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RELEASE: Gov. Reynolds Delivers 2025 Condition of the State

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OFFICE OF THE GOVERNOR
Governor Kim Reynolds ★ Lt. Governor Chris Cournoyer

FOR IMMEDIATE RELEASE: Tuesday, January 14, 2025

MEDIA CONTACT: Mason Mauro, (515) 745-2840, mason.mauro@governor.iowa.gov**Gov. Reynolds Delivers 2025 Condition of the State**

DES MOINES— Tonight, Gov. Reynolds delivered her 2025 Condition of the State Address.

Below are her remarks as prepared for delivery:

Condition of the State Address**Governor Kim Reynolds****January 14, 2025**

Madam President, Mr. Speaker, Lt. Governor, First Gentleman, legislative leaders and members, justices and judges, my fellow Iowans:

It's my honor and privilege to once again report on the condition of our great state from this chamber in our beautiful State Capitol.

We refer to this building as the People's House. And for good reason. This is the place where their government deals with their business. Everything that happens here begins and ends with them.

And it's because of them—their energy and creativity, their resilience and goodness—that I can say, once again, that the condition of our state is strong! Let's start with some national rankings: We're the #1 state for retirement, #1 for millennial home ownership, and for the third year in a row the #1 state for fiscal responsibility; second in cost of living, and third for opportunity.

We're also #4 for healthcare and educational choice, and we're ranked the sixth best state overall—and

always #1 in my mind. There really is so much to be proud of.

We reduced taxes—saving Iowans more than \$24 billion over 10 years.

No more tax on retirement income. No inheritance tax. And starting this month, Iowans get to keep even more of the money they earn, with a 3.8% flat tax—a far cry from the 8.98% of six years ago.

We've transformed the way our State interacts with citizens, businesses, and entrepreneurs— shrinking and aligning government so that our tax cuts are sustainable.

We consolidated agencies, eliminated 1,200 burdensome regulations, remade legacy systems, centralized programs, and leveraged technology.

We took fragmented IT systems, spread across 20 different agencies, and consolidated them into one department. For the first time ever, we have a single viewpoint into every IT operation within the executive branch.

So last year, when cybersecurity company CrowdStrike brought down IT systems across the world, Iowa's consolidated system was back online shortly after lunch, while other states and businesses were in the dark for days and even weeks.

In just eighteen months, our alignment and efficiency efforts have saved taxpayers \$217 million, already surpassing our initial projection for the first four years.

I like to say that we were doing DOGE before DOGE was a thing. And to build on our success, I'm launching our own State DOGE, to find even greater savings and efficiencies in both state and local government. Because to pass meaningful property tax reform, we also need to be lean at the local level.

I've asked Emily Schmitt, general counsel of Sukup Manufacturing to lead this effort. The trajectory of our state is not just impressive but inspiring. In just a few short years, we've turned our state into a national model for bold, get-it-done government. And we're not stopping.

Even though Iowa is on the right path, 2024 had its fair share of challenges. And there are still Iowans struggling today.

That's why we're back. To keep working; to give every Iowan the opportunity to succeed; to earn a paycheck, care for their family and themselves. To ensure that every Iowan maintains the rights endowed

by our Creator: life, liberty, and the pursuit of happiness.

Of course, the government is only a small small piece of that. Every teacher, neighbor, coworker, friend—every Iowan—is called upon to encourage one another and build one another up.

I witnessed so much of that this past year, and it was never more inspiring than when Iowans needed it most.

We faced devastating tornadoes and historic flooding that left families, farms, businesses, schools, and communities reeling. To put it into perspective, Iowa was granted three presidential disaster declarations in just two months.

I'll never forget the devastation and heartbreak. But I also witnessed Iowans lifting each other up. Volunteers clearing debris, residents comforting neighbors, and local officials working around the clock. Many first responders and local leaders had their own homes or businesses destroyed, yet they put others first.

