

2008 CONDITION OF THE STATE ADDRESS AS DELIVERED:

My Fellow Iowans, Lt. Gov. Judge, Members of the General Assembly, President Kibbie and Speaker Murphy; Leaders Gronstal, McCarthy, Rants and Wieck.

Fellow statewide elected officials: Miller, Mauro, Northey, Fitzgerald, and Vaudt; all department directors, and state employees.

To General Dardis, President Mason, Regents, Chief Justice Ternus; Justices and members of the Court of Appeals, and special guests, including my mother, Ann Cooper Culver, mother-in-law Joanne Thinner, my aunt, Kay Baty and my good friend, Ed Campbell, and my minister Pastor Dave Schneider. Welcome!

I would like to begin today by recognizing the brave men and women who are serving in our armed forces.

Thank you for your service. We appreciate the sacrifices you and your families, are making on behalf of us. To those families who have lost a loved one in the current conflicts in Iraq and Afghanistan, I say, although no one can truly know your pain, you should know all Iowans share your grief. Our thoughts and our prayers are with you.

On a personal note, one of my most memorable experiences last year was greeting members of the 133rd Battalion upon their return home from Iraq. There, I had the pleasure of meeting one soldier, Specialist Jason Timler, from my hometown of McGregor.

Jason is a member of the 1st Division of the 133rd Infantry, simply known as the Ironmen. Jason served in both Iraq and Afghanistan. These brave Iowans were overseas for nearly 22 months, serving the longest overseas deployment by an Iowa unit since World War II. In addition to specialist Timber, I am proud to recognize another brave veteran of the 133rd, Sgt. and State Representative Ray Zirkelbach. Ray, I'm glad you're back safely and I know your wife Emily and your daughter, Claire are happy to have you home!

The 133rd has also been one of the most highly decorated units deployed to Iraq. The soldiers of the 133rd have:

- Earned 26 Bronze Stars, with 3 of those cited for valor;
- they earned 11 Army commendation medals for valor;
- and, they conducted more than 500 combat missions;
- more than 30 of them earned the Purple Heart; including our distinguished State Representative Zirkelbach;
- and they built 29 schools for Iraqi children.

So, we are all very proud of the 133rd! And, as a token of our appreciation, please join me in welcoming Specialist Jason Timler to the chamber.

Article Four, Section Twelve, of the Iowa Constitution says, and I quote: The Governor shall communicate, by message, to the general assembly, at every regular session, the condition of the state, and recommend such matters as he shall deem expedient, end of quote.

Well, it's my Constitutional duty, my pleasure, and my privilege to report, that on this 15th day of January, in the year 2008:

The Condition of our state is strong!

First of all, our fiscal house is in order. The budget you passed and the one I signed was fiscally responsible. It included a \$600 Million dollar cash reserve, the largest in Iowa history.

Second, our bioeconomy is booming. With your help, we are building the Silicon Valley of the Midwest and we're becoming the renewable energy capital of the United States.

Most importantly, this is resulting in historic job creation and economic development.

The biofuels industry alone has added more than \$8 Billion dollars to Iowa's economy, and has created or supported more than 50,000 new jobs.

The state has partnered in this effort too. In 2007, with your assistance, more than 1,800 new green-collar jobs were created. And, more than \$3 billion dollars of private sector green investments were made in Iowa.

Communities across Iowa that have experienced real economic challenges, like Keokuk, Fort Madison and Newton, have recently seen a new rebirth by tapping into our booming wind industry. Each of these cities is in the process of adding hundreds of new wind-generation manufacturing jobs.

I believe this is only the beginning of what is possible!

A recent study projects within a 600 mile radius of Iowa, more than \$20 billion dollars in wind projects will be constructed over the next seven years. To capitalize on this opportunity for our state, I've traveled across the nation, and to countries like Germany, Denmark and Spain, to do everything within my power to bring these jobs to Iowa.

And we've gotten results.

Iowa is now home of five wind generation manufacturers who have recently decided to locate or expand here – Acciona, Siemens, Clipper, Hendricks, and TPI.

So, to put it in perspective, Iowa is now the only second state in the nation manufacturing the three major component parts of a windmill - towers, turbines and blades.

