President Anderson then presented Governor Terry E. Branstad who delivered the following address:

 Mr. President, Mr. Speaker, Mr. Chief Justice, Justices and Judges, State Officials, Senators and Representatives, Distinguished Guests and Friends.

 It is my constitutional responsibility to report to you on the condition of our state. I will fulfill that duty today and I will return on January 24, to present the state budget.

 Today, I am going to break with the tradition of reporting on the accomplishments of the last year. Instead, I am going to speak from the heart about the condition of our state as it exists.

 First, I want to personally welcome all the members of this, the Seventy-first General Assembly—especially you new members that are here for the first time. Twelve years ago I sat where you sit today. I can remember the excitement and anticipation about the challenges ahead. As Governor, I look forward to working with you and wish you all the very best.

 I want to express my personal appreciation to the unsung heroes of this state, the honest, hardy working people—who raise their families—and never ask anything. In fact, they always give. They give to their church, to charities. They’re the first, the very first, to volunteer to help in their communities, and help their friends and neighbors when there is a need.

 Iwant to thank our dedicated state and local employees, our public and private school teachers, our peace officers, firefighters and all those who work to deliver needed services to the people of this state. These Iowans contribute to our fine quality of life and deserve our appreciation and respect.

 And now, for the condition of our state.

 In Iowa, we are all tied to the land. When a tractor grinds to a halt in the farm field, the wheels of commerce move more slowly on Main Street.

 During the past year, many Iowans have shared with me their hardships and their fears. And looking at the galleries today, I can see, that many of these people are here who share those concerns with us. My heart goes out to the families who have lost their farms and to the businesses who have seen their doors closed.

 A western Iowa farmer recently told me how federal liquidators had refused him the authority to purchase the feed needed to complete his hogs to market weight. I have heard from workers laid off by Caterpillar, Rath, and International Harvester—many of these Iowans are confused and they are afraid for their family’s future.

 These are good people, innocent victims of an economic storm which, although brewed elsewhere, struck here. I have put forward a comprehensive plan for an agricultural recovery. We need federal action to bring down interest rates and help farmers get through this immediate credit crunch—a situation that will only get worse between now and March 1st. The federal government should do for farmers what they did for Chrysler—provide loan guarantees to allow them to work out of this immediate credit crisis.

 We must get the federal deficit under control so that interest rates can go down and our exports can go up. We, in the heartland, are willing to share in a meaningful federal budget freeze—provided it is fair and across-the-board.

 We must press for action at the national level, just as we must be ready to act here at the state level. I was in the nation’s capital on Friday, and we carried the message right to the White House. We talked with David Stockman, Paul Volcker, John Block and Bob Dole. As Governor of the leading farm state, I told them I won’t be satisfied until we get results.

 Restoring economic prosperity is not an easy job, but it can be done. The first thing we must do is recognize our strengths. We have a lot of assets in this state. And, it is time we start telling the world about them.

 We have clean air, open spaces, beautiful parks and fertile fields. We have progressive towns and cities. Most importantly, we have decent, hard-working and productive people.

 Simply said, Iowans are the best thing that Iowa has going for it.

 Winston Churchill, the great leader who helped his nation weather the darkest hours of World War II, said “We have not journeyed all this way across the centuries, across the oceans, across the mountains, across the prairies, because we are made of sugar candy.”

 We Iowans are not made of sugar candy either. It is our spirit, our determination to excel, that keeps us striving for results—even when the obstacles are overwhelming.

 What we need now is a common sense of purpose. Skirmishes between Republicans and Democrats, between town and country, between one city in our state and another, will only divide us.

 Today, I ask all Iowans to unite, in a compact—a compact for the future growth of Iowa—a compact whose objectives are quality education, the safety for our citizens and good jobs for men and women of all ages.

EDUCATIONAL EXCELLENCE

 Education has always been important to Iowa’s growth. Our state began with a commitment to access to education. We built a school house within two miles of every child in this state. Then in the early 1970’s, we embarked on the school aid formula to provide an insured equity in education—equal opportunity for all children whether they live in a rich or poor district.

 From access to equity, our quest now leads us to excellence in education.

 We already have much to be proud of. Almost three-fourths of all Iowans say that our educational system is good or very good. Iowa students rank at the top of national tests of academic achievement. We have one of the lowest dropout rates in the country. In fact, Iowans even checked out more library books per capita than people in any other state in this nation.

 We now invest well over half of our state tax dollars on educating our children. And, next year our state school aid formula will be increased by an additional $33 million—to a record $740 million. That’s $1,500 to every public school student in this state.

 Our base issolid, but we can do more. Three task forces of prominent educators and citizens have shown us how. Their thoughtful recommendations serve as good guideposts to help us embark on a third generation of educational policy.

 Iowa’s schools are only as strong as our teachers. So, we must give our teachers the incentives and the tools they need—as well as the respect and recognition that they deserve.

 I recommend a new teacher certification process so that extra compensation can be earned by master teachers.

 My program includes a one-year pilot project to test new teachers, and requires Iowa schools to release the results of standard test scores. These are some of the initiatives that will give us a way to measure the success of our schools.

 I will personally recognize school achievement through a Governor’s School Improvement Award Program. And, we will provide funds for educational improvement grants.

