



## **2020 STATE OF THE STATE AND BUDGET ADDRESS**

*Governor Brad Little*  
*January 6, 2020*

Mr. Speaker, Mr. Pro Tem, Madam President, honored legislators, my fellow constitutional officers, Mr. Chief Justice and members of the judiciary, my family, friends, and my fellow Idahoans.

What a year! I could not have accomplished as much in the past year – or most of my life – without the support of my family, especially my wife and your First Lady, Teresa. It is rewarding for me to watch so many people learn more about her. Teresa is selfless and thoughtful. She loves our family and our state. I'm proud of you, Teresa, and I'm grateful to have you by my side.

The celebration of an important milestone is upon us in 2020 – the 100<sup>th</sup> anniversary of women's voting rights. We've come a long way. The faces in this chamber looked a lot different 100 years ago. Please join me in acknowledging all the women – elected, appointed, and serving across state government – for your contributions to Idaho.

After being in this position for a year, I can say with certainty that there is a lot of passion in Idaho for making our state the best it can be. We have much to be proud of. And much to work toward.

I have learned that progress requires pushing the boundaries of what's comfortable in government. It requires a strong desire to get things done.

And I have learned you cannot do it alone. I am proud of my partnership with you – the Idaho Legislature – for your collaboration in working with me to do the People's work.

From the beginning, I stated my goal – to make Idaho the place where we all have the best possible opportunity to thrive, where our children and grandchildren choose to stay, and for the ones who have left to choose to return.

In America, we get to choose our faith, our jobs, where we live. I would like to acknowledge the role our veterans and military members and their families play in making that a reality.

This spring, the Idaho Army National Guard will mobilize more than 4,000 soldiers to Germany in support of a large-scale exercise to demonstrate U.S. military readiness. The Idaho Air National Guard will deploy more than 400 airmen to several locations throughout Southwest Asia in support of combat operations.

We wish them well and pray for their safety.

As we enter the year 2020, my priorities are sharp, clear, and in focus. My goal reflects the need for us to make Idaho strong today and prepared for tomorrow.

I am committed to working with you to invest in education, continue reducing regulatory burdens, and increase all Idahoans' prosperity and quality of life. I want us to champion affordable health care, make Idaho safer, and promote healthy lands and waters. I want Idahoans to be confident in their state government.

Just last month, I was joined by many of you – my partners in the Legislature – in announcing Idaho surpassed South Dakota, and we are now the least-regulated state in the nation.

Together, we cut and simplified 75-percent of all regulations in less than a year.

How did we achieve the largest regulatory cuts in Idaho history?

Through a combination of efforts. I issued two executive orders aimed at scaling back and streamlining Idaho's administrative code. And the Legislature made it possible for us to examine the entirety of our administrative code in one sweeping step.

When the Legislature chose not to reauthorize the administrative code, I didn't know what to expect. But working together, we seized the opportunity before us and made history in the process.

Our agencies held 150 public meetings throughout Idaho to ensure transparency and public involvement in the evaluation of all proposed changes.

I would like to recognize my budget chief, Alex Adams, and his team, along with many people in the agencies who were a driving force behind our progress. Their intense focus helped get us here. Thank you for working so hard for the people of Idaho.

So, what does this all mean to Idahoans?

It means small businesses can now easily understand the regulations they are required to follow, without having to hire a lawyer or call a state agency for help interpreting them.

It means Devin Trone, a small business owner in Meridian, was able to expand and open a tele-pharmacy in Garden Valley, creating jobs and making health care more accessible in rural Idaho.

When we reduce regulatory friction, good jobs follow.

Last month, I was honored to visit with President Donald Trump and Vice President Mike Pence in the White House. President Trump has taken on meaningful regulatory reform, and he is looking to the states for help in achieving it. Guess who President Trump held up as the shining example of how to get it done? Idaho.

Folks, this is what Idahoans expect. They expect the executive and legislative branches to work together to make government work for them.

And we're not done yet.

My first executive order this year will make it a routine practice for Idaho state government to undergo the kind of successful regulatory review we saw in 2019. I am calling it "Zero-Based

Regulation.”

We are determined to have the administrative code remain clear and user-friendly.

