



**GOVERNOR
CHET CULVER**

**Condition
of the
State of Iowa**

**January 13, 2009
Iowa State Capitol
Des Moines, IA**

As delivered

I want to begin by welcoming all of you, especially the newly elected members of the general assembly, to your state capitol.

2008 was a year we will never forget! May 25th began like any other spring day in the city of Parkersburg. Just as in hundreds of communities statewide, families were gathered together, celebrating high school graduations, enjoying the Memorial Day weekend, and looking forward to the start of summer.

By sunset on that same day, the lives of all citizens of Parkersburg were changed, forever.

At just before 5 PM, a horrific F5 tornado, the worst in our state's history, ripped through town. City Hall, businesses, banks, restaurants – and 220 homes – were all gone.

This mile-wide tornado traveled nearly 45 miles, through three counties, affecting not just Parkersburg, but Aplington, New Hartford, Waterloo, and Dunkerton. Before the winds stopped, 67 people were injured, and 8 people tragically lost their lives.

The storm also destroyed the physical symbol of the heart and soul of Parkersburg: the Aplington-Parkersburg High School. The classrooms, gymnasium, stadium and football field – a field which, over the years, had come to be known as the sacred acre – were all leveled.

Once the tornado stopped, football Coach Ed Thomas – whose own house was destroyed – walked to what was left of the field, and pledged to play the first game of the season on time, and at home. Players, coaches, strangers, and busloads of students from other schools – volunteered to help clean up the mess. They got on their knees and, moving shoulder-to-shoulder, criss-crossed the field, one way and then the other, pulling up glass, wood and other debris that the F5 tornado winds had driven into the turf. Rival high schools conducted fundraising drives that yielded tens of thousands of dollars. Four former football players from Coach Thomas's teams now playing in the National Football League led their own fundraising drive through the NFL charity program. Iowa companies even donated new game lights and turf!

As a result of all these efforts, and the generosity of Iowans and Americans, the entire football stadium was rebuilt!

And on September 5th, I was proud to join Coach Thomas to attend the very first home game of the Aplington-Parkersburg Football team! Well, guess what: Parkersburg won!

You know, these young student-athletes from Aplington-Parkersburg shared one goal: to rebuild the school they loved and the community they call home! Their team spirit – of faith, optimism, and resilience – is what makes Iowa such a great place. As a high-school teacher, and coach, I know from experience, this kind of teamwork is something we can emulate and all be very proud of!

Now, I want to recognize the one of the most valuable players on our team, my friend and partner Lt. Gov. Patty Judge. Patty has stood by me through successes, and through challenges, most recently the storms of 2008. So, I want to thank the Lt. Governor for her tireless work on behalf of Iowans!

And, to the love of my life, and the First Lady of Iowa. Thanks for being such an incredible mother to our two wonderful children, Clare and John. And thank you for being a champion for Iowa's at-risk women and children, too!

Fellow statewide elected officials: Attorney General Miller, your work in consumer protection, fighting predatory lending, and preventing foreclosures, is inspiring. Treasurer Fitzgerald, you have helped open the door for thousands of Iowa college students. Secretary Mauro, you presided over the most successful election in Iowa's history – and helped make history in the process. Secretary Northey, you are helping Iowa farmers feed and fuel the world, and Auditor Vaudt - we share a commitment to fiscal responsibility and balancing budgets.

I also want to thank my friends in the Judicial Branch: Chief Justice Ternus, Supreme Court Justices, Chief Judge Sackett, and members of the Court of Appeals, thank you very much for your service. I also want to thank department heads, and state employees, your work is appreciated, too!

Additionally, I want to thank you, the Members of the General Assembly, and your leadership team: President Kibbie and Speaker Murphy; Leaders Gronstal, McCarthy, McKinley and Paulsen. And thank you to every Legislator for your willingness to work together for the betterment of all Iowans!

I also want to take a moment to recognize a former Legislator and friend, who is bravely battling cancer, Senate Leader and Legislator Mary Lundby of Marion. I want her, her family and friends, to know they will remain in our thoughts and prayers.

This is a great team!! Not a team of rivals, but of excellent public officials, and I'm honored to work with all of you every day!

In addition, I want to acknowledge another valuable member of the team; Major General Ron Dardis. For over four decades, General Dardis has proudly worn the uniform of the United States Armed Forces. Soon, he will retire his uniform, and pass the torch to Colonel Tim Orr, who will become the next Adjutant General of the Iowa Guard.

