

State of the State 2023

Chief Justice Brutinel, Secretary Fontes, Attorney General Mayes, Treasurer Yee, Superintendent Horne, Mine Inspector Marsh, Speaker Toma, President Petersen, Leaders Terán and Cano, members of the Legislature, Supreme Court, and Corporation Commission, tribal leaders, honored guests, and Arizonans in every corner of our state, it is an honor to join you here today.

We gather every year for this annual tradition, but before we begin, I would like to take a moment to honor a man who lived his life in service to this state. Mel Hannah, who served as the chair of the Secretary of State's Community Advisory Council during my tenure and a member of the Commission of African American Affairs, passed away last night. His family and friends are in my heart and prayers today.

And in the spirit of service that he lived his life, let's begin to have candid discussions about the issues facing our beloved state and how we can work together to ensure a better future for every family and community.

We are all here because we care deeply about Arizona – its natural beauty, its abundant opportunities and, most of all, its resilient, diverse, and incredible people.

I know I speak for all of this state's elected officials when I say it is a profound honor to represent our fellow Arizonans, and we have an obligation to listen, to find common ground, and to craft real solutions during the 56th Legislature.

As a former member of both the House of Representatives and the Senate, I have a deep respect for each of you answering the call of public service. I know that clarity and understanding of the top priorities of my administration will help you make the most of your time during this session.

So let me begin my first State of the State by repeating something from my inaugural address last week.

If you're ready to make real progress on the issues that matter most to the people of this state, then my door will always be open.

However, chasing conspiracy theories, pushing agendas for special interests, attacking the rights of your fellow Arizonans or seeking to further undermine our democracy will lead nowhere.

Instead, I'd like to extend an invitation. Let's work together to make a significant impact in the lives of the families and communities of this state today and for years to come by lowering costs, investing in public education, securing our water future, tackling the affordable housing crisis and other real issues that are holding back too many.

The people of Arizona have sent us here to find solutions to these issues, and that's exactly what my administration will be focused on doing for the next four years.

One of the things I learned as a social worker is the power of prosperity – when families are doing well, so many other things start going the same way. And while every issue we face has complexities, one thing that's not complicated is that the easiest way to change someone's life is to offer them the opportunity for a new or better job.

To Arizona's business community, I want you to know I profoundly believe in the power of prosperity, and I am committed to partnering with you to build on the thriving, dynamic foundation we have in this state where businesses and the people who make them run succeed together.

To Arizona's educators, parents, and students: You know better than anyone that education must be the top issue we tackle. As we work to find solutions, I will always seek – and listen to – your guidance.

To Arizona's tribal governments and nations: Your voices will be heard in my administration, your sovereignty will be respected, and your contributions will be recognized as we move into the future.

To all of Arizona's diverse, vibrant, and strong communities, from Page to Patagonia: You have built our state into the incredible place it is today. As we go forward into the future, it will take all of us – all of us – to maintain our strength, fix our deficiencies, and blaze new trails for the generations that follow.

We start this new chapter in a unique position. The state of our state offers promise – and we must act on it.

Growing, cutting-edge companies are moving here to tap into our state's top-tier workforce and healthy business environment. However, too many of our rural communities are being left behind because they don't have the infrastructure they need like high-speed internet.

Companies have record job openings, but far too many Arizona residents can't afford rapidly increasing rents or have been priced out of buying a home.

We have some of the best K-12 schools in the country – but the state has long failed to live up to its obligation to adequately invest fairly in public education in every community, and we see the results of that with high teacher vacancy rates and some districts with crumbling infrastructure.

Arizona has stunning landscapes and unrivaled natural beauty. However, we must do more to protect our forests and watersheds from the devastating effects of fire and drought.

Our state has a dedicated public sector workforce. But we can do better in reflecting the diversity of our state to better serve our communities. Those who work in public service should feel empowered, and it is our responsibility to ensure barriers to accessibility and opportunities are broken down for all.

As we look to the future, we cannot continue to kick the can down the road on these issues and many others. We owe it to our fellow Arizonans – both this generation and the next – to face these challenges head on.

As I said in my inaugural address, I'm an optimist – especially when it comes to Arizona. I believe we are the greatest state in this nation. I believe in our educators and our students. I believe in the men and women who protect our public safety every day. I believe in our innovators, risk takers, and entrepreneurs. I believe in our public servants. I believe in the future of our incredible state – and I know you do too.

