

GOVERNOR CHESTER J. CULVER
CONDITION OF THE STATE OF IOWA AS DELIVERED
01.12.10

A special welcome to Chief Justice Ternus, Members of The Court, fellow statewide elected officials, especially my capable and talented partner, Lt. Governor Judge.

Speaker Murphy, Leader McCarthy; President Kibbie, Leader Gronstal; Leaders Paulsen and McKinley, and Members of the General Assembly – thank you for this opportunity to address you this morning. It is my privilege to be here.

I'm happy to be with you this morning for this extraordinary 80-day session. There's much to do, and no time to waste.

We face some real challenges. Ones we did not create, but ones we will overcome.

On the one hand, we continue to recover from the natural disasters which are historic in their scope – the fourth worst natural disaster in our history.

Additionally, the ongoing national recession continues to affect every Iowa family, every Iowa business, and every aspect of our state government.

But, as Iowans, we continue to address these challenges head-on, with resilience, optimism, determination and good old-fashioned hard work.

We're also a people of great faith. A faith that teaches us, with God's help, all things are possible. With perseverance, there's nothing we can't endure, and that there's no challenge we can't overcome.

These are Iowa values we can all embrace, regardless of what part of the state we come from, our political views or our station in life.

You see, despite the obstacles that sometimes get in the way, Iowans continue to look forward, not backward. They believe, as I do, that the 21st Century will be "Iowa's Century."

For these reasons, I'm happy to report the Condition of the State is resilient, because the people of Iowa are resilient.

We have never stopped in our work for the people we have the honor to represent. For example, to address both of our statewide challenges, the double challenges related to the economy and natural disasters. You passed, and I signed, I-JOBS, our statewide infrastructure and job creation initiative.

A "yes" vote on I-JOBS was a "yes" vote for flood victims. A "yes" vote on "I-JOBS was a vote to rebuild our economy. A "yes" on I-JOBS was a vote for businesses and communities as they struggle across the state to get back on their feet.

So, I want to be very clear: I'm proud of the fact we've made the difficult decisions necessary to put our state on the road to recovery.

I'm proud of the fact that on my watch we've earned the highest possible bond rating for good fiscal management. I'm proud of the fact that we've balanced the budget three years in a row, without raising taxes on hardworking Iowans.

And speaking of the budget, some politicians and armchair quarterbacks appear to be confused about our current budget situation.

Well, let's end the confusion. Here are the facts. Today, the budget is balanced. And it has been balanced every single day that I've had the privilege to be Governor of this state. Additionally, because of our cost savings initiatives, the budget this morning is smaller than it was on the day I took office.

And this didn't happen, as you know, by accident. It happened because we made tough choices. We managed the budget responsibly and effectively.

Here are the ten steps that I've taken to successfully manage our state through the economic downturn.

First, starting in 2008, I cut spending 3 percent, froze state hiring, cut employee travel and reduced the state's health insurance costs by 20 million dollars.

In 2009, I instituted a Lean Government initiative, further cut spending by 10 percent. This saved a half a billion dollars.

In addition, I cut my own pay 10 percent, ordered state Department heads to do the same, and mandated that 3,500 non-contract employees in the executive branch take furlough days.

In addition, to further cut costs, I signed Executive Order Number 20 to improve efficiency, eliminate redundancies and identify wasteful spending. This order will save up to 140 million dollars next year, and nearly a half billion dollars over the next five years.

Then, we took a huge step. We successfully negotiated a cost and job-savings agreement with two of our state's largest unions: the State Police Officers and AFSCME. Fortunately, their members agreed to share in the sacrifice for the greater good. So, I want to salute Danny Homan of AFSCME and Mark Bowlin of SPOC, and their members, for these historic measures.

This demonstrates: when Iowans come to the table in good faith, we can meet our challenges.

Finally, we've done all of these things to balance the budget, while protecting our priorities. In renewable energy, workforce development, early childhood education, health care for our kids, and public safety.

But there is another priority we must always find time, and the money, to fund.

As you know, in the coming months thirty-five hundred men and women of the Iowa National Guard will be deployed to Afghanistan.

