

The following is the text of Gov. John Lynch's inaugural address of Jan. 6, 2011, as prepared for delivery:

Mr. Speaker, Mr. President, Madam Chief Justice -- isn't it good to say Madam Chief Justice --members of the judiciary, honorable members of the House, Senate and Executive Council, and my fellow citizens of New Hampshire:

Thank you for the trust that you have once again placed in me. I will continue to work every day to earn and honor that trust by putting your interests first and striving to make our great state of New Hampshire even stronger.

Let me begin by thanking my wonderful family, starting with our exceptional First Lady, my wife Susan. Her love and encouragement make a difference for me every day. And her work for the children and families of New Hampshire will make a difference for years to come. And I must thank our children: our daughters, Jacqueline and Julia, and our son, Hayden, for their support, love and patience.

Today, more than 700 members of The New Hampshire National Guard are serving in Afghanistan and Iraq. They join countless other brave New Hampshire men and women in our armed forces and follow a long and proud New Hampshire tradition of service. As we pray for the safe return of our soldiers, let's also take a moment to thank them, their families and our veterans for their sacrifices.

Captain Dan Newman of Merrimack and 1st Sergeant Glen Drewniack, the leaders of Charlie Company, recently brought home safely from Afghanistan all 70 soldiers under their command. Captain Newman and 1st Sergeant Drewniack are with us here today. Will you please stand so that we can give you, and all of Charlie Company, a round of applause. Like all of you, I love New Hampshire. I love our rugged mountains and sparkling lakes. Our rivers and beautiful coastline. Old Home Days and State Fairs. Our close-knit small towns and vibrant cities.

But most of all I love our people and how they always come together.

I saw 8,000 people crowd into the Verizon Wireless Arena to say goodbye to 700 National Guard soldiers as they deployed to the Middle East. I saw hundreds come witness the awarding of the New Hampshire Medal of Honor to families who had lost a loved one in service to our nation.

I've seen businesses, neighbors and school children rally around Bella Tucker, a young child from Londonderry stricken with a devastating infection. Thousands of people collect and deliver toys to children for the holidays. And our own state employees collected 10,000 items of food to feed the hungry here in New Hampshire.

In many ways, New Hampshire can be like a large, extended family, rallying around when someone needs help.

We live in the greatest state in the greatest country in the world. As Governor, I think about that every single day.

As elected officials, we are but temporary custodians of this great state. We are keepers of tradition, stewards of today, and guardians of New Hampshire's future. We will be judged not only on the results apparent two years from now; but on the shape of New Hampshire 20 years from now.

Helping our families; ensuring ethical, accountable and efficient government; building a stronger New Hampshire. The political make up of this legislature has changed, but these are not partisan issues. These are New Hampshire issues. They are shared responsibilities. They are responsibilities that I accept, and responsibilities that I know our new legislators accept as well. Together, we can make our great state even greater.

As we move forward in the next two years, we must address the very real challenges facing our families and our state right now.

But we always must remember that the decisions we make will shape the lives of our children, grandchildren and great-grandchildren. We serve the people of today, but we have a sacred responsibility to the people of New Hampshire's future.

New Hampshire is a special place because of the hard work and innovation of our people. But also because of thoughtful bipartisan policies we've pursued over the decades.

In New Hampshire, we have a strategy that is working. A strategy that has put us on the top of almost every national ranking. Today, New Hampshire has the fastest-growing economy in the nation. We have the lowest state taxes. We are the safest state. We are the most livable state. And New Hampshire is considered the best state in the nation to raise children.

As we move forward, we must not abandon the very policies that have made us the envy of the nation.

Our challenge is to build on what is already working; to have the courage to address the areas where we can improve; and to stay focused on what truly matters to the people of our great state.

The impacts of this recession on our families and businesses are real and cannot be understated and cannot be forgotten. But New Hampshire has fared better than most of the nation. We have one of the lowest unemployment rates in the country.

The Federal Reserve Bank says New Hampshire had the fastest economic growth of any state in the nation in the past year, and predicts we will lead the country in economic growth in the coming year. The National Journal calls New Hampshire the highest-performing economy in the nation. Think about it. Fifty states and New Hampshire is the best.

We must continue to build on our successes so that we can get all of our people back to work. We must not be satisfied until every person who wants a job can get a job here in New Hampshire.

New Hampshire's economic strength is rooted in smart decisions we've made over the years and in the ingenuity of our citizens and entrepreneurs.

