President Kibbie presented Governor Thomas J. Vilsack, who delivered the following Condition of the State Address:

Thank you very much. Thank you. Mr. President, thank you very much. Mr. Speaker, thank you. To the members of the General Assembly, thank you for your kind invitation to visit with you today about the condition of our great state. Before I do, I want to take this opportunity to acknowledge Chief Justice Lavarato and members of our Iowa Supreme Court and our Iowa Court of Appeals, as well as our other statewide elected officials—our Attorney General, our Auditor, our Secretary of Agriculture, and our Secretary of State. I need to extend a special acknowledgment to Sally Pederson for her outstanding work as our Lieutenant Governor, and to my First Lady and Iowa’s First Lady, Christie Vilsack, for her voluntary efforts on behalf of literacy and libraries. Each of you and all of you are making a difference, and I want to take this opportunity to personally thank you for making each life in Iowa better.

Each year, I address the General Assembly and the people of Iowa on the condition of our state. In a word, I am pleased to report that the condition of our state is improving. More Iowans are working now than a year ago, and after several years of decline, state revenues are rebounding. We will unveil a budget process in the next week or so that focuses on priorities and on results. While difficult choices and challenges face us, progress is being achieved.

Six years ago when I spoke to the General Assembly, we worried about declining math and reading scores among our earliest learners. Fulfilling our responsibility to our children, we focused resources on class size reduction efforts and reversed an eight-year decline in test scores. Today, our youngsters benefit from four straight years of improved test scores—scores that rank among the nation’s best.

Six years ago, we agonized over whether or not we would have access to health care for some of our most vulnerable Iowans—our children, our veterans, and our seniors. Working together, we expanded the Healthy and Well Kids in Iowa program, our hawk-i. We educated veterans and their families about benefits, and we created the senior living trust to extend health care options for seniors. In doing so, we expanded health security to thousands of Iowans. Today in our state, 15,000 more children have access to the health care they need when they need it through expanded hawk-i. Thirty-eight thousand more veterans are receiving the health care benefits they have earned with their service, and over 28,700 more seniors, as a result of the senior living trust, are living in their own homes with greater dignity and independence rather than going to a nursing facility before it is their time. And we accomplished all of that by working together.

Six years ago, we wondered whether or not we would have the people and the power and the resources to transform an economy. We embraced Vision Iowa and the Community Attraction and Tourism program, we reformed our regulatory structure for electric utilities, and we funded the first two years of the Grow Iowa Values Fund. In doing so, we changed the economic landscape of our state. One hundred seventy projects that have received Vision Iowa and Community Attraction and Tourism grants allowed us to expand and grow the number of cultural and recreational opportunities. At the same time, we grew the number of college-educated workers in our work force by over 50,000 in the last three years alone.

The six new power facilities that have been constructed or are under construction are the first new such power facilities in the last 20 years. When the power from those facilities is added to our efforts to expand wind and renewable energy, Iowans will no longer have to look beyond our borders for power. We will have true energy independence.

With the investments made in the Iowa Values Fund, we have supported thousands of good-paying jobs in the life sciences, information solutions, and advanced manufacturing. We have allowed our state to gain a national reputation as a leader in biotechnology and insurance, and we have also enabled our state to be among the nation’s leaders in per capita income growth—all of this by working together.

Now, as much as we have achieved, there is still more work to be done. My friends, history calls us to this time and to this place. A solemn choice rests with us—where do we go from here? Do we move slowly and incrementally? Or do we seize the challenge of our time and tackle the great issues of our day.

Some will look at this Legislature nearly equally divided and split and suggest and predict that not much will be accomplished. Those who do so, do not know as I know, do not have the faith that I have in the leaders of this General Assembly and in the members of this General Assembly. I know that you care deeply about this state. I know that you believe that it can and it should be the best place to live, work, and raise a family. In that spirit, let us seize this historic moment, let us put aside party politics, let us put aside partisanship and ideology. Let us commit to governing as one—no Republican agenda, no Democratic agenda—just simply one common, shared Iowa agenda.

