

## Remarks of Governor Mark Dayton as Prepared for Delivery State of the State Address

January 23, 2017

Lt. Governor Smith. Mr. Speaker, the Majority and Minority Leaders, and Members of the Minnesota House of Representatives. Madam President, the Majority and Minority Leaders, and Members of the Minnesota Senate.

Madam Chief Justice and the Distinguished Members of the Minnesota Supreme Court and the Court of Appeals. My fellow Constitutional Officers. Members of my Cabinet and staff.

Other Guests, including my son, Eric; my Grandson, Hugo; Hugo's Grandmother, Alida Messinger; and My Other Special Friends. My Fellow Minnesotans.

Last year I gave this address from the University of Minnesota, because our State Capitol was undergoing its major renovation. I said then that I looked forward to speaking this year in our new Capitol. And here we are!!

It is a superb restoration, and will serve Minnesota well, now and for generations to come.

So I want to again pay tribute to the legislators and other state officials, who, for the past three years, endured serious work disruptions, in order to benefit their fellow Minnesotans for the next century.

I want to thank the contractors and subcontractors, and their thousands of workers, who contributed their skills to this masterpiece. And I want to thank all of you, the people of Minnesota, who supported this endeavor, and can now enjoy its priceless result.

I invite all Minnesotans to visit YOUR State Capitol this year and revel in its restored beauty. You will see a brightness and clarity, which have not shone for decades. If you have them, bring your children and grandchildren; and share with them your pride in Minnesota.

I am very proud of our state. I was born in Minneapolis 70 years ago this Thursday. I grew up here and have lived here for most of my life.

I love Minnesota. I love the forests, the farmlands, the waters, the big cities, and the small towns.

I love the different seasons, each with its own distinctive features. Most of all, I have loved the winters, because that's when, as a boy, I could pursue my passion for playing ice hockey.

There were few indoor ice arenas in Minnesota back then, so we depended upon cold fall and winter weather to skate on frozen lakes and ponds. If I could skate on the pond near my house by Thanksgiving, that was my definition of a good winter.

Now, as I approach the end of my career in public service, with two years remaining in this, my final term, as Governor, I am especially grateful for all of the remarkable people I have met in Minnesota.

The teachers, who dedicate their lives to helping struggling children. The heroic law enforcement officers, who courageously risk their lives to protect our lives. The hard-working public employees, who serve the rest of us well, and seldom get credit for doing so. The talented businessmen and women, who drive our economy and provide us with jobs. The skilled workers, who make those jobs work for a Better Minnesota. The amazing farmers, doctors, nurses, firefighters, and so many others, who make ours the best state in the nation. I thank you.

In 2010, I campaigned for Governor on the promise of a Better Minnesota. Now, and two years from now, I expect to be judged by you, the people of Minnesota, on how well I have kept that promise.

In my first Inaugural Address, I said that my top priority was to bring more jobs to our state.

When I took office in 2011, there were 202,000 Minnesotans unemployed. Since then, our growing businesses have added 255,400 jobs. Our state's unemployment rate has been at or below 4 percent for the past 30 months. And there are more jobs in Minnesota now than ever before.

Nevertheless, these past six years have been very difficult for many of our citizens. The Great Recession has had severe and lasting effects. The new world economy doesn't look like the old one, and it doesn't treat many Minnesotans as well. Inflation-adjusted, real household income in Minnesota averages \$68,730 today, which is 22 percent above the national average. However, it is 8 percent less than it was at the turn of the century.

To repeat, the average Minnesota family is relatively poorer than sixteen years ago.

The US economy, which from 1970 until 2007 grew at an average annual rate of 3.1 percent, real GDP, is now "recovering" from the Great Recession at a much slower pace. Real GDP is now projected to grow by only 2.2 percent annually for the foreseeable future.

A slow growth economy with declining real incomes, foreshadows a very uncertain future for many Minnesotans and other Americans.

Compounding those uncertainties are the ever-widening gaps between people, who have too little and those, who have so much. From 2007 to 2015, the average real incomes of the richest 20 percent of Minnesotans increased.

The average real incomes for everyone else fell. And the incomes of the wealthiest 5 percent increased the most of anyone.

