

**Remarks for Governor Steve Bullock**  
**2017 State of the State Address**  
**Tuesday, January 24, 2017 – State Capitol**  
**Helena, Montana**

**\*\*\*As prepared for delivery\*\*\***

Mr. President, Mr. Speaker, members of the 65<sup>th</sup> Legislature; Lieutenant Governor Cooney, judges of our highest court and representatives of our tribal nations; my cabinet and coworkers – both in the Governor's Office and throughout state government; my beloved family Lisa, Caroline, Alex and Cameron; and my fellow Montanans:

As we gather tonight, let us honor those serving Montana, near and far. The 129 Montana National Guard airmen and soldiers serving our state and nation in some of the most dangerous areas around the world; the snowplow driver, keeping commerce flowing and communities connected; the Child Protective Services worker, out on a call right now. They and others deserve our thanks.

This is the third time I've been honored to stand before this body to give my State of the State address. It is a tradition as old as the state of Montana herself.

Much has happened since I first stood before you four years ago, brimming with hope and optimism. But, I have to be honest. Over time, my heart has hardened – to the blank stares, the snide remarks, the cold reception, the eye rolling. No, I'm not talking about this side of the chamber...I'm talking about the transformation of my children into teenagers.

In preparing for tonight's address, I read through speeches of Governors who served before me. It struck me that, no matter the moment in history, no matter the political party, we have shared values, immutable over time: a sense of pride in this state and its people, a trust in our ability to get things done, and a belief that if we band together, our state and her citizens will shine even brighter tomorrow than they do today.

Let that history be our road map for this 65<sup>th</sup> Legislative session, and let us be guided by the shared values that are as important today as when they were first spoken. Values of:

- Being responsible with Montanans' money;
- Of making investments today so that future Montanans will have a stronger workforce, economy and state;
- Of recognizing we are the treasure state – and our natural beauty as well as our natural resources provide opportunity;
- Values of supporting our businesses;
- Of caring for those who need our help; and
- The bedrock value of working together to get things done.

It is the constancy of these values that have helped us reach this point in our history, and holding fast to them will fuel our success moving forward.

And we have incredible success to build upon.

My fellow Montanans, I stand before you pleased to report the state of our state is strong.

Montana's economy is solid – and growing.

- Today, more Montanans have jobs than ever before in our state's history. 36,000 new jobs have been created since I took office.
- Our unemployment rate has dropped to a near-historic low of 4%, and has held steady for over a year.
- We've grown our economy by \$1.6 billion and increased personal income for hardworking Montanans by over \$4 billion over the past four years.
- And household income growth has been increasing in Montana faster than any state in the nation.

Our economy is growing in part because it has never been as diverse as it is today. It is growing because we are investing in our students. And it is growing because we are supporting our businesses and our workers.

That's not to say there aren't challenges. Global commodity prices are down – a force that affects states across the West, no matter who is sitting in the governor's chair. There is uncertainty coming out of Washington, D.C. And the seeds of discontent are far too often finding their way into these halls.

If each of us here tonight recognize that we are temporary stewards of the offices we hold; if we acknowledge the work we do isn't about wins and losses in this building, but instead about the impact upon our neighbors; and if we are willing to embrace the values that have framed this state for the last 130 years, then the challenges we face will be minimal compared to the opportunities within our reach.

Guided by the values that have propelled us through time, we can take on the difficult decisions in our budget, build on our strong economy, take care of our neighbors, and invest in our children.

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I am certainly not the first governor to insist on fiscal discipline from this body. Ted Schwinden said it best 34 years ago, when he said:

“I will maintain an open mind – and a sense of humor – as we debate the differences; but I will not stand by and allow Montana's favorable fiscal standing to be nicked-and-dimed to death. I will insist that we maintain a ‘Black Ink Cushion’ – a reasonable and necessary ending fund balance. Montana's budget must not be stained by red ink.”

I am hopeful, by our third session together, you now appreciate that my insistence on leaving a \$300-million-dollar ending fund balance isn't just whimsy. It's what Montanans expect. It is why, even in the face of declining commodity prices over these past two years, our bond ratings remain high...and you all got to stay home between sessions.

In 2013, you learned I will veto spending if you send me a budget that's in the red. In 2015, we crafted a budget together that worked for Montana, and that left money in the bank for rainy days.

