

# **\*\*\*EMBARGOED UNTIL DELIVERY\*\*\***

## **Governor Kim Reynolds CONDITION OF THE STATE Unleashing Opportunity**

Lieutenant Governor, Mr. President, Madam Speaker, legislative leaders, Senators and Representatives, justices and judges, elected officials, distinguished guests, family, friends, and my fellow Iowans.

It is an honor to be here today, as your 43rd governor and to deliver my first Condition of the State Address.

**What a country and state we live in, where a small town girl from rural Iowa can become governor and have the opportunity to serve Iowans at the highest level.**

**I hope that can be an inspiration to every waitress, every grocery checker, every overworked and stressed out mom, and the little girls who dare to dream: In Iowa, if you're willing to work for it, those dreams can come true.**

I want to begin by taking a moment to recognize the heroes among us, the brave men and women serving in the military, law enforcement, and as first responders, on behalf of Iowans we extend our deepest gratitude for your sacrifice and service.

I also want to recognize with shared sadness, those who are not with us this year: Representative Greg Foristall, Representative Curt Hanson, former Senate Majority Leader Cal Hultman, former Speaker of the House Don Avenson, and former Lieutenant Governor Joy Corning. These were dedicated public servants and effective leaders who cared about their constituents and made a difference for the people of Iowa.

Today, I'm proud to report to the people of Iowa and their Representatives, that, because our ability to dream is infinite and the will of our people is great, the condition of our state is strong.

Iowa is ranked 3rd best-managed state in America, and the number one state for middle class families.

Our graduation rate is the highest in the nation, while unemployment is one of the lowest.

These successes are not by accident. Thanks to the strong leadership of this legislature, last year was the most pro-jobs session in decades!

But mostly, the success of our state has come from our people: hard-working and disciplined; innovative and driven.

The condition of our state is strong because Iowans are discovering and unleashing opportunities in our schools, on factory floors, on main streets, and around kitchen tables.

In 2017, I was proud to work with this Legislature to move our state forward. So let me take a moment to highlight what we have accomplished together.

**We balanced the state budget, protecting taxpayers while safeguarding important priorities like education.**

**We invested in our kids at a record level, committing \$735 million more for education since 2011.**

**We prepared our students for the jobs of tomorrow**, through work-based learning, pre-apprenticeship and computer science programs.

**We reformed collective bargaining and worker's compensation laws**, putting more power in the hands of local governments and school districts, small businesses, and taxpayers.

**We protected the ballot box** with new voter ID laws.

**We protected life**, standing up for the most vulnerable by prohibiting late-term abortions. And we will never stop working to protect the unborn.

**We restored liberties**, by strengthening our 2nd amendment rights, and defended taxpayers against costly project labor agreements

**We fought for Iowa farmers** and a robust Renewable Fuel Standard, and we won!

And, I'm proud to report the Iowa Energy Plan is delivering action, by continuing to lead the nation in innovative energy ideas.

But, there is still unfinished business.

Improving water quality is a shared goal of Iowans. Urban and rural stakeholders have worked collaboratively making great strides.

My hope is that a water quality bill is the first piece of legislation I sign as Governor.

Let me assure you, passage of this monumental legislation does not mean the water quality discussion is over; rather it ignites the conversation to implement and scale practices that will continue to make an impact on water quality.

As we look back at 2017, it's clear we have much to be proud of. But now is the time to look forward.

My vision for the future is an Iowa overflowing with opportunity—opportunity for our working families, young people, and our communities, both rural and urban.

A place where it doesn't matter if you're rich or poor, young or old, male or female.

Where your last name and zip code aren't nearly as important as your ability to dream and willingness to reach for it.

A place where, if life got in the way of those dreams, you can find a second start.

And if you've made mistakes, you can find a second chance.

Because opportunity means everyone has a chance to succeed.

It doesn't mean government picking winners and losers, or waiting for government to fix every problem.

It means, when we face challenges, we do what Iowans have always done: roll up our sleeves and get to work.