Let us tackle those great issues with bold ideas—ideas that transform; ideas that are rooted and reflective of our shared values of responsibility, opportunity, and security; ideas that fundamentally change Iowa; ideas that allow us to accomplish our shared mission to grow Iowa; and ideas that realize the shared vision of Iowa as the best place to live, work, and raise a family.

This is a critical moment, and we must start this effort to transform our state with education. For every child in this state needs and must have a world-class educational opportunity in order to prepare them for the global competition. While our schools are good, they must be the best, if our youngsters are to succeed in that competition and succeed in life. Let us commit from this day forward that good will no longer be good enough.

Thirty-eight dedicated Iowans from all walks of life, inside and outside of education, have met for over a year to determine what we needed to do to provide that world-class and seamless educational learning opportunity for our children. The recommendations of that group, the Iowa Learns Council, form the basis for transforming education in our state. I want to take this opportunity to acknowledge members of the Iowa Learns Council who could join us today. I have asked them to stand, and I would ask you to join me in thanking them for their service.

The council recommended that we begin with our youngest children. Brain research has established and proved that 85 percent of the core structure of the brain of a child forms in the first six years of life. To fulfill our collective responsibility to our children, we must have a comprehensive commitment to these young learners. We must have a commitment that coordinates and integrates early child care and education.

The council recommended three significant steps. First, we should begin by helping parents, by providing assistance to parents, so that they can be their child’s first and best teacher. Several years ago, this General Assembly had the foresight to create and to fund community empowerment areas. The concept was to integrate and coordinate our early child efforts. We should invest more in empowerment. In doing so, we can expand home visitation and parent education programs. And we can increase the tools and knowledge available to parents so that they can create even more stimulating environments for their children at home.

The second step requires us to recognize that many, in fact most, of the parents of these young children work. And as a result, they rely on child care during a part of their day. Many Iowa families struggle every day, every week, every month, every year, in finding and paying for quality childcare. We need to help. We need to expand financial assistance so parents can afford quality childcare, and we need to begin to create a rating system that will allow us to identify and define what quality childcare is. The fact is if we know what quality is, if parents know where they can find it in their community and they can afford it, they will make the right choice for their child or for their children.

The third step in this process involves preschool—access to preschool. It is a core essential to any comprehensive commitment to our youngsters. It forms the basis, the foundation, for a great start to learning once school begins. Most Iowans would be surprised to learn that less than 20 percent of our children have access to accredited quality preschool. Let this be the General Assembly that makes the decision to begin now to increase every year the number of children having access to accredited preschool. Let this be the General Assembly that challenges schools, Head Start, faith-based efforts, and private providers to expand access to preschool so that we reach the day that every child in our state, every child in our state, has access to quality preschool. Let it begin now.

Now some will say that in order for us to reach a world-class learning experience in education, all we need to do is simply invest more in the current K-12 system. Clearly we do need to do a better job of supporting general school aid, and we must make sure our teaching salaries are competitive. The fact is that our children will not succeed, will not have the level of success that they need, if we continue to languish 37th in the country in teaching salaries. So the budget that we submit will not only fully fund our allowable growth commitment, but it will more than double our commitment to the teacher compensation and student achievement program that we started together several years ago.

But if that’s all we do, it will not be good enough. High schools need to be transformed in this state. Most Iowans would not be surprised to learn that Iowa graduates a higher percentage of its high school students than all but four states in our country. But I suspect that many Iowans would be surprised to learn that for every 100 students starting 9th grade in our state, only 83 graduate from high school within four years. Of that number, only 54 go on to college immediately after high school graduation. Of that number, only 37 are in college the second year, and of that number only 28—28 out the original 100 students will get their associate’s degree within three years of graduation or their bachelor’s degree within six years of graduation. When the Department of Labor reports that 49 out of the top 50 jobs in this country, 49 out of the top 50 highest-paying jobs in this economy now and in the future, will require post high school education, Iowans have the right to expect, and I would submit to you we have the right to demand, better.

We need to transform high school. The Iowa Learns Council recommended a more rigorous and more relevant high school experience. They suggested that we needed to strengthen curriculum, we needed to toughen graduation requirements, and we needed to tighten relationships between our high schools, our colleges, our universities, and our community colleges so that youngsters can gain college credit before they even graduate from high school.