That drop in share of income affects the bedrock of our society, the middle-class. It's not just that the rich are getting richer, and the poor are getting poorer. Our middle-class is getting poorer, too.

For many of Minnesota's hard-working men and women, their lives are more difficult and uncertain than before the previous recession; or for Minnesota's farmers and miners, the current recession. Many have to work longer hours to make less money; and many others, who have good-paying jobs, worry that they might lose them. Health insurance premiums cost more, and often cover less. Retirement incomes are more inadequate and less reliable. Too many Minnesotans no longer believe that their own futures will be better, and that their children will live even better lives.

We cannot entirely escape the ups and downs of the U.S. economy. However, in the past, we have often suffered lesser downturns during national recessions, and achieved faster recoveries, when conditions improve. If our country is going to be mired in an era of slower economic growth, our public investments must be even more targeted to ensure that our state's economic performance remains superior to most other states.

Thus, we should look closely at every budget expenditure and policy decision, and ask two questions: What will they do to help hard-working Minnesotans now? And how will they help our children and grandchildren in the years ahead?

The answers to those two questions should shape our priorities in this Legislative Session.

Our first priority, for it is the foundation of a successful future, must be to ensure our state government's continued fiscal integrity and budget security, which I promised to restore when I became Governor in 2011. Back then, state government faced a projected \$6 billion deficit in the next biennium, with still more deficits predicted thereafter.

In my first Inaugural Address, I promised that I would "clean up the state's financial mess." I have kept my word. We have turned that first \$6 billion projected deficit into \$1.4 billion projected surpluses for each of the next two bienniums.

To get here, we first had to repay the \$2.8 billion owed our school districts; then repay previous raids on the Airport Fund, the Doug Johnson Fund, and the Solid Waste Landfill Fund. We eliminated other shifts and gimmicks. And we set aside parts of our most recent surpluses to establish a \$2 billion Budgeted Reserve Fund that will help protect our state's finances during future economic downturns.

As one result, The Fitch Rating Agency recently increased our bond rating to Triple A.

The budget I will propose tomorrow will continue our state's fiscal prudence, with surpluses at the end of both the FY18/19 biennium and the following FY20/21 biennium. I am determined that, when I leave office in two years, Minnesota's finances will be in sound condition, and ready to support an even brighter future.

But our fiscal stability will be imperiled, if, as some suggest, we "Give it All Back" in tax cuts. A feast of tax giveaways to a handful of wealthy individuals, corporations, and special interests, is NOT Minnesota's path to continued economic growth.

It might surprise some Minnesotans to learn that our state's personal income tax rates have remained exactly the same for the past sixteen years, except when a fourth tier, which affects only the wealthiest 2 percent, was added in 2013.

If anyone among the other 98 percent of Minnesotans is paying higher state income taxes, it is because your income has increased – NOT because the State has raised your taxes. Similarly, no one has raised the state sales tax since 2008, except on tobacco.

Nevertheless, some politicians still try to mislead Minnesotans into believing that I have raised their taxes. They also claim that more tax cuts are the keys to our future economic growth.

In 1999 and again in 2000, Minnesota's elected leaders tried just that. Governor Ventura and Legislators twice lowered the state's personal income tax rates, to where they remain today.

Yet, cutting Minnesota's income taxes did not noticeably boost the state's economy, either before the Great Recession, or during it. In fact, our state's personal income and job losses were worse than the nation's. What those lower tax rates did do, however, was to drive the State Budget into severe and lasting deficits, which required difficult measures and almost a decade to resolve.

NO, low taxes have never been Minnesota's path to prosperity. Instead, it is the public investments we have made with those tax revenues – especially in the educations of our citizens and the quality of our transportation and other infrastructure – that have been, and will continue to be, the keys to our citizens' better standards of living.

As such, they should be our top priorities for putting those budget surpluses to work for Minnesotans.

When I ask businessmen and women why they are locating or expanding here, their Number One reason is almost always the quality, reliability, and productivity of our people. Minnesotans inherently know and practice the virtues of honest, hard work.

But to enable all Minnesotans to achieve their full potentials, we must provide them with the best-possible educations, skills, and training that they will need to live successful lives and contribute to the successes of their communities.

