

Governor Eric J. Holcomb
2023 State of the State Address
January 10, 2023

Remarks as prepared for delivery

Mr. Speaker, Mr. President, Madam Chief Justice, Lieutenant Governor, members of the General Assembly, my fellow Hoosiers, it's my privilege to report to you once again on the state of our beloved state, and to share what I believe we as Hoosiers can do to make Indiana an even better place to live, work, and build a future.

Please understand one thing up front: I intend to work even harder over the next two years than I have at any other time, to continue to improve our prospects for every single person who calls Indiana home.

After all, believing in this state and our people is why I wanted the job in the first place, and a ticking clock only increases my sense of urgency.

And as we all know, there is much more work to be done!

To that end, just last week, I laid out the specifics of my 2023 legislative agenda, keeping with the same pillars I've used the last six years – so I will spare you a repeat of every detail.

However, tonight I do want to lay out three sets of big goals, and how we achieve them – worthy of a state that is doing well, turning heads, and always seeking to improve.

One, let's secure Indiana's place in the economy of the future.

Two, let's transform the delivery of public health access across the state from how it was structurally designed over a century ago.

And three, let's continue to make unprecedented investments in the classrooms of Indiana's school systems – from pre-K through college and adult learning pathways.

And here's why we can do these three things at the levels I proposed in my budget last week.

Recall, when I first stood right here in 2017, our revenues were roughly \$15.5 billion.

By the end of fiscal year 2022, revenues had grown to over \$21 billion – that's almost \$6 billion – and we've controlled the size of government!

Looking forward, our revenues are estimated to exceed what we spend by \$2.3 billion, and expected to grow by another 3% in each year of the next biennium.

Ladies and gentlemen, because of our strategic collaboration, Indiana has become known for our responsible budgets – and this one is no different.

We have again proposed to make an additional \$1 billion contribution to the pre-1996 teachers' pension fund.

Since 2011, 30 years have been cut from the time to fully fund this pension, which will free up dollars for other uses beginning in 2029 instead of 2059.

And just since 2017, we've paid down our state debt by 31%!

And because our revenue and population are both growing, we have the ability – rather, the obligation – to fuel that growth and utilize reserves for one-time projects, even while we maintain a healthy surplus protecting our state's AAA credit rating.

Indeed, the work we've done together has brought us to this position of strength that calls us to invest in what I believe are needs, and address head-on our competitive advantages and disadvantages.

Fortunately, because of our growth, we have the financial wherewithal to do so, unlike some other states that balance their books with high taxes and debt.

But back home in Indiana last year was the kind of year that would justify some grand language.

For starters, our revenues increased.

Our taxes and debt decreased; we're now among the top five lowest debt states per capita in the nation.

We even returned \$1.5 billion to Hoosier taxpayers in the form of a refund.

And *Forbes* just ranked Indiana as “the best state to start a business in 2023,” saying, we have “a business-friendly climate with a low flat tax rate, an above-average business survival rate, and a healthy amount of funding opportunities.”

Please join me in thanking the legislature for the partnership that helped make all this possible!

Yes, my friends, whether you are an employee or an employer, Indiana's reputation for the career opportunities available – and the kind of balance sheet we oversee – means all eyes are on our state, and for good reasons, like for the sheer amount that career creators are choosing to invest in our state.

I know, I'm a broken record on these broken records, but it bears repeating.

The over \$22 billion in committed capital invested in 2022 is an all-time record many times over, over half of which will take place in rural and mixed rural areas throughout our state, with hourly wages nearly 40% higher than the state's average.

In case anyone is wondering why I travel overseas occasionally, an unprecedented \$7.2 billion of the \$22 billion comes from all over the world.

Rest assured that I bring suits and ties, not shorts and sunscreen!

And all these investments will impact Hoosiers throughout our state in counties like Boone and Floyd, where committed jobs average over \$50 an hour, and in Daviess County – over \$70 an hour!

These high wage job opportunities are the best way to keep our kids close to home.

And there's more coming.

So, let's keep surfing Indiana's wave of momentum to reach \$23 billion in 2023!

Now, to do this, and capitalize on the industries of the future that are looking for their new homes somewhere in America – like semiconductors and electric vehicles – means we must formalize the economic development tools you provided us in the last session and establish them in the budget.

And if we have more opportunities that exceed those resources, it's only prudent to provide state budget leaders the nimble ability to consider and allocate the needed resources so we can fly out of the fourth turn and edge out the competition down the negotiation stretch.

It's been said that investment is the strongest sign of a promising future.