Those recommendations should be followed. For in our high schools today, a young person can graduate from most of our high schools with but two years of math and two years of science. In a global economy, in a competitive world, we must challenge our children academically. So I have asked Judy Jeffrey, the director of the Department of Education, and members of our State Board of Education to travel throughout the state the next four months to meet with local school officials to urge them to adopt the Iowa Learns Council’s recommendations: to strengthen that curriculum, to tighten and toughen those requirements, and to create those relationships that will expand learning opportunities.

Our children deserve this. They need it. And it’s up to us. It’s up to us, because the reality is that many of these schools will find it difficult. Forty percent of our high schools today have fewer than 200 students. They have fewer experienced teachers. They have increased work loads. They have fewer class offerings. They have declining enrollments and declining revenues. They will find it very difficult, if not impossible, to meet these recommendations. They need our help. They also need to be willing to help themselves. Whole-grade sharing, the sharing of administrative staff and superintendents, consolidation of high schools, if at the local level the decision is made to consolidate school districts—all of those are strategies to expand learning opportunities for our children. And we should encourage those strategies. We should provide financial incentives to encourage school districts to look at those strategies. The budget that we submit will not only provide the resources for allowable growth and teacher compensation, but it will also fund supplemental weighting to encourage these steps be taken now.

The time to make this commitment is now. Our children deserve it, and I would strongly suggest to you that our values command it.

Now, while transformation begins with education, it does not end there. If we are to grow Iowa, if we are to become the great place to live, work, and raise a family, we must have expanded economic opportunity through economic development. It remains a key. Several years ago, we began the process of transforming the economy focused on three industry clusters that play to the strengths of Iowa: the life sciences, advanced manufacturing, and information solutions with a focus on insurance and financial services.

We invested in the life sciences, in companies that added value to the crops that we grow changing them from surplus commodities to value-added ingredients. For example, we nearly tripled the number of ethanol production facilities in our state, doubling our ethanol capacity. Today, I’m proud to stand before you as the Governor of the number one state in ethanol production. We supported biodiesel as a more effective fuel. We invested in bio-based opportunities arising from our state universities—all of which allowed us to enhance our reputation as a leader in biotechnology.

We invested in advanced manufacturing jobs—the jobs that require higher skills, command higher pay.

We welcomed small, high-tech firms to Iowa while at the same time we celebrated the announcement of the largest economic development project in our state’s history with the expansion of Wells Fargo. We were able to do all of that by working together by creating and promoting the Iowa Values Fund.

We know the Iowa Values Fund works. Our job now is to ensure that it works for years to come. Low interest rates, a very high credit rating, and additional gaming revenues create a real opportunity to make a substantial and significant and sustained commitment to economic development and to a brighter and better future for our state.

I propose that we create, and put forward, a five-year, $800 million dollar commitment to build that better future—a future that encourages entrepreneurship in small business development. A future that rewards us with 50,000 better-paying jobs that support families and communities. A future that allows us to maintain our critical infrastructure. A future that allows us to expand access to cultural and recreational opportunities so we can continue to make the case to our bright, young people that Iowa is the best place to live, work, and raise a family. And a future that invests in our natural resources so that we have clean water and improved water resources. We must begin building that future now.

Once we identify the resources to grow Iowa, we also have to make sure that our regulatory structures keep pace with the times. The one constant in this global economy that we find ourselves in is change. Changing environments—no better example of that than in the telecommunications area. Wireless, voice over IP, and all of the changing technologies suggest to us that we need a new regulatory structure and design. One that moves away from a system that regulates price, to one that allows the market to regulate price while we regulate and guarantee service, access, and quality. I propose that we begin this effort. We begin this transition by directing our utility board to deregulate business lines for telecommunications. Iowa can lead in this changing environment. And if we act now, we will.

Local government officials, community leaders, and government generally must be part of this effort to transform. We need to stimulate more creative thought, more innovative thought, at the local level, and we need to build great places to live, to work, and to raise a family. We can begin that process to build those great places and stimulate that thought, and in fact we have begun that today with a directive entitled Great Places, a directive that I’ve ordered and signed today. A directive that suggests and directs the Department of Economic Development, Workforce Development, Natural Resources, Human Rights, Cultural Affairs, and the Iowa Finance Authority to streamline their application processes to package a portion of the resources under their control and target and direct resources to reward the most innovative, most creative communities that aspire to be “great places.” We can begin building those great places, and we will start today.