In the late Governor Rose Mofford's [1989 State of the State address](#), she spoke about “difficult choices” as she challenged the legislature to do the right thing – funding elementary and high school education, supporting our state's health care system AHCCCS, and other critical challenges of her time.

No one should be surprised that Governor Mofford fought for the right thing and chose not to back down from those challenges. She had a deep understanding of what the people of Arizona wanted and what they needed. As a Democratic governor working with Republican lawmakers, she knew when to find bipartisan compromise and when to stand firm in her beliefs.

As we begin to write this new chapter for the state we all love, I ask that we all take inspiration from Governor Mofford's actions and look toward the future; to the partnerships we will forge; to the challenges we will overcome together; to the good we will do for our fellow Arizonans.

My hope is that when you leave here today, you understand that I and my administration are committed to action and to improving the lives of every Arizonan. And if you are committed to those same ideals, then I am ready to work side-by-side with you – no matter your party registration.

With that, here are my priorities as we build a resilient, innovative and prosperous Arizona for everyone.

Education gave me a chance to climb my way up and build a better life. I know that's true for countless other Arizonans and for many in this chamber today. That's why I have spent so much of my public life fighting for better schools and to level the playing field – and that's exactly what I'll continue to do as governor.

However, before we talk about steps we will take to improve K-12 education going forward, we must first address the potential catastrophe that will happen in just a few months if the legislature does not act to address the archaic funding cap – officially known as the Aggregate Expenditure Limit – by March 1.

As part of last year's budget negotiations, a promise was made that a special session would be called to override this limit that's based on an out-of-date, 40-year-old funding formula that's holding our public schools hostage.

That promise was not kept.

We must make this right. If we do not, this ticking time bomb will explode and force a 1.3 billion dollar cut that would be one of the largest in our state's history.

And it will happen in the last two months of the school year.

[Superintendents and education leaders are warning](#) this will cause furloughs, layoffs, and possibly even school closures. It is unnecessary to allow these hysterics to go on any longer. Let's give our students, our teachers, and our parents the assurance that schools will remain open.

The solution is simple and it doesn't cost another penny to do the right thing. Representative David Cook has already introduced a resolution to override this outdated limit. This legislature should bring it to the floor. The Democrats in both chambers stand ready to act on this immediately.

Looking beyond this pressing issue, Arizonans have made clear it's time to rebuild and reinvest in our public schools. For years, our leaders have chosen to ignore parents, teachers and students who know we can have the greatest public education system in the nation – but instead are too often saddled with crumbling infrastructure and crowded classrooms.

And rather than doing the right thing and facing these challenges head on, the previous legislature passed a massive expansion of school vouchers that lacks accountability and will likely bankrupt the state.

In fact, funding this expansion is poised to cost Arizona taxpayers an estimated \$1.5 billion over the next 10 years if left unaddressed.

That's why when my budget is delivered on Friday, you will see that it truly invests in public schools and students – ensuring we are a Prepared Arizona.

We will begin with our public school teachers, who continue to be caught in the middle of crises of our own making – and for thousands of them, it's too much. One in four teachers leave

Arizona schools each year, which is the highest rate in the nation. As a result, more than 2,500 classroom educator positions are vacant.

As the sister of two public school teachers, I see how hard they work every day on behalf of their students. So to the teachers and education support professionals of our state, I see you, I respect you, and I will always stand up for you.

To members of this legislature, I hope we can all agree that when we keep the most talented teachers in the classroom, our kids win, our families win, and our communities win.

That's why I will be launching an Educator Retention Task Force to develop a thorough framework and make recommendations to improve class sizes, resources, working conditions, and other factors that will put us on a path to fix these issues and retain educators.

The reality is we don't have an educator shortage, what we have is a retention crisis. There are too many amazing professionals who have walked away from the career they love because of the uncompetitive salaries, onerous policies, and unfunded mandates this state has chosen to implement that rob educators of the joy of teaching. Teachers are creating the workforce and leaders of tomorrow, and it's time we started treating them with the respect they deserve.

