

**2019 State of the State Address**  
**Governor Doug Burgum**

Lieutenant Governor Sanford, Governor Schafer, Mr. Speaker, distinguished members of the 66th Legislative Assembly, Chief Justice VandeWalle and justices of the Supreme Court, fellow elected officials, our tribal leaders, cabinet members, First Lady Kathryn, my children Joe, Jesse and Tom, Second Lady Sandi Sanford, family and friends, fellow citizens of North Dakota, welcome and thank you for all joining us today. It's truly an honor for Brent, Kathryn and I to serve the citizens of North Dakota. We're filled with gratitude every day for the opportunity to make a difference for our state and for our citizens.

As we entered this chamber today, filled today with the three branches of government, the leaders of our sovereign nations, one can't help but just reflect on the progress we've made. One can't help but feel the energy in this room when our young people are performing great music, great song about our country, about America, and think about together what we can accomplish and the unlimited potential that lies ahead when we all work together. Thank you.

One hundred thirty years ago this coming November, President Benjamin Harrison signed North Dakota into statehood. That same year, George Eastman, after buying 21 camera patents from David Houston of Hunter, North Dakota, created a photography revolution with a flexible roll film camera called Kodak of course. For those from the Arthur-Hunter area know that when we were kids before they moved Houston's house to Bonanzaville, we used to sneak over there and explore it. That's a modern day term for breaking in.

In the center of this beautiful old farmhouse before it got moved to Bonanzaville, they had a dark room in there and we thought it was pretty cool to sneak in there and try to find the secret room. But, that was in 1889 and North Dakota, coming in as a new state, had a population of roughly 190,000 people and our state grew. We grew rapidly over the next 40 years to 680,000 people in 1930, and then something happened to us in our state that didn't happen to any other state.

Our population shrank. From 1930 all the way to 2011, we did not break that record. We were the only state in the nation that shrank over that period of timeframe, and really one of the only places in the world that was shrinking in population. But last year and the last few years, our state has started to grow again. Our state grew by more than 4,900 people last year. That may not seem like much to any of you, but to me that's like adding 14 Arthurs in one year. That's a lot, that's incredible. The Census Bureau now estimates that our new total population for the state of North Dakota passes 760,000 people for the first time in state history.

It's easy to understand why a scarcity mindset may still invade our thinking given that many of our citizens have had direct experience with our decades of out-migration and our depopulation of our rural areas. Also, all of us, if anybody turns on the news, we're all constantly being subjected to claims that things are getting worse. But, let's just take a minute and pull back and take a look at the facts because the facts clearly show otherwise.

Let's take a look at the globe because we're part of a global system. Extreme global poverty has been cut in half over the last 20 years. Over 1 billion people have been lifted out of poverty in the last 20 years.

Seventy-five percent of the world now lives in middle income countries. Global life expectancy is up to 72 years -- global life expectancy, highest it's ever been. Across the globe we've seen dramatic decreases in deaths related to disease, to war, natural disasters, and we've seen dramatic increases in access to clean water, electricity, literacy. Increases in food production, increases in internet access, increases in immunization, which saves children's lives.

Abundance by nearly every measure is on the rise. Yes, the world is getting better and better and it's doing that at a very rapid pace. Why does this matter to North Dakota? Well, it matters for two reasons. First, in a world with improving health and increasing incomes, that world will consume more energy. They'll need more food, more protein, and they want more technology. The world will need more and more in the coming decades of what North Dakota has.

Second, it matters in the context of the United States and North Dakota's role in the world. As American citizens, we all know that we're blessed. We're blessed with freedom of religion, freedom of speech, the right to assemble, the right to own property, and the right to bear arms. Part of our amazing democracy, each of our 50 states is a laboratory of democracy. Each state can be a platform for innovation, and we have an administration in D.C. that understands that the states created the federal government, not the other way around. And in North Dakota, we now today can choose our own destiny.

Today, the state of the state is that we stand at the cusp of a new era in North Dakota's history. And by harnessing the courage to dare greatly, we will cultivate a prosperous future for generations to come. With action, we will shine. We truly live in a state of abundance, and North Dakotans have the humility – we all do – to understand that much of our good fortune is derived from our God-given natural resources; namely our soil, our water or coal, or wind, our gas and our oil.

Combining these resources with the power of human ingenuity has allowed us to build and grow an increasingly diverse and dynamic economy. The private sector prosperity that has driven our state has allowed us to build and maintain a strong foundation in K-12 and higher education, investing much in our No. 1 resource, the young people of North Dakota. Right now, we can make smart, bold investments with long-lasting impacts and at the same time, deliver a fiscally conservative budget and structurally sound budget that improves transparency, replenishes our reserves and yes, we in North Dakota can do all of that and we can do it without raising taxes.