While there are many issues to discuss today, I want to pause for a moment and talk about something that has captured the attention of the entire nation.

Throughout history, sexual harassment has been a stain on our culture, a destructive force—in politics, media and entertainment, in workplaces large and small—in all facets of life. And it must stop.

I commend the number of women who have found the courage to speak out.

As a woman, a mother of three girls, a grandmother, wife, sister, and daughter, I understand we're at an unprecedented moment in time.

I also understand that this is not a partisan issue. It can't be fixed by legislation or rule-making alone.

You cannot legislate kindness or respect or morality. They must be taught. And that means the solution starts with every individual, man or woman. It's about showing respect to others. It's about character and decency. And it's about changing the culture once and for all.

All of us in public office must ensure not only a safe workplace but serve as a model for the public and private sector.

What we do here matters. Iowans are watching. We can't change behavior everywhere, but we have an obligation to lead and, as long as I am Governor, we're going to.

Iowans are good people. They're humble people. And no matter our differences on policy and politics, we must always strive to reflect the goodness of those we represent.

It is the people of Iowa who make this job what it is, and I love waking up every day with the opportunity to make a difference.

And while I love our capital city and everything it offers, I believe the heart, soul, and spirit of Iowa will always remain in our small towns and rural communities.

From Decorah to Manning, LeMars to Mt. Pleasant and everywhere in between, we are defined as Iowans who dream big in these small places.

Like many of you, I grew up in one of those small towns and when I go home, I hear the disappointment and I share the frustration when another storefront closes. I appreciate the hard work taking place by community leaders to keep our main streets alive and vibrant.

Our downtowns are the backdrop for memories and the foundation for future success stories. Their buildings, businesses and people have character, and they are the hubs for economic growth.

Our work ethic is our currency and people all over Iowa are ready to invest this valuable resource in their communities.

So today I'm announcing a new initiative that focuses on rural Iowa, which I have asked Lieutenant Governor Gregg to lead.

We will bring together leaders from across Iowa with different backgrounds to be part of this effort.

Iowans who have lived in rural communities all of their lives, those who recently moved there, young professionals, successful business owners, and those just starting out.

This new initiative will promote investment and connect rural Iowa by expanding broadband capabilities in every corner of our state. Our goal: to keep and bring home Iowa's sons and daughters and grow the next generation of community leaders.

Last month, Congress passed historic tax reform—legislation that gives significant tax cuts to working-class Iowans, and gives even greater relief for families who are raising children. Across the board, in virtually every income bracket, Iowans will see relief.

For that, I want to thank Congress and the President. Because every day, I meet Iowans who tell me that, no matter how hard they work, they're still treading water and struggling to make ends meet.

But here's the thing: Because of an outdated provision in Iowa's tax code, Iowans will see a tax *increase* if we don't pass tax reform at the state level.

Iowa is one of only three states that allow taxpayers to deduct their federal taxes. While that might sound like a good thing, right now it's not.

It creates complexity, and worse—it means that when your federal taxes go down, your Iowa taxes go up. And it often punishes those who we want to help the most.

With federal deductibility in place, when the federal government cuts taxes for working-class families, Iowa raises taxes on those same families.

When the federal government cuts taxes for farmers and small businesses, Iowa raises taxes on farmers and small businesses.

That's not just a hypothetical. It's what will happen if we don't act.

Therefore, I will be proposing a tax reform package that significantly reduces rates, modernizes our tax code, eliminates federal deductibility, and provides real tax relief for middle class families, farmers, and small businesses.

This is an opportunity to free us from decisions made in Washington, D.C. and simplify our tax code. And, more important, Iowans will keep more of their hard-earned money.

Like many Iowans, Kevin and I lived on a tight budget while raising our girls. We had to focus on priorities, making tough decisions on what we could and couldn't afford.

It's no secret we are working through difficult times with our state budget. So we have to focus on what we can afford. While I want to reduce our uncompetitive corporate taxes, this is not the year.

But in the meantime, I will be creating a bipartisan task force to analyze every tax credit and come back with recommendations before the next legislative session. This will provide the opportunity to address our corporate tax rate with a better understanding of the larger picture.