Last summer, under the leadership of General Dardis, more than 4000 members of the Iowa Guard worked with first responders statewide in our flood fight. Their heroic actions saved countless lives. This was the largest single deployment of our Guard troops since the Civil War.

General Dardis has led the Guard during a very difficult time for Iowa's military families, too. Let's always remember Iowa's Eternal Patriots, the 68 Iowans who, since 9-11, wore the uniform, but sadly never made it home. They gave their lives for the country we all love.

Now, I would like to ask General Dardis and his wife, Carmella, to stand and be recognized by all of us here!

Finally, I want to thank all members of the Armed Services, past and present – including State Representative Royd Chambers, who was recently deployed. I simply want to say we owe you a debt of gratitude, for your bravery, service, and commitment to the people of Iowa.

During the disasters of 2008, these Iowa values of bravery, service, and commitment were never more evident.

The tornados, floods, and storms which killed and injured so many at the Little Sioux Scout Camp, and in too many communities across our state, didn't discriminate in the pain they caused.

But at the same time, we saw – together -that first responders - and thousands of volunteers - also didn't distinguish between old and young, rich or poor. They didn't ask if you were black, white, or brown, urban or rural. Volunteers clearing debris didn't ask if you were Democrat or Republican! Instead, they asked, Are you okay? What do you need? and How can we help?

Let's carry that lesson with us this legislative session. How can we stand together, shoulder to shoulder, as a team – to rebuild Iowa? How can we help ease the pain, for those still suffering? How can we put people back to work, create jobs, invest in our infrastructure, and balance our budget too?

Well, I believe that's our duty. Our constituents sent us here to work as a team, and to provide solutions to today's challenges!

Our Iowa values of optimism, hard work, resilience, determination, and caring about your neighbor in need, have carried us from our first days as a state. So, it gives me a great deal of pride to stand before you, even in a season with many challenges and say:

The Condition of our State is Strong, because the people of Iowa are strong!

I believe this, because Iowans are tough. We're never better than when our backs are against the wall. We stand tall, and we never give up. In Iowa, we keep our promises. Our word is our bond. We stand up for Iowa values. We work together – like a team - to get things done!

And so, I believe our first order of business this Legislative session must be to rebuild the state we all love!

I believe real images seen in cities like Cedar Rapids, Palo, Coralville, Waterloo, Cedar Falls and Oakville, tell the story of the damage and devastation better than any words ever could.

Now, let's all be reminded of what our state has been through.

[VIDEO: In Deep Water – The Flood of 2008]

The rebuilding has begun. But there's much more work to do, and that's why I need your help this session.

The good news is, we've made some real progress. For example, more than \$520 million dollars in federal money – has been committed to support more than 5,400 projects in 513 cities, counties and school districts throughout the state. This will help us rebuild our public infrastructure: everything from roads to schools, from senior centers to water treatment plants.

In addition, more than more than \$260 million dollars in both state and federal funds are helping 24,000 lowans repair or replace their homes damaged by last summer's storms. Nearly 1,000 small businesses are receiving over \$135 million dollars in state and federal money to re-open their doors.

And, over 2,200 lowans, who lost their jobs because of the storms, are getting a helping hand from \$6.5 million in Disaster Unemployment Assistance. Another 4 million dollars is being used to provide crisis counseling and mental health services to literally tens of thousands of Iowa families impacted by the storms. And, 500,000 dollars in Iowa College Aid has helped more than 400 flood-affected students to stay in school and pay their tuition.

Finally, in the days following the disaster, I asked the private sector to be a part of our Rebuild Iowa team. Thanks to the leadership of Barry Griswell, Fred Hubbell, Bill Knapp, Jim Cownie, Pat Baird, the Des Moines Register, generous Iowa businesses, and individual donors nationwide, the Embrace Iowa fundraising effort has raised nearly 8 Million dollars!

In total, nearly one and a half billion dollars in state, federal, and private-sector money has been secured to date to assist in our rebuilding efforts.

In addition, the Rebuild Iowa Commission, with the help of 15 dedicated private citizens, issued a comprehensive report to you with their key flood recovery recommendations.

We've also created the Rebuild Iowa Office that serves as a clearinghouse for all flood-recovery efforts, and coordinates our day-to-day rebuilding plans.