As the Commander in Chief of the Guard, it's my duty – both morally, and legally, to make sure these fighting Iowans are prepared for service. The 3,500 troops represent the largest single overseas deployment since World War II. So, we must give them every tool they need to complete their mission, and come home safely.

These brave men and women have earned our support. That's why I'm asking you to pass a supplemental appropriations bill early this session to restore some of the cuts to the Department of Public Defense.

No family better understands the importance of preparation and training than the Mills family of Altoona. Captain Tim Mills is now deployed in Iraq, and his wife Mary is with us today.

She's joined by Adjutant General Tim Orr, the leader of the Iowa Guard. So, please join me in thanking both of them and their families for their sacrifice and service.

Now, I want to talk about next year's budget.

The budget I will submit at the end of the month will be balanced. And it will reflect our values as Iowans. Here are my top legislative and budget priorities for the 2010 session.

Number one: my top priority is jobs.

Job creation and job retention are incredibly important. So, I'm asking you to fully fund community college job training, and to adequately fund the Department of Workforce Development during these challenging times. And, to create more 'green collar jobs' of the future, to fully fund the Iowa Power Fund.

In addition, to help create more jobs, invest further in our infrastructure, stimulate our economy, and continue our flood recovery efforts, I look forward to working with you to best allocate the remaining 100 million dollars of our I-JOBS initiative in FY '11.

Number two: I'm asking you to enact the remaining recommendations contained in my Government Efficiency Report. This will require legislative approval, and, it will allow us to save more than 200 million dollars next year, and a nearly billion dollars over the next five years.

These are common-sense ideas, which will allow us to streamline state government operations, offer early retirement or a 4-day workweek to some state employees, implement enterprise wide strategic purchasing, reduce the size of our vehicle fleet, and eliminate redundant and unnecessary information technology services.

Number three: Finding efficiencies in state government is only the first step. A major reorganization of state government needs to be the next. So, I believe it's time to rethink the way state government does business. Let me be clear. We're talking about real reform for the 21st Century. Not just short-term cost savings. This will also move us closer to the kind of smarter, more efficient government that is our goal, and that taxpayers deserve. So, I look forward to getting this done this session.

Fourth: Last session, you passed and I signed recovery assistance that offered both immediate and long term help for Iowans affected by the floods. This included funding for the Rebuild Iowa Office, which, thanks to Lieutenant General Ron Dardis' leadership, was recently recognized as being a national model for effective flood recovery. So, I am asking you to fully fund, once again, the Rebuild Iowa Office next year.

Here's why: the office has helped us successfully secure over 3.6 billion dollars in state and federal money to help Iowans rebuild from the devastation of the storms and tornados. And, our efforts are working. For example, 3000 Iowans who lost their homes, are now guaranteed the funds necessary to buy a new one.

Finally, I hope we can work together to commit a significant portion of the remaining I-JOBS funding specifically for flood recovery projects statewide.

Fifth, I respectfully ask you to explore every option available, including transferring money from the road fund to ensure we adequately fund the Iowa State Patrol and the Department of Public Safety. We've done it before, and I believe we can do it again.

Six, as you know, in an effort to save taxpayer money, and increase transparency, we have recently completed a thorough review of all tax credits in Iowa. Last week, the Tax Credit Review Panel issued their report. I ask you to act on their recommendations, and do all you can to make these credits work exactly as intended.

Number seven: let's talk about honoring our most important responsibility as Iowans. That is, our duty as parents, and as shepherds of our children's future.

And speaking of children, my two wonderful kids, John and Clare, are here with us this morning, along with the First Lady, and I would ask that you welcome them to the Chamber.

You know, I'm proud of the fact that, working together, we've made a long-term investment in the health and education of all children. Just think: in the last three years, because of it, we have extended health insurance coverage to 52,000 kids. This investment now makes Iowa number one in the nation when it comes to insuring children. Together, we must continue this investment.

Additionally, we must also continue to expand access to early childhood education. To date, we have helped more than 12,000 kids in 175 school districts get a quality preschool education. So, my budget request will include the last installment of our four-year, 60 million dollar commitment to preschool.

