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**RELEASE: Gov. Reynolds Delivers 2022 Condition of the State**

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**OFFICE OF THE GOVERNOR**  
**Governor Kim Reynolds ★ Lt. Governor Adam Gregg**

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## Gov. Reynolds Delivers 2022 Condition of the State

DES MOINES – Tonight, Gov. Reynolds delivered her 2022 Condition of the State Address.

Below are her remarks as prepared for delivery:

### When We Put Our Faith in Iowans, Iowans Come Through

Mr. President, Mr. Speaker, Lieutenant Governor, legislative leaders and members, justices and judges, my fellow Iowans:

Two years ago, Ilee and Michael Muller were living in California but they were looking for something else. Something away from the hustle and bustle, the crowded highways and high cost of living.

They had visited the city of Elk Horn in Shelby county and fallen in love with it, so when a restaurant came up for sale, they made the leap and put their faith in Iowa.

They bought an acreage outside of town, packed their belongings, and began to build a life and introduce themselves and their two daughters to the community.

They opened their restaurant, Grace on Main, in March of 2020—and you know what came next.

But the Mullers quickly realized that the Iowa way of life isn't a myth.

The community came together—and came in droves to the restaurant window to buy their unique pizzas.

Unlike so many states, Iowa's economy stayed open, and so did Grace on Main.

And they did more than stay open. The Mullers and their restaurant have thrived, winning multiple awards, including the Rural Operator of the Year from the Iowa Restaurant Association.

When I stopped by Grace on Main for lunch this fall, Ilee told me “Iowa Nice isn't just a slogan, it's real. It's not who has a nicer car and how much money you have. If you need help, everyone is willing to drop everything. You don't get that back in California.”

I couldn't help but smile, because that's exactly what we've always done. And what we'll always do.

The Mullers had faith in Iowa. And Iowa came through.

The Mullers couldn't be with us tonight, but we're joined by some of their most loyal customers. Won't you please join me in welcoming the Mullers to Iowa and recognizing the community that embraced them.

Two years ago, about the time the Mullers were moving to Iowa, I stood here before you at the beginning of a new decade. I talked about how far we'd come in ten years.

About how we'd gone from a time when families lost their life savings, Iowans lost their jobs, and our state government lost control of its budget—to a time of record-low unemployment, a budget surplus, and record investments in K-12 education.

But most important, I talked about a vision for our future. About the need to be bold; to show the world that Iowa truly is the state of opportunity.

The pandemic delayed some of our efforts, but it didn't change our direction. In the last eight months alone we:

Invested \$300 million more in broadband, strengthened funding for mental health by making it more sustainable, made our communities safer and supported our law enforcement; encouraged more quality housing, extended and expanded our water-quality efforts, repealed the inheritance tax on families, gave parents more choices in their child's education, protected life, and expanded telehealth services to increase access to affordable health care across every part of our state.

When US News and World Report ranked Iowa the #1 state for opportunity last year, it wasn't

because we wanted it. It was because we earned it.

It was because we had faith in Iowans. And Iowans came through.

Of course, rankings are nice. But they're not what matters.

What matters is how we come together in our own communities —from cities like Des Moines to small towns like Elk Horn—where we live and work and worship.

This is my fourth time speaking to you from this chamber on the condition of the state. And I'm proud to report, for the fourth time, in every corner of Iowa, the condition of our state is strong.

We're strong because we've been guided by the lights of common sense, fairness, and freedom. By the knowledge that bold action isn't always government action. It's Iowans making their own decisions for their own families and future.

Under these high ceilings, next to this marble, among these columns and portraits, it's tempting to believe that nothing good happens unless we legislate it, regulate it, or fund it.

But in the small towns, around kitchen tables, in the fields and back-offices, Iowans understand that we in this building don't fund anything. They do.

And right now, they're paying too much.

Last year, the state ended with a \$1.2 billion surplus, on top of nearly \$1 billion cash reserves.

That's good. We kept spending down.

But it also means that, despite the historic 2018 tax cuts, we're still taking too much from Iowans' paychecks.

That needs to stop. Now.

Tonight, I'll introduce a comprehensive bill that significantly cuts taxes for all Iowans.

First, it eliminates our complex system of multiple tax brackets and sets one tax rate of 4%. Flat and fair.

The cuts will occur gradually over the next four years so that we protect priorities like education and public safety. But in the first year alone, taxpayers will save almost \$500 million. And by 2026, when the bill is fully implemented, an average Iowa family will pay over \$1,300 less in taxes, which

is on top of their \$1,000 tax cut from the 2018 bill.

