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GOVERNOR

STATE OF THE STATE AND BUDGET ADDRESS

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Mr. Speaker, Mr. President, Honorable Justices and Judges, my fellow constitutional officers, distinguished legislators and members of my Cabinet, honored guests, friends, my family and our First Lady ... my fellow Idahoans.

I'm pleased to report today that the State of Idaho is healthy and strong. The people are optimistic. Our communities are vibrant. Our public institutions are running more efficiently and are better prepared than ever to tackle our challenges head on. Idaho citizens are bringing all the energy, enthusiasm and independence that characterize our history to the work of building an even better state for our children and our grandchildren.

And speaking of grandchildren, I'm also pleased to report that the Otter family is expanding. Our son John and his wife Molly are expecting a new grandchild for us to enjoy. I'm excited about the arrival! Of course, all my children and grandchildren are dear to me – a family sentiment and an Idaho value that I'm sure we all share. Our families inspire us to keep working hard to provide them with a legacy of lifelong learning, an appreciation for honest effort, and abiding compassion for those less fortunate.

One of the most inspiring and energizing parts of my job is visiting towns all over Idaho to hold Capital for a Day. It's a chance for local folks who might not often come to Boise to get answers to their questions about State government directly from me and my agency directors. I want to thank all the legislators across Idaho who join us for these monthly public gatherings.

My favorite part of Capital for a Day is meeting students in towns like Kamiah and Albion. They represent their schools, families and communities with great civic pride. And that's no accident. It's a product of engaged parents, committed educators, and public officials from local school trustees to State leaders who embrace the goal of preparing Idaho's schoolchildren for an increasingly complex and competitive world.

Capital for a Day has strengthened my belief that Idaho's character reflects the aspirations of our children and families from generation to generation.

And just as families are the foundation of our communities and our culture, so too can education provide a foundation for stronger families and a brighter future for all of us.

We are entrusted with the singular constitutional responsibility of providing for a "general, uniform and thorough system of public, free common schools" throughout Idaho. Frankly, I'm convinced that we would see this as our highest priority even if it wasn't in our Constitution. So promoting and constantly improving education for the people of Idaho must be the foundation of our work together.

We made promises during the Great Recession that we are duty-bound to fulfill. We have priorities for Idaho's future that require world-class K-12 schools and an advanced, responsive post-secondary education system. And now, we have the financial means.

My legislative agenda for 2016 and my budget recommendations for fiscal 2017 reflect the priority that I place on living within the people's means while making responsible, sustainable and data-driven investments in our K-through-Career education system.

My focus is on supporting student achievement by continuing to responsibly implement the 20 recommendations of our School Improvement Task Force.

Along with insisting on transparency and robust local accountability, the foundation we're building will advance our goal of ensuring that 60 percent of Idaho citizens between the ages of 25 and 34 have a college degree or professional-technical certification by 2020.

Let me impress upon you once again the urgent need to address the cornerstone of successful lifelong learning – reading proficiency. Last year in this chamber I called on Idaho's business community to help us address the clear need for improving the attainment of that basic skill among our youngest students. Pro-active parents start that process at home before kindergarten, and students refine their reading skills in those early school years.

Through the third grade, they learn to read. But from the fourth grade on, they read to learn. So if we're serious about wanting long-term improvement in school outcomes, we must intensify our efforts to provide the kind of proven support that works for students who struggle to develop reading skills.

I want to thank Idaho Business for Education and other stakeholders and practitioners who developed recommendations for addressing our early reading challenges.

My budget includes \$10.7 million to pay for intervention support for students in kindergarten through third grade who are not yet proficient on the state reading indicator. That will improve the chances for more Idaho students to succeed through high school and beyond.

Overall, I'm calling for a 7.9-percent increase in public school funding, including more than \$38 million to continue putting the teacher career ladder in place.

And I'm asking for almost \$1.8 million to move such non-instructional school staff as counselors, nurses and speech pathologists onto the career ladder. I believe implementing the career ladder – based on specific student success measures – is essential to attracting and retaining the best teachers for Idaho schools.

