mainstream media, inflammatory rhetoric is at an even higher premium.

Places like talk radio social media thrive on disrespect, insults, intolerance and downright hatefulness.

It's easy to get caught up in this negative dialogue ... to believe that such rancor is mandatory ... and to conclude that consensus and collaboration are cardinal sins.

But that's not what being a leader is about, and that's not what we've been about here in Frankfort the last seven years.

Instead, we have fostered a respectful relationship that reaches across political lines, geographic areas and branches of government.

And we've done so because we have recognized the distinction between campaigning and governing.

Sure, there is a time and a need for political combat.

But the American political system does not work unless – after the heat of the campaign is over – leaders with differing philosophical beliefs can collaborate for the good of the people they serve.

Yes, I fought hard to be re-elected in 2011.

I fought hard for candidates I supported just two months ago.

And you better believe that I will fight hard in the coming year for the candidates I believe will best serve Kentucky.

I expect each of you to do the same.

And that's fine – as long as we know that when the elections are over, we must work with the winners, no matter which party they belong to.

Kentucky is much more than political and legislative battles inside this complex.

The real Kentucky is out there – in homes, on farms, in classrooms and along the Main Streets in our 120 counties.

I can tell you this -- outside this complex, people are fed up with partisan rhetoric and political posturing.

After all, rank partisanship doesn't put a single meal on the table.

It doesn't educate a single child, and it doesn't create a single job.

But collaborative leadership does.

Collaborative leadership is driving our progress and is making Kentucky great again.

Senate President Robert Stivers, House Speaker Greg Stumbo and I share the same fundamental goal: A stronger Kentucky.

That's why we ignored our differences to work side by side on attacking Kentucky's addiction to prescription pain-killers.

It is why, a few years ago, we worked to create modern economic development incentives that have helped bring about 700 business announcements worth almost \$10 billion.

\$10 billion.

As these companies follow through on their plans, these projects will create or retain almost 57,000 Kentucky jobs.

A stronger Kentucky is why I worked with the Appropriations & Revenue chairs, Rep. Rick Rand and Sen. Bob Leeper, to balance and re-balance Kentucky's budget 15 times, cutting \$1.6 billion in spending.

It's hard work to slash spending but still protect core services like education, public safety, health care and job creation.

But we've done it, over and over again.

A stronger Kentucky is also why the First Lady and I worked with Representatives Jeff Greer, Carl Rollins and Derrick Graham and Senators Mike Wilson, David Givens and Jimmy Higdon to raise Kentucky's drop-out age and keep our kids in school.

A stronger Kentucky is why I worked with Representatives Mike Cherry and Jeff Hoover and Sen. Damon Thayer to put our public pension system on the path to stability, adopting a long-term reform strategy for the Kentucky Retirement Systems that will work -- if we don't neglect it or negate it.

And it's why I worked with many of you to preserve Unemployment Insurance benefits ... expand preschool services to reach 5,000 more 4-year-olds ... authorize agency bonds for the first time ever to expand our 16 KCTCS campuses ... and invest in infrastructure projects like an advanced manufacturing training center in Georgetown, the Breathitt Veterinary Center in Hopkinsville and the Louisville bridges.

These are true examples of collaborative leadership.

In short, our ability to put aside differences and focus on people and problems is why here in Kentucky we have made divided government work.

We haven't let the fact that Republicans control the Senate and Democrats control the House shut down government.

Collaboration requires commitment and will.

It doesn't happen by itself.

Look – I know that all of you love Kentucky.

Jane and I do too.

We grew up and went to school here, pursued careers here and raised a family here.

So we know what it's like to be proud of a place while mindful of its shortcomings.

As a young student, I remember reading with awe about the coming-of-age era of this fledgling nation, and how Kentucky was seen by those looking westward as a bastion of education excellence ... the home of brave explorers ... a place for religious leadership ... a laboratory for medical pioneers ... and the training ground for political statesmen.

As a hub for transportation, commerce, industry and agriculture, Kentucky was a place of promise, a leader in this nation's pursuit of its awesome potential.

I don't need to tell you that somewhere during the centuries since, Kentucky lost its way.

A reputation for innovation and imagination gradually faded, and a not-so-flattering reputation replaced it.

It was unsettling, embarrassing even, to see those outside our state make fun of it and of us.

But my friends, we can hold our heads high once again.

Because Kentucky is back, and we're back with a vengeance.

Once again, we are the talk of the nation.

And I'm not referring only to things like basketball, bourbon and horse-racing.

In the public and private halls of power, where the issues of today are being hammered out, Kentucky has become – once again – a national example of leadership and success.

In education, we're the state that has completely turned its school system around – and other states continue to seek help in following in our footsteps.

In health care, we're the state that is leading the way in reform, bringing health care to every citizen who needs it.

And in business, we're the state setting records in job creation, business location, exports and foreign direct investment.

This very annual address was rescheduled this year because next month I've been invited to Europe to speak at an international gathering of auto manufacturers.

Why?

Because in advanced manufacturing, Kentucky is a global player, once again.

Folks, our vision is working.

So during this legislative session, we have a choice.

We can let ourselves get way-laid by things like partisan bickering, pending elections and Twitter-feed rhetoric.

We can retreat, back-track or second-guess our progress.

Or we can accelerate Kentucky's considerable momentum by remaining focused on the job before us.

Join with me in continuing to improve our health, our workforce, our families and our economy.

Join with me in continuing to build a Kentucky that is strong, vibrant, competitive and innovative.

Kentucky is back – and we're not going to let up now.

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