Last month I talked to you about a program to make Iowa more competitive, one that focused on our income tax structure. Today, I want to visit with you about our property tax structure. Everybody in this building knows that property taxes are too high. Everybody in this building knows that the current property tax system unfairly penalizes commercial and industrial interests that make it more difficult for us to develop and expand our economy. Everyone knows that the current structure does not reward efficiency.

I have in my hand a book entitled “Survey of Administration in Iowa” from the Brookings Institute. It was published in 1933. And it contained many of the same observations. What was true in 1933 apparently, is still true today in 2005. This system needs to be transformed. I suggest we take it in two steps.

The first step. Let’s deal with the current inequities in our system by adjusting the rollback and creating a workable and reasonable limitation on future property tax increases. But let us not stop with that temporary fix. Let us go to the next step. Let us complete the work that began in 1933. Let us put in motion a process that allows us to restructure government. A government at every level and at all levels that is more autonomous, but also more efficient. A government that provides better service at less cost. We have waited far too long. The time to act is now, and you are the folks that can get the job done.

Governments have no greater responsibility than to secure the safety and security of their citizens. There are many different functions and responsibilities that government has that intersect at that solemn duty. Not the least of which is homeland security. I want to take this opportunity to remind all of us that still today, we have men and women, husband and wives, and sons and daughters in harm’s way. And some, who over the last 12 months, paid the ultimate sacrifice and the ultimate price for us. We are proud. We are extraordinarily proud of the men and women who serve us in uniform, here and abroad, in a variety of functions and with varying responsibilities—from the Armed Forces to police officers, sheriffs, firefighters, and others. We are proud of them. And we want to thank them for their effort, and we want to daily pray for their safety.

Joining us today is U.S. Army Specialist Chad Running. Chad is the son of Rich Running, director of Iowa Workforce Development. He’s the third generation of that family to have served in combat. He is currently on leave from the “Green Zone” in Baghdad as a medical lab technician. He has been in the Army for four years. Chad, we are happy to have you home, and thank you for your service.

Another place where our responsibility to provide security and safety intersects is the war on drugs. This is a war we must win. And this is a war that we will win if we control the production of methamphetamine in this state. I strongly support, I strongly support, efforts to restrict the sale of pseudophedrine and other precursors that are vital to the manufacturing of methamphetamine. Over the Christmas holiday, I met with parents of children who made the wrong choice for themselves, for their family, and for their community. Some of you, I suspect, have also met with parents. You see the anguish on their faces. You see and hear the urgency in their message. They know that it is too late for their son or their daughter, the choice has been made. But they care deeply about the next son and daughter, and I know you do as well. It may be a minor inconvenience for some, but it is great protection for all. Please support this effort. Please work with me to drive the makers of this poison that robs our children of their childhood and of their future, out of this state, out of this country, and out of business.

Now our job, our duty, our responsibility to ensure the safety and security of our citizens cannot be complete unless we guarantee health care security for our citizens. For several years, the Lieutenant Governor and I have urged the General Assembly to expand health care security to tens of thousands of Iowans who suffer from mental illness or substance abuse. Our health care system will never be transformed until such time as mental health parity and substance abuse parity become part of our health care system. We have waited a long time. It is time to make parity the law of this state, and the time to act is now.

But we cannot stop with that. We must recognize that affordability and accessibility also threaten access to health care security for many Iowans. An underfunded Medicaid budget prevents us from providing vital services to vulnerable Iowans: children, people with disabilities, and seniors on fixed incomes. Unreasonably high and unpredictably high increases in medical malpractice insurance make it difficult to provide access to doctors in critical areas in high-risk specialties. The lack of emphasis on efficiency and electronic medical recordkeeping makes it more difficult for us to avoid medical errors that cost us in lives and in money.

Small businesses continue to struggle with ever-increasing health care insurance costs while they try to remain competitive and do right by their employees. And our seniors need a universal assessment of their condition so they can get the right care at the right time.