These new advanced manufacturing "bio-jobs" we're creating are the key to Iowa's continued economic growth.

In addition, the Condition of the State is strong because last year you passed and I signed historic legislation. These new initiatives related to job creation, renewable energy, health care, and education, will improve our quality of life and strengthen our economy.

Most importantly, we kept the promises we made to the people who sent us here.

We promised to raise the minimum wage -- and we did.

We promised to increase teacher pay and expand early childhood education -- and we did.

We promised to provide income tax relief to tens of thousands of hard working Iowans --and guess what, and we did.

We promised to expand health care for Iowa's kids -- and we did.

We promised to lift the ban on stem cell research and build a state of the art research facility at the University of Iowa -- and we did.

We promised to provide veterans injury, education and housing assistance – and we did that too.

We promised our seniors we'd put more senior advocates to work across Iowa-- and we did.

We promised to make college more affordable and to support our public and private colleges and universities at the highest level ever -- and we did.

We promised to increase civil liberty protections for all Iowans, to fight discrimination and harassment at work and in our schools -- and we did that too.

We promised to invest in our environment, by supporting REAP, the Resource Enhancement and Protection program, at its highest levels since 1991-- and we did that too.

Finally, and you're probably ready to hear this, we promised to make Iowa the national leader in renewable energy. We said we'd establish an office of Energy Independence and create a, 100 million dollar renewable energy research and development fund. And guess what? We did!

We should be very proud of these accomplishments. Now, it's up to us to build on them.

So, for all of these reasons, I'm happy to report, the Condition of our State is strong!

I believe our goals this session are simple -- protect our priorities, balance the budget, and address some unmet needs.

Our budget must reflect the commitment to protect these new initiatives we launched last session.

So, in order to maintain our lead in this new bioeconomy, we must continue to support the Iowa Power Fund.

Let's make sure we pay our teachers what they deserve, and do whatever it takes to bring them to the national average in teacher pay.

We need to maintain the funding levels for our community colleges, regents' institutions and private colleges.

Let's expand early childhood education so we can meet our goal of offering it statewide by 2010.

We must meet the obligation we have to the most vulnerable among us, our uninsured children. So let's expand health care to 7,500 more kids.

Finally, let's not forget those who helped us make this state such a great place – our senior citizens and our veterans.

I believe the only way we can be certain to fulfill these priorities is to keep our fiscal house in order. Here's how we can do it: limit new spending; continue to live within our means, and protect our cash reserves.

Today I want to share with you the steps I've already taken to present a balanced budget.

First of all...we has just said no!! In August, of last year, I asked my Department Directors to submit budget requests that limited any new spending.

Second, the budget I'm proposing allows us to keep our promises. It also protects our priorities, and we've identifies a few new revenue sources, and we can fully funds the cash reserves.

Third, our administration continues to find ways to save taxpayer money, and we're in the process of making government more efficient.

Now to my second Constitutional duty of the day. I will touch on such matters as I deem expedient!

The fact is, there are still unmet needs. We have much work to do in the area of: health care, environment, renewable energy, infrastructure, tax fairness, workforce development, and worker's rights.

Let's start with health care.

Why shouldn't every lowan get the same type of insurance coverage that elected officials get?

Well, that's my goal.

Let's take up the challenge of making health care affordable and accessible to all lowans!

I want to acknowledge the hard work of the Affordable Health Care Commission, chaired by Senator Jack Hatch and Representative Ro Foege, and thank all who contributed to this effort.

I believe, as the report indicated, there are some immediate steps we need to take.

We should expand pooling options for associations, small businesses, and organizations in an effort to reduce the cost of group rates.

Why not allow parents to cover their adult children up to age 25, on a family plan?

Let's eliminate exclusions and waiting periods for people who are transitioning from group health plans to individual plans.

Let's cap long-term care insurance rate increases, at 12 percent per year, to protect our aging policyholders.

Let's set the standard for electronic medical records and telemedicine! Iowa providers are now partnering with the state and federal government to build the nation's first statewide fiber-optic health care network.

Additionally, we need to address the health care needs of those who need it the most, our seniors. Let's start with the people who take care of them, our nurses. It is time to get more nurses and to pay them better.

