

"Speaker Bosma, President Pro Tem Long, Lieutenant Governor Crouch, Senator Lanane, Representative Pelath, Members of the Assembly and of the Judiciary, my fellow Hoosiers: It's an honor to stand before you all today to discuss the state of our State and the work we will do this session to make life better for all our citizens.

While you've given me the privilege of this podium, I applaud all of you for the work you've done to help Indiana grow and prosper all while "minding the store" and ensuring our fiscal house is in order. Thanks to the collective talent and energy of our fellow Hoosiers – along with your dedication and that of my two predecessors in this office – I can say unequivocally that the state of our State is sound!

As I said last week at my inauguration, together we have the special charge of leading Indiana into our third century. That means we need to think not just about today but about the years to come, and we need to act with boldness and courage to solve our current issues and prepare Indiana for the ever-changing future.

As we undertake this journey, our secret weapon is the Hoosier pioneering spirit itself, proven over the last 200 years: the ingenuity, determination and common sense that enables us not only to overcome any challenge, but also to continually find better ways of doing things. Thanks to that spirit, Indiana today stands as one of the top five states in the country for doing business and there are more Hoosiers working today than at any other time in our history.

These facts are not ends in and of themselves, rather, they tell a compelling story about potential, more possibilities, and growing opportunities for every Hoosier citizen. Because we've created one of the best business climates in the country, we've become national leaders in business growth.

Businesses and jobs that a dozen years ago were going to Austin or Boston or the Silicon Valley are now coming to Indiana. Because we saw that innovation and high-tech were keys to unlocking the 21st century economy, we aggressively pursued them. And today, those investments have ignited new high-tech jobs all across our state.

Businesses from around the world are coming to Indiana now because our costs of living and doing business are low and the quality of our workforce is high. This is great news for Hoosier workers. But to paraphrase Apollo Mission Director Gene Krantz: "Complacency is not an option." Leadership is all about continually moving forward, relentlessly looking for ways to improve. We know the world will not stand still, and those who don't keep up will be left behind.

For all our growing strength in high tech too many Hoosier businesses are having trouble finding the skilled workers they need to grow. With our 21st century economy increasingly driven by knowledge and advanced skills, too many Hoosiers are not properly prepared for the jobs of the future – not just potential scientists and engineers but also coders, machinists, mechanics and welders.

In addition, as I said last week, over the next 10 years we'll need to find 1 million new skilled workers to replace the 700,000 baby boomers who will retire plus the 300,000 new jobs we'll need to create. While we can take genuine pride in being "The Crossroads of America", roads need upkeep, and Hoosiers and Hoosier businesses require stronger connections than ever before.

And at the exact time when we can't afford to lose the talents of a single citizen, too many Hoosiers are caught in the strangling grip of drugs. To ensure that every Hoosier has the opportunity to live up to their potential, right here in Indiana, our challenge is clear: we need to sustain our momentum in economic development, and at the same time build on it.

This is our task: to take Indiana to the next level.

So I am proposing a set of transformational priorities – my five pillars – aimed at doing exactly that. Most will require long-term commitment and focus. Some will require new resources and new ways of doing business. But all of them must begin today. For 2017, we must:

ONE: Cultivate a strong and diverse economy to ensure that Indiana remains a magnet for jobs

TWO: Fund a long-term roads and bridges plan that takes the greatest advantage of our location

THREE: Develop a 21st century skilled and ready workforce

FOUR: Attack the drug epidemic, and

FIVE: Provide great government service at a great value to taxpayers.

Let's start with strengthening and diversifying our economy because I believe that is the linchpin to improving Hoosier lives. Everything is easier if you have a job. As we begin our third century, we see jobs and entire industries based on knowledge, technology and innovation. And we're as likely to be trading with Germany and South Korea as we are with Georgia and South Dakota.

This really hit home to me again on a recent trade relations mission to London. I visited with the CEOs of three major global companies based there: Tate & Lyle – the biggest user of Indiana corn, AcelorMittal – whose Indiana Harbor complex is the largest integrated steelmaking facility in North America, and Rolls-Royce – which makes more of its products here in Indianapolis than anywhere else in the world – and by the way just invested another 600 million dollars here.

These three CEOs all separately shared the same theme with me. Each day they wake with a world view. They must grow their business or die. Which means they have to decide which markets to grow and invest in. Our job is to make sure that when they're making those decisions they see Indiana as their sweet spot. That said, the heart and soul of our economy is still small business.

Lucas Oil didn't start as a stadium. Forrest Lucas was a truck driver from Ramsey whose trucks kept breaking down – so he created a better oil, which he sold from the trunk of his car. Representative Sharon Negele's candy and custard shops have doubled their revenue and employment over the past 20 years, over in Attica.