 There are other ideas to improve our schools which should be on the agenda this session. One is a program to coordinate curricula at all levels of education. Another is increased funding to help school districts which share programs. This is especially important to our smaller rural districts.

 And when it comes to higher education, we in Iowa have some of the finest institutions in this country. Our public and private colleges and universities have served us well, and we have every right to be proud of them.

 To strengthen that system, I propose increasing the Iowa Tuition Grant Program so that more students can receive grants, and the grants can be larger.

 We must support our three state universities with additional funding for research and instruction. We must support our area colleges as a vital link in our education, job training and economic activities.

 The commitment we make to our schools is critical to our young people and their development.

PUBLIC SAFETY

 It is not enough to educate our young people. We must protect them from personal harm.

 Our hearts are filled with emotion as we listen to Noreen Gosch, Donald Martin or John Walsh. These parents are eloquent advocates for stronger child protection laws.

 Ifwe earnestly want to prevent others from experiencing their agony, we should act. Here are some of the things that we can do:

* Give law enforcement better tools to capture and prosecute abusers,
* Strengthen the penalties for crimes against children,
* Aid and counsel the victims,
* Allow video testimony from children in the courtroom, and
* Require criminal background checks for applicants for sensitive jobs with young children.

 We must not be satisfied until our children can feel free from abuse, abduction and molestation.

 Nor canwe relent in our work to secure safety on our highways. Last year we made progress in tightening our drunk driving laws, and we saw traffic deaths decline in Iowa. This year, the public is demanding even more meaningful changes. We should heed that call for action. We should adopt uniform, nationally recognized standards to stop drunk driving.

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 And when a person commits a crime, he or she should pay the price. Dangerous felons should be kept behind bars until they are rehabilitated or have earned their parole.

 The conscientious members of our citizens’ Parole Board are constantly caught between the proverbial rock and a hard place as they strive to protect public safety, while staying under the prison population cap. We must not be forced to parole dangerous felons because of some arbitrary lid.

 The 500 new prison beds now on line, will in the short run, help ease overcrowding. Other states have contracted with private concerns to build and to operate new prisons. That may be a workable solution for Iowa, and it, along with other ideas, deserves further study.

JOBS FOR lOWANS

 We must do more than educate and protect our children. We must find jobs for them in Iowa when they grow up. We cannot afford to spend billions to educate our best and brightest and then send them off to the Sunbelt.

 Next week I will return to present the budget, and with it I will highlight a bold program to diversify our state’s economy. It will provide incentives for expansion and exporting, and remove impediments for small business people and farmers. This week, I will speak of ways we can plan and work together to create jobs.

 In Japan for some time, and more recently in America, the benefits of public/private partnerships for economic development and growth have been recognized.

 I will name a permanent Iowa Partnership for Economic Progress to insure that leaders from the private sector continue to play an active role in the development of our state. This Partnership will include members of the Committee for Iowa’s Future Growth, and they will work closely with the Development Commission, the Department of Transportation and local leaders.

 Successful development requires a conscious commitment from local leaders as well as the state. We should launch an Iowa Main Street strategy to help in these local development efforts. In this way the people who live, work, and shop downtown can be a part of the revitalization of their community.

 We should always be on the lookout for innovative ways to develop our state’s resources. Our program includes a plan for Iowa State University and the University of Iowa to use new fluidized bed boilers. This system will allow both of these public institutions to burn Iowa coal cleanly and economically—thus opening a new chapter for our Iowa coal industry.

 We need your cooperation in another area that is important in both creating and retaining Iowa jobs—our Unemployment Trust Fund. Even though it will soon be out of debt, the unemployment system, as it now stands, is an impediment to creating Iowa jobs.

 The one-week waiting period which took effect on January 1st should be made permanent, and we need to eliminate the penalties for expanding businesses. These small, but significant steps, can be accomplished this year.

 A more comprehensive review of the competitiveness of our unemployment and workers’ compensation laws should be undertaken. I will appoint a bipartisan commission, similar to the National Commission on Social Security, to address this sensitive issue.

 We must march forward on number of fronts. Energy incentives and venture capital initiatives, each will give a boost to fledgling companies, especially small businesses.

 These are all parts of our economic development program. A much bigger part, along with initiatives in other areas, will be addressed in my budget message next week.

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 None of us should be naive enough to believe that there is one magic measure that will bring economic prosperity to our state. We cannot stand back and expect someone else to come up with Iowa’s version of the computer chip.

 For many Iowans, the next few months will be the most difficult since the 1930’s. Perhaps never again will there be a time when it is so crucial for us all to pull together.

 We must join hands, share what is in our heads, and work in unison with sincere hearts.

 To achieve success, we cannot have a Governor’s agenda and a legislative agenda, a Democratic plan and a Republican plan, a rural strategy and an urban strategy. We cannot divide . . . we must unite.

 Iowans have helped each other triumph over difficult odds before. And, we can do it again with a compact for Iowa’s future prosperity.

 Today . . . together . . . let’s start work on an agenda that we can all get behind. Let’s have an Iowa agenda that merits, and in fact gains, the support of all the people. Let’s have an Iowa agenda that will help us overcome today’s troubles. Let’s have an Iowa agenda that will leave a legacy of growth, progress and opportunity in the years ahead.

 Thank you, and God bless you all.