

Gov. Branstad's 2016 Condition of the State Address, as prepared for delivery, is as follows:

It gives me great honor to commence the 2016 Condition of the State for the first time in Iowa's history by beginning with:

Madam Lieutenant Governor, Madam President, Madam Speaker, Legislative leaders, justices, judges, legislators, elected officials, distinguished guests, family, friends and fellow Iowans, good morning.

To Rep. Tom Moore and Rep. Charles Holz--welcome to your first legislative session.

I look forward to working with you as you represent your constituents back home.

I want to welcome all returning legislators as well.

We return this session without an esteemed colleague and friend who was respected by both sides of the aisle, Jack Drake.

Jack was a personal friend of mine and many of you as well.

He served his constituents with passion and I know we all will miss him this session.

Ladies and Gentlemen, over the past 5 years the State of Iowa has made significant progress.

Progress which has put Iowa in a position of strength and opportunity for a bright future.

Sound budgeting practices and fiscal discipline now have us ranked as the 3rd best managed state in the nation.

Our cash reserve and economic emergency accounts are full.

The Iowa Economy has created 214,000 new jobs; surpassing our 2010 goal.

Today, Iowa's unemployment rate has been cut nearly in half to 3.4%, which is down from 6.1% five years ago.

Iowa has the lowest unemployment rate since 2001.

More Iowans are now employed than ever in our state's history.

Iowa family incomes have grown 18.3% from 2010.

We have seen over \$12 billion in private capital investment.

We worked in a bi-partisan fashion last session to improve both Iowa's physical and digital infrastructure.

And state K-12 education funding is up 35% since 2010.

When we look back at this progress, it is important to reflect on how we got here.

We did it by restoring fiscal discipline.

We did it by focusing on economic growth.

We did it by investing in our children.

But the key to igniting this engine of success has truly been a willingness to work together.

When we work together, challenges are overcome, results are delivered and Iowans have a government that works for them.

When we fail to work together, challenges become steeper, results are fleeting and the government fails the very people we should be serving.

There is no doubt this upcoming legislative session will present us with unique issues and opportunities to address.

It is my sincere desire to work with all of you to address the challenges we have before us.

We must come together again to tackle the challenges looming on our path toward a more prosperous future.

Last year's devastating avian influenza, lower commodity prices and an increasingly competitive world economy have reduced the growth of our state's revenue.

While we still see some growth, it is not as robust as we had hoped and expected.

In the budget I propose today, the two items where I propose spending the most money are on schools, and on Medicaid.

Simply put, Medicaid is costing more than ever.

It is stretching our budget too thin.

In order to improve patient health and increase the coordination of services--as well as control Medicaid costs--the state of Iowa is implementing a modern approach toward Medicaid through managed care, as most other states have already done.

If the state fails to implement managed care, the growth of Medicaid spending will consume virtually all of our revenue growth.

Working families and job creating businesses across this state want a government that is stable, predictable and delivers what it promises.

The budget I propose today was crafted the same way hardworking Iowans do, with a cautious eye and optimism for the future.

It is a tight budget.

It is a budget that will keep our state stable.

The budget is balanced today and fits within our five-year projections.

We should not over-promise and under-deliver.

This budget provides schools the stability, predictability and funding they need and deserve.

Today, I am proposing to increase pre K-12 funding by over \$145 million.

This includes the third installment of our extraordinary commitment to teacher leadership and compensation.

This additional investment would bring total pre K-12 education spending in the state budget to over \$3.2 billion dollars.

To make this level of funding possible, we have made tough decisions in other budget areas.

It is my sincere hope the General Assembly will move quickly to approve supplemental state aid early this session.

Ensuring our children's future is bright also means addressing other challenges our state faces.

Education officials have expressed to me a strong desire for extending a critical source of funding for school infrastructure.

Iowans have also expressed a strong desire to improve our state's water quality.

Unfortunately, too often we are presented with a false choice -- raise taxes on hardworking taxpayers or do nothing.

I submit to you there is a different path to chart.

That is why last week, Lt. Gov. Kim Reynolds and I were pleased to announce with U.S. Secretary of Agriculture Tom Vilsack a substantial investment through a bold framework for school infrastructure and water quality.

We made this announcement while being joined by:

- Sioux City Superintendent Paul Gausman
- Waukee Superintendent Dave Wilkerson
- and Southeast Polk Superintendent Dirk Halupnik

These education leaders are partners in supporting our innovative plan and we were also joined by:

- Iowa farmer Bob Hemesath
- Iowa Corn Grower's leader Craig Floss
- Iowa Soybean Association leader and Boone school board President Kirk Leeds.
- And co-chair of Iowa's Water Future Task Force, Larry James.

The Lt. Gov. and I are continuing to meet with education, agriculture and business leaders to build support for a solution that helps schools, improves water quality and protects Iowa taxpayers.

Today, our schools rely on the Secure Advanced Vision for Education or SAVE fund for school infrastructure.