We must also knock down barriers to prosperity by continuing to advance the Licensing Freedom Act. Last year, we were successful in fast-tracking licensing processes for veterans, members of the military, and their spouses, making it easier for them to start work after relocating here. Building on that success, I pledge to work with the Legislature this session and broaden those processes so that individuals moving to Idaho from another state can start working as quickly as possible.

Idaho’s statutes could use a good scrub, too.

This year, my administration will bring forth more than 30 pieces of legislation that repeal outdated statutes. From a wagon road in Neal, Idaho, to laws governing trespassing hogs, it’s time to put obsolete sections of Idaho Code – like the non-existent Board of Cemeterians – in the grave.

Just as regulatory restraint encourages investment and reduces the cost of doing business, a lean and efficient budget does the same.

My budget for Fiscal Years 2020 and 2021 cuts spending, leaves a surplus, and bolsters our rainy-day funds. It focuses on conservative growth and transparent budgeting.

Sound budgeting starts with sound economic forecasts. That is why we started a new practice. We are tapping the expertise of business leaders and economists in the private sector to help us achieve revenue forecasts that are as accurate as possible.

Idaho has experienced tremendous growth in recent years. But nationally and internationally, the pace of economic growth is expected to slow.

Last fall, I asked all state entities that receive General Funds to undergo a spending reset – except my highest priority area, public education.

The time to prepare for a potential downturn is now, when times are good.

The spending reset also forces a closer examination of spending.

We cannot lose our focus on the taxpayer.

I understand it is difficult for state agencies and our universities to tighten things up, but it must be done habitually and willingly because it is the right thing to do.

My budget leaves an appropriate cash balance and shores up our rainy-day funds, which have helped us weather economic storms that forced other states to raise taxes.

Idaho is ranked in the top 10 states nationally for the balance of our budget reserves, but a credible stress test showed we have more work to do to prepare for a recession. That is why I am also calling for us to raise the cap on our main rainy-day fund, so that we can better position our state for any economic condition.

Overall, my budget for Fiscal Year 2021 limits true General Fund spending growth to a conservative 3.75-percent.

From now on, it will be easier for the public to discern true spending growth in the executive budget because I instructed my budget office not to rely on one-time transfers or other budget gimmicks. We are increasing transparency in state budgeting.

One of the staples of conservative governing is to put money back into taxpayers' pockets.

I have long supported tax relief for Idahoans on the most basic of needs – groceries.

My budget leverages 35 million dollars from the dedicated Tax Relief Fund to provide Idaho families with grocery tax relief without competing against our General Fund priorities.

I believe our people have greater opportunities to prosper when government limits regulatory hurdles, respects taxpayers by spending their money as efficiently as possible, and focuses as much on the needs of tomorrow as the needs of today.

That conservative approach aligns perfectly with my number one priority – education.

As state elected leaders, our constitutional obligation to K-12 public education is clear. Article 9 Section 1 states it is our duty “to establish and maintain a general, uniform and thorough system of public, free common schools.”

But we also have a moral obligation to all our youngest citizens.

I subscribe to the view that it is better to prepare children today than to repair them later.

I want to thank the Legislature for joining me last year in passing significant investments in public education. We raised starting teacher pay. We increased funds available for Opportunity Scholarships. We doubled funding for one of my highest priority areas – literacy.

Every district determined the best way to use the additional literacy dollars, from hiring reading coaches to conducting summer reading programs and providing full-day Kindergarten.

Parts of the state are surging ahead in their progress on reading proficiency.

At Betty Kiefer Elementary in Rathdrum – where 37-percent of students come from low-income families – we saw incredible overall fall-to-spring improvements. Reading proficiency among children rose an astounding 32-percent. More than 85-percent of third graders at Betty Kiefer Elementary were reading proficiently by the end of the school year. This is also the first school I saw doing monthly assessments so teachers can personalize reading instruction to each student.

At Chief Joseph Elementary in Meridian – where 40-percent of students are low-income, and a high portion are learning English as a second language – full-day Kindergarten became an option to help students get on track with reading. About half of the school's incoming Kindergarteners couldn't read at grade level last fall. By spring, they saw a 30-percent improvement.

When we commit to giving students a strong start and provide local schools the flexibility to determine how best to achieve it, we see progress.

But still too many students across the state are falling behind. About 12,000 Kindergarteners are not on track to read when they show up on day one.

My budget keeps our foot on the gas and makes our historic investment in literacy ongoing.