The U.S. Department of Labor ranks Iowa as the 49th lowest paying state for registered nurses. This is unacceptable and we need to do something about it now!

So, I'm appointing a task force to meet and make recommendations by March 1st on how we can best increase nurse's pay and address the shortage.

As a former nurse, Lt. Governor Judge, is the perfect person to lead this effort, and she's agreed to do so.

We also need additional funding for early detection. So, in my budget I have dedicated resources to ensure more lowans, especially women, have access to early screening for cancer.

Finally, if you send me a bill to ban smoking at the local level, I will sign it!

While all of these steps are critically important, the reality is, our most effective health care reform lies in the area of prevention, wellness and chronic disease management.

So, in an effort to save the state millions and improve the lives of thousands, we will institute a new state employees' wellness initiative. After all, wellness and prevention are the key to reducing costs, reducing medical claims filed, and reducing the number of procedures performed, and most importantly, keeping people healthy.

This has already been done in places like Asheville, North Carolina. Over a three year period, the city of Asheville cut their medical claims in half for their employees by encouraging fitness and managing chronic disease. I believe we can, too.

In addition, we will initiate a state employee's chronic disease management program. This will put trained professionals to work coaching state employees and their families about how to best eliminate or reduce the effects of the five most common chronic diseases, like: obesity, heart disease, and diabetes.

Finally, whether it's popular or not, the best way to achieve affordable, accessible health care for all, involves each of us taking responsibility for the quality of our own health.

That's why Lt. Governor Judge last summer started a statewide conversation about the wellness initiatives. I want to commend her for her efforts, and thank her for the tremendous job she's doing as the Lt. Governor of Iowa

The Lt. Governor's Commission on Health and Wellness has forwarded their findings to you. One of the most frightening things the wellness commission noted is that, 50% of Iowa's kids are overweight, 20% of those kids are morbidly obese.

This is why this session I have recommended we establish a minimum standard for physical activity in our schools. We will also partner with the American Diabetes Association and other groups to create a statewide focus on wellness for our children.

And we should take the steps necessary to replace unhealthy food choices in our schools, we need statewide effort to promote healthier school meals, and better options when it comes to vending machines.

So, as you can see, my budget places significant resources into wellness initiatives and I look forward to working with you on taking every step we can to make Iowa a healthier place.

There's one more thing. As a former coach, I used to say, if you want to talk the talk, you better walk the walk.

So, in an effort to provide leadership on this important issue, I have asked every state employee, and today I ask everyone in this chamber, and all lowans, to join the Lt. Governor, and me, to take on the: 100-Day Lighten Up Iowa Challenge. Let's try to lose weight, eat healthier and exercise more together!

Well, the program starts tomorrow, so I encourage all of you and our viewers today to sign up today at: WWW.GOVERNOR.IOWA.GOV. Or you can call 1-888-777-8881, please join us.

Now, let's move to the needs related to our environment. Clean air, clean water and conservation are important Iowa values. So, I think we need to take three important steps this session to protect them.

One: I believe we should fully honor our commitment to Iowa's natural resources through the incredibly successful REAP program. In addition, we need a sustainable funding source for REAP.

I've identified, I believe, the best way to pay for it. That's why I've proposed expanding the bottle bill. This is fitting as we celebrate its 30th anniversary this year. This bi-partisan success was sponsored by former Governor Branstad in this very chamber when he was a legislator, and it was signed by a very good former Governor Bob Ray, in 1978.

After thirty years of Keeping Iowa Beautiful and keeping bottles and cans out of the ditches and landfills, I believe expanding the bottle bill is an idea whose time has come.

So, number one, I propose we make more containers subject to the deposit including plastic and aluminum containers of bottled water, juice, and energy drinks that more and more consumers are seeking out.

Last weekend I took a walk with my kids. We picked up this bottle and a can 20 yards apart. Too many bottles and cans are non redeemable, this needs to be changed.

I am also proposing the deposit be changed to 10 cents per container. The solution is practical, and workable. One more cent will go to your local recycler, one cent to permanently protect our environment, and the rest goes right back into the consumer's pocket where it belongs!

