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A Working Washington
for Everyone

TEXT AS PREPARED
JANUARY 14, 2014

2014 State of the State Address

“A Working Washington for Everyone”

As prepared for delivery at noon, January 14, 2014

House Chamber, Washington State Capitol

Governor Jay Inslee

Good afternoon.

Thank you, Rabbi Kinberg, for the inspirational words you offered to help guide our work.

And thank you, Rey Reynolds, for the outstanding and uplifting rendition of our national anthem as well as for your public service as a law enforcement officer.

Mr. President, Mr. Speaker, Madam Chief Justice, distinguished justices of the court, honored officials, members of the Washington State Legislature, tribal leaders, local government officials, members of the Consular Corps and my fellow Washingtonians.

This is my first opportunity to deliver a State of the State address, and I want to start off with good news.

I’m pleased to report that under the Inslee administration, the Seattle Seahawks are having an amazing year, and on Sunday will play in the NFC championship game. It’s possible that’s just a coincidence.

As you know, I’ve been very fortunate to share this journey as Washington’s governor with my wife, Trudi.

Together, Trudi and I raised our three sons in the beautiful Yakima Valley and are now blessed with three wonderful grandchildren — who I may note are all more popular on my Facebook page than I am.

My family helps shape how I see the world and how I see my responsibilities to Washington. When I think about my grandchildren, I know what we do here will affect them many years down the road. Will they be inspired in school? Will they find rewarding jobs? Will they make their home in Washington as the seventh generation of Inslees to find a long, fulfilling life in the greatest state in the nation?

In recent days I’ve been thinking particularly about my dad and brother who became teachers and never let me forget how important our public schools are. So — with a nod to Frank Senior and Frank Junior — I’d like to start today by talking about the state of education in Washington.

Education

When I presented my supplemental budget a few weeks ago, I said this was a “hold steady” year as we get ready for bigger fiscal challenges in 2015. It was notable that this would be the first time in six years that the Legislature wasn’t convening to face a major budget shortfall. That seemed to give us some breathing room.

But I’ve had to rethink that approach. Or, to be candid, the Supreme Court has forced us all to look anew at funding our education system this year. The court issued an order last week on the state’s efforts to comply with the constitutional requirement that we fully fund basic education.

Last year, we made a down payment of nearly \$1 billion toward meeting that obligation.

The court said last week that — unlike previous years — in 2013 we took meaningful steps toward meeting our commitment to basic education and the reforms this Legislature passed in recent years.

We all know that wasn’t easy, but getting it done speaks to our ability to work together for a higher purpose.

But the court also said we aren’t moving fast enough. The court said it was troubled by a lack of progress in funding basic costs for schools as well as pay for educators and administrators, whom the justices rightly call the “heart of Washington’s education system.” The court wrote that it wants to see “immediate, concrete action ... not simply promises.”

I agree. Promises don’t educate our children. Promises don’t build our economy and promises don’t satisfy our constitutional and moral obligations. We need to put several billion dollars more into funding our kindergarten-through-12th grade education system.

In the coming days I will propose a plan to make an investment of about \$200 million in our schools this session. Most of that will go directly to your local school districts. It will also fund a long-overdue cost-of-living adjustment for our educators this session.

Let’s not forget that Washington voters spoke loudly in 2000, saying that educators should get this COLA every year. Yet repeatedly that mandate has been shunted aside. We’re going to live up to that promise this year.

Last year I proposed a \$1.2 billion down payment on our obligation to schools, funded mostly by closing tax breaks that aren’t as high a priority as our education needs. We weren’t able to do as much of that as I thought we should.

The court now says what we did wasn’t enough and the need for immediate action could not be more apparent.

Again we must weigh tax breaks against the increasing call for action.

I never envisioned my state, a state that educated so many of us here today, as a place that would need a Supreme Court order to tell it to adequately fund our children's education.

We need to stop downplaying the significance of this court action. Education is the *one* paramount duty inscribed in our constitution.

The court wrote last week that it doesn't want to be forced to give specific funding directives or hold the Legislature in contempt. The court was clear when it said that "this case remains fully subject to judicial enforcement." We must not let that happen, and by working together we can live up to our responsibility and create a better Washington for generations to come.

And we're going to have to do that in a way that doesn't rely on gimmicks, one-time fixes, cuts to services that protect our state's most vulnerable children and families or cuts to higher education. For too long the easy answer in Olympia was to cut those services. I was proud we stopped that last year, and we should not let it happen now.