Reggie Jones started out working in a McDonald's and now owns seven of them. Sonny Beck started driving a tractor in his dad's business in 1940 when he was 5, went all in on a then "new" technology called hybrid seeds, and last year was chosen as Business Leader of the Year by the Indiana Chamber.

So the question is, what will it take to make Indiana even more of a jobs magnet? A bedrock is to continue to manage our finances with the discipline we've shown over the past 12 years. That means passing another honestly balanced budget and maintaining the Rainy Day Funds at a prudent level with no gimmicks, spending less than we take in, and protecting our future. That's

why I support a balanced budget amendment! This sets us apart from many other states, keeps us in a good position to withstand a future economic downturn, and encourages businesses to locate and stay in Indiana.

Another thing that sets our state apart is our low cost of energy. Indiana runs on coal. Let's apply technology and innovation to find new ways to unleash this abundant source of power by burning coal cleanly while keeping Hoosiers employed and factories humming. At the same time, we'll grow our 21st century economy by investing in and nurturing entrepreneurship, innovation and technology pursuits.

I propose a plan to make available 1 billion dollars over the next 10 years to make Indiana the capital of innovation and entrepreneurship. This will include: the Next Level Indiana Fund, the 21st Century Fund, and a new grant program to support innovation and entrepreneurship initiatives among higher education and in our local communities.

I will ask you to continue to support the Regional Cities initiative by investing 4 million dollars more in this budget. This will keep the planning and momentum going in other regions of the state that did not receive funding in the program's first round. I've talked with leaders in the three regions we've funded so far – including Mayors Buttigieg of South Bend, Henry of Ft. Wayne, and Winnecke of Evansville – and they're all huge believers. It's bringing local officials together, regardless of political persuasion, to coordinate and align their planning efforts as they've never done before, and every dollar of public funds has generated 14 dollars more in the private, philanthropic, and local communities!

My second pillar is a sustainable plan to fund our roads and bridges for the next 20 years. We're able to drive the goods we produce and grow to 80 percent of the nation's population within 24 hours. For Indiana, The Crossroads of America is more than a motto. It's a mission.

I will work with you to establish a plan that preserves what we have, finishes commitments we have made, and invests in the new projects for the future that ensures Indiana remains The Crossroads of America. These include projects in every quadrant of our state: upgrades of US 30 from Ft. Wayne to Valparaiso, and 31 to South Bend, additional lanes on I-70 and I-65 from Jeffersonville to Crown Point, and completing I-69 from Evansville to Ft. Wayne. When it comes to paying for these projects, I'm open to a menu of options. The fact is, existing sources of revenue are just not keeping up.

Now, I'm a believer that every time you ask a taxpayer for a dollar, you better be darn sure you need it and are going to use it effectively for its intended purpose. And here's a case that if we ask Hoosiers to invest a little more, to meet the need, the return is going to be well worth it – for them, for our communities, and for our economy. In addition to investments in roads and bridges, we must invest in other infrastructure projects that will further separate us from our competition.

That's why I'm asking you to authorize funding to strengthen our connection to our country and the world. This includes double tracking the South Shore Line to improve access for Hoosiers who travel between Northwest Indiana and Chicago and incentives for more direct flights to better connect Hoosiers to national and international markets. These will save us both time and money – but they're also a critical part of our efforts to attract talent and business to mutually grow.

As I think about the future, it also includes adding a fourth “water” port in Southeastern Indiana, which will help accelerate economic development and play to our strength in that beautiful part of our state. We also have the responsibility to maintain and strengthen our basic infrastructure that is critical to our communities and our people and yet is showing the strain of age. This may not be sexy but it has to be done. We will pay special attention to our water needs and ensure we have a plan that’s efficient, sustainable, and affordable as we move forward.

My third pillar is to develop a 21st century skilled and ready workforce. Our plans need to be comprehensive – beginning with an education system that gives every child a strong start all the way through the training programs that ensure our citizens have the skills they need. Therefore we must make sure that our resources are properly aligned to produce the skill sets our businesses crave and I look forward to working with Representative Huston to develop a plan to create, reconfigure and align workforce development programs and funding so that those needs – of today and tomorrow – are met. But it all starts way before one’s first interview, of course. Our most vulnerable children deserve a fair start, too, so I’ve called for us to double the state’s investment in pre-kindergarten to 20 million dollars annually.