Yes life is good here, and yes we can make it even better. According to US News & World Report, North Dakotans enjoy the best – No. 1 – quality of life in the nation. The magazine said our small towns and those of us that grew up there, and those of you that have friends and relatives there know this, that our small towns promote a positive social environment in which people are not only supportive of one another, but they're able to engage in their communities, and they feel, and they know that they're making a difference.

The same applies to our bustling and growing urban areas. In North Dakota, everyone has a chance to make their mark, to make a difference, and to truly be legendary. We've been one of the five fastest growing states percentage-wise since 2010, growing by 13 percent. We're expected to retain our rank as the fourth youngest state. Earlier this year, we were ranked the best state for millennials with our low unemployment, our affordable housing, and our nation-leading increase in wages since 2007.

North Dakota once again made the list of 10 best states to start a business. That's fantastic because our future is built around innovators and entrepreneurs. Taxable sales and purchases for July, August and September were up 18 percent compared to the same period last year. That's the highest year-over-year percentage increase since the third quarter of 2012. In fact, year-over-year taxable sales and purchases have increased every quarter since April of 2017. Once again, North Dakota is on the grow.

Our economy isn't the only place where our health is improving. North Dakota moved up five places (from) No. 18 (to) No. 13 on this year's America's health rankings by United Health Foundation and in part of those rankings, North Dakota ranked No. 1 in the nation in air quality. Our oil and gas producers continue to shatter production records. Daily output has increased to a record of 1.39 million barrels per day in October, strengthening our position as the No. 2 oil producing state in the nation.

We also produced a record amount of gas in October, an incredible 2.56 billion -- with a B -- cubic feet per day, which is nearly double the amount of gas we were producing in 2014. Overall, as a state we ranked sixth in overall energy production and we're proving to the world that energy production and environmental stewardship are not mutually exclusive. A good example is the Intelligent Pipeline Integrity Program, or iPIPE.

This was a private-public partnership that emerged after a challenge from our administration to the private industry to find new solutions. They're studying emerging technologies to detect and prevent pipeline leaks. Six projects have been funded so far showing exciting and promising results, and this is happening because we believe that innovation, not regulation, is the best way to solve complex challenges in a digital age.

Adding value to our enormous natural gas production is one of the largest opportunities facing our state today. Converting gas to plastics or to fertilizer, using gas to heat commercial-scale year-round greenhouses for local food production, converting gas to electrons to be exported on our existing transmission lines, or re-injecting gas back into the ground as part of enhanced oil recovery. Each of these ideas represents billion-dollar business opportunities for North Dakota.

Substantial progress on gas capture is in our near future. Billions of private dollars of capital have been invested and are being invested in midstream processing and gathering pipelines. But, more capacity will be needed as our gas-to-oil ratio continues to grow. We must ensure that all of our regulations incent capital versus discourage investment.

Our lignite industry continues to innovate and invest, providing essential baseload electricity to the grid. Despite the long-term economic and regulatory uncertainty created by the overreaching federal policy in the previous administration, this industry continues to move forward. Project Tundra, which aims to capture carbon dioxide that can be used to revitalize old oil wells, was recently awarded the largest grant in (the) history of the Lignite Research Council: \$15 million. This partnership between the Energy and Environmental Research Center at UND, the lignite industry and the oil and gas industry is transforming power plant emissions to a marketable value-added commodity.

Our agricultural producers, who are among the best in the world and the most productive in the world, continue to invest in new technology and in precision farming and ranching approaches despite the volatile prices and despite the uncertainty with international markets. It's exciting to see evolving

partnerships between industries, between ag and energy adding value and helping develop new markets.

One great example is Marathon converting their Dickinson Refinery to renewable biofuels and providing a huge new value-added market for North Dakota soybeans. Advancing these core industries requires teamwork and collaboration. That's why our budget proposal dedicates nearly \$200 million for continued research across agriculture, oil and gas, and lignite. Our farmers and ranchers can compete with anyone, anywhere, anytime if they're given a level playing field. For consistently providing our nation and the world with low cost, high quality food supply, these farmers and ranchers deserve our deepest gratitude.

We continue to make great progress on the five strategic initiatives that we outlined in this chamber two years ago. In 2017, we set out to transform education in North Dakota. Our goal, to ensure that our K-12 and higher education systems are best equipped to adapt to new technologies and delivery methods and prepare students for success in the fast changing digital economy.

Two task forces were created by executive order and have just recently, over the holiday break, published their final reports and recommendations. Both are recommended reading. They outline a bold path forward for K-12 Innovative Education and the Higher Ed Governance Task Force calls for stronger accountability and appropriate scale in higher education governance. On each of these 15-member task forces, legislative members served with distinction.