Here's why. Our job is to educate every child in the state of Washington, and it is very difficult to educate a homeless, hungry or sick child.

You can expect that again I will bring forward tax exemptions that I think fall short when weighed against the needs of our schools. And in some areas we need to do more than the court has mandated, such as early childhood education. Our children are our paramount duty at every age, not just from kindergarten to 12th grade.

It would be a mistake to fall behind on early learning as we take care of funding K-12. Equal opportunity means every child in Washington starts kindergarten ready to learn, and that's why I'm asking for \$4 million for these programs.

And it would be a mistake to fall behind on funding our higher education system. Students who work hard and succeed in school should know there is a slot in our higher education system for them and financial aid will be available to them if they need it.

And I'm talking about every bright, promising student who excels in Washington's high schools, including our young, aspiring citizens.

I met a young man from Lincoln High School in Tacoma who said to me, "Governor, people are always telling us how important it is for us to finish high school. But if I can't afford college and I can't qualify for financial aid because of my residency status, what's the point?"

Yesterday, for the second time in as many years, the House came together in a truly bipartisan fashion to overwhelmingly pass the DREAM Act. I now call on the Senate to pass this bill. You send this bill to my desk and we'll send thousands of our students to college.

We've seen real and meaningful results when this Legislature decides to help more students succeed.

My budget invests more than \$11 million in the College Bound Scholarship program, a proven strategy to increase graduation rates in our state. But it's not enough to just graduate students. They have to graduate with a meaningful diploma that fully prepares them for life in the 21st century.

This Legislature already recognizes that Washington needs more STEM graduates — science, technology, engineering and math. Last year, you passed my bill creating a STEM Education Innovation Alliance, and I've appointed innovative leaders from education, business, labor and the nonprofit sector to serve on it.

Now it's time to fund the alliance so we can align our education system with our goal for a Working Washington for everyone.

I want to thank two outstanding ambassadors for STEM education in our state who have joined us today.

One is Jeff Charbonneau, our 2013 National Teacher of the Year. He brought college-credit STEM courses to Zillah High School and has inspired students to challenge themselves and succeed in those courses.

The other is Ifrah Abshir, a student at Rainier Beach High School who told me how a successful mentoring program helped her fall in love with computer science.

Thank you, Jeff and Ifrah, for helping to spread the word about the great things that STEM education can do for Washington's students.

Transportation

If education is the heart of our economy, then transportation is the backbone. That's why we need a transportation investment package.

If we do not act, our state will face a 52 percent decrease in the maintenance budget for bridges and roads in the next two years. If we do not act, 71 additional bridges will become structurally deficient.

Perhaps no one knows the importance of safety better than Mount Vernon Mayor Jill Boudreau and her colleagues in Skagit County who lost their lifeline to the rest of the state when the Skagit River bridge collapsed last May.

We learned many things when that bridge fell.

We learned about community resilience in the face of adversity. We learned about creativity in the midst of crisis. I couldn't be more pleased with the creative problem solving by our Secretary of Transportation, Lynn Peterson, and her team at the Department of Transportation.

This was the first project my administration had tackled from start to finish and, to the astonishment of many experts, we got the temporary bridge up in 27 days and the permanent bridge in place 66 days later. This is the new direction of our Washington State Department of Transportation.

The team that got that bridge up is changing the way the department works. They're fixing problems, putting important reforms in place and being accountable for the essential work they do.

There are legacy problems the team at DOT still wrestles with, and I understand some of you are frustrated with that. You know what? So am I. But we can't let issues on megaprojects stop us from moving forward. The 520 Bridge has to be finished. We don't gain taxpayers' trust by building a bridge that stops before it gets to Interstate 5.

That doesn't make any sense. Transportation is much too important to let that happen.

And it's not just important along the I-5 corridor.

Our wheat farmers depend on the Palouse River and Coulee City Railroad to help feed the world, and yet several of its trestles are more than a century old and in disrepair. Train speed is severely limited in many areas.

Traffic congestion is a problem on both sides of the Cascades. Just ask Susan Meyer, chief executive officer of the Spokane Transit Authority. Susan is working to develop a new central city transit line that will help alleviate traffic congestion in her city.

Fundamentally, this is about safety, jobs, traffic relief and accountability.

You know, I've been pushing the Legislature to do something about this since my first day in office. The House passed a bill last year, and in the interim, the Senate hit the road to hear from the people about how they view our state's transportation system.

