

**2018 State of the State Address
“The Next Steps to the Next Level”
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Governor of Indiana**

Delivered January 9, 2018

Mr. Speaker, Mr. President, Madam Chief Justice, Lt. Governor, members of the General Assembly, my fellow Hoosiers: It’s an honor to stand before you for the second time to discuss the state of our state and the work we will do this year to make life better for all of our citizens.

When I became governor one year ago, I took the baton with momentum created by previous administrations, and—together—we’ve worked every day not just to sustain that momentum but to build on it.

We worked to make sure the business climate in Indiana remains among the very best in the nation, that Hoosiers have the tools they need to take advantage of growing opportunities, and that our state government is among the most efficient and effective for the people we serve.

Last year, I outlined a vision to take Indiana to the Next Level, and I laid out five goals—five pillars—to help us get there.

2018 is all about taking the tools that we’ve been provided and putting them to work with a single purpose in mind—to make life better for all Hoosiers. So, the question before us now is: What must we do to make sure every Hoosier has the opportunity to take part in the growing bounty our state has to offer?

That’s why this year, my focus can be summed up in three words: people, people, people.

Now, before we look ahead, let’s look at where Indiana stands today. “Stands” might be the wrong verb, because the truth is Indiana is on a roll! We continue to operate within an honestly balanced budget. We have a AAA credit rating and nearly \$2 billion in our state’s savings account.

In large part, because of our low tax and reasonable regulatory climates, we rank best in the Midwest and a top-five state in the nation for doing business. We’re number two in the nation for cost of doing business and top two in the nation for our low cost of living.

Yes, not only is Indiana’s quality of life high—we’re also more affordable than nearly anywhere else. What a time to be pursuing investment! Indiana offers the certainty, stability and predictability that very few of our competitors can match.

It's no coincidence that last year we set a record for the number of new job commitments. We beat the 2012 record and secured nearly 300 business commitments that will lead to the creation of over 30,000 new jobs throughout our entire state, border to border. And, these are good jobs, with wages one-quarter higher than the average Hoosier wage.

So, I've challenged Secretary Jim Schellinger and President Elaine Bedel—and the other good people at the Indiana Economic Development Corporation—to do it again this year. But I've upped the ante: How about 35,000 new job commitments in 2018?

Even as we focus on making life better for Hoosiers today, we're also preparing for the future.

We have a fully-funded infrastructure program that provides long-term certainty. Our Next Level Roads Program provides nearly \$6 billion in this biennium alone, includes significantly more resources to local communities all across the state, and will increase year after year after year.

Thanks to your efforts to convert plans into projects, Indiana's infrastructure investment is the envy of the nation. Thank you!

And, after adding flights to the East and West Coasts, for the first time in our history, we have a non-stop, direct flight to Europe—connecting Hoosiers and Hoosier-made goods to European markets like never before.

But for all our progress, we still have a long way to go, and I'm excited about the journey ahead.

Our greatest challenge is that too many Hoosiers lack the education and skills for the jobs that are here today and being created tomorrow—nearly all of which require a post-secondary education.

Right now we have 85,000 jobs in Indiana unfilled because employers can't find the people equipped with the skills they need. And, add in the IEDC's 30,000 new jobs, with even more on the way this year—not to mention the more than one million jobs to be filled over the next 10 years as Baby Boomers retire.

This is the defining issue of the decade, and we don't have a day to waste. That's why, of my five pillars, developing a skilled and ready workforce will demand the greatest focus and collaboration.

One way we've already begun to tackle this challenge is with our Next Level Jobs program. In the five months since we rolled it out, over 275,000 people have visited NextLevelJobs.org, over 13,000 of them have filled out the grant application, and over 300 businesses have expressed their interest.

Now we must convert interest to enrollment and then to completion.

We have the resources to begin to crack this code, and we're going to put them to work for every student and worker in our state who wants to get ahead.

That's why we're setting big goals. For example:

- More than 700,000 Hoosiers started college but didn't finish, and many of them would like to go back and get a degree. Our goal this year is to enroll 25,000 more of them in programs that help them do just that.
- Another 475,000 Hoosier adults don't have a high school diploma. Our goal this year is to help 30,000 of them obtain the education and skills they need to get a better job.
- We'll also establish a state work-based learning and apprenticeship office that will increase the number of these opportunities from 12,500 to 25,000 by the end of 2019, moving Indiana into the top five in the country.
- On the employer side, by the end of this year, we'll engage 250 companies to train and hire employees through our Employer Training Grant Program.
- And, we won't forget the 27,000 Hoosiers in our prison system. By 2020, we'll graduate at least 1,000 inmates annually in certificate programs that will lead to good jobs when they get out.

Add this all up, and we're talking about more than one million of our fellow Hoosiers that need and can be skilled up. Let's give them the tools they need to reach their full potential. Think of the value for them, for your communities and for our state.

We also need to set our lens wide enough to include future generations.