In Spencer, brothers Aaron and Drew Howing left their home, drove 30 miles and launched their boat into the submerged streets. They rescued dozens of people, many of whom had been stranded in their cars or on the roofs of their homes.

In Rock Valley, Police Chief Monty Warburton and his team, alongside an array of firefighters and other first responders, waded through chest-deep water and a dangerous current to carry children on their shoulders to safety.

So many volunteers showed up from surrounding communities with their equipment that residents affectionately referred to them as the "Farmer Army." It's hard to imagine anything more Iowan. And I can tell you, that army shows up every time disaster strikes.

We saw it in Greenfield after an EF4 tornado damaged numerous homes and claimed four precious lives. Just two months later, enough debris had been cleared that the city was able to host almost 20,000 RAGBRAI cyclists who donated more than \$50,000 to help with recovery.

Even younger Iowans got involved. Ten-year-old Quinn Swart took it on herself to create bracelets and key chains, raising \$8,000 for flood victims. As she put it, "I heard what some of my friends were going through and I wanted to find a way to make them smile." Quinn, we're all smiling now.

We're joined tonight by some of the volunteers, state employees, emergency managers, first responders, and local leaders who stepped up in the face of adversity. You represent so many others across the state

who demonstrated the strength, compassion and determination that defines Iowa. Please join me in thanking these Iowans for their heroism and dedication.

I want to pause for a moment to recognize two remarkable Iowans we lost last year who served our state with distinction.

Former Iowa Secretary of Agriculture Bill Northey dedicated his life to farm families, rural communities, and the state he loved. He was a beloved husband, father, and grandpa. His loss deprives us not only of a servant-leader like few others, but also a dear friend to so many. He is greatly missed.

So too is former Congressman Jim Leach, who for three decades modeled how to combine elected office with civility, kindness, and grace. It's a timeless lesson, and we're grateful to have benefitted from his example.

Please join me in a moment of silence to remember these humble Iowans. If you're like me, every legislative session begins with a strong sense of anticipation. After all, our positions of public trust mean we have the opportunity to make a difference in the lives of Iowans.

And that starts with making sure every child has access to a quality education. Today, Iowa families have more options than ever before to choose a learning environment that best fits their child's needs.

For 92% of families, that means enrolling their children in the public school where they live. And that's no surprise; we have great public schools and teachers. And we want to keep it that way.

That's why we invested more than \$3.8 billion in our public schools last year, about 43% of our state budget.

It's also why we've made historic investments in our teachers, including the largest pay raise in our state's history.

For families who want another option, we've made that possible for every Iowan, regardless of income.

This year, nearly 28,000 students are using education savings accounts, making it the third-largest program in the country. For so many of these families, this has brought genuine educational freedom.

In addition, over 43,000 public school students, 9%, took advantage of open enrollment to attend a public school outside of their home district. Because what works for some families doesn't always fit within the lines drawn by the government.

In the last two years, we've gone from three to 17 high-quality public charter schools providing a variety of innovative, cost-free options focused on STEM, work-based learning, underserved children, and more. These schools—and the stories coming out of them—are inspiring.

One student, who enrolled in a construction program at Great Oaks Charter School here in Des Moines, said "it isn't just helping me finish school, it's helping me build my future."

Next school year, just a few blocks from the Capitol, Des Moines Prep will emphasize hands-on learning and student empowerment for high schoolers. It's a great opportunity for kids to connect the worlds of school and work in a dynamic commercial hub.

Then there's the story of DeKaron Harris, a student who felt frustrated and stuck—until he enrolled in Empowering Excellence, a public charter school now in its first year in Cedar Rapids. Because of the help he's getting at his new school, he said "I had the opportunity to rebuild confidence in education."

Sarah Swayze, is the school's founder. Sarah is a longtime civic leader and advocate, and Empowering Excellence is already expanding next year.

It goes to show what's possible when a culture of innovation and work-based learning is allowed to take root and grow. Lives changed. Futures brightened. Hope regained.

