



STATE OF RHODE ISLAND

Governor Dan McKee



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Governor Daniel J. McKee's State of the State Address

Published on Tuesday, January 18, 2022

Mister Speaker, Mister President, distinguished members of the Assembly, our General Officers, members of the Judiciary, municipal leaders, and members of my cabinet – good evening.

Tonight, I want to speak directly with the people of Rhode Island.

This COVID-19 pandemic has been part of our lives for nearly two years now. It's what we talk about at our kitchen tables over breakfast in the morning, and again over dinner at night. It gets brought up in nearly every conversation we have throughout the day, and it's a topic at nearly every special gathering we attend.

It's been stressful, and it's been frustrating because we all want it to be over. I know that's how Rhode Islanders are feeling right now – and I want you to know that when we're sitting around our kitchen table, my family and I feel that way too. But I also want you to know that there is no question in my mind that we will get through this as we have for the past 21 months – together.

Understanding that COVID-19 is still going to be the topic of conversation for a bit longer, we know that it's time to also start looking to the future. We can't fall behind.

Tonight, I am here to lay out our Administration's plan to build a stronger tomorrow – to increase per capita income for individuals and families across our state. This means increasing earning power for all Rhode Islanders. It means putting more money in your pocket and improving your quality of life for years to come. And the only way to do that is by building a stronger, more stable, and fairer economy while prioritizing public health decisions that keep us all safe.

I'm a lifelong Rhode Islander. I was born here and met my wife Susan here. Rhode Island is where we raised our son and daughter and where I owned and operated small businesses in the Blackstone Valley. It is where I coached youth basketball and served as President of my hometown's Boys and Girls Club.

I've seen where Little Rhody has been, and I know where it can go.

Rhode Island already has so much to offer, and at the same time, has so much more potential not yet tapped. We have a once-in-a-lifetime chance to strengthen Rhode Island's economic recovery and propel our state into the next decade with strength.

In 2021, Rhode Island received \$1.1 billion in economic stimulus funds from Washington, D.C. These dollars belong to you and were delivered with the purpose of improving your life and your future. In 2022, that is exactly what we are committed to do – to continue investing these dollars responsibly to improve your life and your family's future.

My Administration has worked hard to plan accordingly on your behalf. I have engaged with thousands of residents with the help of the Lt. Governor and members of my team through a process that we've called, Rhode Island 2030 – a series of community conversations that envision what Rhode Island can become as a result of the decisions that we make today.

We have held public meetings across the state to hear directly from Rhode Islanders on what you thought the priorities and future plans for the state should be. Together, we have discussed the important topics of housing, small business, climate change, children and youth services, supporting seniors, higher education, and much more. The outcome was a working document outlining dozens of priorities for Rhode Island's next decade. If you want to take a look at those priorities and share some of your own, visit RI2030.com. I want our state's plan to be your plan, a plan for the future that charts the strategic path for what we need to do today to make a brighter tomorrow.

Now, tonight's State of the State is different than most years. But unlike last year, I am not speaking to an empty room. That's because we're making progress and we're doing what we need to do to keep Rhode Islanders safe.

You've heard me mention once or twice that I'm a former mayor, and while I couldn't have every municipal leader here tonight like we normally would, we have several here in the chamber with us. I want to thank them for their leadership in helping us get shots in arms and expand our testing capacity. We have a flag from every city and town here in the chamber representing the people of our 39 cities and towns, the people we serve.

This once-in-a-generation public health crisis has taken more than 3,000 of our fellow Rhode Islanders – and we remember each and every one of them. The pandemic continues to challenge our health care systems, our schools, our small businesses and it has created significant staffing challenges across many industries. It continues to challenge our resolve, our patience, and our strength. But time and time again, Rhode Islanders have shown that we are persistent. And even when we are faced with historic challenges, we continue to live with purpose and hope.

I want to give a special thank you to Dr. Nicole Alexander-Scott for her dedication and service to the State of Rhode Island. Thank you, doctor.

Rhode Islanders should be proud of how far we've come together. We're number two in the country for putting shots in arms. We are number one in the nation for tests per capita. Just two weeks ago, we did 175,000 tests, four times more per capita than Massachusetts.

That's because we've been able to respond and adapt quickly – just as we have over the last several weeks. I recently reassigned our Emergency Management Director Marc Pappas to lead our whole of government COVID-19 response with a focus on expanding testing and vaccinations. Thank you, Marc. Under General Callahan's leadership, we reactivated the National Guard to assist with everything from testing, to vaccination, to hospital staffing. Thank you, General. Dr. Chan and Dr. McDonald and the staff at the Department of Health continue to step up and serve as important resources to our team. Thank you, doctors. Later this week, I will be announcing a committee of Rhode Island health professionals to lead the search for the interim and permanent director of the Department of Health.

While there are still pandemic challenges facing our schools, our students are largely back in the classroom where we know they learn best. Our doctors, nurses and health care professionals continue to prove that they are the best in the country. Together, we will continue to make the best decisions possible for our families and loved ones to keep them safe.

As a result of Rhode Islanders looking out for one another, our economy has seen progress too.