Success in teacher retention also means continuing investment in their professional development. I know from Miss Lori just how demanding those early years in the classroom can be. So I'm asking for an investment of \$5 million for professional development aimed specifically at mentoring new teachers.

I also support Superintendent Ybarra's request to fully restore pre-recession levels of operating funds to school districts. Our Task Force recommended a five-year plan for that process. But the timeline can be cut to three years by approving my recommendation for nearly \$30 million.

Properly applied, technology also is an increasingly necessary factor in 21st century classroom success. That's why I'm recommending that we continue investing not only in devices but also in teacher training and software to make the most of the opportunities that technology affords.

But with or without the latest technology, the most important learning resource our students have is the classroom teacher.

With that in mind, the Task Force recommended moving Idaho to a voluntary "mastery-based" education system. That's one in which teachers are encouraged to provide individualized learning focused on mastery of subject-matter content and concepts rather than classroom "seat time."

I appreciate the Legislature's investment to start implementing mastery-based education, as well as Superintendent Ybarra's focus on achieving that goal. My fiscal 2017 budget includes \$1.1 million to support up to 20 school districts in developing model programs for others to follow throughout Idaho.

I had the chance last month to experience a little of what innovative, mastery-focused learning looks like in our classrooms. I participated in an "Hour of Code" exercise with fifth-graders at Boise's Garfield Elementary. Immersing myself in that environment and watching students do the same, I saw firsthand the difference that individualized learning can make in comprehension, application and ultimately mastery.

From reading proficiency to mastering concepts and from our community colleges to our universities, our emphasis must be on going the extra mile to prepare students to succeed in a complex and competitive global economy. That preparation in turn will support and advance the economic growth and increased prosperity that we are all striving to achieve.

So let's talk for a moment about the connections we're building between "K-12" and "Career."

First, there's the STEM Action Center that's been up and running since July. An executive director, a program manager and a board of directors have been named.

Now it's ready for the next step, and our industry partners throughout Idaho are eager to join us in supporting its work.

My budget recommendation includes \$2 million in ongoing operating funds for the center, as well \$10 million in one-time funds for starting up STEM programs. Those include a K-through-Career program in computer science to help meet the high demand for those workplace skills.

Ensuring that students are college and career ready is as critical to employers as it is to Idaho's young people. I hear it every day from businesses large and small and in every industry sector.

That's why higher standards, more individualized learning, more dual-credit offerings, and more professional-technical options are high priorities in my budget recommendation.

Of course, taking the fullest advantage of the investments we're making will require students and parents to have more and better information about post-secondary and career opportunities. So I'm recommending that \$5 million go toward implementing more college and career counseling in our high schools. Local districts must have the flexibility to use that money to create systems that best fit students' needs for course counseling, career exploration and preparing for life after high school.

Indeed, Idaho offers many choices for those who "Go On." They include enrolling at one of our technical schools to study in such subject areas as health occupations, Web design, machine tooling, welding, or aircraft maintenance. But many of those programs have long waiting lists. And with our statewide jobless rate now at a level that used to be considered "full employment," too many of our citizens remain underemployed.

Meanwhile, Idaho businesses are struggling to find qualified workers. That's especially true of companies in the high-tech and industrial manufacturing fields. So my budget recommendation includes \$3.8 million to address those training backlogs in industry areas where graduates will find more high-wage jobs.

I'm also advancing three initiatives that hold great promise for creating a financial foundation that students can use to reach their own and our state's post-secondary education goals.

First, I'm proposing a "tuition lock" for our colleges and universities. It will ensure the rate that Idaho undergraduates pay when they first enroll in a post-secondary program will remain constant for at least four academic years. That brings greater financial predictability for Idaho students and their families while also providing an incentive for timely completion of a degree or professional certification program.

Second, I'm recommending a \$5 million increase in funding for our Opportunity Scholarship so more Idaho students can afford to go beyond high school.

And third, I'm proposing that another \$5 million be allocated for the new "Completion Scholarship." It's designed to encourage Idaho citizens who have some post-secondary education to return to the classroom and finish up. It will provide a real benefit for financially strapped adults who are trying to upgrade their job skills.