I ask you to do that again.

And just as I insist you balance our budget and leave money in the bank, I will insist that our state agencies be as careful with the money they are given as Montana families are with their own. That's why, even before the Legislature came to town, we trimmed \$102 million dollars of spending. That's why, even after the Legislature leaves town, I will continue to challenge our agencies to be careful stewards of hard-working families' tax dollars.

And it is precisely because we must be thoughtful with our tax dollars that I am asking this Legislature to bring some fairness to balancing our budget.

It doesn't make sense to me that you have proposed to cut workers from our Child and Family Services Division – the people on the front lines of helping kids in harm's way; or that you would propose to slash the funding to community nursing homes, that care for those depending on our help.

It also doesn't make sense to me, or to most Montanans, that someone making \$9 dollars an hour pays the same tax rate as someone making \$250 dollars an hour – especially when the alternative is to cut vital services for our citizens. Increasing the top tax rate for any income over a half a million dollars, and other modest revenue proposals before you, are fair.

I ask that you give them fair consideration – and then pass them.

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I am also not the first Governor – and you are not the first legislature – to recognize that some of the most important investments we can make are those that will impact Montana long after our time in office.

From the earliest days of our state, when leaders were wise enough to issue bonds to construct the spectacular building we gather in tonight, to Governor Nutter reminding us that “roads are vital to our economy,” to Governor Babcock proposing new buildings “on our campuses, at our state institutions and the soldiers' home in Columbia Falls.”

I have no doubt that every member of this body recognizes the importance of investing in our infrastructure and in publicly-owned buildings. But Montanans need you to do more than recognize it.

They need you to vote for it.

We can celebrate the infrastructure investments we have made, despite the disappointments of last session. Over the past four years, the Department of Transportation has let 449 projects worth nearly \$1.2 billion dollars to improve our transportation infrastructure. Montana workers have fixed over 3,000 miles of highways.

We have put people to work in 70 communities to deliver clean drinking water and upgrade sewage treatment plants. We've improved, repaired and replaced 18 bridges, upgraded facilities in 37 schools, constructed 18 affordable housing projects, and helped fund buildings on six of our campuses – a total of over half a billion of infrastructure investments since 2013.

This is progress, but there is more we can do. I have proposed a \$292-million-dollar investment in our bridges, local roads, sewer and water systems, and schools.

This includes funding for the University System's top priority, Romney Hall. Montana State University is bursting at the seams and we need to help it meet the needs of its growing student body.

And as we reflect on history tonight, we must also commit to funding its preservation. It is irresponsible that Montana's best treasures are piled up in warehouses and a basement across the street. We have a rich, incredible history that we need to showcase for Montanans, and for the 11 million visitors to our state each year.

It's also long overdue that we build a veterans' home in Butte. We must do more than say we support our veterans. We must invest in and honor their service to our country.

These projects and more are in the Build Montana proposal being heard in committee right now. Passing it will create over 1,900 jobs, pump over \$83 million dollars in wages into our economy, and better position our businesses and communities for the future.

I recognize that some of you in this body are fixated on who gets credit.

I don't care who gets credit.

I – like most Montanans – care about results. So please, join me in undertaking the hard work of getting something to my desk that we can all agree upon.

Because when we fail to invest in infrastructure, we fail Montana. As Territorial Governor Thomas Francis Meagher exhorted in 1866:

“The broken state of the roads, no doubt, prevented the other returns from coming up in a reasonable time.”

Let's not make that mistake this session. Let's instead craft a bipartisan infrastructure proposal, let's make sure we fund our state share of highway projects, and make these some of the first bills to reach my desk – not the last.

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Just as the investments we make in infrastructure will benefit our state for generations to come, so too will investments in our kids. Republican Territorial Governor James Tufts said in 1868 that:

“Next in importance to liberty itself, the greatest blessing we can confer upon our children is education.”

There is much we can be proud of when it comes to our work over the past four years:

- Graduation rates have reached an all-time high of 86 percent.
- We have raised expectations for our students when it comes to math, English, and science – and they are rising to the challenge.
- In just the last year and a half, 40 percent of all K-12 students have even better internet access at school than they did before, further opening frontiers of knowledge and wonder.
- And each semester this year, the Montana University System will enroll over 2,500 high school students in college courses for dual credit, saving Montana families almost \$5 million dollars in tuition payments.