On the K-12 Innovative Education Task Force, Representative Cynthia Schreiber-Beck and Senator Don Schaible served, and on the Task Force for Higher Education Governance, Representative Mike Nathe, Representative Shannon Roers Jones, Senators Brad Bekkedahl and Joan Heckaman, thank you all for your service on these task forces.

In addition, we supported establishing the new K-12 Innovation Academy. This partnership, which is between public entities, local school districts and private philanthropy, supplies concrete strategies for transforming education while also creating a statewide network to advance best practices and community-led initiatives.

We've also expanded opportunities for communication, collaboration and meaningful engagement with each of our important sovereign tribal nations within our borders. Our Indian Affairs Commission hosted two extremely well-attended conferences this past year on strengthening government to government relationships and partnerships, bringing together our tribal leaders, our federal partners, the state and local officials. Thanks to the legislature, Lieutenant Governor Sanford, Tax Commissioner Ryan Rauschenberger, Indian Affairs Executive Director Scott Davis and I each had the unique opportunity to serve on the interim Legislative Tribal Taxation Issues Committee, which I was honored to be asked by the legislature to chair.

This committee had productive discussions with each of the tribes and as a result, the House and Senate leaders plan to cosponsor legislation to allow the governor to enter into separate agreements with individual tribes, to administer sales and use taxes and wholesale taxes on alcohol and tobacco. To have these bills cosponsored by legislative leadership sends a strong and welcome signal of collaboration and improved relations. As we continue to engage with the tribes in discussion about oil and gas tax

revenue, law enforcement, behavioral health and other priorities, we will do so with the mutual respect and the understanding that we're all North Dakotans.

In the spirit of that mutual respect, we're honored to announce that the governor's office today will begin to display the flags of the five tribal nations with whom we share geography alongside our state and national flags outside the governor's office in Memorial Hall. Thank you.

As a state, we can only reach our fullest potential if all of the people in our state have the opportunity to reach theirs. Addiction and mental health issues keep us from reaching our fullest potential.

Our state suffers from a tremendous behavioral health crisis which carries significant impact for our people, our family, for our economy, and for our communities. The first lady has been an incredibly courageous leader in addressing head-on the disease of addiction with the goal, her goal, to eliminate the shame and stigma of the disease of addiction so we can normalize the conversation like we do around any other chronic, progressive and ultimately fatal disease. Her courage and her personal example are inspiring others to share their stories, to seek recovery, and to celebrate the hope and power of recovery. Please join me in thanking the First Lady of North Dakota.

On behalf of Kathryn, I'll just say thanks to all of you who have supported her in her efforts. It means a lot. With Kathryn's leadership, we've created the Office of Recovery Reinvented to promote these efforts with the help from behavioral health professionals and community, and of course with our tribal leaders. In October, more than 1,200 people attended our second annual Recovery Reinvented Summit, either in person or online, where they shared best practices and further advanced the lifting of the veil of shame and stigma on the disease of addiction.

We're also seeing progress with Free Through Recovery. This is a program that provides effective community-based behavioral health services to those who have been involved with the criminal justice system and are also struggling with the disease of addiction. This is a tangible outcome of last session's collaborative justice reinvestment efforts, led by members of the legislature, members of the judicial branch, and cabinet members from executive branches. By moving \$7 million dollars upstream last session, the Free Through Recovery partnership between the Department of Corrections and Rehabilitation and the Department of Human Services has provided access to care coordination, recovery services and peer support to over 500 individuals so far.

One of those people who's received support, peer support, through Free Through Recovery is Jyssica Noble. Like many others trapped by the disease of addiction, Jyssica's struggles with opioids landed her in jail, left her homeless and brought her to the brink of death. Thanks to Cass County's drug court program, she was referred to Free Through Recovery. She started her recovery, and then she relapsed. And when she did, her peer support specialist, her care coordinator and her probation officer all helped to get her back on track to the road to recovery. Kathryn and I had a chance to sit down with Jyssica recently. In our Face to Face conversation, she said about her peer support specialists, "These people cared. And I hadn't had that in my life." You can find Jyssica's powerful story of recovery on our governor's website. And we're happy to have her with us here today. Please join me in recognizing Jyssica for her courage and commitment on the road to recovery. Jyssica.

Justice reinvestment is just one of the great examples of the power of reinventing approaches to government citizens today expect from all of us. They expect government to safeguard their personal

information and their financial assets from increasing cyberattacks. Think of it, as a state we have people's tax information, their school information, their medical information. We have a huge responsibility to protect our citizens' data, just like we have responsibility to protect their safety. And we need to do this while providing user-friendly digital experiences because more and more, citizens are interacting with us through online interaction. North Dakota can be and will be a world-class leader in technology. Our goals include lowering our costs, improving cybersecurity, streamlining online services to improve the citizen experience across agencies and ensuring that all of the 15,000+ people that work for Team North Dakota have the tools and the current technology to do their jobs effectively and efficiently.