That's money that can be reinvested into our economy and used to promote the prosperity of every Iowan.

Yes, we'll have less to spend once a year at the Capitol, but we'll see it spent every single day on Main Streets, in grocery stores, and at restaurants across Iowa. We'll see it spent in businesses instead of on bureaucracies.

We'll put our faith in Iowans, and they won't let us down.

Also, starting next year, for Iowans who have worked all their lives and saved for retirement, this bill will do even more by eliminating the taxation of retirement income.

For the vast majority of retired Iowans—those who rely on their 401K, IRA, or pension—that's not just an income-tax cut; it's a full income-tax repeal.

And that's how it should be. You've worked hard all your life, saving for retirement and paying your fair share in taxes. It's time you get a break from the tax collector; you've earned it, now you should enjoy it.

Under my plan, the tax repeal on retirement income won't be limited to bank accounts.

For farmers, whose savings is as much the black dirt under their boots as the money in the bank, this bill will eliminate the tax on cash-rent payments they receive when they retire from farming.

And for employees who received stock in their company for years of hard work, the bill will eliminate the tax on the sale of those shares.

This will be a game-changer that will incentivize employers to share ownership with their employees and send a message to the rest of the country: Come. Move to Iowa. Work here and become an owner in a company and grow your investment tax free. Have faith in Iowa and we'll come through.

All of these tax cuts have one thing in common—they reward work. Work to be done and a lifetime of work to be proud of.

That's never been more important, as the country is facing an unprecedented worker shortage.

Across the nation, job openings far outnumber the workers available to fill them, and 4 million fewer Americans are working now than they were before the pandemic.

Iowa is better positioned than most, with the ninth highest labor participation rate in the country. But we're still down from where we were at the beginning of 2020. And if we don't take bold action, other states will.

Thanks to the leadership and careful planning of many of you in this room, we're building on a solid foundation.

Through bipartisan efforts, we established Future Ready Iowa, which provides tuition-free community college and certification programs to Iowans training for high-demand jobs.

Since the fall of 2019, more than 35,000 scholarships have been awarded, empowering nearly 17,000 Iowans to pursue careers and advance Iowa's workforce—with thousands more to come.

We've also focused on expanding apprenticeship programs, incorporating work-based learning in our schools, integrating computer science into the curriculum, and so much more.

With these efforts, we're on the path to giving every Iowan the opportunity to find a rewarding career. But barriers to work still exist, including the need for childcare.

That's also a national issue but, contrary to what some in D.C. believe, there isn't a national solution.

In Iowa we've taken a bottom up approach. Last legislative session we created the Childcare Challenge, a program where providers apply for grants that fit the needs of their communities. It's already paying off.

In less than a year, we've awarded grants that will create 4,000 new childcare spots across the state.

Sprouts Early Learning Academy in Carlisle is a great example. Paige and Taylor Smothers own the Academy, and thanks to a state grant they overcame inflated construction costs and regulatory burdens to open an amazing preschool and child care center for 70 2-5 year-olds.

When I visited the academy, I could see that we're on the right path.

I've invited Paige and Taylor to be with us tonight so they can be recognized for their achievement and hear firsthand that their efforts, and the efforts of others like them, have inspired us to do even more. Won't you please stand.

Because of the positive results from the Childcare Challenge, and because of the overwhelming number of outstanding applicants, I'm announcing that the State is expanding this program to provide another 5,000-plus childcare openings across the state.

Last week, I had the privilege of calling some of the applicants to let them know they would be receiving a state grant. Let me give you a sample of what's to come.

In Dubuque, Aspire Home Daycare Network will remodel and equip homes that will help stay-at-home moms start their own daycare business. In Williamsburg, the school district will renovate a vacant house, in partnership with the high-school construction club, that will serve as a childcare center for teachers' children. And in Hull, the Bright Start Daycare and Preschool will expand its facility to help cut the current waitlist of 67 children in this rural community.

These are more than just buildings. They are the physical reminders of the thousands of lives that will be enriched. And it's not just the children—it's also the lives of parents empowered to go to work knowing their child is cared for.

Last spring I established the Governor's Childcare Task Force and charged the group with developing a comprehensive strategy to address this issue. I'm happy to report that we've already made progress in implementing many of their recommendations, including relieving childcare providers of onerous regulations.

There's more to do, and I look forward to working with the legislature this session. Because no one should be forced to choose between earning a living and caring for their child.

There are many reasons for the worker shortage, but we need to recognize that, in some cases, it's because the government has taken away the need or desire to work. The safety net has become a hammock.