I then convened 12 negotiating sessions where you all made substantial progress on revenue and reform. But last month it became clear that process had run its course, and we agreed the next step was to continue the dialogue here when you convened for the 2014 legislative session.

The next logical step is for the Senate to produce a package of transportation improvements that has 25 votes. If this happens, I'm confident we can find agreement before this session ends. The goal cannot be for everyone to get everything they want. Instead, we must get agreement on what our state needs.

Aerospace

When I spoke to you one year ago, I said that that our top priority today, tomorrow and every day would be jobs. We've made progress on the Working Washington Agenda. We have

secured thousands of aerospace jobs with the commitment from The Boeing Company to build its next generation jetliner here, in Washington state, by the best workers in the world.

This new airplane holds tremendous promise for us. Building it here means Boeing will continue to invest hundreds of millions of dollars to expand and improve its facilities and employ tens of thousands of people in our state for decades to come.

Building the 777X's carbon fiber wing here really is a big deal. We have lost too much aerospace work to other states and other countries. Today the wing for the 787 comes from Japan. Now we have reversed that trend of outsourcing.

The legislation you passed in November also has unprecedented protections for workers who, for the first time, can be sure Boeing will not open a second line in South Carolina or someplace else. If the 777X work moves out of state, the tax incentives go away.

The economic activity driven by these tax incentives will also return more than double that amount to the state — money that should be invested to help all Washingtonians.

We wished that Boeing would have chosen Washington based just on our state's clear advantages and stellar record in aerospace manufacturing. But there were a couple dozen other states that were more than happy to take those jobs. Those states lined up to give away land, training and anything else they could to attract these new jobs.

We were able to secure those jobs for Washington.

But they came at a cost. The Machinists took a difficult vote, a vote that demands our respect because their work will benefit everyone in Washington state.

We should not forget that in both the public and private sector, Washington's outstanding workforce is our state's greatest asset. That includes our hard-working state workforce, whose members I want to thank personally.

During this first year in office, I've made unannounced visits to many state agencies and seen the work state employees do every single day for the people of Washington.

What I've seen is that we are incredibly fortunate to have a dedicated and talented workforce made up of people who take pride in their jobs. I'm proud of the way many have embraced the Lean philosophy of efficiency and effectiveness in state government, moving us toward the Results Washington goals I've set. They are big goals, but I know our workforce is up to the challenge.

Economy/Income Inequality

The state of our state is looking better every day. Our aerospace industry is secured for decades. Our life sciences and global health industries are leading advances that improve the health and quality of life of people around the world. Our clean energy sector is growing across

the state. And Washington is well-positioned for the future as the only state with a trade surplus with China.

Our state pioneered commercial air travel and advanced cancer treatments, computers on every desktop and the purchase of anything online with a single click. Our farmers lead the way in pioneering sustainable agriculture practices while feeding the world.

Those innovations have made our state, and our nation, more efficient, more productive and more prosperous than ever.

But still, too many Washingtonians struggle. There are thousands of working moms and dads with full-time jobs — sometimes two or three jobs — who some days cannot afford to put adequate food on the table.

That's why today I'm calling for a statewide increase in the minimum wage.

In every community there are people who don't share in our state's prosperity. And we need to do something about that. I've lived on the both sides of the Cascades. I know that we can't measure the success of our economy by how things are going in the shadow of the Space Needle. Our rural areas, for example, still lag in this recovery.

Look: Education is fundamental to reducing inequality. But we know that education alone won't lift everyone out of poverty. There are tens of thousands of jobs that people depend on that don't provide a living wage in our state.

Every job offers dignity, but not every job offers a living wage.

I don't have the exact number today for what our minimum wage should be. I want to work with my colleagues in the House and Senate from both parties and hear from people who depend on those jobs. It won't be a number that remedies 50 years of income inequality. But I believe that an increase in the range of \$1.50 to \$2.50 an hour is a step toward closing the widening economic gap.

There is ample evidence that a raise in that range does not kill jobs. An increase in minimum wage means more money being spent in our economy.

As I look out at this chamber today, I recognize the political realities of the split control of Olympia. But we must spend time and energy — and yes, political capital — helping make sure everyone in Washington is paid a fair wage.

Second, in building a Working Washington that works for everyone, we need to help our small businesses. I will introduce legislation that says if your small business earns less than \$50,000 in annual revenues, you will pay no business and occupation tax.

Zero.