We also have much to be pleased with when it comes to our wise investments in higher education.

- Since 2009, 46 states have decreased their funding of higher education. In Montana we’ve increased funding, because we know that when we invest in our students, we are investing in our economy.
- We hear that our kids are our greatest export...yet the facts show that 80% of our resident students are now employed right here in Montana within a year of graduating, up from 74% in 2009.
- And now more than ever, our University System, state government, and the private sector are working together to produce graduates that have a world-class education and the skills and abilities our local businesses need to grow and expand.

Yet, there is more to do. There are investments we can’t afford NOT to make. I am asking you to increase our state’s investment in K-12 by \$30 million. We can also increase our support for special education by \$1.5 million. We can continue investments in preserving our Native languages, and support for Tribal Colleges. We can invest \$2 million dollars to further build out the internet connectivity in our schools, and that investment will be leveraged up to eight times over.

And, finally, finally it’s time to follow the lead of 45 other states that have done it already, and invest in publicly funded early childhood education.

My administration and local districts have made progress for our four-year olds these past four years, in spite of – not as a result of – this body. Last year, more than 650 children were able to access high quality preschool their parents otherwise might not have been able to afford. Those children now have a brighter future, because they will enter kindergarten ready and excited to learn.

The average cost of childcare in Montana for a four-year old is \$7,900 dollars – in other words, more than college tuition at Montana State University or the University of Montana. A mom earning minimum wage could easily spend half of her income on childcare for just one kiddo.

Let's help those families. I have proposed a \$12 million preschool grant program to allow school districts, Head Start programs or high-quality private preschool providers to offer preschool for four-year-old kids at or below 200 percent of the Federal Poverty Level.

Like the other 45 states that have implemented state funding for preschool, we know this works. And if you think the research says otherwise, stop by my office and I will give you a stack of reports taller than a four-year old to help in *your* education.

If you think this isn't a good investment, consider this: the single biggest indicator of whether someone will be in prison when they are 18 years old is the size of their vocabulary when they are five.

To be clear, it costs us not to invest in kids. As Governor Babcock explained, "The best way to reduce the cost of public welfare is to make it possible for every person to obtain the kind of education which will permit him to be a productive and successful member of our society."

Early childhood education is that kind of education, and our kids can no longer wait.

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Another value that we have shared over time is supporting the growth of our businesses. As Governor Aronson said over 60 years ago:

"Both political party platforms favor new industry. It is our job to make Montana attractive."

Well, Montana is attractive. I doubt Governor Aronson could have foreseen the explosion in our manufacturing sector, or our outdoor recreation economy, or growth in our biosciences and high-tech industries.

This growth is driven by the Montana work ethic. By the fact that people want to live, work and raise families here. People love that Montana is one town with a long main street. They love that when you get off work at 5:00 in the summer, you have five more hours of daylight and hundreds of miles of trails and streams to play in. They love that we stop to haul strangers out of the ditch. That we look out for each other.

The biggest challenge facing our businesses isn't our tax climate – we have one of the best. The biggest challenge isn't government; we are effective and have been working directly with businesses these last four years. The biggest challenge Montana businesses face is growth itself.

Today, there are over 6,500 listed job openings across our state. As I talk to employers, they consistently tell me that their greatest barrier to expansion is recruiting enough talented and trained workers.

And while we have made significant strides over the last four years, there is more we can do.

First, I'm asking you to invest in businesses that are playing a role in training the workers we need. We've increased apprenticeships by almost 30 percent these past four years, but a greater need remains. I'm proposing that we give businesses a \$1,000-dollar tax credit for each apprentice they hire – helping the employers get the skilled workforce they need, and better paying workers as they advance their skillset. And, if the apprentice hired is a veteran, I'm asking you to provide a \$2,000-dollar tax credit.

Second, let's incentivize businesses to invest in equipment to help their growth and expansion. I'm asking you to increase the local tax abatement for new business equipment up to 75 percent for the first five years after purchasing the equipment. Doing so will make sure businesses aren't taxed before the new equipment adds to their bottom lines, and it won't be at the expense of existing local government services.