Those excellent educations, from early childhood, to K-12 elementary and secondary, to colleges and universities, are increasingly the pre-requisites for better jobs, higher incomes, and healthier lifestyles. If we were ever to lose our educational superiority, the damage to our state's social and economic well-being would be irreparable.

That is why a top priority during my six years as Governor has been to restore state funding for our elementary and secondary schools and our public colleges, universities, and technical schools; to provide free, all-day kindergarten for our five year-olds; and, now, to increase support for quality childcare and pre-kindergarten classes.

Those investments are our best strategies for closing achievement gaps and for raising the skill levels of all our students.

Earlier this month, the well-respected national education publication, Education Week, graded the fifty states' public school systems in three areas: K-12 Achievement, School Finance, and Early Childhood Education effectiveness.

Minnesota ranked the 11th best state overall. We were 6th best for K-12 Achievement; third best, with an A rating, for our Early Education initiatives; but only 21st in per-pupil education funding, with a grade of D.

From FY 2003 to FY 2012, real state aid for public school operations was cut by \$1,741 per pupil, or 16.2 percent. Total school district operating revenue fell by 7.8 percent, as property tax increases were not sufficient to replace the loss of state aid.

Working together, we have increased real state aid by \$968 per pupil, from FY 2012 to FY 2017. But, in real dollars, it will still be 7.2 percent less than it was in 2003. It has fallen upon Minnesota's property taxpayers to try to make up the difference.

When I took office in 2011, I promised to increase Minnesota's investments in E-12 education every year I was Governor – with no excuses, no exceptions. With your support, we have kept that promise, and I'm not going to abandon it now.

So tomorrow I will propose 2 percent increases in the per-pupil aid formula for each year of the next biennium. They are expensive, costing \$371 million. Some people will say we can't afford to make those investments. I say, we can't afford NOT to. Frankly, I wish we could afford to do more.

The demands on our public schools from our ever-more diverse populations continue to grow. As I said earlier, our schools' abilities to meet those growing needs – and to provide every student from every background with what she or he needs to become a successful adult – are crucial to their individual successes and to our state's better future.

Already, growing businesses throughout Minnesota are experiencing shortages of people to fill their available jobs, especially in more highly skilled areas – making our continued investments in education and workforce training even more important.

A recent Minnesota Public Radio story highlighted one businesses' predicament, which has become common all over our state.

Mike Rolih founded and runs GoRout, a three-year-old technology company in Rochester. Mike couldn't be with us tonight, but Lauren Scott, the company's Senior Director, has joined us.

Mike says he's ready to increase sales dramatically this year, but he needs more trained staff to do so — and finding them in Rochester is proving difficult. If he can't add the skilled workers he needs, he worries that his financial backers will pressure him to move his business elsewhere.

If GoRout, can grow successfully in Rochester, it will benefit not only the company and its employees, but also the entire city. One investor said Rochester needs only one or two success stories like GoRout, to make the city the magnet for innovators that it wants to be. Adding those businesses to the Destination Medical Center, being led so well by the Board's Chair, Lt. Governor Tina Smith, will multiply the benefits to our entire state.

Thus, increased investments in the University of Minnesota and Minnesota State are crucial to meeting businesses' future workforce needs. It surprises some to learn that state funding for higher education — for Minnesota State, the University of Minnesota, and the state grant and loan programs — had fallen significantly during previous decades. From Fiscal Years 2000 to 2013, real state support for higher education dropped by 48 percent. And in FY2012, state funding for higher education had dropped to its lowest level, in real dollars, since 1981.

Those declines come as no surprise, however, to the outstanding leaders of our two State College and University Systems: U of M President Eric Kaler and Minnesota State Chancellor Steven Rosenstone.

I salute you both for your strong leadership during difficult times. I especially want to thank Chancellor Rosenstone, who is retiring this summer, for your dedicated service to our state.

I'm glad to report that from Fiscal Years 13 to 15, state funding for higher education increased by 20 percent. However, it only began to make up for the support lost previously.

Those reductions caused student tuitions to increase severely at our state colleges and universities. In real dollars, tuitions more than doubled across all public postsecondary sectors from Fiscal Year 2000 to Fiscal Year 2012. In nominal dollars, average tuitions more than tripled.