The Completion Scholarship is aimed at improving access and affordability to career-oriented education programs while helping to address our pressing workforce development needs.

Ladies and gentlemen, I just can't emphasize enough how important improving our K-through-Career education system is to providing the tens of thousands of skilled workers we need to meet the increasingly technical demands of Idaho employers. This truly is an investment in the future of all our citizens.

Talent pipelines to address the challenges ahead are being developed by the Department of Labor, the Division of Professional-Technical Education, our post-secondary schools and a number of private-sector partners. Dynamic new online resources such as the college and career Web site NextSteps.Idaho.gov and the construction trades portal WeBuildIdaho.org show the power of collaboration in achieving our shared goals.

There also is an important place for communities in this effort. Nine years ago, the Legislature approved my request to provide \$5 million in startup funds to help any counties that want to join together in establishing a community college district. With that promise of support in hand, the people of Ada and Canyon counties voted to create the College of Western Idaho. Since then, CWI has grown faster than any community college in American history.

That speaks to a huge pent-up demand for the kind of lower-cost, relevant and responsive education and training programs that have been created at CWI. Now the people of southwestern, south-central and northern Idaho have exciting, first-rate local opportunities to advance their career readiness aspirations.

So today I'd like to invite the people of eastern Idaho to advance their ongoing discussions about making Eastern Idaho Technical College a full-featured community college. I encourage serious public consideration of the benefits and opportunities that a local community college can provide to that region of Idaho. My budget recommendation includes \$5 million to support such a plan for making less-costly and more-flexible education beyond high school accessible to more citizens on that side of our state.

Overall, I'm seeking a 9.6-percent increase in funding for our community colleges and an 8.8-percent increase for our four-year institutions.

Besides additional funding for our college completion and high-demand academic and professional-technical programs, I recommend expanding Boise State University's materials science program, the University of Idaho's "Go On" initiative to increase enrollment, and Idaho State University's health science programs.

That brings me to healthcare. First, from an education standpoint: I'm recommending that in the coming year we follow through on our plan for providing more physician training to meet Idaho's needs. Adding five more seats to our medical school partnership with the University of Washington will reach the Board of Education's 2009 goal of having 40 seats available for Idaho students.

That's a great investment in our students and an important step toward addressing our community healthcare needs. But it also is a pipeline from which it takes years to realize benefits. There are quicker ways to address our shortage of primary care physicians. So I encourage you to keep funding our physician residency slots. And we must keep attracting healthcare professionals by providing medical loan reimbursement incentives for primary care doctors who agree to serve our rural communities.

In the meantime, I'm asking the Board of Education to work with our medical community and higher education institutions to develop a new plan for addressing future demand for healthcare providers.

Right now I want to recognize and applaud a member of my Cabinet who has worked tirelessly for years to develop meaningful Idaho-based alternatives to Medicaid expansion under the Affordable Care Act. Health and Welfare Director Dick Armstrong and his team – as well as such legislative leaders as Representative Fred Wood and Senator Lee Heider – have gone above and beyond in developing the plan we unveiled last week. I look forward to our discussions on that option.

Folks, making healthcare in our communities more accessible and affordable has been a pillar of my policy agenda since I took office in 2007. That's why I'm so proud of the progress we're making in addressing local crisis intervention needs for those with acute substance abuse or mental health issues.

With your support we now have behavioral health crisis centers in Idaho Falls and Coeur d'Alene. The response in those communities has been more than encouraging. During the first nine months that the Idaho Falls center was open, it had more than 1,100 admissions and diverted 47 people from more expensive in-patient psychiatric care – all while saving an estimated 860 hours of law enforcement officers' time.

I expect to see similar results from the northern Idaho crisis center. So my budget recommendation for fiscal 2017 includes funding for a third crisis center, this time in southern Idaho. I appreciate the Legislature's continued backing of our efforts to improve local access to care while reducing costs to the community. It remains our goal to engage local leaders, businesses and non-profits in supporting long-term sustainability.

I'm sure you will agree that sustainability is a significant goal and a key metric of success for much of our public policy, including our management of Idaho's precious water resources.