Both Sarah and DeKaron are here with us tonight. Please join me in recognizing them for what they've accomplished.

Prioritizing students means setting the kind of high and rigorous expectations that bring out their very best.

Take literacy. Last year, we passed important legislation that requires schools to create personalized plans for students who aren't reading proficiently at grade level. We also provided educators with no-cost training, grounded in the science of reading. And we sent every first-grader in the state a pack of literacy-enhancing books—known as "decodables"—to help parents reinforce reading skills at home.

Now, it's time to do the same with another foundational skill: math. Along with early childhood literacy, nothing is more predictive of future success—both in the classroom and the workforce—than the confidence that comes with math proficiency.

I'm proposing a bill that will ensure children who are struggling in math are identified and receive the personalized help that they need.

The bill will also strengthen math instruction by equipping our teachers with evidence-based professional development and providing high-quality teacher preparation training. It's time we return to teaching math the way we know it works.

When you ask educators about the obstacles they're facing in the classroom, smartphone distraction is consistently near the top of the list. According to a survey by Pew Research Center, more than 7 in 10 high school teachers say it's a major problem. Eighty percent of Gen Z spends over six hours per day on their phone.

It's unhealthy, and the results are as predictable as they are unacceptable: lost sleep, lower productivity, more distractions, and increased anxiety.

Many districts have already begun to address the problem. Some, like Hoover High in Des Moines, have ruled out the use of cellphones during instructional time. Others, like the Ottumwa Community School District, require that kids put their phones away for the entire school day.

A good case can be made for either policy or something in between—and I applaud the administrators, teachers, and parents coming together to find the right balance for their communities. But what's no longer acceptable is doing nothing.

That's why I'm proposing legislation that requires schools keep instructional time free from digital distractions—at a minimum. Of course, there will be common-sense exceptions, like during an emergency. But the evidence is in, and it's time to act.

Let's make sure the classroom is a place for learning, growth, and connection. Let's pass this bill and give students their best possible chance at success.

I want to address another important topic about cell phones that we need to finally resolve: hands-free driving.

Cell phones are a distraction in the classroom; they're deadly on the highway. With us tonight is a family who understands that nightmare all too well. Two years ago, Roland Taylor was killed by a distracted driver. Of the nine minutes the driver was in his car that evening, he spent seven on his phone.

I met Roland's wife, Gwen, and daughters Angie and Lisa, last summer. They shared with me that they don't want another family to go through what they've been through, so they are strong advocates for hands-free driving.

For the sake of all our loved ones on the road, let's finally pass legislation that requires drivers to keep their eyes on the road and away from their phones.

Childcare has been a longstanding priority for my administration. Over the last four years, we've increased childcare capacity by almost 27,000 slots. And to make the most of this new capacity, a stable workforce is critical.

That's why, two years ago, we created a pilot that provides free childcare to childcare workers. It's been successful at decreasing the staff turnover.

So now that we know it works, let's make this program permanent.

A new pilot program called Community Solutions Funds is also making progress. Working with the Iowa Women's Foundation, the state contributed \$3 million to facilitate the creation of nine regional community solutions funds. To raise childcare

wages without raising costs on families, these funds accept donations from businesses, philanthropists, and non-profits, recruiting more lowans to this profession.

Four years ago, Hamilton County's four childcare centers were sitting at or below 65% capacity, with providers starting at \$8.50 an hour. Today, after starting a community solutions fund, staff have received a 36% raise, and three of the four centers are at 100% capacity, with total enrollment increasing by more than 100 children countywide. There's no reason this success can't be replicated across the state.

To help do so, I'm pleased to announce that we're launching a statewide solutions fund to which individuals or businesses can donate to enhance childcare workforce wages and help take the regional funds to the next level.

We're joined tonight by some of the officials who helped get Hamilton County's regional fund off the ground. Let's give them a hand for showing what's possible when community leaders come together to solve community problems.