I believe it's the right thing to do. That's why I'm committed to working with Legislators, grocers, retailers, redemption centers, environmental groups, conservation groups, and consumers to get the bill signed into law as soon as possible.

Number two: to address air quality, my budget calls for a first -ever, statewide, million dollar, new odor management program.

I'm calling for a field-based, study with hands-on research by experts at Iowa State University, with real, on the ground impact.

Number three: To improve water quality, I urge this body to continue its work in seeking common ground on the sometimes challenging issues related to contained animal feeding operations, siting, zoning, local control, and protecting our lakes, rivers, and streams that we all love.

I have, and I will continue to meet with all interested parties to try to move forward on this difficult issue.

You know, we've made real progress on renewable energy, and now its time to build on it.

As I stated previously, funding the Iowa Power Fund and supporting the new Office of Energy Independence and the Power Fund Board should be our top priorities.

But, it's also time for a new Renewable Energy Portfolio Standard. We must require 25% percent of all energy produced in Iowa be from a renewable source by 2025.

I'd also like to expand the Renewable Fuels Infrastructure Program, to include terminal blending of ethanol and biodiesel.

Let's help our farmers, consumers, and ethanol, and biodiesel producers, by developing the infrastructure necessary to increase access and drive greater consumption of Iowa-grown biofuels. By doing so, we will increase the demand for flexfuel vehicles, which will allow us to sell more E-10, E-85 and biodiesel at the pump.

Speaking of infrastructure, we all know there are needs with our bridges and roads because of the density and age of our roads system. Addressing this issue is critical to our public safety, quality of life, and economy.

That's why I have directed the Department of Economic Development to come up with a long-range, comprehensive infrastructure plan for Iowa.

And we're not just talking about bridges and roads – we're looking at rivers, trails, walkways, rail, public buildings, schools, correctional facilities, and telecommunications.

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.

While I've said I'm not in favor of increasing the gas tax, with oil at \$100 per barrel and gas prices at record highs, I have been clear about my willingness to join in any bipartisan agreement on how to best generate additional revenue.

In the meantime, my budget calls for a quarter-billion dollar investment in our correctional system. The package includes a new penitentiary in Fort Madison. This will replace the outdated civil war-era facility. Replacing this prison is, first and foremost, a matter of public safety. We will also be making significant investments in modernizing the facilities at Mitchellville, Anamosa and Rockwell City.

Most importantly, in an effort to significantly reduce recidivism, we will invest more than ever before in substance abuse and mental health treatment.

In addition, my infrastructure plan allows us to stand up for our veterans whom we all owe a debt of gratitude. We'll invest \$20 million in the Iowa Veterans Home in Marshalltown, to provide the long term care our veterans deserve.

Now, let's move to the issue of tax fairness.

I believe our corporate tax structure must be fixed.

It's just not fair that big, out of state, multi-billion dollar corporations that do tens of millions of dollars of business in Iowa avoid paying Iowa income taxes because of an outdated tax loophole.

While it might be convenient for them, it's just not fair, especially for Iowa-based businesses.

So, let's level the playing field for locally owned businesses large and small, businesses on Main Street, especially as they compete with larger, out-of-state, corporations. We're still going to do what we can to support these and we're glad they're here.

It's just a matter of common sense. Twenty other states have closed this loophole. Of those, seven are listed on the top ten list of best states in America to do business, according to Forbes Magazine.

Our neighbors in the Midwest like: Nebraska, Illinois, Minnesota, Kansas and North Dakota, have already done this, and it's time for us to do it too!

A final challenge before us includes making sure we have a prepared workforce to meet the needs of the 21st Century.

We have all seen the data that showing our state will soon face a workforce shortage, unless we do something about it.

That's why I recently convened the first-ever Governor's Workforce Summit to bring those affected by this challenge to the table to come up with solutions.

Based on this, I'm proposing we build a \$5 million dollar science, technology, engineering, and math – or STEM – Center at the University of Northern Iowa.

This will help us double the number of math and science teachers in our public schools and make sure every high school graduate is ready for the jobs of the future.

In addition, I am asking you to join me in fully funding our successful community college level workforce training program, known as ACE.

And, to meet the needs of the workforce in the future, let's continue to do what we can to make college more affordable.