It may take a multi-year effort, but we are going to completely reform our tax code. We're going to make Iowa more competitive, and we're going to continue to be a place where businesses—big and small—want to grow and expand.

Nearly everything that is important to our future—schools, jobs, energy, growth—depends on the health of our people. If Iowans aren't healthy, they can't learn, they can't work, they can't take care of their families, and they can't succeed.

Before the Affordable Care Act, Iowa had an individual insurance market with relatively low cost and high participation.

Now, our healthcare market is collapsing.

It's unaffordable. It's unsustainable. And it's unacceptable.

I continue to call on Congress to repeal and replace the Affordable Care Act.

But we can't wait for Congress to fix it.

This session, we must work together to pass legislation that gives Iowa farmers, small business owners and their workers access to affordable insurance.

To meet the needs of our most vulnerable Iowans, to ensure we have affordable healthcare coverage for working families, to provide compassionate mental health care, and to fight the plague of opioid addiction, we must address these complex issues in a coordinated and strategic approach that builds on the progress we've made together.

Almost two years ago, we modernized our Medicaid system to an individualized, patient-centered approach that was already in place in 39 other states. It was a change that needed to be made.

Under the old system, costs soared, fraud occurred, it was unsustainable, and we weren't focused on patient outcomes.

I still believe managed care is the right decision for Iowa, but it has become very clear that mistakes were made in how it was done. Shortly after being sworn in as Governor, I took deliberate action to make a change. I hired a new director for the Department of Human Services, who has the passion, and—most importantly—the compassion to make this work. And he has hired a new Medicaid director with the experience to get things turned around.

With this new team in place, we are working with our caregivers to resolve issues in a timely manner and ensure on-time payments.

We are continuing to work with our Managed Care-Organizations to ensure Iowans are getting the best possible outcomes. And we are reaching patients in new and innovative ways to individualize their care.

This is something I think about and work on every day, because it is so important to so many Iowans. We will make this right.

We must also continue to provide compassionate mental health care.

In 2013, we redesigned Iowa's mental health system with bipartisan input and support. We moved from a county-by-county system to a regional network, ensuring the same core services for all Iowans, regardless of where they live.

150,000 more Iowans have mental health coverage today and have access to more local and modern services.

We've invested \$2 billion in mental health services. And in 2016 we invested \$4 million in a new psychiatric medical residency program to recruit and retain more psychiatrists.

But we must do more, and I know we can.

That's why I look forward to partnering with Des Moines University and the National Alliance on Mental Illness on their exciting new initiative, where every new doctor will receive the training and skills to identify and treat a patient with a mental health challenge.

I have included money in my budget for this innovative program. It will be the first-of-its-kind, and since Des Moines University trains more primary-care physicians than any medical school in the country, it's a significant step forward.

We have students and faculty from Des Moines University with us today. Please join in me thanking them for the leadership they have shown in mental health education and awareness.

To improve our mental health system, we can't just focus on the sheer number of beds; we must identify the gaps in our system.

In many cases, Iowans suffering from mental illness don't need hospitalization. But they also can't get the care they need at home.

They need a safe place to stay that offers professional services and a watchful eye.

We need to establish residential access centers that will provide short-term care for those in crisis. A place with the resources necessary to get these Iowans stabilized and back home to their families.

To help make that happen, I am asking the legislature to remove the cap on sub-acute beds.

And I am asking the mental health regions and our stakeholders to work with me to create a long-term and sustainable funding structure to establish these much-needed crisis access centers.

Creating a mental health system is complex and it won't be solved overnight. But no parent, child, friend or neighbor should suffer in silence when it comes to mental health.

Addiction can be just as anguishing for Iowa families and many of you know someone who has suffered from the wave of heroin and opioid addiction that is making its way through Iowa.

This issue is very personal to me. To the thousands of Iowans impacted by addiction, I've been there; I understand your struggles. My family understands your struggles. I know that life can be so much better.