Think back, during pandemic our unemployment rate was as high as 17 percent and we lost over 100,000 jobs. Our leisure and hospitality industries alone lost 37,000 jobs. But for the first time in recent memory, our state didn't suffer its usual fate of first in and last out of the economic downturn. During the first 8 months of our Administration, Rhode Island had the 7th largest unemployment rate decline in the nation. While there are still pandemic workforce challenges, the number of jobs in our state has increased significantly. Key sectors of our economy like construction and manufacturing are even above pre-pandemic job levels.

Because Rhode Islanders stepped up, we were able to have music in Newport last summer, WaterFire in Providence and Tunes on the Dunes in Westerly. Ours is the strongest economic recovery in the Northeast – the best in the region for once. We have a unique competitive opportunity, and we must keep going and take advantage of that.

Rhode Island is in a different place today with this pandemic than we were a year ago – and that's because we came together as one state – one team – all 39 cities and towns, and never lost hope. We've made this progress because of you. So, to each and every one of you, thank you. It's because of you, Rhode Island, that I can stand here before you tonight with confidence and say that the state of our state is resilient and full of opportunity.

We've been able to accomplish a lot this past legislative session and I'm especially thankful for my partnership with Speaker Shekarchi and Senate President Ruggerio. Among other key pieces of legislation that were passed, I'm grateful to the General Assembly for approving my RI Rebounds proposal. This provided \$119 million in immediate relief and investments in our children, families, small businesses and affordable housing. These investments are down payments to strengthen our economic recovery.

Besides making immediate investments to sustain our economic momentum, we also need to invest for the long-term.

That's why, later this week, I will submit my Administration's budget – a budget that's fiscally responsible with no broad-based tax increases – but at the same time proposes long-term investments to grow our economy and support our people. I'll also submit a spending proposal for investing the remainder of

the State's American Rescue Plan funds to launch Rhode Island into the next decade with strength. This is a big moment for us.

I want to thank our Congressional Delegation – Senator Reed, Senator Whitehouse, Congressman Langevin and Congressman Cicilline – who fought to make sure Rhode Island got its fair share of American Rescue Plan dollars. We're ready to take these funds, plus the funds from the Bipartisan Infrastructure Bill, and put them to work. Tomorrow, we'll be announcing over 100 projects valued at \$2.1 billion that we are able to speed up because of these federal infrastructure funds. This initiative will create safer roads, bridges and bike paths and will put many more tradesmen and women to work.

For Rhode Island to be an attractive place to live, work, and raise a family, we must address the availability and quality of housing – that means everything from providing supports to those experiencing homelessness, to increasing affordable housing, to ensuring we build more workforce housing for our middle-class families.

Rhode Island has historically underinvested in housing. We are experiencing a housing shortage in part because too few units have been built over several years. In 2020, we built fewer units per capita than any other state in New England.

Now, we have made some progress – last year, together with the General Assembly, we created a permanent funding stream for affordable housing and even created the state's first deputy housing secretary position. But we can do more.

Let's come together again and allocate a quarter billion dollars to make a once in a generation investment in our state's housing stock.

The proposal that I'll send to the General Assembly will not only create and preserve thousands of units of housing, but it will also transform blighted properties, strengthen communities, and create good-paying construction jobs in the process. How can we expect our sons and daughters to stay in Rhode Island if they don't have housing they can afford to live in?

Did you know that homeownership is one of the most important ways to build generational wealth, yet Rhode Island has one of the lowest homeownership rates in the country, largely because families and individuals cannot afford the down payment? It's time to change that. That's why I will be sending the General Assembly a proposal for investing \$50 million to provide down payment assistance to Rhode Island households who need it most.

We also want our state to be the best place to grow up and raise a family, where young people want to build their futures. We know that when we support children and families, our entire state thrives.

Together, we have made bold investments in early education, child care, Early Intervention, and pediatric care. Rhode Island is already a national leader in health insurance coverage, with 98 percent of our children accessing insurance. Yet we cannot make progress without providing access to all children that live in Rhode Island.

That's why I am proud to propose that we cover all kids in Medicaid – we've done it before, let's do it again. Let's also extend Medicaid coverage for new moms from 60 days after birth to 12 months. It's the right thing to do – let's get it done. In addition, for the first time in decades, let's expand the income eli-

gibility threshold for families to access the Child Care Assistance Program and let's continue our investments in early education retention bonuses.

The past two years have challenged every aspect of our education system, from pre-K through college, but I'm proud to say that Rhode Island has led the way in getting children back into the classroom safely. That's thanks to the incredible hard work of our teachers, administrators, parents, nurses, school committees, maintenance staff, union leaders, and countless others who invested their time and energy into giving students the best education possible. I also want to recognize Commissioner Infante-Green and her team at RIDE for the work they have done.

Despite these efforts, student's academic growth continues to be impacted by the learning disruption created by the pandemic.

We're going to work with the General Assembly to make sure our schools get the funding they need. My budget fully funds the state's K-12 school system at the funding formula level, which will increase state aid to school districts. We also want to ensure that any school district that would have experienced a cut in funding because of student enrollment decline, will not see that cut this year. We'll also be continuing the commitment to a \$250 million school construction bond with \$50 million dedicated to crucial smaller projects like better heating and cooling equipment and safety upgrades.