Mr. Speaker, Senator Bair and Chairman Chase of the Idaho Water Resource Board, I want to personally thank you for your efforts in bringing two water-user groups together to finally settle delivery calls from the Eastern Snake Plain Aquifer.

This historic settlement between the Surface Water Coalition and groundwater users will help ensure that the aquifer is a healthy and reliable resource now and well into the future. In fact, I would encourage others who are at odds over apportioning scarce resources to use this agreement as a template for addressing their own conflicts.

Sustainability is a central value throughout Idaho, from the Treasure Valley to the Rathdrum Prairie and from Bear Lake to Hells Canyon. That's why I'm proud to announce that the Water Resource Board has drafted a statewide sustainability policy. The Board will conduct public meetings throughout Idaho in the coming year to gather suggestions on incorporating its findings into our Comprehensive State Water Plan.

Preserving and protecting Idaho's water is crucial to our continued economic growth and increased prosperity. Our renewable and "green" hydroelectric resources alone make Idaho the envy of other states in the West and a magnet for businesses that put a premium on environmental sustainability.

Promoting Idaho as a place where employers can get things done because government moves at the speed of business has been a centerpiece of Commerce Director Jeff Sayer's work for the past four years.

As you know, Jeff has returned to the private sector. But the team he's built and the programs he's launched will continue to have a great impact on Idaho's bottom line. From IGEM to the Tax Reimbursement Incentive and from international trade to local economic development, Jeff has been a champion for the people of Idaho. Please join me in thanking him for helping Idaho rank first in the nation for job growth, sixth among states for economic outlook, and among the top states for starting a small business.

There is one additional responsibility that Jeff took on. He chaired my Leadership in Nuclear Energy or LINE Commission. Its continuing task is to identify how Idaho can leverage our partnership with the U.S. Department of Energy at the Idaho National Laboratory to the economic advantage of Idaho citizens. Our LINE Commission efforts are not limited to eastern Idaho. Instead, they are aimed at making the state-of-the-art facilities and research at the INL into a truly global resource.

The State of Idaho remains committed to helping the INL live up to its potential as the nation's premier research facility while building a stronger partnership with the Department of Energy based on communication, accountability and shared goals.

That's why I was encouraged in November to hear that a team at the INL will lead the new Gateway for Accelerated Innovation in Nuclear. The GAIN program will provide a one-stop-shop for private developers to find federal experts and facilities to help them create safer, cleaner and more efficient reactors to reduce the emission of greenhouse gasses.

Ladies and gentlemen, having shared goals does not eliminate the need for us to remain vigilant in protecting the health and safety of Idaho citizens. But we have spent years overcoming past challenges in our relationship with the Department of Energy, and I'm proud of our progress.

The scientists, engineers and technology experts at the Lab also run one of the world's pre-eminent cybersecurity programs. Idaho is fortunate that the INL and its higher education and industry partners are providing technical assistance to the cybersecurity task force I created last year.

Led by Lieutenant Governor Little, it is developing responses to the growing threat of hackers exploiting our State computer systems. I am committed to implementing the best strategies possible to protect the privacy of our citizens.

Our task force is working to identify what more the State can do to detect vulnerabilities, prevent cyberattacks, mitigate damages and educate the people of Idaho on how to fight this global tool of crime and terror. To help with that effort, my budget includes a request for \$1 million to establish a cybersecurity program at Boise State University in partnership with the Idaho National Laboratory.

The State also will benefit from our own Idaho military being engaged in this fight. I'm pleased to announce today that the Idaho Air National Guard recently was among 13 Guard commands nationwide to be designated as "cyber units." That means personnel trained to military standards in the latest and most advanced technology will be helping detect and stop online attacks before they damage our cyberspace capabilities.

The Idaho Cyber Operations Squadron will include 71 Air Guard personnel, including 15 who will be working full-time on this important new mission. The Squadron also will be a great resource for our efforts to protect a vital piece of our State infrastructure.

It's encouraging that we are tackling this modern threat with such unity of purpose. But there is another area of our public policy for which a united and deliberate effort must now be made for Idaho to meet its responsibilities to the rule of law.