Like it is for Caleb, a recovering opioid addict from Dubuque.

His life was saved after an overdose that nearly left him dead. Through the help of medicated-assisted treatment and a recovery program, he's turned his life around. Caleb's kept a job for over a year, received promotions and raises. And he's happier than he's ever been. While courageously sharing his story at our recent Opioid summit, Caleb said, "Even though I'm a high school drop-out, I feel like I'm very wealthy!"



Caleb, we're all richer for hearing your story.

In the past decade, opioid-related deaths have more than doubled, and will continue to rise unless we take action to reverse this heart-wrenching trend.

My plan to address this epidemic includes, increase use of the Prescription Monitoring Program, supporting enhanced intervention for Iowans addicted to opioids, and expanding medicated assisted treatment, the very program that helped Caleb.

And today I am calling on the legislature to pass legislation to reduce the number of opioids prescribed in Iowa.

This is a big step in the right direction. It will change lives and provide opportunities for a brighter future.

The foundation for a bright future starts early. So when we talk about unleashing opportunity and prioritizing our budget, nothing is more important to me than investing in our children.

In today's changing economy, whether our kids are bound for a four-year college, a community college, trade school, apprenticeship, military service, or headed into the workforce, we must prepare them for a productive and successful life.

That's why we have invested over \$37 million in STEM through public private partnerships. One school district and community that has embraced STEM education from the very beginning is Harlan. From being the first school to participate in National Guard STEM Day to Pint-Size Science, the Harlan School District is a perfect example of how schools, businesses, and communities are preparing their students for the jobs of tomorrow. We have students from Harland here today; please join me in welcoming them!

Since taking office seven years ago, we have added \$735 million in new money to our preK-12 education systems.

At \$3.3 billion, funding is at an all-time high.

In fact, a recent study by the Center on Budget and Policy Priorities found that over the last 10 years, only three states increased education funding at a higher rate than Iowa.

Education is a priority, and we will continue to back that up with real money.

In my budget I am proposing \$54 Million in new money for our schools.

We have also maintained our commitment to school choice, which offers families the option to teach their values, beliefs, and viewpoints to their children.

That's why my tax reform plan will expand 529 plans to include K-12 education.

But we also can't fall into the trap of measuring the quality of our education system by the sheer number of dollars we put into it. If we're not focused on preparing our young people for the future, then we are failing.

The economy is changing, the demand of the workforce is changing, and our education system must change with it.

On that front, Iowa is ahead of the game.

Last fall, Mike Rowe, the host of Dirty Jobs, visited Central Campus in Des Moines and called its pre-apprenticeship program a model for high schools all over the country. He talked about how welding, carpentry, nursing, drywall, automotive—all the major trades—were represented.

We are fortunate to have students with us today from Central Campus!

When talking about your school, Mike said that you have a pre-apprenticeship program that rivals the best he's ever seen; that you, the kids in this program, are given real-world experience. So real, that your high-school classes are translating into college credits.

We can and should emulate your program around our state.

And the initiative to help us do that is Future Ready Iowa.

Future Ready Iowa will create an environment where opportunity is unleashed. A place where high-paying new jobs are seamlessly linked with a motivated and highly-skilled workforce.

In Iowa, the careers of tomorrow are being created today, with starting salaries of \$40,000, even \$50,000 a year just waiting to be filled.

In fact, right now, there are more than 55,000 job openings on the Iowa Workforce Development website, many in high-demand, high-paying fields.

At the same time, we all have friends, relatives, and neighbors who are ambitious and hard-working but lacking the skills or self-confidence they need to reach out and seize one of those careers.

But, this morning, I'd like to introduce you to one Iowan, Amy Boozell, who chased her dream and earned the career she always wanted.

Amy's college story began more than 20 years ago, when she was a new mother. At the age of 19, she put her dreams on hold so she could put her child first. Later, she attended community college off and on, but it never resulted in a degree. But Amy had the courage and initiative to keep trying.

In 2016, after two and a half years of study, sleepless nights, and sacrifice, Amy crossed the stage at the age of 42, receiving her hard-earned diploma from Iowa State University.