The current law expires in 2029.

Since its inception in 2009, schools have already received \$3.2 billion in infrastructure funding.

Our proposal will increase annual funding from \$458 million this year, to \$788 million by 2049—providing a total of \$20.7 billion for school infrastructure.

At the same time, by sharing the portion of the growth over \$10 million annually, this plan will provide nearly \$4.7 billion for water quality over the same period of time.

Schools will receive guaranteed growth of \$10 million each year or \$100 million in additional funding for school infrastructure every decade on top of what they are already getting.

This is a monumental investment in both education funding and water quality and does it without raising taxes.

From our rich soil to abundant water, Iowans are blessed with resources that are the envy of the world.

Over the years, positive steps have been taken to improve our state's water quality--including our innovative nutrient reduction strategy.

However, it is clear we need a stable long-term source of funding to more significantly improve water quality from both point and non-point sources of pollution.

Unfortunately, the issue of protecting our state's water quality risks tearing apart the fabric of Iowa, pitting Des Moines against rural Iowa.

Simply put, we must significantly accelerate our water quality efforts in order to avoid eroding our path to prosperity.

As we provide certainty for our schools, and a reliable long-term source of funding for protecting our water resources, we must also offer certainty to the engines of economic progress--hardworking Iowa families.

As Lt. Gov. Reynolds and I travel the state, we see help wanted signs.

Good jobs are available here in Iowa.

Some of those jobs go unfilled because of the skills gap in our workforce.

Our Regents institutions, community colleges, private colleges, unions and employers are working to help close this skills gap.

We recently established a Future Ready Iowa goal that 70% of Iowa's workforce will have education and training beyond high school by the year 2025.

The Future Ready Iowa initiative can help focus and better align our education, workforce, and economic development efforts.

From the Home Base Iowa initiative to Skilled Iowa to promoting registered apprenticeships, we are enhancing Iowa's workforce.

In 19 months, the Home Base Iowa initiative has already led to 1,700 veterans who have been hired across Iowa.

Also, thanks to bipartisan support, Iowa is a national leader in registered apprenticeships.

Apprenticeships allow individuals to "earn while they learn" and that is exactly what Joe Gomez did through Eastern Iowa Community College's Registered Apprenticeship Culinary Arts Program.

While completing his apprenticeship, he also earned credit through the community college.

Joe has leveraged those skills into becoming an owner and operator of his own restaurant in Davenport. Joe, and his wife Michelle are here today. Joe, please stand and be recognized. Thank you for being an example of the power of apprenticeships to grow our state's talent pipeline.

Last year, thanks to generous public and private-sector support, more than 100,000 Iowa students participated in quality STEM programs through the work of the Governor's STEM Advisory Council.

I want to be sure to recognize the students with us today from ADM High School, Norwalk Middle School, Carver Elementary School in Des Moines and Iowa Christian Academy in West Des Moines.

I want to thank the STEM Council's co-chairs, Lt. Gov. Kim Reynolds and Dr. Chris Nelson of Kemin Industries for their leadership, passion and vision.

With support from the General Assembly, Iowa can continue to be a national leader in STEM and empower more students with STEM skills.

In fact, a STEM Council recommendation inspired our proposal to move students into the 21st century by requiring high schools to offer at least one high-quality computer science course by 2018-19, and for middle school students to have the opportunity to take an exploratory unit on coding.

This General Assembly also has a tremendous opportunity to advance more effective career guidance within our K-12 system.

This is about teachers, counselors and other school leaders infusing career information and career-related skills into local curriculum.

It is about employers leading conversations in every community in the state to advance productive partnerships with educators.

It is about the business and non-profit communities better articulating key needs for Iowa's educators.

We must prioritize policies on industries that are poised to grow like bio-renewable chemicals.

A state bio-renewable tax credit, which is revenue neutral, will create more high-quality jobs, building on our state's leadership in renewable energy.

I know we can do this because we've already done it by becoming the nation's leader in renewable energy.

In the 1980's, Iowa began investing in renewable energies like ethanol, biodiesel and wind.

We were the first state to implement a renewable electric standard which I signed it into law in 1983.

At the time, we were almost entirely dependent on coal for electricity and foreign oil for motor fuel.

But look at us today:

We produce significantly more ethanol than we consume in gasoline which offers consumers more choices at the pump.

We are the leading biodiesel producing state in the nation.

We are seeing significant investments in other technologies like cellulosic ethanol; with two new plants in Emmetsburg and Nevada.

Today wind generates nearly 30% of Iowa's electric generation; more than any other state in the country.

And solar power generation is a growing and attractive renewable resource that an increasing number of Iowans are utilizing.

All of these accomplishments show the growing diversity in Iowa's economy.

But we must keep looking to the future, working to understand our needs and pushing for more renewable, reliable, and low-cost clean energy to meet our needs.

Lt. Governor Kim Reynolds is chairing our statewide effort—and working with the Iowa Partnership for Economic Progress—to develop a State Energy Plan.