It's wrong that so many of our students are graduating with degrees in their hands and mountains of student loan debt on their backs. It jeopardizes their futures and our state's future. We can, and we must, do better; and my budget tomorrow will propose that we do so.

In addition to increasing General Fund support for our public colleges, universities, and student aid programs, is also critical that we increase the capital investments needed to repair and expand existing buildings and to build new, world-class facilities. Many of those projects are included in my proposed Bonding Bill; but frankly, even that is not enough.

MN State and U of M campuses are falling farther and farther behind in their needed physical plant improvements. They cannot provide first-rate educations in third-rate buildings and classrooms. And those obsolete facilities will not attract either the number or the caliber of students needed for those institutions to be successful — and thus for Minnesota to remain successful.

If we invest in them now, however, our colleges and universities will produce the entrepreneurs, the ideas, the workers, and the products to drive business and job growth throughout Minnesota for decades to come.

But we cannot expect our schools to be successful, or our economy to flourish, if we fail our kids before they even enter their classrooms. That is why the most essential component of a successful education strategy – and our highest priority – must be to improve early learning opportunities for ALL of Minnesota's youngest children. The best way to close the Achievement Gap is to stop it before it begins.

The good news is that we have made great progress already. But those gains aren't yet enough.

When I ran for office, I promised to expand state-funded Kindergarten to serve all of Minnesota's five year-olds. Today, because of legislative support in 2013, over 55,000 children are attending all-day K, and we have tremendous results to show for it. But the research says that, to be most effective, we need to start even earlier to improve young children's lives.

The legislature deserves credit for increasing state support for quality childcare and supportive family services during the past six years. Last year, you provided the first state funding for pre-kindergarten school programs, which was immediately oversubscribed by eager school districts, and now benefits 3,300 Minnesota four-year-olds. Combined with 26,700 early learning scholarships, more Minnesota children are getting the better starts they need today for their better tomorrows.

However, too many children are still being left behind, because we haven't done enough to ensure that ALL of them have excellent early learning opportunities.

Take, for instance, the Marshall Public School District.

Led by Superintendent Scott Monson, who is here with us tonight, they applied for pre-K funding. A grant would have helped 52 of their youngest learners.

Unfortunately, because of the state program's inadequate funding, Marshall was one of 160 school districts that could not be supported this year.

Nevertheless, Marshall, like many school districts, is moving ahead anyway. With limited funding, but great determination, they have enrolled 125 students in their "Little Cubs" program for three, four, and five year-olds. Thanks to state funding for other early childhood programs, including scholarships, Marshall has been able to keep costs down for families enrolling in preschool.

Thank you, Superintendent Monson. And thank you to your tremendous pre-Kindergarten team, who have joined us here tonight. Jill Schwartz and Darci Love – your work makes an enormous difference in the lives and educations of your students. Minnesota is better for your exceptional efforts.

But we must do more to support our young children all over our state. That is why, in my budget, I will propose further increases in state funding for quality child care, for pre-kindergarten, and for other early childhood enhancements, such as visiting nurses for teen parents.

They will all help to ensure that every child starting kindergarten has a decent chance to be a successful student and to become a healthy, productive adult.

But don't take my word for it. To hear Janice and Milen Armstrong talk about the gains their four-year-old daughter, Jannah, has made since beginning voluntary pre-K is to understand what early education means for Minnesota families.

Before their daughter, Jannah, began pre-K, her parents took turns staying home to care for her.

But her limited interactions with other children were starting to affect her physical skills, vocabulary, and emotional development. Janice and Milen believed that Jannah could benefit from high-quality child care, but they couldn't afford the cost.

However, since Jannah began attending free pre-K, five days a week, she has blossomed. Her vocabulary has increased tremendously, her motor skills are improving, and she has made great friends at school. She will be ready to start Kindergarten this fall.

Having Jannah in school has also given more freedom to her parents. Janice has returned to school part-time, and is applying to nursing programs for the fall. Thank you, Janice and Milen, for sharing Jannah's success with all of us.

The Armstrongs' story illustrates what voluntary pre-K can do to help young children and their families, throughout our state. Why wouldn't we want to provide those better opportunities for everyone?