The push for literacy was a recommendation that came out of my “Our Kids, Idaho’s Future” task force. The task force was made up of teachers, school administrators, education stakeholders, business leaders, and a bipartisan group of legislators from every corner of the state. I want to voice my appreciation to every member of the task force for taking on this important job, especially the co-chairs, Debbie Critchfield and Bill Gilbert.

The task force also identified the need to continue investing in our teachers.

A child’s progress in all subjects – especially reading – depends on the attention and instruction of a good teacher.

We cannot simply rely on the good hearts of teachers any longer to retain an effective teaching workforce in Idaho. We must pay them competitively.

Your property taxes shoulder a growing share of teacher salaries and operating expenses in our school districts. It’s out of balance and not sustainable.

I propose we put an additional \$30 million in ongoing General Fund as a down payment to continue increasing teacher pay over the next several years. Performance criteria will ensure accountability.

These investments have been ongoing for the past several years, and I commend the Legislature for stepping up to support our educators.

Our efforts should elevate the profession and help us keep good teachers in Idaho classrooms.

We have the perfect example of an excellent teacher with us today. She is a health and P.E. teacher at Timberlake Junior High School in Spirit Lake who focuses on the “whole child.” She goes beyond teaching subject matter and helps her students build the skills they need to be successful in life, not just school.

Please help me congratulate our 2020 Idaho Teacher of the Year, Stacie Lawler. Stacie will use her role as Teacher of the Year to combat the stigma around mental health.

Teachers are on the front lines of all kinds of challenges. I am advancing another recommendation from my task force, which should be good news to Stacie and all who are concerned about the safety and wellbeing of our children.

My budget provides teachers additional training and resources so they can identify and better serve students facing trauma and mental illness, giving parents peace of mind when they send their children to school each day.

As students get older, our focus in education shifts to college and career readiness.

We have new presidents at all our four-year universities – President Scott Green at University of Idaho, President Marlene Tromp at Boise State University, and President Kevin Satterlee at Idaho State University – as well as President Cynthia Pemberton at Lewis-Clark State College.

I have directed our universities, community colleges, and the State Board of Education to adopt a

fresh, bold approach to meeting the needs of Idaho students and businesses by breaking down silos and working together more as an interconnected higher education system.

To that end, I am recommending the development of cybersecurity programs that will be offered jointly by Boise State University, Idaho State University, and University of Idaho. This increased level of collaboration across Idaho's higher education institutions will offer Idahoans a path to earn a degree in a high-demand profession by partnering with Idaho employers, including the Idaho National Laboratory.

We are identifying what employers need in a workforce, and we are responding.

High schools across the state are offering more and more Career Technical Education programs, hand in hand with local businesses. This is especially important for businesses in rural Idaho, which are more susceptible to a talent shortage.

I am recommending \$6 million in the capital budget for new CTE facilities at the College of Eastern Idaho, Lewis-Clark State College, and the Department of Juvenile Corrections to strengthen our commitment to CTE in Idaho.

Our community colleges are a growing resource for traditional and non-traditional students alike.

In fact, I am recommending ongoing funds for Idaho Job Corps, a three-year project to connect 16- to 24-year-olds to in-demand jobs. In its first year, the program will serve up to 150 students through the College of Western Idaho, with resources expanding to other community colleges in subsequent years.

In addition, the Workforce Development Council and Idaho Department of Labor are facilitating and promoting more and more internships and apprenticeships because, after all, the best way to learn is by doing.

It is also imperative that we make college accessible to more Idahoans.

I commend our university presidents and the State Board of Education for freezing tuition for resident undergraduate students in 2020.

Combined with our increased commitments to the Advanced Opportunities Program – which enables students to earn college credit while in high school – and the Opportunity Scholarship, college is becoming more affordable and obtainable for an entire generation of Idahoans.

Last month, the country took a critical step toward helping us secure future jobs and economic prosperity in Idaho. Congress finally ratified President Trump's trade agreement with two of Idaho's biggest export markets – Canada and Mexico.

I strongly supported the deal because it preserves and enhances critical gains made in previous trade agreements for Idaho products. Our farmers and agriculture industry have good reason to rejoice for this important agreement making it across the finish line.

Over the past year, I visited with a lot of businesses across the state. A few stood out to me because they embody my goal to make Idaho the place where our children and grandchildren choose to stay.