And finally, let's pass the Paycheck Transparency Act. Workers – and especially female workers – should not be penalized for their prior wage history or for asking if they are getting paid the same as coworkers.

It's one more step in ensuring that all Montanans earn a fair day's wage for a fair day's work.

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Another value that has been universally shared over the history of our state is the recognition that we are the Treasure State – and that means both our natural resources and the nature that is so important to all of us.

As Governor Anderson implored:

“Environmental protection and economic development [...] are not mutually exclusive,” and  
“We will be the greatest fools in the history of Montana if we fail to provide for the preservation of our air, water and land.”

Like our natural resources, our outdoor heritage is big business:

- Outdoor recreation accounts for 64,000 jobs and \$6 billion dollars in consumer spending each year;
- Three-fourths of resident deer hunters and 85% of resident elk hunters report that they hunt on publicly-owned lands; and
- In 2015 alone, hunters and anglers spent an estimated \$1.25 billion dollars in Montana.

The economic impact and the value Montanans place on our outdoor economy cannot be taken for granted. We need to enhance these opportunities, not detract from them.

I'm asking you to lift the limitations you placed on the Habitat Montana program, so sportsman dollars can continue to create and preserve places for our families to hunt, fish and recreate.

And, let me be clear, again: do not send bills to my desk that even suggest or start down the path of transferring our public lands out of public hands.

Because that will not happen – not on my watch.

As we look to the years ahead, at the forefront of many people's minds is what Montana's energy future looks like.

We should all take pride in knowing we are responsibly using our state's energy resources to provide good-paying jobs, strengthening our communities and supporting local schools, all while safeguarding our quality of life – especially our clean air, clean water, and the tens of thousands of jobs that rely on them.

As a governor and as a dad, I have a responsibility to address climate change. We know climate change is happening because we experience it. And even if you have doubts, the financial markets are reacting, and our energy companies are planning around it.

You often hear a false choice – that we can either address climate change or continue to produce power from fossil fuels – but not both. I reject this choice.

We hold the largest coal reserves in the country, and Montana coal production has been higher under my Administration than any previous one in the last three decades. Though, change is on the horizon -- driven by historically low natural gas prices, regulatory concerns and changing consumer demands.

We also have some of the best wind and solar resources in the country. The first commercial-scale solar projects, as well as over 400 megawatts of additional wind power, will be under construction this year. These projects bring with them new jobs for Montanans and a diversified tax base for a number of rural counties.

As an exporter of energy, our energy path is partially dependent on choices and decisions made beyond our borders. That's why I'm directing members of my cabinet to travel to Western states to talk with our neighbors about the diversity of resources we have to serve their needs – let's add the value and create the jobs here, giving our neighbors more of the electricity that they want.

And I'm asking you to take a number of steps:

First, our cheapest and greenest source of energy is conservation – the energy we don't use. Making our homes and businesses more energy efficient puts people to work and lowers heating bills. Let's give our local governments the option to have property assessed clean energy, also known as PACE. We'll boost energy conservation, and give Montanans more power over their lives.

Second, if we want to move our energy future forward, we'll work together to improve our major facilities siting act. This suggestion came to me from community and business leaders through the Main Street Montana Project. Our limited ability to move our power out of state has hurt future prospects for energy development. Fixing our laws is an important step toward that future.

And finally, while we won't solve the issues related to coal burning and carbon alone, we can take steps and make investments today that can help shape a better future:

- As many of you know, I have asked the U.S. Department of Energy to assess the Colstrip facilities for carbon capture opportunities. That work continues and I am committed to it.



- XPrize has staked \$20 million dollars in prizes for the teams that figure out how to capture carbon and turn it into commercially useful products.
- To complement this work, the Wyoming Legislature has funded a center to test advanced technologies and innovation relating to coal and carbon capture. I am asking that we get off the sidelines and join Wyoming's efforts, by committing \$3 million dollars and making it a joint project.

To chart our energy future, we need vision and commitment that is grounded in reality. But we must not be afraid of the fact that tomorrow's reality will undoubtedly look different than it does today.

I ask you to join me in shaping our energy future by design.

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Over the past century and a quarter, Montanans have also consistently recognized that government has a role in providing a hand up, and a path forward, for our friends and neighbors in need of our help. As Governor Judge said 40 years ago:

“It has been said that the stature of a government can be measured best by the compassion for its people. If that is the case, Montana has earned the right to stand tall.”