Now it's time to take the next steps. Let's start this session by acting quickly on three key areas related to flood recovery.

Number one: I respectfully ask you to immediately pass the \$43 Million dollar Rebuild Iowa Bill which I've submitted to you. I recommend we use money from the Rainy Day Fund to pay for this.

Our cash reserves and Rainy Day Funds are at historic levels - \$620 Million dollars. By comparison, after the floods of '93 we had only \$48 Million dollars in our reserves. This Rainy Day Fund is essential for the state to provide services during emergencies and economic downturns. Well, during the floods of 2008, it rained, it rained, and it rained.

So, I believe it's necessary to now use some of the money from this fund to pay for the costs associated with our ongoing disaster recovery efforts. This \$43 million will help struggling communities like Oakville and Cedar Rapids pay their bills, assist non-profits and cultural organizations, and provide much needed financial assistance for individuals and families still facing challenges.

It also will provide additional funding to address unmet rental housing and small business needs, which are currently not eligible for federal funds. And, it keeps the doors open at the newly established Rebuild Iowa Office, so that the state can continue to play a vital role in coordinating all flood recovery efforts.

So, I want to formally ask you to pass this Rebuild Iowa Funding Bill, and send it to my desk without delay as soon as possible.

Number two: the Rebuild Iowa Advisory Commission report identifies twelve key areas of concern. So, I'm asking you to act upon these recommendations this session. Modern flood plain mapping, levee mitigation, disaster insurance, watershed management, and first responder and emergency management training are all important issues that need to be addressed.

In addition to the devastation of the natural disasters, Iowans have been hit by another perfect storm – but this time, it's an economic one. We're dealing with a severe recession, the likes of which we haven't seen since the great depression. And, it has already displaced Iowa workers and threatened jobs.

So, now, the third step I'm asking you to take responds to both of these disasters that we are dealing with.

In an effort to stimulate economic growth during this recession, create good private sector jobs, and address unmet infrastructure needs, I propose the creation of the Rebuild Iowa Infrastructure Authority. But when I say infrastructure, I'm not just talking about bridges and roads. I mean all infrastructure: rail, trails, public buildings, water and sewer treatment facilities, the utility grid, and telecommunications, too.

But, there's no time to wait! This legislative session, we must address every facet of our 21st century infrastructure, to ensure that we continue to grow our economy and support the jobs of the future.

In fact, for every \$100 million spent on highway construction alone, more than 4,000 new jobs are created! Infrastructure investment is essential for not only job creation, but for keeping existing jobs in the state down the road. So, the authority will create and then issue up to \$700 million of bonds, over the next several years.

It will also allow us to build upon any additional federal stimulus or flood recovery funds our state might receive in the future.

We can do this! This is the first time our state's history we've earned a Triple-A bond rating. And I intend to use it!

So, here's what we are going to do. We're cutting back on the day-to-day expenditures of state government. But, at the same time, we will be investing in bricks and mortar – to create jobs and keep our economy going. And we're in a position to pay back the bonds without raising taxes.

The Rebuild Iowa Investment Bonds will be funded through existing gaming revenue, and will provide grants, and loans for projects statewide.

Just as we locked arms and worked together during the flood fight, we must continue our efforts, as partners – to Rebuild Iowa, by investing in, and modernizing our infrastructure.

The second real challenge this session is obvious. We need to balance the budget. As you know, along with the rest of the nation, we're now entering a period of economic upheaval.

However, unlike the federal government, we can't deficit spend. And, we're not going to tax our way out of this, like California and New York.

While I know our nation's short term economic future is uncertain, I believe our state's long term future is very bright. Our future will be bright if we use Iowa common-sense in planning our budget. When we do, I believe we will emerge from this recession in a better position to lead.

Let's be clear. This economic challenge is historic in its scope. Its roots can be traced to the greedy actions of a few on Wall Street, lack of financial oversight, and misguided federal policies from Washington.

You know what? All of these things have consequences. The result is an economic recession that is hitting families and main streets, and factories and farms across the nation. As we speak, 44 states are either in a deficit, or headed towards a deficit for fiscal year 2009. Additionally, according to the Center for Budget and Policy Priorities, these states are projected to have budget shortfalls as high as \$140 billion dollars collectively by 2010. Yes, that's \$140 billion dollars nationwide in terms of state deficits.