Our businesses have grown and thrived in part because of our tax advantage. Today, we have the lowest state taxes in the country. To continue to grow, we must move forward keeping our taxes low -- with no sales or income tax.

Past legislatures and New Hampshire citizens worked to diversify our economy and help businesses grow. For example, they created the Business Finance Authority, which helps companies access capital.

Today, we are building on that success with a new innovation and commercialization center and the Green Launching Pad. Both efforts are putting the intellectual and research

capabilities of our renowned University System to work helping companies bring new products to market and to create new jobs.

We know in today's economy, companies must research and innovate, or find themselves outpaced by their competitors. We want businesses to know that New Hampshire is a place that values their new ideas and their new products. That is why we created the research-and-development tax credit, and that is why I am proposing to double this tax credit this year.

Just as companies must change and adapt, so must their workers. In today's economy, businesses can locate almost anywhere. One reason they come to New Hampshire is the skills of our workers. We've partnered with companies to train workers in the skills they need for today's jobs. In the past four years, we've trained more than 8,000 workers. This is possible because we joined together to create a Job Training Fund. Let's continue to invest in job training. Let's bring new jobs and keep good jobs right here in New Hampshire. New Hampshire's high-quality roads and bridges have long been a point of pride for our state, and important to our economy. Our businesses depend on a quality infrastructure to deliver their products in a timely and affordable manner. Our roads are the first impression we make to visitors who come to our state.

Good roads help our citizens get home to their families without hours lost in traffic. And good roads save lives.

Over the past several years, we've worked to develop a realistic 10-year highway plan. Now we are repairing red-listed bridges, bringing open road tolling to Hampton and beginning the expansion of Interstate 93. We are rebuilding the Spaulding Turnpike -- an investment that will reduce accidents and open new economic development opportunities from Portsmouth to Rochester.

But the current 10-year plan, and current revenue sources, will not allow us to fully expand Interstate 93 or add important projects such as Exit 4A on 93.

Two years ago, I offered a plan to consolidate our highway and turnpike systems to help fund important roadwork into the future. This plan is a way forward, but I recognize it is not the only way forward. I am open to new ideas. But if we believe it is important to repair our roads and to fully expand Interstate 93 -- and I do -- then it's time to decide how we are going to pay for these projects.

State road projects are essential to our economic growth, but so are local road projects. For example, in the town of Londonderry, the development of Pettengill Road would open up that area to millions of dollars in economic development and new jobs.

That is why I support a new revolving loan fund -- a State Infrastructure Bank -- that would allow communities to pay back the cost of road projects over time through the tax revenues generated by economic growth.

Our state's future economy depends on our infrastructure. Let us work together to give our citizens and businesses the high quality roads and bridges they deserve and expect.

Today, however, infrastructure is more than roads and bridges. Our companies and citizens need access to high-speed Internet to compete in this economy. Through the federal stimulus, we are leveraging more than \$66 million in federal and private funds to build an expanded broadband highway for New Hampshire. A project that will support 700 jobs,

improve communications, and make it easier to connect all parts of our state to high-speed and affordable broadband. Let us build the information highway of the 21st century. Let us bring affordable broadband to all of New Hampshire.

I am proud that New Hampshire is ranked one of the most business-friendly states in the nation. Together, we can make it number one.

One of the reasons for New Hampshire's success is the accessibility of our state officials. Business owners have told me that the outreach and responsiveness of our commissioners helped convince them to locate and expand their companies in New Hampshire. I just want to take a moment here to thank our department heads. I am so proud of this extraordinary group of public servants. They've found ways to serve our citizens with less and worked together to improve services. We have the fourth-lowest state spending per capita in the nation.

The ingenuity and the hard work of our department heads and our state employees are major reasons why. Will all of the department heads please stand so we can thank you and thank all our state employees.

This year, the legislature will consider a number of important bills. But almost everything we discuss comes back to the most important policy statement we make as state: our budget.

The budget makes clear our values. It reflects our core responsibilities and what investments we believe are critical for our state's future success. As we approach this budget, we must remember that behind every decision are people who will be affected. What we choose to do -- and choose not to do -- will affect the future of our citizens and the economic future of our state.

Over the past several years, we've made hard choices to cut state spending and keep the budget balanced. We eliminated outdated programs and closed facilities. In some cases, we've delayed investments to respond to fiscal realities. We've cut important initiatives to direct our limited resources to our priorities -- education, health care and public safety. The challenge with the upcoming budget will be just as great. We need to recognize that 50 percent of the state budget is state aid to communities. Another 20 percent is direct payments for health care for our most vulnerable citizens, including the elderly.