In the Ditch Towing Products in Mountain Home is a homegrown business selling products worldwide, built by workers trained in local CTE programs.

StanCraft Boat Company in Hayden is a fourth generation Idaho company that makes world class wooden boats and continues to expand and provide good jobs for Idahoans.

Robb Bloem at StanCraft and Chuck Ceccarelli at In the Ditch are Idaho kids who made good. They found ways to pursue their passions while creating opportunity for others.

Prescient Security in Salmon is a technology company that relocated to Idaho and offers apprenticeships that help train in-demand cyber specialists. It is the kind of business that is helping to diversify and strengthen the economy in our rural communities.

Carl Hagan with AFC Finishing Systems moved his company to Weiser after getting frustrated with the lack of business-friendliness in California. He plans on creating over 40 jobs and investing \$2 million in Weiser. Welcome to Idaho, Carl!

We must continue to seek investments in infrastructure if companies like these can continue to succeed in Idaho.

One thing I consistently hear about is our transportation system. In a growing state, we must move people and products as safely and efficiently as possible.

The Association of Idaho Cities and Associated General Contractors are working on a study of Idaho's transportation needs. After it's complete, I'll work closely with the Legislature and others to formulate a sustainable funding plan.

In the meantime, I am recommending that we direct close to \$100 million to maintain and improve the state's highway system.

I am also pursuing another strategic investment – improvements in Idaho's broadband infrastructure.

For both urban and rural Idaho to attract business and enhance our citizens' quality of life, Idaho must be connected. I am adopting a recommendation from my Broadband Task Force, led by Idaho Department of Commerce Director Tom Kealey, to establish a State Broadband Office. We will utilize existing resources at Commerce and unite the efforts taking place across the state to ensure all areas of Idaho are connected.

Improving broadband will also expand tele-health and pharmacy access in rural Idaho, where the distance to a doctor or pharmacy can be overly burdensome to entire communities of people.

To further address the shortage of physicians in Idaho, I am seeking legislative approval for ongoing General Funds for 25 new medical residents.

These efforts build on previous investments, including those in our behavioral crisis centers. I am happy to report that as of last summer, all regions of the state now operate a behavioral crisis center nearby, serving thousands of Idahoans and providing effective alternatives to hospitalization and incarceration.

Those recovering from substance use disorders need the resources to stay in recovery. My budget supports community-based recovery centers and connects those individuals with the support system they need.

Another scourge afflicting our society is addiction to opioids.

Because of the misuse of prescription pain killers and illegal drugs, for the first time in decades Americans' life expectancy has actually dropped.

There's hope for a better future for these individuals, though. Idaho has made great progress with the Prescription Drug Monitoring Program. Use of the database has increased from 530,000 searches a few years ago to a staggering 21 million searches last year. This is part of the reason opioid use has dropped since 2016, despite a growing population.

But there is more we can and must do. I am recommending more than \$30 million to arm physicians and pharmacists with the tools to identify and prevent opioid abuse.

Last year, we began implementing Medicaid Expansion.

My budget implements a full year of Medicaid Expansion with a net-zero impact on the General Fund.

We have identified offsets in the budgets for the Idaho Department of Health and Welfare, the Department of Correction, the courts, and the Catastrophic Health Care Fund. I am also proposing that we tap the Millennium Fund to help cover our share. And I am asking the counties to bring the offsets in their budgets to the table, as Medicaid Expansion begins to pay for services the counties used to cover.

We are bending the cost curve of health care in Idaho.

Starting this year, Idaho became the first state in the nation to make "enhanced short-term plans" available, offering more options to individuals and families priced out of the market by Obamacare. Two insurance carriers have signed up to offer the plans, creating competition and coverage to help drive down the cost of health care for Idaho families.

One of the many reasons new residents tell me they moved to Idaho is our low crime rate.

But as our state continues to grow, so must investments in public safety.

To help the men and women in our state police force meet their mission, I am recommending the replacement of dozens of vehicles in our Idaho State Police fleet, additional investigators to assist in the daily fight against drugs, and additional dispatchers – our "first" first responders.

We must also acknowledge that our communities are put at risk when we simply warehouse those who break the law. Our safety is maintained when those returning home from a period of incarceration can become productive citizens.

Two-thirds of Idaho inmates are in prison because of probation and parole violations – more than any other state in the country. Idaho taxpayers pay 110 million dollars per year to incarcerate this population.