In addition to our moral responsibility to ensure that every child receives a world-class education, there is another important reason to make these additional investments.

Because our future depends upon them.

The complexion of Minnesota today is very different from the state I grew up in. Back then, diversity training was teaching the Germans to get along with the Scandinavians – or the Norwegians with the Swedes.

Now, Minnesota looks more like the world. Between 2000 and 2015, our state's white population grew by 3 percent, adding about 109,000 people. During that same period, all populations of color in our state increased by 79 percent, adding about 461,000 people. And, to our benefit, Minnesota will become even more racially and ethnically diverse in the years ahead.

Some people want Minnesotans, who are different from them, to "go away." In Minnesota today, children, teenagers, and adults are arriving at school or work to find words of racial hatred, religious bigotry, or other smears written on their walls, lockers, and bathroom stalls. This ugliness has no place in our schools, our workplaces, or our communities – and each of us has a responsibility to stand up, and snuff it out.

The students I met recently at Maple Grove High School have shown me, and all of us, the courage it will take to make Minnesota a better place for everyone.

When racist words were scrawled on the bathroom walls in their High School, some students organized a walkout, and have since continued their efforts to create a safer, more tolerant school for ALL their fellow students.

As a speaker at last week's Martin Luther King, Jr. celebration, Maple Grove student Morgan Eames said, "We cannot be complacent. We cannot wish away our problems. We must be bold, steadfast and have the courage of conviction to peacefully confront racism against any and every one, irrespective of race, caste, and religion."

Morgan is here with us tonight. She is joined by her friends, Chance Laurie, and Moses Karngbaye.

Morgan, Chance, and Moses, you are our state's future. And our future is brighter, because of your courage.

Last year, during this address, I said that Minnesota state government needed to lead by example, and increase the diversity in state employment to 20 percent, when I leave office, to more fully reflect the diversity among our citizens.

In 2011, 8 percent of state employees were women and men of color. Today, it is 11 percent.

Similarly, I have committed state government to increasing the percentage of employees with disabilities to seven percent by August 2018. Now, we are at 6.2 percent, and I am confident that we will reach, or even surpass, that important goal.

These efforts have provided employment opportunities for more Minnesotans of all backgrounds and abilities. They have helped to create a more inclusive and representative state government.

There is more we need to do, but we are working hard at it.

Along with education, the other most important investments we can make to create better futures for Minnesotans are in transportation and other infrastructure improvements. I have spoken about the need to improve our state's highways, roads, bridges, and public transit systems during every one of my previous State of the State Addresses.

I've said the situation is urgent.

One legislator partly agreed with me last year. He said the problem was "urgent, but not that urgent." Well, I think our transportation deficiencies are that urgent. Roads, highways, and public transit are to our state's economy, like arteries to the human body.

If the arteries are healthy and efficiently transport blood, oxygen, and nutrients throughout the body, everything works at its best.

If, however, the arteries become decrepit or clogged, the body's performance suffers.

Minnesota is at a critical juncture with its transportation systems. Our investments are inadequate to maintain even their current conditions, much less to expand them and serve our growing population. Further deterioration will severely constrict our future economic growth and our social vitality. Legislators from both parties have said repeatedly that they agree: we must fix our aging infrastructure. In press conferences, speeches, and campaign literature, they have made those promises.

Unfortunately, however, those words have not been transformed into actions, despite the mighty efforts of Senate DFLers last year.

MnDOT has documented a \$6 billion gap over the next decade between expected revenues and what we will need to maintain our existing highways, roads, and bridges, as well as to make much-needed improvements and expansions.

Every year we delay in filling that gap, everything deteriorates further, and becomes even more expensive to remedy.

My transportation funding proposal would not only generate that \$6 billion of additional revenues for state highway projects; it would also provide counties, cities, and townships with an additional \$2.8 billion over the next decade for their road and bridge improvements.

I'm willing to cooperate with Legislators to find a solution that most of us can accept. But it has to be a real solution.

We must provide enough additional revenues, dedicated to transportation, to make the improvements, urgently needed, over next decade.

If we do, Minnesotans will gain the benefits of better highways, roads, and bridges; fewer potholes; shorter commute times to work and school; and a more competitive Minnesota economy.