Now, we need innovative and creative solutions to all of these, and we need the resources to implement them. In Iowa today, and across this great country, smoking costs us—it costs us in lives, it costs us in money and in medical expense, and it costs us in lost productivity. According to the campaign for tobacco-free kids, in Iowa last year we spent $235 million dollars as a state for healthcare costs related to tobacco use. While we received $88 million dollars from revenues generated by tobacco products. That fundamental inequity must be corrected.

Fairness dictates a better balance between what we pay out and what we receive. I support an increase in the cigarette tax and in the tobacco tax. And I support it in the understanding that it will be used to provide health care security. It will be used to provide resources to adequately fund Medicaid to provide those vital services. It be used in an innovative and creative way to establish a critical care compensation fund to reduce the risk of high malpractice costs for doctors in specialty areas. It be used to incent clinics and hospitals to embrace efficiencies and embrace electronic recordkeeping. It be used to help us promote small business group insurance reform so that costs can come down to small businesses, and they can remain competitive. And it will be used to fund and create a universal assessment tool for our seniors. In point of fact, we must do this. It is time for us to do it. It’s the right thing to do. Health care security is important, and the time to act on it is right now this year.

Thirty years ago, I made the decision with Christie to move to Iowa, to live in Iowa, and to hopefully raise a family in Iowa. It was a conscious decision based on what I knew about our great state. I knew it was a state that honestly, truly, believed in potential. I knew that at its roots, with its agricultural heritage, it believed every year in the renewal of potential. Every time a crop is planted it is about potential. I knew it was a state that supported community. And that community surrounded and helped to raise children. I knew it was a special place, but I didn’t know how special.

I didn’t know how special until I had two sons, and I saw what happened as they grew up. I saw people care about them—coaches, Sunday School teachers, priests, nuns, next door neighbors cared about my children. I saw a community invest in the potential of my children. I saw a school district invest in the potential of my children. I can never repay the state—never, as long as I live, no matter how hard I work—for what they have done for me. They have allowed me to reach my life’s dream—which is to raise a family where my children experience childhood. When you grow up as I did in a situation with abuse and alcoholism, it’s tough to experience childhood. But this is a state that celebrates childhood. This is a state that embraces childhood. This is a state that provides resources and help. This is a state that is committed to children and to the potential of the future.

The agenda we have laid out is not just about programs. I can make the case that it’s good policy. I can make the case that there’s a return on investment. There are early childhood studies, such as studies from Ypsilanti, Michigan, and the federal reserve bank of Minneapolis, all reporting high returns on investment and extraordinary results when you invest in early childhood. I can tell you all of that. The real reason we need to do this is because our values dictate we do this. When we invest in our children, when we invest in expanded economic opportunity, when we encourage innovation and creativity, when we guarantee health care security, we are in essence reaffirming our belief in potential. Reaffirming our belief in a future—a brighter, a better future. Reaffirming the concept of what it is to be an Iowan and an American—the belief that if you work hard, you play by the rules, you sacrifice, and you invest, then the next generation, the future generation, the potential of America and of Iowa can be realized.

You all have an historic opportunity. We all have an historic opportunity. And all of those who live in this state are watching us. They’re not just watching us, they’re depending on us. They want our children to grow strong and healthy with an opportunity for success. They want good-paying jobs. They want a government that’s effective and efficient and creative and innovative. They want health care security for vulnerable Iowans and for people who need it. They want us to create a better Iowa, and by working together, setting aside our differences, and figuring out strategies for dealing with our differences, we can create that Iowa. And in doing so, we will live up to our values, because if you believe, as I do, in an Iowa where every child has a chance for success; if you believe as I do, in an Iowa that is served by an effective, innovative, creative government; if you believe, as I do, in jobs that transform an economy; if you believe, as I do, that health care security is a guarantee we make to all—if we act on those beliefs, we can create an Iowa that is consistent with our values. We can create an Iowa that provides to every citizen the opportunity for success. We can create an Iowa that is the best place to live, to work, and to raise a family. That is our challenge. That is our call. That is our duty. God bless our work here. God bless the great people of this state and of this nation. And let’s get to work.