To accomplish this, we're doing a number of things. One of those is, we're creating a unified IT shared service organization. Already, we've aligned the back-end systems of 31 state agencies, saving more than a half a million dollars in product and hosting costs. And we've reduced the number of staff it takes to do the work. But we still have over 400 organizations across the state that touch our statewide networks. Today, virtually every one of these 400 organizations is responsible for their own cybersecurity. This is not nearly impossible, I think it is an impossible task. And it's one that is just enormously full of risk. That's why we're calling for an incremental investment of \$16.4 million to centralize and heighten our cybersecurity capabilities and efforts, and to help protect against what we have today, which is 5.6 million cyberattacks against the state of North Dakota every month.

We know that even one breach or one financial attack, like by a bad actor, could be far costlier than the \$16 million that we're using to try to shore up our shortfall in cybersecurity. Our budget also calls for \$174 million to fund 24 needed IT projects that will support 19 agencies, improve public safety, improve citizen government interactions, and ensure that we can maintain voter integrity. This is critical infrastructure. It's just as important as a road or a bridge in an interconnected world. And it's a necessary investment to protect all of our citizens' personal and private data.

Turning to Main Street, communities representing more than one half million North Dakotans are engaged in one or more of the Main Street Initiative's three pillars. They're exploring what they can do to: one, build healthy, vibrant communities; two, do it with smart, efficient infrastructure; and three, and most importantly, they're all working on how they can attract a 21st century workforce. Participation in the Main Street Initiative continues to grow. Sixty-one communities, large and small, have engaged so far, from Grand Forks to Williston, from Regan to Robinson. Those who have participated in one of our 45 Main Street listening sessions report positive results, experiencing greater engagement from their community members and increased momentum on community projects.

In southwest North Dakota, more than 150 community members took part in Helping Hettinger Day, a community-wide improvement project. In north-central North Dakota, Rugby, North Dakota high schoolers launched a video project highlighting the history and the importance of the remaining downtown buildings, building momentum for local improvement efforts. In the southeast corner, Hankinson just renewed their renaissance zone, and has 53 renaissance zone projects. Based on input from our visits, we've launched the Main Street Community Leaders Peer Network to share best practices and promote learning on Main Street-related topics. And we've targeted federal block grant dollars to fund 15 projects, totaling over \$2.3 million for Main Street development, public facilities and services, and will continue to provide tailored technical assistance to communities that seek it.

We'll share best practices and we'll help communities empower and engage their youth and young leaders. In Grand Forks, which received one of our four Main Street excellence awards, the Young

Professionals Group is leading the charge on Main Street. Young people have been appointed to civic boards and scholarships have been awarded to both high school and college students for their Main Street ideas. Our first ever Main Street summit last year hosted 650 people from across the state. And we're planning for our second summit for this October 30th and 31st. We invite all the legislators to join us and bring your community leaders, and come to that conference next October 30th and 31st.

We've made great progress these first two years, but the journey has not been without its bumps. When Brent and I took office just over two years ago, there was a perfect storm of circumstances that were testing our resolve during our first days, weeks and year in office, from tremendously large and expensive national protests, to crashing commodity prices, to a historic drought that summer, the stalled Fargo-Moorhead-West Fargo diversion project, which is now moving again after last week's permit from Minnesota. And also, in working with all of you to have to close the largest budget gap in state history. But thanks to the unbreakable spirit of our citizens, the hard work of our state agencies, and the foresight of our elected leaders to plan for a rainy day, our state made it through and is stronger than ever.

That strength springs first and foremost from our North Dakota citizens and from the courage of our elected officials, who stand in the arena and serve with them at all levels of government, including those newly elected legislators here today. For their dedication and their willingness to serve, would all 18 newly sworn-in legislators please stand and be recognized? Welcome to the Capitol. Congratulations as well, to our statewide elected officials, who've earned the opportunity to continue their outstanding service to our citizens. And let me just tell you, it's been a pleasure the last two years working with them, and I was excited to have them all re-elected. We'd love to have them stand and be recognized as well, the ones that were re-elected, Attorney General Wayne Stenehjem, Secretary of State Al Jaeger, Tax Commissioner Ryan Rauschenberger, Public Service Commissioners Randy Christmann and Brian Kroshus and Supreme Court Justice Lisa Fair McEvers. Congratulations. Glad you're back.

We've also -- say, we've got some new leaders in the house. We'd like to congratulate our newly elected house leadership, Representative Pollert, Representative Boschee, and returning Senators, Senator Wardner and Senator Heckaman. Thank you for your past and future leadership in your respective chambers. Brent and I and our team look forward to working with all of you on a very collaborative session. But congratulations and thank you.