To do that, we must ensure that every Hoosier student receives an education infused with STEM subjects, critical thinking skills and the intellectual curiosity that prepares them for lifelong learning—so when they graduate from high school, they have a ticket to their future success, be it going on to college or entering the workforce to realize a fulfilling career.

To get these results, we'll commit to forming partnerships like never before.

Over the next year, we'll use the newly-created Education to Career Pathways Cabinet—led by Secretary Blair Milo, Superintendent Jennifer McCormick, Commissioner Teresa Lubbers, DWD Commissioner Fred Payne and OMB Director Micah Vincent—to set the framework to guide regions and communities.

By next year, we must be armed with the framework to drive legislative action, including funding changes. But now, lawmakers, we need your support to position this cabinet for success to ensure our school-age Hoosiers are gaining the experiences and skills they need to thrive in our ever-changing global economy.

This new approach will take the process away from compliance and regulation and instead focus on local capacity-building, empowering Hoosiers at the local level.

Late last year, Indiana's State Board of Education took a crucial step by approving new graduation pathways for high school students beginning in 2019. And, this year, we must advance a more relevant high school diploma so that every student graduates with a diploma that is their opportunity to advance to the next step along their path.

Also this year, with your leadership, we'll enact legislation to require every Indiana K-12 school to offer computer science courses—and we'll pay for the teacher professional development they'll need to inspire their students.

We'll also take better advantage of programs with proven results, such as the Jobs for America's Graduates program—or JAG. Last month, I agreed to become the chairman of this terrific national program that helps at-risk students complete their high school diplomas.

I'm committed to expanding JAG. It works. So, as we evaluate programs over the next year, we'll maximize existing resources and work with the private sector to add 250 more programs all across Indiana within the next five years.

Strengthening our workforce will be one of the most important things we've ever undertaken. It's going to take a long-term commitment and an all-in approach among many stakeholders in every community. It must include multiple key state agencies and departments.

But the results when we succeed will position Indiana for even greater economic gains for your children, grandchildren and generations beyond.

And, for all Hoosiers to be successful, we must continue to cultivate our strong and diverse economy—modernizing traditional sectors like manufacturing and agriculture, strengthening those where we've built a competitive advantage—like aerospace and life sciences—and nourishing emerging ones, like tech.

That's exactly why we established the new \$250-million Next Level Indiana Trust Fund, and in the first quarter of this year we'll begin to make strategic investments to build and support more innovation and entrepreneurship in our state.

Tech is taking root in Hoosier soil. It's grown by nearly 28 percent in central Indiana since 2015. Take Infosys, which was the first Indian company on the New York Stock Exchange and is now in more than 50 countries. Infosys could have put its business tech hub anywhere—and they chose Indiana. That will mean 2,000 new jobs by the end of 2021—in areas such as artificial intelligence, emerging digital technologies, the cloud and big data.

Ladies and gentlemen, we have two executives from Infosys with us tonight. We're delighted you're here and growing in Indiana.

Infosys is just one of many examples: Salesforce, Appirio, Lessonly, and so many smaller companies have created a critical mass of talent, making Indiana one of the best places to be for tech in America.

With your help, we're clarifying the sales tax exempt status of software as a service in 2019, something 29 other states have already done and critical to our ability to continue to recruit these dynamic companies.

And, we'll expand our efforts to attract more veterans to relocate to Indiana when they leave their military service. We'll go to them and not wait on them to find us. Not only have our vets earned our gratitude and support, but their discipline, focus and motivation make them ideal workers for any Hoosier employer.

Keeping our economy humming requires that we continue to maintain and build up, and out, our infrastructure. Thanks to your leadership and the hard work of the great folks at INDOT—who will be smelling a lot of asphalt and concrete this year—we're starting to see the benefits of our long-term roads and bridges plan.

We'll open Section 5 of I-69 in August. The nearly 10,000 lane miles of pavement we'll resurface and the 1,300 bridges we'll repair or replace over the next five years are all paid for.

Of course, infrastructure is more than roads and bridges.

We're completing due diligence to add a fourth water port in Southeastern Indiana, and we're working to add more direct flights in growing cities like South Bend, Fort Wayne and Evansville to strengthen Indiana's connection with markets throughout the country and the world.

It's also high time for Indiana to address our aging water infrastructure. State oversight is spread across several agencies, so we're going to form the executive branch governance structure needed to manage our operations and long-term strategy.

We're eager to work with lawmakers to get the ball rolling.

In the meantime, I'll direct the Indiana Finance Authority to designate half a million dollars each of the next two years for development of asset management plans for high-need water and wastewater utilities.

We must also strengthen a certain segment of our ailing human infrastructure.

A big part of our focus on our people is to continue to attack the opioid epidemic head on. Under Jim McClelland's leadership, we're taking a balanced approach: treatment, prevention and enforcement.

Our efforts to integrate the technology needed to help physicians access the state's prescription drug monitoring system—known as INSPECT—are going even faster than we anticipated. In September, just one hospital was using the new system; now, more than half are on board and will be using the technology this year.