To balance the budget, we must continue assessing how we provide every state government service -- and decide what services we should provide. But our reductions should not come at the expense of our most vulnerable citizens.

An important part of reaching that goal will be continuing to reform state government and improve efficiency.

That is what we've done for the past six years. We've centralized purchasing, improved the management of state cars, and put services, such as drivers' license renewals, online. And state agencies have recently met my goal of reducing their energy use, saving taxpayers an estimated \$3 million.

We will continue to increase efficiency with the balanced, responsible budget that I will present on February 15th. Agencies are already working on efforts that will control costs and improve services. For example, the Department of Safety and the Judicial Branch are partnering on a proposal to create an Administrative Traffic Court, which will reduce the

backlog in the court system and provide long-term cost savings to the state and local governments.

We will need to make upfront investments, particularly in technology, to improve services and lower long-term costs. Our department heads have joined together to expedite the review of permits for major economic development projects. But they need new technology to take the next step.

That is why I will include funding in the budget to create an online Business One-Stop Center, which will provide a central place for businesses to interact with state government. Our citizens and businesses live and interact in an online world, state government should as well. Let's make it easy for businesses to do business with state government.

One of state government's roles is to put in place careful, thoughtful regulations. How one company uses and treats water helps ensure clean water for the business around the corner. Protecting the safety of workers helps control workers' compensation costs for all businesses. Ensuring sound land use helps prevent flooding that damages homes and businesses.

We must always review regulations to make sure they are still appropriate. Some may be outdated and should be eliminated. Others could be administered more effectively and efficiently. In other cases, oversight should be strengthened.

Recently, we saw a number of people lose their life savings because of the illegal practices of Financial Resources Management. First and foremost this was a crime. But we also must acknowledge that state government missed opportunities to expose this fraud.

We must take a number of steps to strengthen our oversight. In 2002 -- in the name of reducing regulation -- the legislature stripped the Department of Justice of its authority to prosecute some businesses under the Consumer Protection Act. That was a mistake. It is time to return to the Attorney General the authority to protect all of our consumers.

Just as our educated workforce is helping our state's economy grow today, the education that we give New Hampshire's children now will determine the strength of our state's economy for decades to come.

Our schools have long been among the best in the nation; we've been working to make them even better. We've improved standards. We expanded the Community College System's Project Running Start to more high schools, giving students access to college classes and credits.

And at long last, we've ensured that every child in every community can attend public kindergarten.

We've led the way in tackling one of the biggest problems facing American schools, the high school dropout rate. At a time when the number of high school dropouts is of epidemic proportions across the nation, we've cut our high school dropout rate in half to a remarkably low 1.7 percent.

A high school diploma is not a luxury; it is a necessity to succeed in the workforce. We've made remarkable progress. But we're not done; we've set a goal of reducing our dropout rate to zero. Let us make sure every child graduates from high school.

Our efforts to reduce the high school dropout rate and improve education are succeeding because we've provided new alternatives for children to learn and thrive -- online learning,

internships and night school. And we are working with our schools to expand that approach throughout our educational system.

The Kearsarge School District is planning to move to online classes on some snow days.

Students at Spaulding High School are taking Advanced Placement classes online.

Programs like the FIRST Robotics competition are teaching children things they could never get from a textbook. I encourage all of you to attend a FIRST competition and see the excitement of the students, all geared around science, math, technology and engineering. We need to spur these types of changes in education by encouraging school districts to expand opportunities through technology; by giving students credit for participating in activities like FIRST; and by investing in alternative education.

We should not expect 21st century results with a 20th century educational model. We must and we will give our students opportunities to learn in new ways so they can succeed in a new economy.

State government has a role in ensuring that all New Hampshire children have access to these new opportunities and to a quality education.

Our current education funding formula halted nearly 20 years of litigation. But that formula must be improved to ensure sustainability; to avoid dramatic cuts in aid to communities; and to prevent the return of donor towns.

I will present a proposal for improving the current formula. But we must recognize that our ability to make significant change -- change that could expand opportunities for children across New Hampshire -- is constrained by the decisions in the Claremont and Londonderry lawsuits.

Those decisions have made it harder to address the root problem -- local disparities in education. Unlike any other state in the nation, our court required the state to pay the first and the last dollar of an adequate education for every community, making it very difficult for us to lift up the educational opportunities in communities with greater needs.