One way to do this is by expanding the All Iowa Opportunity Scholarship.

This new Needs-Based scholarship program has been very successful. Today, 179 students who have each received scholarship awards of up to \$6,200, are now enrolled in universities and community colleges statewide who likely would not have been able to go without it.

Finally, we must raise the bar and expect more from our students in the classroom. We will do whatever it takes to expand Iowa's new Model Core Curriculum statewide standard by 2010 to every school district in our state. Our goal is simple, to teach our kids to "love to learn", to love to learn more chemistry, more physics, more algebra, and more trigonometry.

I am also interested in working with you to determine how we can best address issues related to educational equity.

Let's make sure that all Iowa students receive the same educational opportunities, regardless of geography, family income, or school district.

There's one more thing, one more thing we need to always keep in mind regarding our workforce- the people on the front-lines: our workers!

Iowa has had a tradition of fairness in the workplace for a long, long time. Republicans and Democrats proved this when they locked arms and joined together in a bipartisan effort to pass the state's first-ever collective bargaining law.

Our predecessors showed great courage when they found consensus on this, and many other important labor-management issues. I believe, if we try, we can too.

Let's start by talking about what all of us in this chamber can agree on. Let's make Iowa the best place in the nation to work. We can all agree a dignified work environment is an Iowa value.

We can all agree we must pay our workers competitive wages. We can all agree that the right to bargain collectively in the workplace is an important right. We can all agree that companies should be held accountable for hiring illegal workers.

And, we can all agree that it's critical to have healthy and productive labor-management relations in our state.

So, for the benefit of working lowans, I challenge you to try to find consensus, and to not be afraid of debating difficult issues, like, prevailing wage, independent contractor reform, choice of doctor, fair share, and the right to bargain matters like employee discipline and discharge. There is no harm in trying to find some common ground on these important issues to our workers on the front lines.

I have an idea where we can start our discussion, wages. The fact is, Iowa currently ranks 41st in the nation in the wages we pay our workers. Who is in favor of that in this chamber? I've already mentioned that nurses are paid 49th.

And, the Generation Iowa Commission, which is trying to help us reverse the "Brain Drain," just made improving wages their number one legislative recommendation in an effort to keep young people here.

Finally, our workplace needs to be, diverse, inclusive and welcoming. It should be a place that respects workers and accepts all people. If we want to meet the workforce challenges of the future, we must embrace the talents of all lowans.

So, let's do what we can, to ensure Iowa is a land where the American Dream can come true for everyone in our workplace.

In closing, I'm asking for a call to action. Let's always remember what unites us, not what divides us.

My friends, civility works. People expect us to do our work, and to get along. Well I stand ready to do my part.

I often think about the "Character Counts" program my children John and Clare take part in at their school. This statewide character development initiative is directed by my good friend State Representative Scott Raecker.

Three years ago, Michael Josephson, the Founder of "Character Counts" came to this very chamber, and spoke to the Legislature about the importance of character. I was in the chamber that day, and I believe the "Six Pillars" of Character: Trustworthiness, Respect, Responsibility, Fairness, Caring and Citizenship are important Iowa principles that should guide all of us every single day here at the capitol.

Our duties and our responsibilities and our opportunities are tied together. And in both, we can find the possibilities for greatness. So, Members of the General Assembly, let's embrace that greatness.

Let's lift up our state this session. Let's ensure 2008 is a year in which our civility and our constituents are our focus. Let's give it our best effort, tone down the partisan rhetoric, get the peoples' work done, and end the session as friends.

Last year we proved that our collective hopes and dreams for Iowa are worth fighting for. Well, I'm asking for a renewal of our commitment to Iowa's future.

One year ago, I stood before you, and I spoke about my belief that this was "our time". Our time to work together for the common good". Our time, to create, "One Iowa, with One Unlimited Future". A future not just for Democrats, not just for Republicans, but for all lowans.

Well, one year later, I believe this even more than I did then.

I know, that if we approach our efforts with the same spirit of optimism, honesty, and hard work, that every lowan knows, we will be successful.

And when we do this, citizens will look back at our efforts, and say, "We have a government as good as our lowans deserve."

Thank you, God bless you, and God Bless the great State of Iowa.

END