So, with your help:

- We're moving forward to require Indiana physicians to use INSPECT before ever issuing an opioid prescription.
- We'll seek to increase the number of opioid treatment locations from 18 to 27, so nearly everyone in the state will be less than an hour's drive to treatment.
- We'll improve our reporting of drug overdose deaths, so we know precisely the scale of the problem and can attract more funding to treat our citizens.
- And, we'll strengthen our enforcement efforts and send a clear signal to anyone who would profit from this scourge: If you deal or manufacture illegal drugs that result in someone's death, you will be charged with our highest-level felony and you will go to prison for a long, long time.

We all know, a healthy Indiana depends first and foremost on the health of our people. We are eagerly awaiting federal approval of our Healthy Indiana Plan extension. More than 400,000 Hoosiers are covered by this plan, which is improving behaviors and health outcomes.

Three successive administrations have built HIP into a national model, and we're ready to take it to the Next Level with expanded services to help those affected by the drug epidemic and help eligible members transition to meaningful employment.

We've worked closely with our federal partners for nearly a year, and I assure you that we'll continue to take care of Hoosiers and those who may seek coverage through this model plan.

Of course, "people" include our most vulnerable. Despite focused efforts, Indiana's infant mortality rate is unacceptable. Indiana regularly ranks among the worst states in the nation for infant mortality, lagging behind the national average and that of our Midwestern neighbors.

Six hundred twenty-three babies didn't live past the age of one in Indiana in 2016: 623.

We can and we will save more of them. Our infant mortality rate is a direct lens into the overall health of Hoosiers—so leading the charge will be our Health Commissioner Dr. Kris Box, who has devoted her career to mothers and babies, and FSSA secretary Dr.

Jennifer Walthall, who to this day still works a shift a week at Riley Hospital for Children in addition to her day job.

We'll take an important step this year by working with you to implement a Levels of Care program to assure that the highest-risk babies are delivered at hospitals with the facilities to meet the needs of the mother and the baby.

But we must do more.

So tonight, I'm setting a goal to become the best state in the Midwest for infant mortality rates by 2024.

In recent weeks, the Department of Child Services has been the subject of headlines. I'll state right now: There's no one who cares more about Hoosier children than I do, and I'll do whatever is necessary to ensure the success of our agency and its mission.

I'm delighted that Terry Stigdon is coming on board as our new director and firmly believe that our big-three human services agencies—DCS, Health and FSSA—will partner now more than ever to address child and family issues.

We've engaged outside experts to conduct a complete assessment of the safety and welfare of our children. We'll be transparent and provide you with progress reports.

And, let's not forget the thousands of case-workers on the front lines who are engaged 24 hours a day, seven days a week—many in the toughest of circumstances—doing all they can to protect the most vulnerable among us. We all thank you for everything you are doing for our kids and for Indiana.

When you think about our ongoing efforts to deliver great government service, this is what it's all about: providing the opportunities and tools for every Hoosier—from the very oldest to the very youngest—to live their lives to the fullest.

I was reminded of that when I met with students from Cumberland Elementary School in West Lafayette who have spearheaded the push for several years to adopt the Say's Firefly as our official state insect. In fact, some of them are in my office right now watching this speech. At least, that's what they're supposed to be doing!

For those who may not know, Thomas Say—a renowned entomologist—named the Say's Firefly in 1826 while he lived in New Harmony. This is a great way for young students to be involved in the civic process. It will promote good citizens, and it will bring attention to science and the outdoors.

I've got their bug and to encourage these great kids and their perseverance, I'm taking up their cause this year—and I ask you to join us.

It's impossible to think about civics and people without honoring and remembering those who gave their lives so that we can continue to enjoy ours. Up in the balcony, the chair next to Janet symbolizes those Hoosier Heroes we lost this year.

Please join me for a moment of silence as we remember them.

As we salute our heroes, it's easy to overlook that Americans are divided on many issues—and governing often requires bridging those divides.

We Hoosiers have been blessed with a character that more often than not leads us to solve problems rather than assign blame and to work in common cause rather than tear each other down.

We have two exemplars with us here tonight: Eva Kor—the 2017 Sachem recipient whose life has inspired me and countless others around the world—and Jim Atterholt, a true leader and mentor, who is retiring after 30 years of public service. Both have made tremendous contributions to our state, and both have lived lives full of respect and civility.

So, going forward, I'm going to view civility as the very foundation that all five pillars I just described rise up from. I'm convinced that our ultimate goals—this ambitious to-do list—will remain elusive unless we stay open to different points of views, treat each other with respect and focus not on what divides us, but on what we have in common.

E pluribus unum.

Colleagues, fellow Hoosiers: What a moment! It's a moment we've built toward, a moment full of potential. It's Indiana's time. We have an unprecedented opportunity to take Indiana to the Next Level and, along the way, help transform the lives of more Hoosier children, students and citizens than ever before.

I don't know about you, but there's no place I'd rather be and there's no one I'd rather share the journey with.

God Bless you all, and may God continue to bless our great state.

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