Don't mistake me; this isn't the only cause. But it's a growing problem, and it's not just an economic one.

There is dignity in work; it gives us meaning and purpose. So when it's degraded, when idleness is rewarded with enhanced unemployment and stimulus checks, when work begins to seem optional rather than fundamental, then society begins to decay.

I'm worried that we're reaching that point. Where workers who stay home are being put ahead of the workers who show up.

Tomorrow, somewhere in Iowa, a carpenter will struggle to set rafters by himself in the freezing cold. He needs help, and he's been asking for it. But too many are at home, living on his tax dollars. It's been the same for almost two years now. His hands are tired; his back is tired. He's just tired.

He has faith in Iowa—he believes we'll come through—but D.C. doesn't seem to care.

So let's show him that Iowa does care. Let's show him that in this State, we appreciate the value of work and will promote it at every turn.

We start by revamping our unemployment system so that it becomes a re-employment system.

Unemployment benefits serve an important purpose as a short-term safety net for Iowans who are unexpectedly out of work, through no fault of their own. But we can't forget these are taxpayer funds, and we have to recognize that we're living in a time of prolonged low unemployment.

Today, there are many more job openings than Iowans on unemployment.

Those Iowans have six months to collect unemployment benefits while they look for one of the many open jobs. Frankly, that's more time than necessary.

I'll be introducing a bill that lowers benefits to 16 weeks—about four months—and ensures that those collecting unemployment can't turn down suitable jobs while living on taxpayer funds.

We'll also increase our efforts to match unemployed Iowans with new opportunities. To that end, I'm announcing the creation of a separate re-employment division within the State, whose sole focus will be helping Iowans get back to work.

We want these Iowans to succeed, and we'll give them every opportunity to do so.

Unemployment payments and stimulus checks aren't the only government-created problems we're facing.

We need to continue our work this session to eliminate unnecessary licensing requirements that keep people from moving to or working in Iowa.

We also need to address a legal system that is awarding millions of dollars in damages without regard to the consequences.

When accidents and mistakes happen, injured Iowans deserve to be fairly compensated. But arbitrary, multi-million dollar jury awards do more than that. They act as a tax on all Iowans, raising the costs of goods and services and jeopardizing our healthcare system.

Like many states have already done, we need to put reasonable caps on non-economic damages for trucking accidents and medical malpractice. Let's work together to do just that.

The shortage of healthcare workers is one of our greatest workforce concerns, especially in rural Iowa.

Five of the state's top-10 job postings are healthcare careers, with registered nurses and nursing assistants at the top of the list. And the problem is expected to get worse, as the US Bureau of Labor Statistics projects the need for 1.1 million more nurses nationally by 2030.

Once again, Iowa is ahead of the curve, as we've already begun the process to recruit and train.

We're expanding our loan forgiveness programs for healthcare professionals who commit to Iowa, especially our rural areas. And we're making it easier for part-time nurses to teach while they work.

We're also starting our training programs earlier, to give our students a first-hand view of what a career in healthcare looks like.

In Pella, the high-school Career Academy recently launched a patient-care registered apprenticeship program that offers students hands-on experience in a variety of medical settings, while at the same time earning a wage.

Before they even leave high school, these students can become a certified nursing assistant, and then qualify to work as a lab or surgical technician. And within a few short years, they can go on to become an OB tech, RN or BSN—all while being paid.

This innovative approach, and the public-private partnerships that make it possible, are what Iowa's education and healthcare systems need. That's why we're launching a new healthcare registered apprenticeship program that will provide funding to at least five communities to scale what Pella has done.

Marie Vander Wilt, the first apprentice in Pella's program, said that getting hands-on experience in healthcare gave her a new appreciation for this career path. She told me "the job isn't always easy but I get to leave work each day knowing that I made a difference."

Marie, along with her instructor, Kay Landon, and the program partners from Pella Regional Hospital and Wesley Life are with us tonight. Let's thank them for leading.

Across the state, educators are teaming up with professionals in their field to train our students. In fact, we're a national leader in work-based learning.

But for all the real-world experience we've brought to the classroom—from welding to information technology to healthcare—we've missed an important one: education.

When it comes to training the next generation of teachers, we haven't been using our best asset: our teachers in the classroom. The ones who put their skills to work every day to make a difference.



Starting tomorrow, we'll be launching the first teacher registered apprenticeship program in the country, letting schools effectively grow their own workforce.

High school apprentices start classroom instruction in their junior year and, within a year of graduation, they can earn a paraeducator credential and associates degree. And for paraeducators, their day jobs will count toward student teaching requirements, greatly reducing the cost and time required to become a teacher.