So many things that we touch in North Dakota in these chambers also are affected by the federal government. And we've always had great relationships with our federal partners. We've seen that on tribal affairs. We've seen it across a number of agencies, really improving the last two years. But we're also looking forward to working not just with our leaders here in Bismarck and leaders across the state, but those that serve in our nation's capital. And of course, we'll be working with Senator Hoeven, and being sworn in today, Senator Cramer and Congressman Armstrong. Together, working together, to reach our fullest potential and make sure that we have the opportunity to do, as we say, the six words that we believe capture what this administration is about, which is to empower people, improve lives, and inspire success.

Our state is ready to go to the next level because of the tremendous progress that's been made in the last two years. We have a forward-looking agenda that's focused on solving workforce challenges, increasing accountability and budget transparency, investing in our people and investing in our future. Our economy continues to grow, but workforce remains the No. 1 gating factor for economic growth. Now is the time for all of us to work together to redouble our efforts to equip our workforce with the

skills needed to prosper in a digital economy. We can start right here, dedicating \$30 million in Legacy Fund earnings with a 1-to-1 match for career academies to be built across the state, like the very successful collaborative effort here between Bismarck Public Schools and Bismarck State College. Each day, right here in Bismarck, nearly 1,400 high school and college students gather for learning at the Career Academy. And they're receiving quality education in high-wage, high-demand technical careers that align with post-secondary education.

Students can choose pathways to earn scholarships in such areas as health science, engineering, electronics, IT, automotive, technology, aviation, carpentry, and agriculture. We need to copy this career academy model across our state. It works. It's effective. And this is one time in education where I want everyone to know it's okay to plagiarize. Great jobs that move our economy forward with less debt for students and for families -- it's a winning formula. Let's make it happen.

Strategic investment in our higher education system will ensure that our institutions are producing career-ready students and meeting market demands. Investing \$40 million of Legacy Fund earnings into the successful and proven North Dakota Higher Education Challenge Fund, which requires a 2-to-1 match from philanthropic sources, will yield \$120 million, primarily for scholarships, but also for endowed chairs and classroom instruction equipment.

Another key to solving our workforce shortage is making it easier for people from other states to transfer their skills to North Dakota. The state's Workforce Development Council, revitalized last year, recently delivered a report with more than three dozen recommendations. Also would make that recommended reading for anyone serving the legislature. They identified a number of things that we can choose to fix. And one of them was identifying that our current occupational licensing approach is one of the potential barriers.

Today we have over 80 licensed occupations in North Dakota governed by more than 60 boards, agencies and commissions. I had a chance to go back and look at some old State of the States. In 1995, Governor Schafer himself asked the legislature to join him to refine, rethink and reinvent the state's myriad boards and commissions. Governor Schafer and the legislature made progress in the 1990s. But we reissue that invitation today. Consider this example: When an airman from the Minot Air Force Base was deployed to the Middle East, his wife wanted to become a registered dental assistant in North Dakota. She returned to her home state in California and completed a program there, a tuition cost of \$16,000, and earned her California accreditation. When she returned to North Dakota to reunite with her husband after he returned from his deployment, she was advised to become certified she would need to take multiple national exams costing more than \$700. After completing those exams successfully, she was informed that North Dakota would not recognize her California license, and she would have to take the entire 10-month course again without being able to transfer any credits from California.

This is one of the reasons why the federal government is also looking into that, because we're at a time in our history where we have -- first time in history -- have more jobs available in our country than we have people that are seeking those jobs. We need to tackle everything that restricts us in building a strong workforce and one of those is in the area of licensing. The U.S. Department of Labor, we're happy to say, awarded to North Dakota a \$450,000 grant for us to study our license system so we can remove unnecessary barriers. Building off the great work already done by the legislature, this study will continue for the next three years. But we're digging in right now with the early work focused on high-demand occupations.

We're pleased to see proposed legislation coming forward that would grant occupational licensing reciprocity for military spouses. Many other states have this. This would make North Dakota more military-friendly. It's key to solving our workforce shortage and it's also key to base retention. Our budget proposes a 100 percent state tax income exemption on military retirement pay to encourage more veterans, after they've completed their service, to stay and work in North Dakota. We should thank our veterans, not just for their service with our words and with our applause, but also with our actions -- actions like this -- and they certainly have earned it. And let us remember and never forget that since 9/11 -- since 9/11, the longest period in the time in the history of our state -- we have had continuously deployed North Dakota National Guard members deployed in harm's way defending our freedoms. I would ask that both our veterans and our active duty servicemen that are here with us today, and women, please stand and be recognized. Thank you for your service.