I challenge all of us here tonight to find and agree upon such a solution. Anything less will shortchange our citizens and our future.

A similarly critical need exists for increased investments to improve public transit in this and other metropolitan areas of our state. An estimated 800,000 more people are expected to live in this metropolitan area in 25 years.

Imagine the traffic jams, if they are all forced into cars on existing metro streets and highways.

There is not enough funding now to support even the current level of bus services; and it is completely inadequate to build the new, rapid-transit, primarily bus, routes needed throughout the entire metropolitan area.

Doing these projects is costly.

However, it would be far more costly, NOT to do them. This region's public transit network already lags behind most other major metropolitan areas in its capacity and efficiency. We fall farther behind at our peril.

In addition to providing travel options for people, who cannot afford to own cars, studies show that talented millennials prefer to use public transit, and that its availability is a key consideration in their deciding where they want to live.

And, finally, every commuter, who rides a bus or light rail train to and from work, is one less car on our already crowded highways. So, even people, who don't use public transit, benefit from its success.

There are other major infrastructure improvements, which are essential for our state's future economic growth.

I have called for 2017 to be a year, during which we all pay special attention to the quality of our state's water, which most of us assume we can take for granted.

Unfortunately, the facts say otherwise.

Many of our state's lakes, rivers, streams, and ditches have water that is unsafe for drinking, washing, commercial uses, and recreation.

And those problems are getting worse. What does it say about "The Land of Sky Blue Waters," when families can't swim safely in nearby lakes? What does it say, when local rivers and streams are so polluted that fish and other wildlife cannot live in, or around, them?

This Friday, I will host the second State Water Summit in Morris to develop more ideas for solving those serious problems. However, I have already proposed important clean water initiatives. Two years ago, the Legislature passed my buffer proposal, to better protect public waters from polluting runoffs. My tax bill includes important funding to help local counties and watershed districts implement the law, and also tax relief for farmers, who convert land to protect Minnesota waters.

My Bonding Bill contains new funding to help smaller communities in Greater Minnesota better afford the water treatment systems they need to make their water safe for their citizens to drink and use.

These improvements are not only essential for our citizens' health, but they are also needed to assure our state's future economic growth – particularly in Greater Minnesota.

Take, for example, the City of Detroit Lakes, which I visited during my travels across Minnesota last summer. In a crowded City Hall chamber, civic leaders told me about their need for a new water treatment plant.

Everyone agreed that the old plant can no longer provide enough clean water for the city's uses. They also agreed that a new plant would be too expensive for their residents and businesses.

It is expected to cost \$36 million, which would be about \$4,000 for every man, woman, and child in Detroit Lakes.

However, not making the upgrade has serious, negative consequences. Randy Peterson, the owner of MaltWerks in North Dakota, was recently looking to relocate his business to Detroit Lakes. MaltWerks depends upon a reliable, affordable source of water.

But the high cost of water treatment in Detroit Lakes made that move almost impossible.

Fortunately, after much persuasion from city officials, Randy moved MaltWerks to Detroit Lakes, and he now wants to move his home there as well, to take full advantage of Minnesota's better quality of life and talented workforce.

Thank you, Randy, for your faith in Minnesota.

But that success story was almost lost, because the aging infrastructure in Greater Minnesota is struggling to meet the needs of 21st Century businesses.

My Bonding Bill proposes to invest \$167 million in clean water improvements throughout Greater Minnesota. I ask the Legislature to support this effort, because many smaller communities cannot afford the costs by themselves.

One area where the former President, the Congress, and I have fallen short, is to provide all Minnesotans with more affordable health care. The Affordable Care Act has had some very important successes.

During the last three years, over 250,000 Minnesotans have gained health care coverage. Nearly 96 percent now have health insurance, making us one of the most successful states in the nation.

There are important features of the Affordable Care Act, which must be preserved. They include requiring health insurers to offer coverage to people with pre-existing medical conditions. The Kaiser Family Foundation estimates that over one-fourth of American adults, including 744,000 Minnesotans, have pre-existing health conditions that would disqualify them from coverage under the insurance industry's former practices.