Well, ladies and gentlemen, investment loves Indiana, and we have a race plan in place to help all 92 counties reach their Next Level aspirations.

That includes finishing I-69 next year, connecting Evansville to Indianapolis three years ahead of schedule, double-tracking the South Shore rail line in northwest Indiana, and connecting homes, and schools, and businesses via broadband internet – even on our most remote terrain.

After all, there are autonomous tractors in the field, just as there are robotic assembly lines in our factories that need to communicate up and down the supply chain!

And speaking of connecting, tonight I'm pleased to announce through our Next Level Trails program that we're adding a major acquisition to our state's trails legacy.

Director Dan Bortner and his Department of Natural Resources team led negotiations on behalf of Radius Indiana and the city of New Albany, with big time help from Steve Ferguson at the Cook Medical Group, to acquire an old abandoned rail corridor running through Clark, Floyd, Washington, Orange and Lawrence counties.

Once completed, this recreational trail that follows the route of the historic Monon Railroad will be 62.3 miles – the longest contiguous multi-use trail in the state.

Trails and land conservation are sweet spots for Janet, and our dog Henry and me, and so many other Hoosiers.

No wonder we were recognized last year as the national Rail-Trail champion and that our state park inns have the highest occupancy rate in the country.

With this new Monon South trail, we will have invested nearly \$150 million in trails since 2019, another example of the state helping meet the demand to explore and discover – in Indiana – right in their backyards.

So, I'm seeking \$50 million more for trails to continue our momentum, along with another \$25 million to build on our highly successful land conservation program, with partners like The Nature Conservancy and the Central Indiana Land Trust, so that even more Hoosiers and our guests can enjoy Indiana's great outdoors.

With this type of momentum, and so much more, I'm forced to utter that familiar phrase: ladies and gentlemen, the state of our state is strong, and about to get stronger!

But I don't want that phrase to distract us from my bigger purpose tonight.

It's the getting stronger part of the equation that I ask for your help over the next two years.

Because even though we've accomplished a great deal in Indiana, it's obvious we have more potential yet to be realized – and these challenges can't be wished or hoped away.

When individuals, communities, and businesses step up, acknowledge their challenges, and take steps to reach their Next Levels, they should know their state has their back.

And it will take new action to get new results where public health is concerned.

So, let me first thank the Public Health Commission, which completed its work last summer, and especially its co-chairs, former State Senator Luke Kenley, former State Health Commissioner Dr. Judy Monroe and our current Health Commissioner Dr. Kris Box and her team.

I hate to remind you, but I will: We rank 45th for smoking, 46th for obesity, 43rd for access to mental health providers and 41st for childhood immunizations, among all states – you know, our competition.

But what really struck me is that our life expectancy in Indiana has declined in recent years – specifically among those who are front and center to our future – working age adults between 25 and 64-years-old.

That’s a pattern we need to reverse, and I will politely push and prod and poke everyone I can to adopt the commission’s recommendations, including a significant increase in our state’s public-health appropriation – \$120 million in the first year and \$227 million in the second year.

Nearly all of these dollars will be deployed locally – in your districts where our fellow Hoosiers need them – tailored to the unique circumstances of each community partner.

In fact, this initiative will come from the willing counties, to design and propose ways to leverage their own funds in an 80-20 state and local mix.

Our health and wellbeing challenges of course extend to addressing mental health problems, helping Hoosiers defeat addiction, maternal and infant mortality, and assisting our veterans who face double the risk of dying by suicide than other groups.

So, our localized pathways to improvement must include programs to attack these issues, close to home, by building sustainable systems that prevent and respond to a crisis – like our 988 system is doing today – and investing in data-driven, evidence-based community programs with the opioid settlement funds we’re now receiving.

We don’t have a day or a dollar or a life to waste, so taking the next four months to get it right: nothing could be more important.

Just as we craft our new state public health system, we already have a great example of a tailor-made community development program.

Our first \$500 million READI investment leveraged another \$6.5 billion – over \$2 billion put toward housing – and has become an indispensable part of our business and talent attraction efforts, while offering a boon to every community and county that steps up.

There’s already a queue of requests seeking another \$400 million to leverage nearly \$7 billion more of private and other non-state funding.

So, I'm asking the legislature for another \$500 million to launch READI 2.0 – to lock in more transformational projects.

And while READI is our secret weapon to attract more talent in our rural, suburban and urban communities, it's irrefutable that we must do more to prepare and retain our homegrown talent, too.

The most important determinant of a child's success in adulthood is their education.