Community leaders across the state have also come together to address another childcare challenge—the difficulty in coordinating transportation between childcare and preschool during the day.

In some ways, it's a problem created by our own success.

Iowa is ranked fifth in the country for 4-year old preschool access, and our Shared Visions program is helping to extend hours and provide greater support for kids with risk factors.

More than two-thirds of our 4-year-olds are enrolled in some form of preschool. That's almost double the rest of the country.

But this can create problems for some working parents who struggle to shuttle their kids between preschool and childcare during the workday.

Parents need a solution that meets the demands of their busy lives—one that allows their children to benefit from our successful preschool program and have access to childcare. It's about more than convenience; it's about offering our children the educational foundation they need while giving parents peace of mind that their children are cared for throughout the work day.

I'm proposing to establish an Early Childhood "Continuum of Care" program that will provide three-year grants for preschool programs and childcare providers that come together to integrate their services.

The funds could be used to defray the cost of transportation to bring the children from school to childcare, or vice versa. Or they could pay for a preschool teacher at a local childcare center, or childcare staff at the local school.

Under my proposal, the directors at Early Childhood Iowa will review and manage the grant awards. These advocates from across the state work passionately every day to make a difference in the lives of young children and families, providing a critical connection between the state and local communities to help ensure our kids thrive. I appreciate their unwavering commitment to our children, and I know they'll do a great job.

Here's an example of what these grants could do. Center Point Urbana Community School District partners with a private childcare center that operates right in the building. Parents can drop their children off as early as 6:30, and when they're done with preschool, they walk back down the hall to the childcare center where they play until their parents arrive at 5:30.

The childcare director, Jennifer Liedtke, said she believes "the best solution for working families lies in a partnership between the public and private early childhood education communities."

"Partnerships like ours," she said, "have the potential of benefiting both school districts and childcare programs around the state. This allows for greater accessibility to preschool while eliminating the transportation burden on working families. And it does all this while protecting an already unstable childcare industry."

Jennifer, along with Heidi McGonegle, who runs the preschool program, the school's superintendent, John Elkin, and many of the local ECI directors are with us here tonight. Please recognize these individuals for their dedication.

The well-being of working families and rural communities also depends on access to high-quality healthcare. While we have challenges, Iowa has a strong foundation to build on.

We rank #1 for lowest healthcare costs with the fourth best healthcare system overall. We rank ninth for healthcare access. And when it comes to women's health, we rank 14th in the nation and have been named the 11th best state to have a baby. But we still need more medical professionals in every part of the state, including a greater variety of specialists.

To accomplish this, I'm proposing to consolidate our loan repayment programs and double our investment to \$10 million, while opening it to anyone who commits to practice in rural Iowa for five years, even if they're trained elsewhere.

We also know that doctors often decide to practice where they do their residency. We know too that Iowa doesn't have nearly enough residency slots, preventing many physicians from giving our state a chance.

That's why I'm directing HHS to launch a program, in partnership with Broadlawns and the University of Iowa, to secure over \$150 million in federal funds to create a projected 115 new residency slots each year at our 14 teaching hospitals. With a typical 3-4 year residency rotation, that would mean around 460 new physicians being trained right here in Iowa. That's a game changer for rural communities and our entire state. We also need more nurses, CNAs, and LPNs. To facilitate that, I'm announcing \$3 million in Health Care Credentialing grants for employers to train and educate individuals in these areas. This program provides more flexibility for employers and will help fill in-demand health careers.

We also need to review our Medicaid rate model to ensure we're taking into account the unique needs of providers in different areas of our state.

At my direction, HHS will be seeking federal approval to provide more Medicaid rate flexibility, with the goal of incentivizing creative regional partnerships that can better support our healthcare providers and improve services.

There are other, more immediate solutions we can pursue to continue to support maternal care in Iowa.

Today, Iowa reimburses hospitals and physicians at a single, bundled rate, regardless of a pregnancy's risk level. This rigid approach doesn't make sense for mothers or doctors, so I'm proposing legislation that

would unbundle the rates and increase reimbursement to OBGYNs and primary care physicians for complex cases.