This plan will include input from the public, the business community and a variety of state and federal partners and help us set our priorities for the future.

It includes an assessment of current and future energy capacities that will benefit the state and outline clear goals and strategies to keep energy costs low and facilitate economic development.

Companies who have invested and located in Iowa have cited our low cost of energy and growing use of renewables as major reasons for locating here.

Iowa could be the first state in the nation to meet 40% of our energy needs from wind power by 2020; far ahead of any other state.

The extension of the Federal Wind Energy Tax Credit will also help us grow wind investments and jobs in Iowa.

Our leadership in green energy not only makes us a leader in renewables but also powers job growth.

Every wind turbine you see while driving across our state means income for farmers, revenue for local governments and jobs for Iowa families.

Let's build on that foundation for a greener Iowa future.

Our state flag is emblazoned with Iowa's motto, "OUR LIBERTIES WE PRIZE AND OUR RIGHTS WE WILL MAINTAIN."

Maintaining our rights means we must maintain those rights for all.

It is time for a fresh look at the criminal justice system in Iowa to ensure that we are doing the right thing for all of our citizens.

Last year, I was invited to participate on a panel at the NAACP's Iowa Summit on Justice and Disparities.

I was invited by my friend, Betty Andrews, who joins us today. Betty is the President of the NAACP chapter for Iowa and Nebraska. Betty, thank you for being here--please stand and be recognized.

At the Summit, I announced the formation of a bi-partisan working group on justice policy reform tasked with researching and making policy recommendations.

The working group consisted of representatives from state and local government and the NAACP.

The efforts of the Working Group, and the advocacy of Betty Andrews and others, convinced me that we all need to work together to address justice in Iowa.

Ensuring the fundamental fairness of our system is a worthy goal.

But a fairer and more equitable criminal justice system also aligns with the long-term interests of taxpayers who fund our criminal justice system.

For example, in many cases, tax dollars may be better spent on rehabilitation rather than incarceration.

We can protect the public while rehabilitating those who have committed crimes.

We can take steps to ensure that the most serious of crimes are punished with the most serious of penalties.

And we can take steps to make sure that when our criminal justice system does impose punishment, that we are punishing the right person and that race does not play a role.

Let's take action this year, in all three branches of government, to improve our criminal justice system.

In the executive branch, our State Public Defender Adam Gregg recently established a new Wrongful Conviction Division to investigate wrongful convictions of innocent people.

These efforts will not only bring justice for those who have been wrongfully incarcerated, but will protect public safety by ensuring the right person is held responsible when a crime is committed.

We are already seeing a decline in our prison population and simultaneously a reduction in the rate of recidivism because of the collaboration between the Parole Board and the Department of Corrections.

We are more focused on providing individuals in the corrections system with skills they need to have rewarding careers upon release, including apprenticeships within the institutions.

The Department of Corrections has dramatically reduced phone fees as recommended by the Governor's Working Group.

Increased communications between inmates and their families while incarcerated can lead to a lower rate of reoffending when released.

The executive branch is not the only one taking action.

As you know, Chief Justice Mark Cady has become a leader in seeking to address the significant racial disparities which have become evident in the Iowa criminal justice system. I applaud his efforts.

In addition, the courts are working to implement some of the Working Group recommendations, such as improving the jury selection process to ensure racial diversity of jury panels, which in turn helps assure a fair trial for all.

I look forward to working with all of you in the General Assembly to improve our criminal justice system by examining how we can:

Protect our children and family members from human trafficking;

Combat domestic violence;

And examine the funding model for Drug and Mental Health Courts.

A significant recommendation of the Governor's Working Group included the confidentiality of juvenile delinquency records.

Currently, in most circumstances juvenile delinquency records are public records.

That means that a juvenile with even a minor theft or minor drug possession can be haunted by that mistake for the rest of their life - when they apply for college, for a job, for an apartment or for the military.

Some of our friends and neighbors, who have made poor decisions when they were young, continue to face significant roadblocks to success throughout their entire life.

We must examine whether these policies are truly protecting the public, or simply blocking a path to future career success for impacted Iowans.

A minor crime should not be a lifelong barrier to a successful career.

Juvenile records should remain confidential unless a judge specifically finds that disclosure is in the best interest of the child and the public.

This would allow for public disclosure in serious cases, while giving judges discretion to allow confidentiality in cases involving minor offenses.

Friends, this is the 86th General Assembly of the State of Iowa.

And the question before us is this: what can we do to provide certainty and opportunities for all Iowa families?

Together we can forge a new path that will lead us to stable and predictable funding for school infrastructure and historic long-term protection for water quality.

A path which connects Iowans to rewarding careers.

A path that leads to exponential growth in our energy sector.

And a path that provides for a more fair and equitable society for all Iowans.

Let us be bold.

Let us be courageous.

Let us set our path toward the future, and seize the opportunities before us.

Thank you. God Bless you, and God bless the people of Iowa.