And before I go forward, I've got to make sure that -- I've left somebody off, Doug One (Goehring, state Agriculture Commissioner), I don't know how that happened -- but we were also super happy that you got reelected. And I don't want anybody to think that. But if people don't know that when we serve together on our boards that we do, numerous boards, I think three of them we serve together, to avoid confusion, he's Doug One, and then I'm the other guy. Anyway, stand up, Doug. Thank you. Congratulations to you for getting re-elected as well.

For North Dakota to remain competitive and to reach its fullest potential, we need robust and innovative institutions of higher education. Technologic and competitive forces are challenging approaches that have lasted for hundreds of years, practices that worked in the past that may not work in the future. And the business models, the economics of higher education are being challenged like no time ever before in its history. What this calls for, organizations that are under threat from external forces need strong governance. And we need stronger governance boards with the appropriate capacity to focus on the varied missions of our two-year, our four-year, and our research institutions. This need is more apparent than ever. Our current single board system of governance was created in 1938. Our entire system had less than 8,000 students in 1938. I'm sure at that time -- and we had fewer doctoral degrees, fewer master's degrees, fewer complexity, fewer everything, fewer facilities, fewer buildings. It was a different world.

This one board, eight-person model today is woefully ill-matched in terms of board bandwidth to address the complex governance challenges that are at hand at our 11 far-flung institutions that serve more than 45,000 students. And for us to be competitive and make the numbers work in the future, we probably need to be serving more than 45,000. But the explosion of competition and change from online and nontraditional education is creating an assault on higher education, and we need to change our approach to governance. Those who have opposed the higher ed task force recommendation to thoughtfully consider a multi-board alternative simply because it created additional boards, should recall that our successful K-12 governance system includes 175 school boards and over 1,000 board members. Again, I know that some people were opposed to this before the report even came out. I would recommend take a look at the report.

And this is an opportunity for us to show our curiosity about how we can improve. I believe that this legislature can come forward with a proposal that is better than something that was invented in 1938. And I'm also entirely confident that a multi-board model can be achieved with a zero dollar fiscal note. It can be paid for with realignment of resources at both the institutions and the system office. And therefore, I didn't even bring it up at the budget address because it's not a line item in our budget. We can reinvent our way through this one.

Many strengths of the current system will be retained. People are nervous about this. Common course numbering, credit transferability -- those are the top two things important to students. We'll keep those. And like today, appropriations remain with you, the legislature, not with the boards. Stronger boards, more mission focus with deeper accountability, increased responsibility, increased responsiveness, enhanced results. That's what we want from institutions of higher ed government, higher learning. We can do that with stronger governance.

State government as a whole (had) to become stronger and more nimble as we (were) confronted by economic and budget downturn the past three years. Now is the time for us to increase budget accountability and transparency, and we're prepared to meet that challenge head-on. As we pledged two years ago, we've refined the revenue forecasting process with a half-dozen changes to improve accuracy and ensure the most efficient use of taxpayer resources. We fulfilled another goal by using technology to make spending more transparent online. Now visitors to the OMB website will find a more user-friendly experience, clear visual displays of budget data. You can drill down and find out vendor contracts and other financial information about state government. Check it out.

Our budget proposal also brings a new level of transparency to how our tax revenues support our day-to-day operations. Instead of transferring oil tax revenues, in the last days of the session, into the general fund from a labyrinth of sources, we're proposing -- to the benefit of the people of North Dakota -- a direct \$1 billion transfer to support general fund revenues. \$1 billion transfer of oil tax revenues. What was our No. 1 priority to do this was to restore the structural balance in the General Fund by bringing ongoing spending in line with ongoing revenues. Living within our means. The last two budget cycles we relied on transfers to cover substantial General Fund revenue shortfalls. That's like drawing money out of your savings account to balance your checking account. It works, but it's not a sustainable way to manage finances long-term.

Some people have said, "One billion, not doable." One billion is completely doable. It's easily doable. Why? Because that's the amount of average oil tax revenue that's been transferred into the general fund over the past four bienniums. It's also a conservative and sustainable amount. Even when oil prices crashed during the '15 and '17 biennium the state still collected \$2.9 billion in oil tax revenue. We're expected to collect close to \$5 billion this (biennium). This would be about 20 percent of oil tax revenue coming into the General Fund. It seems like a fair number for the No. 2 oil-producing state in the nation. Being more transparent, we'll improve our state's bond rating. This lowers the interest rate for local political subdivisions who borrow through the state for infrastructure projects. We save local school districts and local cities money by being smarter here about how we manage our budgeting process. It's also imperative that we replenish our reserves. That's why our budget calls for a transfer of \$350 million to help fill the Budget Stabilization Fund to its maximum level. It was filled at the maximum level before and, guess what: We used it all when nobody expected to do that.