That is why I will propose a constitutional amendment. An amendment that affirms our responsibility for education; but gives us the flexibility we need to give every child in every town the opportunity for a quality education. Let's work together to pass an amendment that will ensure a great education for every child in New Hampshire.

As Governor, I've made public safety my top priority. And I want to take a moment to salute the people who keep us safe -- law enforcement, firefighters and other first responders.

To keep our state safe, we've put in place smart laws, including the toughest laws in the nation protecting children from sexual predators.

And for the past decade, New Hampshire's crime rate has decreased. But our prison population grew 31 percent and corrections costs doubled.

That is why we worked together -- law enforcement, the judicial branch, victims and their advocates, Republicans and Democrats -- to reform our corrections system.

We instituted reforms to increase supervision of released offenders, to help people who have served their time reintegrate into their communities, and to reduce the number of repeat offenders. These reforms will save New Hampshire taxpayers money. But more importantly, they will improve public safety.

Similar reforms have produced real results in states across the country. But as is the case with any new law, improvements can always be made. That is why we will make proposals to improve the supervision of released inmates and to provide the Parole Board with greater discretion to recommit offenders.

While we can improve on the Justice Reinvestment Act; we should not undermine its goals and its ability to reduce recidivism. To do so would both jeopardize public safety and lead to even higher corrections costs -- costs that our taxpayers can't afford.

Let us work together to keep New Hampshire the safest state in the nation.

One of the biggest challenges facing our businesses and our state is the rising cost of health care. We may have differing views on the merits of national health care reform. But I believe we can all agree that it neglected to address one of the largest problems facing all of us: the high cost of health care.

The solution is not to ration health care, discriminate against older or sick workers, or eliminate important consumer protections.

We must fundamentally change how health care is delivered and what we get for our money. That's what we are doing across New Hampshire. Dartmouth College just launched a new initiative to bring business and engineering principles to reforming the health care delivery system.

Our Citizens Health Initiative, which includes our insurance companies, our providers, our businesses and our colleges and universities, is working to remake our state's health care system.

We are running nine medical home pilots and working with five health care systems on a pilot project for Accountable Care Organizations. These related efforts share the same goals -- changing the outdated financial incentives of the health care system.

We know that more spending doesn't necessarily equal better results. Instead of financially rewarding providers for ordering expensive tests -- we should reward them for keeping people healthy. Ensuring basic preventative care will reduce the need for more expensive care later; help our citizens live better lives; and control the growth in health care costs. We have the resources, we have the people, and I believe New Hampshire has the will to lead the nation in a true health care reform that puts health first.

In New Hampshire, we are blessed with a beautiful environment and abundant natural resources.

Nearly a century ago, New Hampshire citizens came together to protect and re-grow our forests. We are still reaping the economic benefits of those actions. We see the benefit directly in our timber industry; in our hunting and fishing industries; and in our second-largest industry -- tourism. The indirect benefits of our beautiful natural environment touch every part of our economy by attracting businesses and skilled workers to New Hampshire. We too have a responsibility to look to the future, as our predecessors did, and act to protect the long-term sustainability of our environment and our economy.

I believe the next great challenge facing our environment -- one that could threaten our state's economic viability if left unaddressed -- is ensuring clean, sustainable water supplies. That is why I will establish by Executive Order a commission to create a 20-year Water Sustainability plan for New Hampshire, evaluating the infrastructure, investments, and

other measures we must make together to ensure that our families, businesses and communities have the clean water they will need in the future.

To protect New Hampshire's economy and quality of life for tomorrow, we must protect our water today.

Keeping our spending and taxes low, helping all our children graduate from high school, building a strong infrastructure, giving our businesses and workers the tools and training they need to compete, re-making our health care system, ensuring clean water for generations to come. These are challenges we face as a state.

But they are also opportunities to build for New Hampshire's future.

As we address the short-term needs of our citizens and our state, we must look to tomorrow. We must look ahead to obstacles to economic growth and success, and begin to address them now.

We must consider not only the immediate, but also the long-term, consequences of our decisions. Will they make New Hampshire better, more competitive for the future? Will they allow our state and our citizens to compete in the global economy? Will they ensure that New Hampshire remains the special place it is today?

We must remember we are servants of New Hampshire's people today and the people of New Hampshire's tomorrow. Let us act together to ensure that when the legislature and the Governor meet in this great hall 20 years from now, they are discussing not how to fix the problems we left unsolved, but how to build on the strong foundation we created.

With good New Hampshire common sense, hard work and cooperation, we will keep moving our great state forward.

Thank you.