We should also increase rates for certified nurse midwives and add doula services as a covered Medicaid benefit. These professionals also have an important role to play in supporting our mothers and children. Our rates should reflect that.

An adverse health diagnosis can change everything in the blink of an eye. One moment, you're playing with your kids or grandkids, planning family gatherings, and doing daily life; then, lightning strikes and those everyday joys seem not just precious but fragile. It puts things into perspective and reminds us of what matters most.

Like so many others, this is a path my own family has walked. More than a year after Kevin received a lung cancer diagnosis, I'm happy to share that the cancer remains in remission and he continues to do well.

Kevin, you're the rock of our family, a wonderful First Gentleman, and I thank God every day for you.

There is another leader in this chamber who has absorbed the shock of a cancer diagnosis. Senate Majority Leader Whitver has been fighting a private battle while continuing to serve his state.

Jack, your colleagues, friends, and constituents are inspired by your quiet fortitude despite the grueling pressure of treatment. And we're pulling—and praying—for you, Rachel, and the kids every step of the way.

Thank you for your powerful example of service, leadership, and grace.

Every case of cancer is a tragedy. And I'm concerned by the data showing that these tragedies disproportionately affect Iowans. Our state has ranked second for new cancer cases two years running, and we're one of just two states with rising rates.

That's the "what" of this problem; the "why" and the "how" are where things get tricky. According to the Iowa Cancer Registry, we're in the top-five states for binge-drinking. We're also among the top for alcohol-related cancers, with the highest incidence in the Midwest. This month, the Surgeon General warned that alcohol is a known carcinogen. Again, none of this is conclusive. There's a lot we still don't know, and multiple factors are likely at play. We shouldn't jump to conclusions, but we need to get to the bottom of this.

Tonight, I'm announcing a new partnership between Iowa HHS and the University of Iowa to establish a dedicated team of epidemiologists who will research the behavioral, genetic, and environmental factors

that might be playing a role. And I'm asking the Legislature to appropriate \$1 million to get their work started.

Iowans don't need more speculation; they need answers.

Kevin and I both grew up in rural Iowa and lived there for most of our lives.

It's where I learned not just the value of a dollar but also the work that earns it. Whether on the farm or in the factory, my dad and grandpa viewed their work as an opportunity and a privilege.

Kevin and I have tried to carry that example and pass it on to our children. I know so many of you do the same; in our biggest cities and smallest towns, we Iowans are raised to appreciate hard work and the sense of purpose it provides.

That's why it's always been a priority of mine to make sure that our government programs reflect a culture of work. From promoting training programs to turning our unemployment system into a reemployment system, we've succeeded in making sure that more Iowans wake up in the morning with a sense of purpose.

Some of these efforts have been hampered by a federal government that often pays people to stay home. But starting next week we'll have a President who understands the importance of work.

So I'm proposing that Iowa apply for a federal waiver to institute work requirements for able-bodied adults on Medicaid.

In other words, if you can work, you should. It's common sense and good policy. For the men and women who are receiving these government payments, getting back to work can be a lifeline to stability and self-sufficiency.

I also want to build on the success of our unemployment reforms. When Iowans lose their jobs, the Department of Workforce Development doesn't just hand out money; it helps them get back to work.

Because of that, Iowans are finding new jobs, on average, in just nine weeks. Nationally, that number is closer to 23.

This is what success looks like. And as a result, our unemployment trust fund is full. In fact, we have more than we need. Our nearly \$2 billion fund balance is the ninth highest in the country even though we're 32nd for population.

Clearly, we're over collecting. To make it worse, we apply our unemployment tax to more wages than any other state in the region. Iowa taxes up to \$38,000 in wages; Illinois only taxes \$13,000; South Dakota is at \$15,000 and Wisconsin \$14,000.