Thank goodness this legislature had the foresight to create that fund and to fund it. Without that there would have been real pain in our state a few years ago. There was pain, but we were able to maintain all essential services. Taxpayers and our most vulnerable citizens deserve the peace of mind of knowing that we have refilled the Budget Stabilization Fund to its max. Our team members in state government also deserve a higher level of financial security. That's why we've proposed an infusion of \$265 million into the pension fund, to help close the \$1 billion unfunded liability gap and save taxpayers hundreds of millions of dollars down the road. Investing in team member salaries and health benefits will also ensure that we continue to attract and retain the talent that state government needs to deliver the services our citizens expect. Recognizing employees for outstanding performance is one of the true joys of this job.

I'd like to recognize today several of our Governor's Award winners who exemplify the citizen-first focus of Team North Dakota.

These employees have all gone above and beyond. Holly Gaugler from the National Guard, trooper Jenna Clawson-Huibregtse -- please stand if you could -- Gary Vetter, Chad Gumeringer from ITD, Michelle Gayette from Human Services, Jen Einrem from DOT, Carla Valentine, Holly Holt and Sara Lee from our national award-winning Main Street dashboard team. Please stand and be recognized for your excellence in public service. Thank you for all that you do, for all your excellence. These are just some representatives of the great and hardworking Team North Dakota members that we (have) across our state, doing the work to keep our government going. During the last downturn they stepped up and made a sacrifice like many of us did as well. They had no salary increases the last two years. That's why we're going to keep pushing for a 4 percent and 2 percent salary increase with room to go to 4 and 4 for all of our dedicated state team members.

Every North Dakotan deserves the opportunity to live a life of happiness and good health. Both physical and mental. To address our behavior health crisis we must invest significant resources in evidence-based and cost-effective programs. To that end we propose spending more than \$19 million across the continuum of care, increasing funding from \$7 million to \$11.5 million to expand Free Through Recovery services to those that are beyond the criminal justice system. Millions more for substance abuse vouchers and expanded treatment and programming in our corrections system will improve outcomes and help move people into the workforce and keep them working.

Approaches to caring for the most vulnerable among us also need to evolve. We should invest more in home and community-based services for older adults and persons with physical disabilities and behavioral disorders, including addiction, mental illness and brain injury. While the recent trend has been towards community-based services and away from institutional services, we still need a small amount of the latter to serve certain at-risk individuals. In doing so we're committed to improving the quality of care. Building a new State Hospital and Clinic in Jamestown with \$35 million from Legacy Fund earnings will not only achieve that goal, but will allow us to repurpose the existing state hospital as a minimum custody correctional facility for men resulting in consolidated facilities with significant operational efficiencies.

We also have a responsibility to ensure that the men and the women in our correctional facilities are receiving equal treatment and equal access to medical and rehabilitative services. Currently a strong argument could be made that we're falling short in that endeavor. We believe that the right thing to do for our female correctional residents, and for our taxpayers, is to relocate the women's prison services to the Missouri (River) Correctional Center south of Bismarck.

Two years ago I stated my belief that schools in North Dakota can be the best in the world if we empower educators to lead that transformation in their classrooms and we can cut the red tape that stands in their way. We must promote policies that compensate our educators well and provide the incentives that help kindle the fires of curiosity and innovation. That's why, in addition the proposed 2-and-2 percent increase in the K-12 funding formula, which will help to raise teacher salaries, we're proposing a \$10 million grant to create the Teacher Incentives for Leadership in Education, or TILE, program. TILE will provide funding for professional development or leadership opportunities that advance district initiatives, much like an extra duty contract.

TILE is one of the key policy recommendations from the Innovative Education task force. We know that funding isn't everything and we know that funding isn't always enough. We must redesign our core elements, such as graduation requirements, to support the cultivation of choice-ready students. We stand behind our educators and their work to develop our state's most precious resource: our students. I want to thank Superintendent Baesler for serving on that task force as well and for the great work that you continue to do to fight for all of our students across the state.

Past governors and legislators have established a legacy of strong investments and infrastructure. We aim to build on that legacy, proposing nearly \$1.5 billion for roads, essential water projects and airport infrastructure as well as \$174 million for the new modern infrastructure -- technology investments. With the Legacy Fund we have a new opportunity to create a new kind of infrastructure legacy. Not just one-time spending. We have an opportunity to create a revolving loan fund that could continue to serve our state in perpetuity. Infrastructure is one of the top priorities for our administration.

That's why the largest piece of our plan for Legacy Fund earnings goes into a \$55 million infrastructure revolving loan fund, which when leveraged could increase to an estimated \$370 million in borrowing power just this biennium. Imagine a source of super low interest loans for local political subdivisions to support everything from street paving and sewer replacement to flood control projects and water treatment plants. How about schools? With an additional \$25 million into the existing school construction revolving loan fund that can be leveraged to \$165 million of construction. Combined across these two revolving loan funds we can drive a total of \$535 million of essential and needed construction. Our communities will benefit for generations to come.