We must also protect the Medicaid expansion and MinnesotaCare that have provided lifelines for 300,000 Minnesotans, as well as many rural hospitals and clinics. And parents should remain able to cover their children under their policies until they reach age 26.

It is also essential to protect the quality of coverage Minnesotans have gained under the Affordable Care Act.

Obamacare now requires that insurance plans must include 10 essential health benefits: outpatient care, hospitalization, maternity, pediatric care, mental health and substance abuse treatments, emergency, preventive, laboratory, and rehabilitative services, and prescription drugs.

Some people object that they must buy higher-cost coverage they don't need, like maternity coverage for us 70 year-old males.

However, those minimum requirements assure all Minnesotans of more complete coverage, from their health insurance policies.

Previously, over one-half of the personal bankruptcies in this country were caused by people's uninsured health care costs. Most often, the people involved had health insurance. But they found out too late – after an illness or injury had afflicted them or a family member – that the treatments their doctors prescribed were not covered by their insurance.

Those are some of the successes of the Affordable Care Act. Another is the dramatic improvement of MNsure, as evidenced by its performance during the current Open Enrollment period. More than 106,000 Minnesotans have enrolled in MNsure coverage for 2017. Over 60 percent of them will receive federal tax credits, which will lower their health insurance costs by an estimated \$350 million this year.

Wait times for MNsure's telephone assistance have averaged two and a half minutes during this busy Open Enrollment period. MNsure has more work to do, but it's significantly improved.

On the other hand, far too many Minnesotans who don't qualify for federal tax credits have been hit with rapidly rising health insurance costs – from drastic increases in their premiums, to extremely high deductibles.

Too many others have discovered that, contrary to the promise of the Affordable Care Act, they cannot keep their current doctors under any available new plan.

Those failures of the ACA are having devastating effects on the lives of many Minnesotans. Last week, I heard from Sheri Sexton about the huge premium increases that she and her husband, Vince, are facing this year.

Sheri and Vince run the Irish Ridge Dairy in Millville, which has been in their family since 1859. They have always purchased their own health insurance.

Last year, the Sextons paid \$1,580 a month for their insurance coverage. This year, their premiums will cost them \$2,200 a month. That adds up to \$26,400 this year for a policy with a \$13,000 deductible.

But, despite that awful cost, Sheri and Vince cannot afford to go without health insurance.

What they are facing is not uncommon.

Their experience shows how urgent this problem is, and why we must work together, to help the Sextons and 123,000 other Minnesotans afford the health care they need.

Sheri and Vince Sexton are with us tonight, and I thank them for sharing their story with us.

Three months ago, I proposed state aid that would lower the cost of 2017 premiums by 25 percent. It would save Sheri and Vince Sexton \$6,600 this year. I again ask the Legislature to send me a premium relief bill that I can sign by the end of this week.

During these past three months, I have been urging legislators to pass that emergency premium relief immediately, and then tackle the reforms needed to prevent more insurance price increases in 2018 and beyond.

I am told that some of you worry I won't support those reforms, if they are not tacked on to this bill.

I'm amazed that anyone thinks I won't support whatever changes we can make at the state level to prevent this kind of disaster from happening again. No one has heard more than I, about its devastating effects on the lives of good Minnesotans. No one wants to prevent a repeat of those problems, more than I do.

Yet I recognize the enormous complexity of our country's current health care systems, which now comprise 19 percent of our national economy. And I am mindful of the Law of Unintended Consequences, which has been prominently on display during this debacle.

I have also learned that no matter how bad a situation has become, another mistake can make it even worse.

That is why I have urged legislators to take the time that's available to consider carefully the effects of their proposed changes on our state's existing health care policies and practices.

We all agree that significant improvements are needed. That's the easy part. The harder part is: What is the most cost-effective solution? And how can we get it done?

I believe that Minnesota's insurance carriers, health care providers, other health experts, and major consumer stakeholders, should be asked in legislative committees: What can we do to make good quality health care available and affordable to all Minnesotans?

What must we do to eliminate, or at least reduce, escalating insurance costs? And what will it cost us to achieve those goals?

One favored proposal is reinsurance. I am prepared to support such a plan. But I ask that legislators design it carefully, in order to give Minnesotans the best possible results at the most affordable price.