I know Amy's story, because that day, I walked across the very same stage.

We sat next to each other at graduation, at ages 42 and 57, a mother of 5 and a mother of 3, aware that just because life got in the way didn't mean that opportunity had to be forever out of reach.

To every Iowan wanting to do more, to make that dream a reality, if Amy and I can do it, so can you. Amy, please stand so we can congratulate you!

Today, just over half of our workforce has training or education beyond high school. We're going to change that.

By 2025, our goal is for 70% of Iowa workers to have the skills they need to land a great job.

To reach that goal, we will partner with the private sector to rapidly expand education and training opportunities for more than 127,000 working men and women.

It's a big challenge, but we're going to get there. And we're starting now.

Today I am calling on the legislature to pass the **Future Ready Iowa Act**. It's a bill that creates opportunities for Iowans of all ages and experiences. Opportunities to get the skills they need for a rewarding career.

It starts with K-12 system. I want children to know, from the earliest age, that they have options. I want them to know that trade programs and community colleges can prepare them for high-paying careers

In Manchester, a company called Henderson Products, needed skilled welders. So they partnered with West Delaware High School and Northeast Iowa Community College to establish a program that gives students a head start on learning the valuable skilled trade of welding while still in high school. It gave Henderson the workforce they needed.

Through the success of this partnership, Henderson has hired nearly 30 new welders. For a town of 5,000 people, that has a real impact.

That's why I've included \$500,000 in my budget to expand this type of work-based learning.

We have students from West Delaware High here today, please join me in recognizing them for their outstanding work!

We must do everything we can to steer Iowans—young and old—to training programs that lead to great careers. To do that, we'll create a new scholarship for Iowans who decide to pursue up to a two-year degree in a high-demand field, like nursing, advanced manufacturing, or computer science. These scholarships will pay for the students' remaining tuition and will be available to Iowans of any age, whether they just graduated from high school or are looking to change careers.

We'll also create a new grant program for people who started a four-year degree but never finished. So people like Amy know it's never too late. If this is your dream, now is the time to chase it.

I also want to increase our support for apprenticeships, that's why I have included an additional \$1 million in my budget to expand Iowa's current apprenticeship program to help more small- and mid-sized employers offer these life-changing opportunities.

Finally, working with the private sector, we will create the Iowa Employer Innovation Fund, which will revolutionize the way we think about workforce training.

Instead of government deciding which programs are needed, decisions will be made at the local level by the businesses and job creators. They'll invest *their* money, in the training programs that best fit *their* needs, and the State innovation fund will provide matching dollars.

Iowa's businesses are already stepping up. And I want to thank the Iowa Business Council for leading the way, by committing to hire 30,000 interns, externs, and apprentices by 2025.

Future Ready Iowa will have a real impact on Iowans. People like Georges Seakor, who is with us here today. He became an Iowan at the age of five, when his family moved here to escape violence in Liberia. While at Lincoln High School, through the IJAG program, Georges took advantage of an internship at Principal Financial which opened the door to a full-time job after graduation. Now Georges is studying at DMACC, while working at Principal—an opportunity that he never thought possible.

This is what happens when our young people see, at an early age, the opportunities that are available right here in Iowa. It's what happens when our businesses work *with* our schools. And it's what happens when our young people make the connection between an education and a career. George please stand so we can recognize your outstanding accomplishments!

As I said at the start, I believe that Iowa is—and ought to be—a place where, if you're willing to work for it, you can make your dreams come true.

My vision is to give the people of Iowa a place to call home that unleashes opportunity at every turn.

For all Iowans—for people like Caleb, Amy, and Georges—let us build a future where our ability to dream is infinite and the will of our people remains eternally unbroken.

From the cities and suburbs, to our smallest towns and rural communities, together, we are greater than the sum of our parts.

Together, the condition of our state is strong.

And together, we can pass on to our children an Iowa even greater than the one we inherited.

May God bless you, and continue to bless the great state of Iowa.