The teachers of tomorrow are in our schools today. Let's give them a head start on their journey to one of the most rewarding careers.

Talk to someone who's been successful and without fail they'll tell you about a teacher who set them on their path. About someone who inspired them; who pushed them to be who they are today.

Our teachers provide more than textbook instruction. They give emotional support and structure. They help guide our children through their most difficult and formative years.

That's why it was, and remains, so important that our schools stay open. And that's why I'm proud of the tens of thousands of Iowa educators who stayed in the classroom when so many in other states did not.

As a means of saying "Thank you"—and to help retain our educators—I'm announcing tonight that we'll use federal ESSER funds to award a \$1,000 retention bonus to teachers who stayed on the job through the pandemic and who will continue teaching next year. Your work is essential and we want you to know it.

The importance of a strong public school system is reflected in the State budget, where public education accounts for more than 56% of all state spending.

And for PreK-12 education, that's \$3.7 billion, with an increase of nearly \$1 billion in the last decade.

For most Iowa families, that's money well spent. Across the State, in every one of our 99 counties, there are strong schools with dedicated teachers.

But for some families, the school district doesn't fit their values or meet the needs of their child.

And sadly, in some cases, school administrators are ignoring the problem or just not listening. Some even believe that it's a school's responsibility to not just teach kids to learn but to control what they learn—to push their worldview.

The problem has been building for some time, but parents are no longer in the dark.

Recently, several parents brought to light that schools are buying and teaching with books that contain vulgar and sexually explicit material involving minors. These books are so explicit they'd be X-rated if they were movies. The content is so bad that after a parent read them at a school board meeting, the district took the live stream down from its website because the passages were too inappropriate—and yet many of these books remain in school libraries today.

We live in a free country with free expression. But there's a difference between shouting vulgarities from a street corner and assigning them as required classroom reading. There's a difference between late-night cable TV and the school library.

If school boards and administrators refuse to understand that—if they believe the classroom is about pushing their worldview—then we're on the wrong path.

So to the parents who are listening tonight, who are frustrated with what's happening: Know that I and members of this legislature have heard you loud and clear. Enough is enough. Parents matter, and we're going to make sure you stay in charge of your child's education.

It starts with full transparency. All schools should be required to publish what they're teaching. There's no reason to hide it—at least no good reason.

The same goes for the books in the library. Parents should know what their kids have access to, and they should have a timely process to address their concerns. Because when our parents are fully informed, they can make informed choices.

And ultimately, that's what every parent deserves: a choice. Even when the school is doing what it should, that doesn't necessarily mean the unique needs and values of every student are being met.

Wealthier parents always have an alternative. But many middle- and lower-income families don't. They don't have a choice.

Jacky Ochoa, a mother of four daughters who attend St. Rose of Lima Catholic school in Denison said it best. Writing to the Des Moines Register, she said that “school choice is personal; it's about students. Choice empowers parents—a child's strongest advocates, and the people who best know their skills and interests—to select the learning environment that will allow their child to shine.”

Jacky, I couldn't agree more—which is why I'll be introducing legislation that allows middle- and low-income families and students with an individualized educational plan to receive a portion of the 'per pupil' funds allocated annually by the state to move their child to the education system of their choice.

About 70% (over \$5,300) of those funds will go directly into an account for families to customize

their child's education. The remaining 30% will be distributed by the state to smaller school districts.

We want to ensure our small schools stay strong while, at the same time, empowering parents to choose what's best for their child.

As I said last year, school choice isn't a zero sum game. It has the potential to raise the quality of all schools. After we expanded open enrollment last session, one superintendent responded by setting the goal of making his district the "destination of choice."

That is precisely what we want: For every school, public or private, to strive to be the best it can be. Because when our schools succeed, Iowa becomes a "destination of choice" for parents everywhere.

My focus tonight is about work and workers. About what puts food on the table and a roof over our head. About what gives us meaning and purpose.

But sometimes work means more than that. Sometimes—for a small but brave few—it means putting someone else's life above their own.

For those workers—those who serve in our armed forces, who patrol our streets, guard our prisons, or in any other way protect and serve—an occasion like this would be incomplete without saying thank you and recognizing those Iowans who gave the ultimate sacrifice last year.

Cpl. Daegan William-Tyler Page, who was killed by terrorists as he bravely protected US citizens and Afghan refugees attempting to evacuate Kabul.

Nurse Lorena Schulte and Correctional Officer Robert McFarland, who sacrificed their lives to stop two inmates from escaping Anamosa prison.