For the last 5 years, Arizona has been involved in a lawsuit about school facilities funding. Last week, with support from Attorney General Mayes, my office led the successful effort to put the brakes on a costly and wasteful trial scheduled to start today – so we can focus on solving problems instead of needlessly paying lawyers millions to fight in court.

With the release of my budget on Friday, you will see historic investment in schools to address capital needs and my office will keep working to ensure Arizona's children and teachers can learn and work in safe and secure school buildings.

Another step we will take to help all communities to have the strong, effective public schools they deserve is to ensure we are funding all schools fairly.

Currently, our state government distributes additional per-pupil funding based on school letter grades and assessment results. However, this approach has largely benefitted only schools in high-wealth areas of Arizona's two largest counties – Maricopa and Pima – while leaving rural and economically struggling areas behind.

To address this inequity, my budget redirects the \$68.6 million for that program to the Base Support Level, which goes to all schools across our state instead.

Let me go on the record to say that any school that accepts taxpayer dollars should have to abide by the same accountability standards that all district schools do. We have seen too many examples of individuals and shady corporations taking advantage of the system and our students.

Let's work together to require that any school that accepts public dollars also participates in the Auditor General's annual school district spending report as well as take other steps to ensure our taxpayer dollars are going where they should and being spent properly.

Beyond this work to ensure transparency for how taxpayer funds are spent, there are other direct actions to support our schools and students.

We need to prioritize hiring social workers and counselors for our schools to address the mental health crisis among children and teens. Currently each counselor in an Arizona school provides services for more than [700 kids on average](#). That's the highest ratio in the nation and nearly three times the recommended standard. That's unacceptable and we must do better.

I strongly urge the legislature to continue bringing solutions to my desk to ensure our public schools – in all communities – have the resources they need to help our kids succeed.

Let us now turn our attention to opportunities for our state's next generation after they graduate high school, where my administration will work to help create access to a wide range of education opportunities as they embark on the next chapter of their lives.

That means investing in community colleges – particularly in rural Arizona – as well as dual-enrollment programs statewide so no matter where a young adult lives, they have the opportunity to earn college credit or get a good-paying job.

For tens of thousands of other students, choosing to pursue a four-year degree from one of our state's major public universities is the right path – and make no mistake, we have three of the finest colleges in the country right here.

Arizona State University, Northern Arizona University, and the University of Arizona all produce workforce-ready graduates, attract millions of dollars in investments, and push the boundaries of knowledge and innovation.

They are incredible resources for our state's residents and for the entire nation – and we must continue to improve access to these institutions for higher learning.

That's why we're expanding the Arizona Promise Scholarship Program, which last year made college more affordable for over 4,000 families, by including funding capacity for an additional 10,000 students who will now have an opportunity to pursue a college degree but otherwise would have been held back by the associated costs.

But we're not stopping there. In line with the will of Arizona's voters in passing Proposition 308 this past November, my budget allocates \$40 million to create the Promise for DREAMers Scholarship Program to cover all students, regardless of immigration status, who attend a state university.

My administration is ready and willing to work with any member of this legislature to find additional solutions. Let's work together to ensure Arizona's higher education opportunities are the best in the nation and put individuals on the path to future prosperity.

As we all know, we have so many reasons to be proud of Arizona. Companies are growing here and, as a result, the job market is robust. What's more, we have enormous potential on the horizon.

However, we must also acknowledge the flip side of this prosperity, that too many Arizona families are getting further away from achieving the American dream due to the high cost of housing.

Our state is no stranger to the boom-and-bust housing cycles – but this is something wholly different.

Three Arizona cities – Tucson, Mesa, and Phoenix – have seen some of the [highest rent increases](#) in the nation.

The number of individuals experiencing homelessness has [risen significantly](#) in recent years.

We can do better. Let's work together to ensure that here in Arizona, any person who wants to achieve the American Dream or have a safe roof over their head can do so.

My administration's first step will be to support a \$150 million investment into the Housing Trust Fund this year – and I will call for additional support in the years ahead.

In addition to these measures, last week I signed an executive order re-establishing the Interagency and Community Council on Homelessness and Housing. This council will help coordinate and foster collaboration among state and local agencies, the private sector, and nonprofits to help identify solutions for individuals and families experiencing homelessness or struggling with housing affordability.