As many of you know, the State has been sued over the constitutionality of our public defense system. The lawsuit alleges that Idaho's public defenders are overworked and under-trained. It claims that the system provides a disincentive for attorneys in less-populated counties to spend enough time with indigent clients.

Let me say that Idaho historically has been a leader in recognizing and ensuring the right to legal counsel. It was part of our territorial law and was put in the Idaho Constitution at statehood.

A legislative interim committee has been reviewing our system and considering options for three years. As a result, many of us now have a better understanding of its shortcomings and what needs to be changed. It's not a cheap or easy fix. But I stand with the Idaho Criminal Justice Commission and the State Public Defense Commission in calling on the Legislature to address the issue this year.

Please join me in a commitment to ensuring that all Idaho citizens in every one of our 44 counties can avail themselves of this fundamental constitutional right. My budget recommends \$5 million to implement the changes that you approve.

The past year saw a number of changes on the ground across Idaho as wildfire continued to wreak havoc on our forests and rangelands. A total of 742,000 acres burned, and firefighting costs reached almost \$61 million in 2015. State, federal and local authorities have identified several training, resource and coordination needs that we must address before the start of a 2016 fire season that figures to be just as bad or worse. That's why I'm advancing the Land Board's request for almost \$920,000 in additional funding to beef up the Idaho Department of Lands' wildfire program with a focus on improving initial response.

I also want to thank the Legislature for approving my past funding requests for creation of Rangeland Fire Protection Associations, which enable ranchers to help fight fires on both private and public range. We have six of them now protecting 951,000 acres of private rangeland and providing secondary protection on 4.8 million acres of federal and State land. Their knowledge of the landscape has proven to be an invaluable asset to the Department of Lands, the Bureau of Land Management and the Forest Service in quickly suppressing wildfires. Now more groups around the state are seeing the results and are ready to get involved. So I'm requesting \$140,000 to create additional RFPAs in anticipation of another rough fire season.

People all over the world – and maybe even a few in Washington, D.C. – know that wildfire is a far greater threat to Idaho's sage-grouse population than livestock grazing. But that reality has largely eluded the U.S. Department of Interior, the BLM and the Forest Service. Instead of taking the reasonable step of supporting local conservation and Idaho stewardship measures, Interior imposed harsh new restrictions on land use within the bird's habitat – in some cases where they don't even exist!

That left me with no choice but to file a lawsuit against the federal agencies last September. It's simply aimed at ensuring that sage-grouse conservation and management responsibilities remain with Idaho. I'm grateful to the Legislature for joining me in that effort.

In the meantime, we will continue working more broadly to protect the Idaho habitat on which sage-grouse depend. My budget request calls for allocating \$500,000 for fire prevention, suppression, and habitat monitoring and restoration efforts on non-federal lands. I appreciate your continued support of our collaborative efforts to put in place a reasonable, responsible and effective species protection plan – with the customs, culture and economic vitality of our citizens in mind.

Let me also express my deep and sincere appreciation to our incredible State employees throughout Idaho. I enjoy visiting our agency offices from time to time, and I'm consistently impressed with the commitment and civic virtue with which our employees do their jobs. They take great pride in being public servants and in being responsive to the needs of Idaho citizens. That's why I'm so pleased to be able to announce today that my budget request includes funding for agency directors and administrators to retain and reward their personnel. It's a step in the right direction toward attracting and keeping great public servants.

We have a lot to appreciate here in Idaho, and we are building the foundation for even better things to come. I hope you will join me in choosing gratitude for what we have and hope for our path forward over frustration and cynicism at what we have yet to achieve.

In fact, I believe Idaho now is closer than anywhere in our nation to what America was meant to be.

Finally, it is my sincere wish that we undertake our work together in this legislative session without keeping one eye on the upcoming election. Instead, let us proceed with a focused commitment to applying government's proper role to our current challenges and to improving the lives of generations to come.

Thank you for your time and attention. Godspeed in your deliberations, and may He continue to bless the great State of Idaho and the United States of America.