And, indeed, this body has provided many reasons for us to stand tall:

- 67,000 more Montanans – the majority of whom are working – now have regular and consistent access to health care. Not only saving lives, but saving our rural hospitals.
- We have upped our commitment to the full spectrum of mental health services and finally invested in the full range of autism services.
- And the rate of uninsured Montanans has plummeted from 20% in 2013 to only 7% today.

The work we have done to make Montanans healthier – and safer – isn't limited to legislative action alone.

- We created the Office of American Indian Health, to help address the fact our Native American neighbors have a lifespan, on average, 30 years less than non-natives.
- We established the Governor's Council on Health Care Innovation, engaging industry leaders to come together in a sustained commitment to improve health outcomes and reduce costs in the healthcare system.
- We've expanded mental health counseling and assistance to all National Guard members and their families, because one soldier lost to suicide is one too many. We've expanded some of those services to anyone who has ever worn a uniform for our country.

- And – thanks in large part to the First Lady’s dedication and commitment – 41,000 more young Montanans now get a healthy breakfast at school than when we first took office.

Even as we look to tighten the budget, we cannot forget that a healthy economy depends on the health of our citizens.

- I ask that you continue funding the full spectrum of mental health services we provided last session, including those receiving services as a result of the HELP Act. Thousands more Montanans are now able to access the mental health care they need and deserve.
- We must do all we can to protect our most vulnerable children, those at risk for abuse and neglect. Following the recommendations of the Protect Montana Kids Commission, I am requesting additional funding for our Child Protective Services Workers, as well as needed legislative reforms.
- And while I’m so pleased that Montana leads the nation in many economic indicators, I cannot tolerate that Montana leads the nation in youth suicide. I am haunted by this statistic, and I imagine you are as well. I am proposing \$1 million to fund evidence-based pilot programs. We will take what we learn from these efforts to bring it to scale, to better keep our kids safe.
- And at the other end of the spectrum, we must do more to help keep our seniors in their homes. This not only affords our legacy Montanans the dignity they deserve; it saves us money. Therefore, I am requesting you provide \$1.5 million in additional funding to our Area Agencies on the Aging, and fully fund the respite care program. Our seniors deserve it.

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Fiscal responsibility. Education. Infrastructure. Job creation. Caring for others.

These are immutable values that stand the test of time. And at the core of them all is the bedrock value of working together to get things done.

Almost a century ago, in 1923, Governor Dixon implored the Legislature:

“The people were never more ready for a constructive program. They were never more impatient of petty partisan politics that cause delay. They are looking to the membership of this present body for real results, and will not be content with platitudinous explanations of failure in accomplishment. The old-time appeals to party prejudice no longer bring forth real response from the mass of our citizenship.”

70 years later, Governor Racicot encouraged the same. He said:

“Let us each vow tonight quietly in our hearts to shun the tired old games and the worn old labels. Let us stress too, in our hearts and our words, not the small differences that might divide us at times. Instead, let us treasure the immense similarities that unite us.”

Tonight, I am asking you to focus on the shared values that unite us, so we may move our state forward.

Because at the end of the day Montanans want many of the same things: good-paying jobs, safe communities, great schools, clean air, clean water and public lands to enjoy, and the promise that the next generation will have even greater opportunities than we have today.

That future is in our reach. But we must work together, and the time for games is over. We must engage in thoughtful, rational, and constructive dialogue with one another.

The differences we have, while amplified at times, are small compared to what unites us. We have challenges and opportunities in the weeks and months ahead, and decisions to make that will impact our state long after my tenure or yours.

Let's face them head on.

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Montana.

For a kid raised just a few blocks from where we gather tonight, this place, its people, its purpose, built for me a world where the improbable was achievable. Every kid growing up in Montana deserves that same opportunity and feeling of promise.

And you can be assured that I will do everything in my power – in our power – to make that a reality for this generation and the generations after.

So I stand here to tell you, to assure you – unequivocally – that now more than ever, the State of our State is strong. We as Montanans are strong. And we will become even stronger if we work together.

Thank you, God bless you, God bless Montana, and God bless the United States of America.

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