Furthermore, the quality of their education relies overwhelmingly on two groups of people – parents and teachers.

Since 2017, I'm so proud of the work we've accomplished together to support unprecedented investments in K-12, which has translated into school districts answering the call to raise teacher pay.

Starting teacher salaries now reach \$40,000, and we're closing in on the goal of achieving an average teacher salary of at least \$60,000 a year.

But to ultimately reach this goal, we need to continue what we started by making the state's largest-ever investment in K-12 tuition support – an increase of \$1.1 billion – and give schools the resources to continue equipping our children's educators.

Hoosier parents are no more sheltered from the rising cost of living than their child's teachers.

And for these parents of school-aged children, fees for curriculum materials essential for in-class instruction can be hundreds of dollars each year – per child – depending on the district!

Sadly, Indiana remains one of only seven states that still allows this disguised tax to be levied on parents each year.

One such parent joins us tonight.

Mandy Allen, a school counselor in South Vermillion School Corporation, paid about \$630 this year for books for her four children.

Our state constitution promises a tuition-free education.

Let's cover the full cost of curriculum fees paid for by parents like Mandy, so that – starting next school year – no parent receives such a dreadful bill again.

And while parents and teachers are the essential human ingredients in a child's education, and curriculum materials are essential for instruction, no child can succeed without the ability to read.

There is overwhelming evidence that a child who cannot read by the third grade is more likely to become the adult parent who can't read – and therefore disadvantaged for life.

With nearly one out of every five kids in Indiana currently at risk of falling behind in reading, we must do everything we can – and do it now.

Last summer was a good start.

With the help of the Lilly Endowment, we made the state's largest investment in literacy to help prepare more current and future teachers for reading instruction, and the budget I submitted last week proposes rewarding schools that improve their results in third grade reading as well.

But even before entering a classroom, children should have access to books at home and develop a love of reading.

That's why I've proposed funding Dolly Parton's Imagination Library, so children from birth to age five statewide can receive high-quality books each month.

Then, at the other end of the public-education spectrum, I'm asking the legislature to support a \$184 million increase in higher education funding, and support the Commission for Higher Education's proposal to reward our world-class universities for keeping their graduates in careers in our state.

After all, Indiana's college campuses need to be the epicenters of brain gain – not brain drain!

Another pathway to brain gain is enrolling more first-generation, and low-income minority college-goers, which is why we should support Martin University's mission.

And we can easily ensure thousands more students have their college opportunity paid by automatically enrolling all financially eligible students in the immensely successful 21st Century Scholarship Program, once and for all!

Finally, but no less importantly, we must further invest in adult learning and workforce training in a variety of tailored ways – including increased support for our Next Level Jobs program, expanded access to the Excel Centers, a pilot program to incentivize recipients of Unemployment Insurance to obtain their high school diplomas – and then on to a job!

And we expect that even more of these difference-making programs will be initiated and developed by our own Workforce Cabinet, because Indiana should light-up a pathway to anyone looking for upward mobility.

We don't just want everyone in the workforce, we need everyone in the workforce – and by-golly, we'll help you get there!

At the outset of this address, I mentioned that many of the investments were ones we needed to make in this budget year, made possible by our careful stewardship to grow the private, not public sector.

Yet, I'm mindful as public servants, we must maintain the strength of our essential good government services that Hoosiers rely on each day to grow.

And there is no more essential service than public safety.

That's why my budget calls for major investments in school safety, law enforcement and our firefighters across the state.

Specifically, I am asking the General Assembly to join me by increasing school safety grants by 30%, fully funding our courts' request to upgrade technology and make greater use of our problem-solving courts, making investments to finally realize a true statewide firefighter training system, and to buy the necessary protective equipment for our volunteer forces.

And let's raise the starting pay for Indiana's State Police to \$70,000 a year!

Ladies and gentlemen, in closing, I hope you will take away a few things from tonight.

Number one, I'm proud of our stewardship of state government.

Here in Indiana, we have a well-run, soundly financed state – and the word is out!

And two, more broadly, this is Indiana's time, and we're on the move.

Our economy is growing.

New and exciting opportunities are in reach.

Investors are giving us their vote of confidence.

They're creating industries and careers here.

They see their growth and future here.

Let's prove them right!

For we know there is demand for what Indiana offers.

So, let's redouble our focus on the supply, by building pathways on which more Hoosiers can travel to become healthier, wealthier and wiser.

I stand before you as a full and faithful partner in getting this done, who intends to step on it coming out of turn four.

Thank you, and may God continue to bless our efforts.

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