Beyond housing, our efforts to support individuals and families must also address the rising costs of everyday items and services. Even as our state continues to be an incredible place to live and work, we can do more to help our fellow Arizonans get ahead.

That's why my budget sets aside \$50 million for a state-level, child tax credit for families earning less than \$40,000 a year to help pay for the rising costs of basic necessities for their children.

We will also help lower costs for Arizona families by exempting diapers and feminine hygiene products from our state's sales tax. These everyday items add up and we can and should help provide this relief to individuals and families who too often must choose between paying their bills or paying for the things they need to be healthy.

But this should only be the start. My administration is ready and willing to work with you – and my door will always be open to any member who brings forward a serious proposal to help Arizona families, seniors, and communities.

Let's work together to find ways to lower costs and help every community across our great state thrive economically.

Every community across our state also deserves to be safe. Building an Arizona for everyone means building a safe Arizona for everyone.

This obligation extends to our border, our broken immigration system, and the communities across the state who must continue to bear the brunt of Washington, D.C.'s decades of failure on this critical issue.

Unfortunately, immigration has been politicized for far too long. Arizona voters told us in November they don't want or need political stunts designed solely to garner sensationalist TV coverage and generate social media posts.

Speak to leaders in border communities and across our state and it's clear they need real solutions after decades of failed leadership by both parties. We must take a holistic, realistic, and humane approach to help solve this issue. That means supporting sheriffs and local law enforcement in impacted communities – and it also means supporting community centers and hospitals.

I am encouraged by the White House's recent actions to finally visit the border and to start proposing real steps to begin addressing the problems of the current system. And while optimistic, I will also continue to push Congress to do its job and pass comprehensive immigration reform.

Visit border communities and speak with local leaders and law enforcement like I – and many others here – have done and you come away with a broader understanding of the complexities of this issue and the urgent need to institute solutions.

That's why I have invited Homeland Security Secretary Alejandro Mayorkas to visit the border with me and meet with community leaders, sheriffs, non-profit representatives, and business executives in impacted communities who all want effective and humane solutions to this longtime challenge.

I look forward to working with local law enforcement, nonprofits, and community leaders throughout my time in this office to identify real solutions, hold the federal government accountable, and create a Safe Arizona for all its residents.

Now, ensuring a strong, safe future for Arizona means defending the freedoms of all of its residents. I refuse to stand by and do nothing as my daughter – or anyone's daughter – now has fewer rights today than I did growing up.

An overwhelming majority of Arizonans – [more than 90 percent](#), in fact – believe abortion should be legal. It is time we all heed the message of the people of this state and meet this moment to ensure that we can always make our own healthcare decisions.

My administration will always protect reproductive freedom for all Arizonans. I will not support, and I will use every power of the governor's office to stop, any legislation or action that attacks, strips, or delays the liberty or inherent right of any individual to decide what's best for themselves or their families.

My budget will also match the federal Title X money our state receives to provide reproductive health services and family planning medication, bringing our total to more than \$12 million. This step will increase the program's impact here in Arizona and for significantly more low-income women.

However, this should only be a start. I urge members of the legislature to put bills on my desk that will protect women, support families, and create a future for Arizona where anyone regardless of gender can succeed.

Finally, none of the solutions – or even the future – I have spoken about today will be possible without our state's most precious resource – water.

We must talk about the challenge of our time: Arizona's decades-long drought, over usage of the Colorado River, and the combined ramifications on our water supply, our forests, and our communities.

We are in a critical moment where we must be unified, where we must form new and stronger partnerships, and where we must find bipartisan solutions at a local, statewide, and national level.

This issue does not stop at state or international borders. We will all thrive together in the future or we will all be left with the catastrophic results of our failures.

From the work our current Senators Sinema and Kelly are leading, to the accomplishments of former Senator Jon Kyl and former Governor Bruce Babbitt, to decades of efforts by Arizonans before them, our state's leaders are at their best when they reach across the aisle for pragmatic solutions on this issue.

We should follow in their footsteps as we collectively face a drought unlike anything in modern times.

On January 1, the Colorado River Tier 2 mandatory water cuts went into effect – meaning Arizona will lose 21 percent of our water that comes from the most important river in the country. This equates to reducing our usage by [592,000 acre-feet just this year](#).

We must also all understand this: barring a miracle from nature, it will likely get worse before it gets better.