This reform will help tens of thousands of businesses across Washington, and I'm asking you to join me in taking this step to unleash the creativity of small businesses in every corner of this state. Besides, you never know which of these businesses in a kitchen or a garage will grow up to be the next Microsoft or Amazon.

You know, last month Bloomberg News named Washington the most innovative state in the entire nation.

But I believe advances in economic justice are equally as important as advances in science and technology.

Climate Change

It will come as no surprise to anyone that I also believe we must advance when it comes to addressing climate change.

Over the course of last year, I had the privilege to work directly with your appointed representatives on the Climate Legislative and Executive Workgroup. We were charged by you to recommend specific actions to ensure our state meets its statutory commitments to reduce carbon pollution.

The key word here is *actions*.

The independent review conducted for the climate workgroup concluded that while we have made progress, our statutory limits on carbon pollution will not be met without additional actions.

By the end of next week, we will finalize the report of the climate workgroup and submit our best thoughts on next steps. I am committed to a set of actions to secure the additional carbon pollution reductions by the required dates.

Rest assured, we will move forward. Going backward is not an option. Inaction is not an option.

Whether you care about our environment or our economy, or hopefully both, tackling climate change makes sense. If we stop fighting over whether to act and instead work together on how to act, we can innovate our way to a better future.

That's what we need to do now. I look forward to working with you on the policies that are best for Washington's unique environment and economy in the months ahead.

Health Care

I want to take a moment to mention a great bipartisan success in the state of Washington, and that is the implementation of health care reform.

It's one of the best things we've ever done to address economic inequality in our state.

Isn't it great that our health exchange marketplace, Washington Healthplanfinder, was touted by The Washington Post as an example of how to do health care reform the right way? As of today, more than 250,000 Washingtonians have found new and affordable health coverage through the Washington Healthplanfinder. That's remarkable. And we should be proud of it.

And we expect that number to keep growing as many more who lack health insurance today sign up for affordable care.

Now we need to look forward. I am advancing three health initiatives this year.

First is ensuring that every single child has the opportunity to grow up healthy.

Research shows that, for the first time in our history, this generation is not expected to live as long as the previous generation. This should be unacceptable to us. We need to make the next generation the healthiest generation in the history of our state.

Let's improve opportunities for children to be more active and have healthier food options. And let's take a page from President Kennedy's Council on Physical Fitness and establish a Governor's Council for the Healthiest Next Generation.

Second, I ask this Legislature to work with me on better health care purchasing for our state. The costs we pay are rapidly becoming unaffordable for families, small businesses and taxpayers. We should be paying for outcomes, not just office visits.

To do that, we need better and more accessible information. You wouldn't buy a car without knowing its price and quality, but that's how we purchase health care today.

A recent study showed a difference of more than 500 percent in amounts paid for common medical procedures throughout the state. That's outrageous. We need to make that information accessible on the web so every consumer can compare costs and quality before deciding where to spend health care dollars.

And third, I ask this Legislature to work with me on integrating care for people who are most in need so our mental health services, chemical dependency care and primary medical care all work better for patients and better for society. Better health care for the whole person leads to less homelessness, more people working and taxpayer savings.

Closing

I'd like to end with a story that I've thought a lot about through my first year in office.

There's a sign in my office inspired by group of students whose elementary school burned down in Vancouver last year. That's a hard thing for those kids and those teachers. But the Crestline Elementary community rallied together to help each other get through this challenge.

One student, fourth-grader Payton Rush, told me he and his mother made a sign that became that community's rallying cry. It says: **We can do hard things.**

There's no reason that we shouldn't have the same attitude about the work ahead of us. It's why I'm optimistic about the future.

It took us three sessions last year to agree on putting nearly \$1 billion into K-12 education. But we did it.

Getting health care coverage for more Washingtonians wasn't easy. But we did it.

Rebuilding our economy after the greatest economic downturn since the Great Depression isn't easy. But we are doing it.

So yes, we have done some hard things. And we can do more.

We can make progress on addressing income inequality.

We can cut the costs and improve the quality of health care.

We can do a better job funding our schools and meeting our moral and constitutional obligations to our children.

We can take meaningful action to address the threat of climate change.

And we can get a transportation package done.

President Lyndon B. Johnson once said, "There are no problems we cannot solve together, and very few that we can solve by ourselves."

I know Washingtonians, and I know what we are capable of doing when we work together. That's why I won't give up. And neither should any of you.

We have 59 days to do hard things this session.

Let's get to work.

Thank you!