This is a taxpayer issue as well as a public safety issue. We must address our growing prison population in new ways.

My budget calls for a new resource called Connection and Intervention Stations. They will offer support, treatment, and accountability for the people on community supervision who need it most.



Meanwhile, I am seeking continued investments in community reentry centers, where inmates returning to our neighborhoods can learn job and life skills.

The cost of investing in proven interventions that help inmates turn their lives around before they reoffend is fractional to the cost of incarceration.

We have a choice.

We can either invest in measures designed to reduce the demand for prison beds and promote safer communities, or we can do nothing and ensure the next check we write is larger than the last.

In addition to feeling safe, our children and grandchildren will choose to stay in Idaho if they can maintain a high quality of life, including the ability to get out and enjoy Idaho's open spaces.

We have an obligation to keep our public lands and waterways healthy, so that future generations can enjoy them as well.

Idaho has chosen to lead in public land management.

We have established a model of heightened collaboration with our federal land management partners under the Good Neighbor Authority and Shared Stewardship – two related initiatives that aim to reduce fire risk and create jobs in rural communities and proactively address the ongoing forest health crisis.

I am seeking continued investments in these important efforts to propel us forward and show the rest of the country, yet again, that Idaho knows how to bring together diverse interests in a common pursuit – the health of our natural resources.

I want to stretch that commitment to our natural resources even further.

I am recommending the creation of a position at the Office of Species Conservation to work with federal agencies on public lands issues.

Just as we approach our budgets prudently, we must also approach water management with an eye for efficiency and preparation for dry years. We are doing that through aquifer recharge and other innovative approaches.

And for the past several years, because of forethought from the Legislature, we have positioned Idaho for success by setting aside funds for water infrastructure projects. We have also made investments in flood management and water quality, which is as important as water quantity.

From Lake Coeur d'Alene to Bear Lake and Priest River to the Snake River, we are all working together – the state, tribes, local government, citizens, stakeholders, and others – to ensure our waterbodies are safe and clean.

One very big accomplishment that serves to protect Idaho's environment and jobs involves the nation's leading center for nuclear energy research and development right here in Idaho – the Idaho National Laboratory.

Attorney General Lawrence Wasden and his staff worked hard over the past several years – and

closely with my office – to revise and strengthen the 1995 Settlement Agreement with the Department of Energy to clean up legacy waste at the INL.

We could not have reached this achievement without the support of Idaho’s Congressional Delegation.

Our former Governors Cecil Andrus and Phil Batt left an astounding legacy for Idaho with the 1995 Settlement Agreement. We are grateful for their steadfast commitment to Idaho.

Our updated agreement is a remarkable milestone. It reinforces the 1995 agreement by incentivizing the federal government to carry out remaining clean up obligations. Our updated agreement also paves the way for more groundbreaking research at the INL. It will bring high-tech jobs to eastern Idaho and promote cleaner and safer carbon-free nuclear energy for America.

Any organization – including and especially state government – functions best when it earns the confidence and trust of the public.

I want to thank Lt. Governor Janice McGeachin for taking on an important task for me – identifying where we can achieve efficiencies in state government. Her leadership on the Regional Efficiency Working Group is already showing results and will continue this year.

We must also advance our progress in protecting citizen data.

Last year, we made significant investments in IT modernization to reduce our exposure to a cyberattack and promote consistent security across state agencies. My budget furthers these efforts and strengthens the state’s IT infrastructure to meet the needs of a growing state.

I am also borrowing a page from the private sector and creating a new hotline where state employees can turn to report instances of fraud, waste, or abuse within state government. I am putting the Division of Human Resources in charge of implementing a new State Employee Hotline this year, which should give state employees a secure, anonymous outlet to report concerns.

When I stood before you last year at this time, I pledged to make decisions through one lens – the lens of ensuring the best possible opportunities for us, our children and grandchildren, to remain in Idaho and enjoy an unparalleled quality of life.

That vision guides me every single day.

My friends, governing is about meeting the needs of today, while not losing sight of the state we want our children and grandchildren to inherit. It is about making Idaho strong today and prepared for tomorrow.

I want to thank the citizens of Idaho for their trust in me. And I thank the Idaho Legislature for working with me to do the People’s work.

God bless you, and may God continue to bless the people of Idaho and our great country.