And State Patrol Sgt. Jim Smith and Trooper Ted Benda, who spent their careers protecting Iowans and keeping our communities safe, who tragically lost their lives in the line of duty.

I also want to honor the life of Congressman Neal Smith, a man who served this state and his country for almost all of his 101 years, including as a military pilot who earned the Purple Heart in World War II.

And I want to recognize the absence of my friend, John Landon, who served his country in Vietnam and served his State as a representative of this body. John, I miss seeing your reassuring face from this podium, but I'm so happy that your legacy lives on.

To honor all of these brave men and women we lost this year, please join me and the family members who are with us tonight in a moment of silence.

Whether it's patrolling our streets or guarding our prisons, public safety jobs are difficult and absolutely vital.

I want to thank the legislature for giving additional funds to the Department of Corrections to help keep our prisons secure. And I want to recognize the importance of the Back the Blue Bill you passed last year.

It's more important than ever that we show these men and women that we appreciate what they do.

Because across the country, far too many don't have that appreciation; they don't believe in prisons and don't see the need for police.

That way of thinking isn't just wrong; it's dangerous. And in Iowa, it has no place.

To re-enforce that message, we're using federal ARPA funds to give our brave men and women in law enforcement and corrections a \$1,000 retention bonus, while also aggressively recruiting officers in other states.

When officers are treated like villains and other jobs are plentiful, it's no wonder that applications nationally are down and resignations are up. It's no wonder that our young people are saying "no thanks" to a career in public safety.

While we can't fix attitudes in other states, we can certainly let our officers—and officers across the country—know that in Iowa, they're welcome and will receive the respect and support they deserve.

Most of what we do here in this building is about what happens in Iowa. It's about educating our children in our schools, getting Iowans back to work, or just making sure that we, the government, aren't standing in their way.

But Iowa is also a national and international leader; what we do here reverberates beyond our borders.

That's certainly true when it comes to agriculture and energy—especially when the two meet.

Iowa is a leader in renewable energy. In fact, we lead the nation in the production of both ethanol and biodiesel and the crops that make them.

Everyone knows that renewable fuel is important to Iowa. But D.C. is losing sight of its importance to the country.

Time and again—in administrations of both parties—the federal government has walked away from its commitment to renewable fuels, and we've had to bring them back.

We need to do it again. The Biden Administration has focused almost all of its efforts on electric vehicles, actively working to eliminate gas-powered cars.

That's a mistake, especially as China works to lock up the precious metals that make EV batteries.

Instead, we must continue to embrace an all-of-the-above approach, where we support energy sources that come from right here in Iowa.

To do that, I am introducing new legislation that will improve access to E15 and B20 and upgrade Iowa's fuel infrastructure to offer higher blends. And I'm proposing that we invest in carbon-capture solutions to sustain and build on our leadership position in renewable energy.

Let's send D.C. a message that can't be ignored. Let's remind them that America's energy is growing, right here, in Iowa's fields.

I want to end tonight where I began—by highlighting the amazing things that are happening in our communities.

I do this to shine a light on what Iowans are doing, and to remind us, in here, that it's not our doing.

In Mason City, residents are completely remaking their downtown. With the historic Frank Lloyd Wright hotel as an anchor, they've created a beautiful park on Main Street, repurposed a mall as an ice arena, and lined the street's buildings with second-floor housing.

In Elkader, the small community of just 1,200 remade itself into a destination by creating one of Iowa's first whitewater courses, by reviving landmarks like the Elkader Theater and the Opera House, and by opening numerous restaurants, bars, and coffee shops that have created a cultural hub.

In Woodbine, the school, businesses, and local leaders partnered together to create the CREW Center, a place that combines recreation, education, and community. Where the small school district created an innovative work-based learning program, IGNITE Pathways, that is a magnet for all of SW Iowa.

Revitalization efforts like these are happening all over the state. They're happening because

people see something special in our small towns and cities. They see something special in each other.

At the end of *Field of Dreams*—a magical movie we got to relive last summer—James Earl Jones' character tells Ray Kinsella, in a baritone voice I can't imitate: "People will come Ray. They'll come to Iowa for reasons they can't even fathom."

If we get this right, if we take this opportunity, then people will come—but for reasons that are obvious.

They'll come because here they can find freedom and opportunity. Because of our small towns and thriving cities. They'll come because we reward work, value personal responsibility, and care for our neighbors.

Above all, they'll come because we put our faith in Iowans—and because Iowans always come through.

Thank you, God Bless you, and God Bless the great State of Iowa.

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