We also know that science, technology, engineering and math – the STEM subjects – are critical for 21st century jobs – not just Ph.D’s but a growing number of jobs in all the key sectors of our economy, yet the many statewide efforts to boost STEM education are often independent of each other. So we will invest 1 million dollars each year to lead a statewide effort to better coordinate K-12 STEM education throughout Indiana and tap into the synergy that is within our grasp. At the same time, more than half of Hoosier schools lack wi-fi in their classrooms.

To improve digital connectivity, we’ll increase state funding by 1 million dollars annually to enable more schools to participate in the federal E-rate matching program. Our needs extend well beyond the classroom. Right now there are 30,000 unfilled jobs in Indiana, and some 2 million Hoosiers do not have the education and skills needed for today’s jobs.

So we’ll invest some 2 million dollars in this budget to create regional “Jobs Ready Grants” to help current workers complete credentials or certificates in high-demand, high-wage fields, so they can enter the workforce in more skilled and highly-paid positions. Finally, I propose that the Superintendent of Public Instruction become a position appointed by the Governor – beginning in 2021.

Education is a key to our state’s future. And I’ve long been committed to the notion that, as the state’s chief executive, the Governor should set education priorities and be held accountable for the results. I have great respect for our new superintendent, Dr. Jennifer McCormick, and look forward to working with her closely over the next four years. But, regardless of party, the Governor should be able to choose his or her key education partner.

My fourth pillar is to attack the drug epidemic. This is a problem that is taking an enormous toll across the country, and Indiana has not escaped the pain. Since the year 2000, deaths from drug overdoses have increased 500 percent, and we are 15th in the country in overdose fatalities. This epidemic causes ripple effects with devastating impacts on our children and families, our cities and towns, our schools and government agencies, our health care system and health care costs for each of us, and our economy.

In typical Hoosier fashion, we have heroes on the front lines saving lives every day. They include the public health nurses who run syringe exchange programs in 9 Indiana counties. Paula

Maupin from Fayette County is here with us tonight. Thank you, Paula, for your unwavering service to those who are battling addiction. And that's why we will give county officials authority to establish syringe exchange programs – to ensure that the people making decisions are those closest to the problem.

But we need to do more, much more. So we're going to attack this problem on all fronts: prevention, treatment and enforcement. Earlier this month, I announced the creation of a senior executive reporting directly to me to oversee our efforts to deal with this epidemic and I'm pleased that Jim McClelland, the former long-time CEO of Goodwill Industries, has agreed to join our team. I can't think of anyone who has a better mix of skills and experience to fill this critical role. We also plan to limit the amount of controlled substances, prescriptions and refills, enhance penalties for those who commit pharmacy robberies, and upgrade the Indiana State Police labs to fight the drug epidemic. This is a fight we can and we must win if we're going to take Indiana to the next level.

My fifth and final pillar is to provide great government service at a great value to taxpayers. Hoosiers deserve to know that their tax dollars are being used responsibly and efficiently. I'm going to insist that all of our agency heads be accountable for the programs and services they're providing. We'll measure our progress so that we know if we are providing the service that Hoosiers expect and deserve. One fundamental obligation of government is to take care of those who serve and protect us.

So we're going to give a well-deserved pay raise to the Indiana State Police! And every Hoosier understands the special place that veterans have in Indiana. Our state has sent more than our fair share of National Guard troops to Iraq and Afghanistan. We're so honored to have the leader of our Indiana Guard – Indiana's Adjutant General, Corey Carr – with us here today. And we'll honor our veterans and their service by exempting their pensions from state income tax, which will make it easier for them to stay here and attract other Patriots to our great state in their post-military careers.

These five pillars are where our team will focus every day: on ways to take our state to the next level, to make Indiana the very best place to live, work, play and stay. And I invite all of you – and I mean all of you – to join me on this mission. My time in the Navy taught me that each person is vitally important. That you can only fulfill the mission if you know you can count on the people to your left and to your right.

I will continue to reach out to everyone with ideas that can lift all Hoosiers, including those who may not always agree on everything but are willing to find opportunities to solve problems and move our state forward. I will leave you with two quotes from one of the greatest Hoosiers and greatest Americans who ever was, Abraham Lincoln – a man I have studied for many years and who is one of my true heroes.

It was Lincoln who said, "The best way to predict your future is to create it." As we lead Indiana into our third century, even as we sustain those many things we're doing well, let's not be afraid to think big, be bold, and act with courage. Lincoln also said, "Commitment is what transforms a promise into reality." Colleagues, you have long shown your commitment to the state we all love. To you, and my fellow Hoosiers, I pledge my full commitment to the work of transforming these promises into reality, and taking Indiana to the next level. God Bless you all and our great state."