Number eight: in order to ensure all Iowa children can compete in this new global economy, today I ask you to quickly pass legislation required to allow Iowa to compete for federal Race To The Top funds.

Iowa stands to receive up to 175 million dollars. This will allow us be more innovative in the classroom, build the education infrastructure our students need, turn around underperforming schools and allow more parental choice. Let's make sure Iowa doesn't miss out on this great

opportunity for our students. Let's make sure Iowa remains on the cutting edge in education reform.

Nine: I am asking you to pass legislation that requires school districts to spend down a portion of their cash reserves instead of shifting the burden to local property taxpayers.

Number ten: as Governor, and as a former teacher, my commitment to education transcends even our most difficult budget challenges. So, in my budget, I will fully fund two percent allowable growth for our public schools – that's right: we're not only going to set it, we're going to fund it this session.

And, on top of that, I will be asking you to dedicate at least 100 million dollars from the reserves to restore some of the recent cuts. This will be a real short-term shot in the arm for some of our schools, especially in rural districts, which are already cash-strapped, with depleted reserves.

Additionally, I want us to do all we can to support our community colleges, private colleges and Regents' Institutions. We have some of the best in the country, and they've also earned our support. And speaking of best in the country, wasn't it great for Iowa and Iowa State to win those bowl games this year? These are some very talented student-athletes, and I congratulate the coaches, the players, their fans for all their work – it was a great year for our state.

I also want to welcome President Greg Geoffroy from Iowa State, David Miles and Bonnie Campbell from the Board of Regents, and thank them for their service to our state.

So, as you can see we have a lot of ground to cover in a short period of time this session. But as I've said, nothing we do here is more important than doing our part to help create and retain good paying, private sector jobs.

And speaking of jobs, now, I want to recognize and thank those of you who had the courage and foresight to stand up and join me in passing our Iowa jobs and infrastructure initiative last session.

Let's remember what the I-JOBS bill included, and why Iowans support it.

The I-JOBS bill is fair and equitable – every county in the state receives funds which local leaders can dedicate to high priority infrastructure projects of their own choice.

And the process of getting the funds to each of our 99 counties is transparent, and merit-based. The bipartisan board is comprised of Iowans who have volunteered their time and expertise with one goal in mind – to award I-JOBS funds according to the letter and spirit of the law. Because in Iowa, we don't use public funds to build bridges to nowhere.

We also have a little bit of history here. Past administrations – including most recently, Governors Branstad and Vilsack – have used Constitutional authority to bond for capital investments. But I-JOBS is an investment in Iowa's future, which is unprecedented in its scope.

And I-JOBS bonds will be paid back at a historically low interest rate – through gaming revenue – and not by raising taxes.

And, not one penny of I-JOBS funds will be used for state operating costs. In other words, we're not bonding to pay our bills.

In the short term, I-JOBS is creating jobs. But in the long term, it will strengthen our economy, and allow us to speed up our flood recovery efforts.

We have made a major investment through I-JOBS, to modernize our entire state infrastructure, improve our rail, road and bridge systems, rebuild from the worst floods in Iowa history, improve water quality and protect our state and our communities from future disasters.

Additionally, it will allow us to invest in our renewable energy and telecommunications network across the state.

Through I-JOBS, we've kept our promise to the men and women who served in the military, by expanding and renovating the Iowa Veterans' Home in Marshalltown. When the renovation is complete, we will have the nicest, most advanced veterans' home in America, and our veterans deserve it.

And here are some more examples of what I-JOBS means for Iowans. In Linn and Louisa Counties – some of our hardest hit areas – there are currently 54 I-JOBS projects underway, for a total investment of nearly 95 million dollars.

In Butler County, where Parkersburg is located, and where the F-5 tornado devastated that community, there are 14 I-JOBS projects, at close to 3 million dollars.

The list is long. As I've said, every single county will benefit from I-JOBS.

We have now approved more than 1,400 projects, invested more than 530 million dollars statewide.

These things matter. Just ask the people impacted by the floods. Ask the people of Charles City and Elkader, who will have new fire stations as a result, to replace the two that were destroyed by the floods. Or, the people of Fort Dodge and Perry, whose community colleges will be renovated.