In total, my budget will propose over \$430 million for the construction of education facilities – kindergarten through higher education – including funding for URI's Narragansett Bay Campus and Rhode Island College's Student Success Center.

We all know that the economy was changing well before the pandemic. A college degree or credential is a basic qualification for over 70 percent of jobs created since 2008. Although we have made great progress over the last decade, there's more to do.

Let's launch Rhode Island's first Higher Ed Academy, a statewide effort to meet Rhode Islanders where they are and provide access to education and training, that leads to a good-paying job. Through this initiative, which will be run by our Postsecondary Education Commissioner Shannon Gilkey, we expect to support over a thousand Rhode Islanders helping them gain the skills needed to be successful in obtaining a credential or degree.

Having a strong, educated workforce is critical for a strong economy – and Rhode Island's economy is built on small businesses. Small businesses employ over half of our workforce. As these businesses continue to recover from the pandemic – we know that challenges still persist. That's why in the first several weeks of my Administration, I put millions of unspent CARES Act dollars that we received in 2020 into grants to help more than 3,600 small businesses stay afloat.

My budget will call for key small business supports like more funding for small business grants, especially for severely impacted industries like tourism and hospitality. It will also increase grant funding for Rhode Island's small farms.

As our businesses deal with workforce challenges, I'll also propose more funding to forgive student loan debt, especially for health care professionals, and \$40 million to continue the Real Jobs Rhode Island program which has already helped thousands of Rhode Islanders get back to work.

Now, there is no doubt that these grants will be a lifeline for our struggling small businesses, but we can do more to structurally improve our business climate overall. This year, in my budget request, we'll be proposing a separate small business budget article with a plan to make a real difference.

Here's a few of our Small Business Article proposals: Let's allow cities and town to exempt a portion of business property from the tangible tax. Let's reduce the corporate minimum tax, a tax that impacts our smallest businesses the most. Let's create a taxpayer steward within the Rhode Island Division of Taxation dedicated to helping individuals and small businesses navigate the taxation process. And let's make alcohol to go permanent, an out of the box idea that allows restaurants and brewpubs to sell alcoholic beverages with take-out food.

For far too long, minority entrepreneurs and minority-owned businesses have faced barriers in starting and growing businesses. They've had more hurdles to jump to get over that finish line. Let's reduce those hurdles. I'm proposing a \$10 million Minority Business Support Initiative to strengthen our minority business community and increase minority business ownership in the state.

From Blackstone Valley to the East Bay, South County and beyond, all Rhode Islanders are entitled to clean air, food security, and sustainable communities. That is why my administration is stepping up efforts to combat climate change. Last year, I signed into law the Act on Climate, landmark legislation that establishes our promise for a better planet by requiring the state to achieve net-zero emissions by 2050. My proposed budget will include millions in funding for climate change-related investments, without impacting state general revenues. I'll be rolling out several of these initiatives tomorrow.

Rhode Island is a national leader in clean energy innovation because we know that slashing greenhouse gases is not just the right thing to do for the environment – it's also the right thing to do for our economy.

As you all know, we are home to the nation's first operational offshore wind farm which launched the industry. Rhode Island itself has already committed to enough offshore wind to meet one-quarter of our electric demand. These clean energy jobs are no longer the jobs of the future – these are the jobs of today, and we must capitalize on our state's solid foundation in these industries to continue being a leader in the blue economy.

To that end, we'll be sending a proposal to the General Assembly that makes a series of key investments into our state's blue economy. Here's our plan:

Let's build the nation's premier Smart Bay in partnership with the University of Rhode Island that will make our state a world-leading center for researching, developing and testing ocean technology. Let's also increase our port capacity to support the offshore wind supply chain by making critical investments into the Port of Davisville at Quonset and East Providence's South Quay. Let's also invest in aquaculture, including seafood processing, so we no longer need to ship so much of our calamari out of state to prepare it for sale. As Rep. McNamara would say, that really is a "Calamari Comeback."

These measures don't include the work we're planning across our Administration to create a statewide network of electric car charging stations and converting our public transportation vehicles to electric.

And our investments in our economy aren't just centered around the blue economy. We can bring bio-science R&D from Boston and Cambridge by investing in wet lab space here in Rhode Island. This is something that the life science community has been asking for – let's make it happen.

Rhode Island, we have a historic opportunity in front of us. An opportunity to chart a stronger more prosperous way forward for all Rhode Islanders. But to meet this moment, it will take all of us working together. And just as I've done since my time as Mayor, I will sit down and work with anyone who is willing to do the work.

Just like you, when I sit down with my mom tomorrow morning at the kitchen table, I know we'll still be talking about COVID-19 and understandably so, it's still with us – but I also hope we'll be talking about the opportunity that lies ahead for Rhode Island, and how together, we can make it happen.

Let's do this, Rhode Island.

May God bless our service members, our veterans, and everyone working to keep Rhode Island safe.

Thank you.