At the same time we must continue to diversify our economy, embracing emerging technologies such as unmanned aircraft systems, or UAS. With the Northern Plains UAS Test Site and the Grand Sky Technology Park in Grand Forks, we're already positioned as a national leader in UAS development. It's why the federal government chose North Dakota as one of only 10 sites nationwide for its pilot project to determine how to best incorporate UAS into the national airspace. By investing \$30 million into a statewide UAS infrastructure network, we can cement our status as a proving ground for UAS. This statewide air traffic control system for drones flying beyond the line of sight will also support commercial operations -- commercial operations and new applications including precision agriculture and the monitoring of essential energy infrastructure such as pipelines and transmission lines.

Now, to you, as legislators here today, I ask you for a minute to sit back and envision with me what it would be like in a few short years to be sitting at a ribbon cutting for the new Theodore Roosevelt Presidential Library and Museum at the entrance to Theodore Roosevelt National Park. As you sit there you'll have become part of history, because as a member of the 66th Legislative Assembly your actions will have made that day possible. You'll be getting ready to sit back and listen to four or five living U.S. presidents who have traveled to North Dakota to make remarks honoring the incredible life and legacy of one of our nation's greatest leaders.

As proposed, the \$50 million Legacy Fund earnings for the library and museum is a 2-to-1 match, meaning every dollar -- every citizen's dollar -- that goes forward will be matched by \$2 from other sources, such as federal or foundation or local or individual private donor dollars. Challenge grants like this can spur decisive action from donors. They enable faster and larger commitments of resources from partners and collaborators. Already, the proposal for the Theodore Roosevelt Presidential Library and Museum has received statements of support from the Theodore Roosevelt Conservation Partnership, from the National Trust for Historic Preservation and it's even received it from Theodore Roosevelt V,

the president's great-great grandson, who's been to North Dakota multiple times supporting this project. Also pledging their support for this project are the National Park Service, the Theodore Roosevelt Association, the National Park Foundation and the Theodore Roosevelt National Park itself. That is why, given the timing of the strong support from this federal administration, we urge the legislature to take up this proposal without delay.

Swift passage will send a powerful message to all potential partners, both in and outside of North Dakota, that the North Dakota legislature understands both the lasting significance of this project to our state and its citizens and that we also understand that the opportunity window for capturing this coveted prize for North Dakota is open right now. The TR Library and Museum meets all the criteria we set forth for Legacy Fund projects. Those criteria include: that it will have regional, state and national impact; that it can be leveraged with partnerships to expand the impact of Legacy earnings; it creates differentiation and sets North Dakota apart while creating positive impacts for our economy and for our workforce. This and each of our Legacy Fund proposals will have lasting impacts beyond the current generation.

Roosevelt's vision for America, in his own words, were, "not a life of ignoble ease," but rather the pursuit of a "strenuous life." A life built on sweat and on toil and on the courage to be in the arena versus a critic on the sidelines. The strenuous life is what stitched the cultural fabric of North Dakota. From the strong and lasting cultures of our indigenous tribes, whose lands and sovereign nations coexist within our borders, to the earliest immigrant pioneers who settled here.

Regardless of our background, how we view ourselves determines much of our path in life. If our heads are filled with self-defeating talk our paths will reflect this. And guess what: the same applies to us as a state. It especially applies to our roles as elected leaders. If we see ourselves and our state as too small, too distant, too cold, we will fall short of our potential. We must continually remind ourselves that being a North Dakotan is not just about geography. Being a North Dakotan is a choice. It's a powerful and compelling choice. That choice is open to anyone who shares the spirit of self-reliance and self-respect, who feels the connection to our land, to our water and to our wildlife and who lives with the daring spirit of a pioneer. It's open to anyone who embraces challenges and hardship, who builds trust in community and who lives with gratitude for our many, many blessings. And while we're abundant in resources, we certainly need more of one thing. We need more people willing to take risks, to push forward, to care deeply and to dare greatly.

As our recently departed former President H.W. Bush said, "Be bold in your caring, be bold in your dreaming, and above all else, always do your best." This Sunday, in just a few short days, January 6th, marks the 100th anniversary of the passing of Theodore Roosevelt. By immersing himself in the rugged, beautiful and untamed badlands he transformed himself into a bold and fearless leader whose later actions transformed our nation and the world. As we stand at the cusp of this new era, let us seize the opportunity for North Dakota to transform our image of ourselves, to reach beyond our self-doubts and any self-imposed limitations. Now is the time to dream bold dreams. Now is the time to build those dreams. Now is the time to create lasting legacies.

Thank you. May God bless you, the United States of America and the Great State of North Dakota.