Finally, the 100 million dollars we set aside for flood recovery allowed the University to leverage three quarters of a billion dollars in federal funds, to rebuild Hancher Auditorium and eleven other buildings on campus.

So, we're literally rebuilding our state, and our economy at the same time. And, this focus on building for the long haul is now paying big dividends.

We now have the 8th fastest growing economy in the United States. We were recently recognized as being the 4th best place in America to do business - up from number nine last year. And Iowa is now number one in terms of low cost of doing business of any of the fifty states.

There's more. Two weeks ago, according to MarketWatch, Des Moines was named the number one city in America to do business.

These aren't just statistics – they are tools which will help us continue to attract good-paying jobs to Iowa, and encourage existing companies to expand.

As an example, I am proud of the fact that we have been able to bring to Iowa nearly 3,500 new good-paying jobs at companies like Google in Council Bluffs, Aviva in West Des Moines and IBM in Dubuque.

These exciting projects are just the tip of the iceberg: Since 2007, private industry has brought more than 7 billion dollars in new capital investment to Iowa.

Our business climate – even during this difficult recession – continues to outperform our neighbors, putting us on a clear path to recovery.

So, in an effort to make sure we continue to do all we can to keep Iowa moving forward, and to prepare our state for a bright economic future, I will be joining the Lt. Governor to embark on an Iowa jobs tour, to help build a better economic future.

And speaking of the future, let's talk about building the green-collar economy of tomorrow.

Today, there are more than 8,000 new, green jobs in Iowa. And, through the Power Fund, we've now invested in 26 exciting research and development projects, in places like Ames and Shenandoah. These second and third generation renewable energy projects will help us secure our energy future. They've also attracted more than 200 million dollars in private capital because of the interest in so many of these breakthrough technologies.

So, the Power Fund is allowing us to fast become the silicon prairie of the Midwest and the renewable energy capital of the United States. We are now generating 15 percent of all of our power from renewable sources. And, in just a few short years, Iowa will become one of the only states to be a net exporter of energy.

In closing, I believe we should never lose sight of the fact that everything we do here is about real people. Those people are counting on us every day to help, especially now.

As I've said, the people of our state are resilient. Let me give you two very powerful examples of Iowans overcoming adversity.

Charlene Shurtz is one of too many people in Cedar Rapids who lost everything in the floods. She had six feet of water in her home, and it was a total loss. But now, I'm happy to report that she is one of 3,000 Iowans eligible for a home buyout, which means soon, Charlene will be in her new home, where she belongs.

And Cyndi Ecker. Cyndi is a small business owner from Waverly. Her life changed forever in June of 2008 when the floods destroyed her floral business. I'm happy to report, she's back in business. She is one of more than a thousand small business owners who benefitted from our successful Jumpstart Iowa business program.

Charlene and Cyndi are with us today. Will you please join me in recognizing them, in the chamber?

What have we learned from these resilient Iowans? We've learned that the spirit of Iowans is unbroken, regardless of the adversity we may face.

So, as we enter a new decade, approach a new session and craft a new budget, we face fundamental choices, in spite of some real challenges which remain.

Will we move this state forward by reforming and reorganizing government?

Will we continue to be a leader in renewable energy, and green collar job creation, and stay on the path to recovery?

Will we continue to make investments in our kids, by expanding access to health insurance, and adequately fund education at all levels?

Will we fight for the men and women who wear the uniform of the United States military?

Finally, will we finish our work and overcome the devastation from the floods and tornadoes, and rebuild a stronger, greener, more sustainable state?

Well, I believe history tells us time and time again that the Iowa way, and the American way, is that when we are faced with great adversity and challenges, we meet them with bold, decisive action.

So, this is no time for fear, or partisanship and inaction. Instead, let's finish what we started, unafraid of tomorrow and inspired by its possibility. I will do my part, and I look forward to working with the House and Senate leadership, and all of the members. Good luck in the days ahead, as we embrace the future, making this "Iowa's Century" – with an unwavering faith that our best days are ahead of us.

Thank you and God bless.

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