This should be a wake-up call for all of us, because it will take all of us to solve it. Legislators, public officials, the business community – each and every one of us must commit to the partnerships needed to avoid this.

The foundation of those partnerships must be rooted in honesty and transparency about the facts and what we are collectively facing.

For those reasons, in the next few minutes you will receive a previously unreleased report by the Arizona Department of Water Resources that shows that portions of Phoenix's far West Valley are currently short of the 100-year Assured Water Supply Program by 15 percent today. This report unequivocally shows that we have to act now, or this will only be the first new area that faces this kind of shortage.

I do not understand, and do not in any way agree with, my predecessor choosing to keep this report from the public and from members of this legislature. However, my decision to release this report signals how I plan to tackle our water issues openly and directly.

Experts here in Arizona and across the nation agree there is no “silver bullet” solution to our current water challenges. We must evaluate and invest in both short- and long-term efforts that will help us achieve our goals.

This reality drives the three components of my plan for a Resilient Arizona.

First, my administration has heard loud and clear that re-establishing the Governor's Energy Office is a priority for communities across the state. In response, we will relaunch this entity as the Governor's Office of Resiliency, which will focus on water, energy, and land use solutions. This office will help coordinate efforts with the many departments, tribal governments, universities, organizations, and others involved in this effort. Arizona needs partnerships on a local, state, regional, and national level, and I intend to put us in the best position to do so.

Next, my administration will issue an executive order to launch the Governor's Water Policy Council to modernize and expand the Arizona Groundwater Management Act. Facing our current reality, it's time to update groundwater management tools and protect groundwater supplies – particularly in rural communities.

We must take these actions today because in many parts of our state, there are effectively no restrictions on groundwater pumping and local communities have little-to-no support to manage

water supplies. As a result, a new water user can move in, dig a well, and pump as much water as possible – even if it dries up the community’s aquifer.

This is why you see a Saudi Arabian conglomerate pumping local groundwater nearly unchecked in [La Paz County](#) today, to grow water-intensive crops and send them to the other side of the planet.

We all know that’s not right. Our groundwater should be used to support Arizonans, not foreign business interests.

Let’s close this water poaching loophole and work together to modernize the Arizona Groundwater Management Act.

In addition to this action, my budget allocates funds to help rural communities set up Active Management Areas. All cities and towns in our state need to proactively manage our groundwater, and by funding this program we are providing a powerful tool to ensure we strike a balance between usage and recharging our water table.

For the last part of this approach, I look to you, members of the legislature. We are all in this together. Bring forward innovative solutions to this challenge of our time. We cannot let the same old partisan fights drag us down.

My administration is ready and willing to work with you and we will always do what’s best for Arizona and its people.

It is my belief that we all understand the gravity of the challenges before us – and it is my hope that we will use this opportunity to once again prove to the people of our state, the nation, and around the world Arizona’s visionary leadership when it comes to ensuring a stable water supply for the millions of people who call this place home.

These challenges will not be easy. Nor will the other issues we need to confront, including fixing prisons, improving accessibility for all Arizonans, lowering childcare costs, supporting veterans, protecting older and vulnerable Arizonans, and so much more.

But the people of Arizona did not send us to this capitol to solve easy problems or to leave them to the next generation. They sent us here to do the right thing – no matter how difficult that may prove to be. We will not let them down.

I spoke earlier in these remarks about Governor Mofford and how she challenged lawmakers to choose action to solve the challenges of their time. Perhaps nothing in her speech did more to drive home the urgency of the time than these words she shared in the conclusion of her speech:

“... we cannot delay. Opportunities fade. Arizona’s future hangs in the balance.

“... I say to you, join with me in making these difficult decisions, and together we will journey towards the next frontier.”

They did just that, and together, they put Arizona on a path to prosperity and improved the lives of millions of families. It is my sincere hope that we can do the same at this moment more than 30 years later.

In the days, months and years ahead – of all-night budget negotiations, marathon voting sessions, and seemingly impassable disagreements – let us never forget that we all hold a deep love for this state. We are here because we want to ensure the generations that follow us have a chance to discover that love, too.

Thank you for committing to public service, for your partnership in finding real solutions, and for the contributions we will all make going forward as we build an Arizona for everyone.

Now let's get to work.

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