Only Minnesota taxes its businesses more. We need to stop punishing our employers by requiring them to pay more tax than necessary.

Instead, employers should keep and reinvest this money into their business, their workers, and their communities.

That's why I'm again proposing that we reduce the unemployment insurance payments that employers make by half. That will result in nearly \$1 billion in savings, which will flow through businesses of all sizes, to communities all across our state. Let's not wait another year; it's time to get this done.

Iowa has always benefited from looking forward—to anticipating future needs and getting ahead of the curve.

Energy is a clear example. Over the last two decades, we've made changes that turned Iowa into an energy leader.

The results speak for themselves. We're a leader in renewable energy and biofuels; we rank in the top 10 for grid reliability; and we've done all of this while maintaining some of the lowest electricity prices in the country.

That's a plus for Iowans and a big recruitment tool for economic development. But as the world becomes more dependent on technology, and as AI becomes more prevalent, energy demand is dramatically increasing. So we need to look forward again, to make sure that our grid remains resilient and our prices low.

For starters, we need to take a serious look at nuclear energy. Its potential is amazing, but the investment is big and the horizon is long. So we need to get started.

In the coming weeks, I'll be putting together a task force that will make recommendations for how we can move forward. I'll be bringing together experts to look at issues like permitting, which often takes too long. They'll also look at workforce challenges, because recruiting nuclear engineers doesn't happen overnight. And they'll be talking with stakeholders around the state to make sure we have local buy-in.

I'll also be proposing a bill and working with legislators to continue to promote an all-of-the-above energy portfolio that ensures the lights are on regardless of whether it's hot, cold, windy, or cloudy.

We want to send a message to businesses: Invest in Iowa, and you won't regret it. You'll have the workforce, the energy infrastructure, and the low cost of doing business to compete with any company in the world.

When I say invest in Iowa, I'm talking about every corner of our state. But I know that some communities face structural barriers. Maybe they don't have a water treatment plant that can handle a large manufacturing facility; or their natural gas infrastructure isn't big enough to handle a new factory.

I want to give all communities, especially rural areas, the chance to compete on a national stage.

The federal government provides Iowa a certain amount of tax exempt bonds every year. I'm working to ensure that, going forward, communities can use this low-cost financing for energy and water infrastructure projects.

In addition, I'm proposing to modernize our state's energy infrastructure revolving loan program.

I've talked to local leaders who have lost out on private investment because of infrastructure concerns. Let's work together this session to solve this barrier to growth and drive prosperity in every part of our state.

Of course, we're always focused on expanding Iowa's economy.

That's why I led a trade delegation to India, the world's largest democracy and a place that holds great potential for Iowa farmers.

But not all trade missions require long-distance travel. This spring, I'm headed to a place closer, but much different than here. A place where taxes are high, the education system is failing. Where crime is off the charts, business regulation is crushing, and their government is running a \$3.2 billion deficit.

I'm headed to Illinois.

I'll be meeting with business leaders to sell them on why they should move their operations across the Mississippi.

It's a lot of what I've talked about tonight.

Their electricity rates are more than 20% higher than ours; their labor-participation rate is lower; their taxes higher; and their commutes longer.

We're #3 for opportunity; they're 40. We get an A for fiscal responsibility; they got an F.

We're neighbors, but our approach to governing couldn't be more stark.

My point isn't to rag on Illinois. It's to say that I'm so excited and proud to tell our story—the Iowa story—wherever I go.

To share that we're a state of low taxes and cost of living. Of high character and value. A state where a farmer army might just show up to your house—and that's a good thing.

Iowa is a state that provides a quality education for every child, and the freedom to raise your child with the values that your parents instilled in you. A state with endless opportunity, and timeless charm.

I'm excited to tell this story in Chicago, Minneapolis, New York, or any city, big or small, around the country and around the world. Because it truly is a great story. And it's one only Iowans could write.

I'm so proud to call this state home, and I'm so honored to be your governor. Thank you, God bless you, and God bless the great state of Iowa.

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