In short, this world-wide recession is affecting nearly every state in the nation, no matter if they are big or small, rural or urban, Democratic or Republican. This is the economic reality. And I believe it's our responsibility to limit the impact of this recession on hardworking Iowans.

Let's stay true to our Iowa values by effectively managing the budget for the rest of fiscal year 2009, and for 2010. Regarding the 2009 budget, we've already made real progress on. In the Executive Branch, we've already made some tough decisions. For example, when the state's revenues fell short of projections last fall, I started with my own office,

and my own departments, telling them to cut waste, cut unnecessary travel, and freeze state hiring. These selective cuts, totaling \$40 Million dollars - were not easy – but they were the right thing to do.

Then, on December 22nd, as revenues continued to lag, I invoked my Executive Authority to make a 1.5 percent across the board cut in general fund spending. This saved the state \$90 Million dollars!

But this must be a team effort. As Governor, I'm limited in what I can do within the Executive Branch. So, here is what I'm asking you to do to ensure we balance the budget for fiscal year 2009.

Number one: De-appropriate \$37 million dollars for the new state office building.

Number two: Approve the transfer of \$10 million dollars from accounts and funds that I've requested.

Number three: I'm asking you for one exception to my across the board cut. Corrections Officers and Troopers are essential to our public safety, and I want to make sure these positions are not cut.

I, for one, accept the responsibility to manage our state through these turbulent times. I will stand up for you, tell it like it is, and you can hold me accountable for what happens on my watch.

So, I'll be very frank. Most of us here – in fact, all of us – won't like some of the effects of these cuts. But all Iowans must share in the responsibility to keep our fiscal house in order. Simply put, if Iowans are being asked to do more with less, then government should too!

Here's what we have the opportunity to do. Make government more lean and efficient, create infrastructure jobs, and cut spending. This means some services will be cut. And, as I've said, because of the national recession, I believe this is no time to raise taxes on hardworking Iowans.

Here's the good news: Iowa is well-positioned to get through this worldwide and national recession. In fact, we're better situated than almost any state in the nation. For example, our \$620 million dollar cash reserves and Triple-A bond rating allows us to do some things that other states may find impossible to do. While unemployment is going up, we are still almost 2% below the national average. And, companies like Aviva, Microsoft and Google have come to Iowa – investing billions while creating hundreds of new, good paying jobs. In addition, we've attracted new companies to Iowa like Acciona, Clipper, TPI, Siemens, and Trinity – which have created thousands of wind energy jobs in every corner of the state.

Now, regarding the 2010 budget, which I'm required to submit to you by the end of the month. President-elect Obama and Congress have already started working on an economic stimulus package designed to assist the states.

This will impact in a favorable way our 2010 budget and it could help us address some of our education and health care needs.

But, for the time being, we don't know what the final package will look like. And we will be constrained by a very tight budget year. However, I am asking you to do all you can to protect the investments we've made together.

For example, in the Iowa Power Fund, which has helped create green collar jobs across the state. And, let's keep Iowa a national leader in education. Let's keep working to make health care more accessible, and affordable. And let's build upon our progress on making Iowa the renewable energy capitol of the United States, and the silicon valley of the Midwest!

But as we do, let's agree that everything's on the table with respect to balancing the budget and finding cost savings in state government. Let's take this opportunity to improve the way that government delivers services. Let's not be afraid of changing how we do business. I believe we should explore the sale or lease of some state assets; let's consolidate state contracts and group purchasing agreements, and use other sensible ways to save taxpayers' money!

In closing, we have a strong, talented citizenry who demand that their political leaders pull together to get the job done. So, let's waste no time in getting to work.

Neither the natural disasters, nor the economic recession, are the fault of Iowans. But the difficulties each create are something we all must face together, and our constituents are counting on us.

2009 will be a year of challenges – some as great as our state and country has ever faced. And today, I've asked you – the members of the Legislature – to make some tough decisions.

These are difficult days – but in Iowa, we don't run from challenges, we tackle them head –on. Our state was built by the hard work and sweat of people who weren't afraid to take on this land with all of its challenges. They believed, as I do, that in every challenge, there is a unique opportunity.

So, despite some setbacks, I am both optimistic and confident about what the future holds for our state. Let's put partisan politics aside and work together as a team for the good of all Iowans. When we do, I believe our best and brightest days are ahead of us.

END