Senator Gazelka, Senator Benson, and I have committed to work together to find that best solution for Minnesota.

I believe another goal of reform should be to bring more competition into Minnesota's health care marketplace and thus create more choices for consumers.

This year, the state's Individual Market was plagued by its largest insurer pulling out entirely, which greatly upset the rate calculations of the remaining companies and required drastic rate increases to keep them providing individual coverage at all.

In too many parts of our state, people had very limited choices; and had to scramble to find any coverage, when some plans restricted their numbers of new members.

We should consider current legislative proposals to increase competition, such as permitting for-profit companies to participate. However, we should first consider carefully the effects of such changes on our state's existing market, current providers, and consumer protections.

Another source of much-needed competition that could offer consumers a better choice, is through a so-called "Public Option."

My Public Option proposal would give Minnesotans, who buy their health coverage on the individual market, an affordable, high-quality option: to purchase coverage provided through MinnesotaCare. This Public Option would be modeled on the current MinnesotaCare program, which would continue to provide high-quality coverage to low-income Minnesotans.

The Public Option would be sold through MNsure, alongside the other commercial products, and would be available to anyone who purchases individual market coverage.

Premiums would cover the cost of the coverage. Some consumers would pay the full premium, while lower income consumers would pay reduced premiums with federal tax credits, as they do today for commercial products sold on MNsure.

After the program's start-up, its costs would be covered entirely by the premiums charged those enrollees.

This Public Option could offer better benefits than many policies, presently on commercial markets; more options for people to keep their doctors and clinics; and less expensive coverage than what is available today.

The Public Option will also guarantee that all Minnesotans have at least one good option available on the individual market, wherever they live.

Implementation of this proposal would require federal approval. However, if the Legislature enacted it by April 1st and the federal government then approved it, the Option could be available to Minnesotans, when the Open Enrollment Period for 2018 begins next fall – and provide them with another choice for good quality, affordable health insurance.

Why would we deny our citizens that chance to get a better deal?

We are in a time of great national uncertainty about the future of our nation's health care under the new leadership in Washington. So, now more than ever, we must protect the elements of Minnesota's health care system that are working.

One important way to preserve the progress we have made is to continue the provider tax, which, for the past twenty-five years, has funded health care coverage for thousands of Minnesotans.

Presently, that tax is scheduled to end after December 2019; but I am proposing tonight to repeal its sunset. I believe it would be a serious mistake to eliminate such an essential source of state funding for health care, just as our citizens' needs are increasing and continued federal support is uncertain.

Minnesotans need us to work together to solve their health care problems. That is what, I believe, we should expect from ourselves. If we all give a little, Minnesotans will gain a lot.

In closing, let me say again that the state of our State is strong, and getting stronger. We have much to be grateful for, and many achievements to celebrate.

But we still face serious challenges. From education achievement gaps, to aging transportation infrastructure, excessive health care costs, polluted waters, and inequities within and between communities.

Despite their enormity, we can solve these problems – and Minnesotans have the right to expect that we will. That is what they elected us to do.

As President John F. Kennedy once said, "No problem of human destiny is beyond human beings. Man's reason and spirit have often solved the seemingly unsolvable, and I believe they can do it again."

Minnesotans before us have solved the seemingly unsolvable – and I believe that WE can do it again.

But we will never solve the problems facing Minnesota, unless we first resolve our own. That is, our unwillingness to work together.

The Reverend Dr. Martin Luther King once said that we may have arrived here on different ships, but we are now all in the same boat together. He said, "Either we go up together, or we go down together."

The same is true for us today, in this state, in this Legislative session. Either we go up together, or we go down together.

I believe that every one of us – despite our differences – is here to lift our state up. Every one of us wants to create a Better Minnesota for our families, our fellow citizens, and future generations.

I challenge all of us in this legislative session, myself included -- to cooperate and compromise, so as to pass laws that will improve the lives of our fellow Minnesotans.

Each of us will ultimately be judged, not for the political points won in today's news cycle, but for how well we have achieved that goal, for now and for the future. That is how we should judge ourselves.

So let's begin with where we can agree; then move ahead to where we must agree. If we do, there are no limits to what we can achieve for a Better Minnesota.