Good morning.

I am really excited to be joined today by the Cleveland High School Youth Ambassadors. I met these great young men and women when I visited their tremendous STEM program at Cleveland recently. Youth Ambassadors work with fellow students to reduce truancy and dropout rates and improve graduation.

And you know what? They are making a big difference.

Before the Youth Ambassadors program started, only 25 percent of truant kids returned to school. Now, 60 percent return.

By the way, Cleveland's girls' basketball team won the 3A championships and we have one of the players here today too, so congratulations.

Can we give the ambassadors a round of applause?

Today, I'm delighted to be releasing my detailed budget priorities for a Working Washington. What you will see is a plan that reflects the values we Washingtonians hold dear.

- We value education here in our state, and we honor that by making important investments in our schools.
- We care about each other in our state, and these budget priorities protect vital services to seniors, protect education for children and protect the disabled.
- We are innovative in our state, and we included in this budget plan important measures to ensure state government will be more accountable, transparent and efficient, and
- In our state we look to the future, and my budget priorities for a Working Washington take important steps in rebuilding our economy and preparing students for the jobs of the future.

I feel deeply as you know that my number one priority is to help rebuild our economy, get people working again, and take important steps to building a workforce for the future.

And that all begins with education.

We all share a civic and a moral commitment to provide the best possible education for every single one of our children. And there is great work happening at schools all around the state, like at Cleveland's STEM program, like Pasco's tremendous work reducing dropout rates or like at Talbot Hill Elementary in Renton which has been recognized as one the state's most innovative schools.

But while these students, teachers and administrators are doing innovative work, our state has not been doing its part.

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We have a constitutional obligation – a paramount duty -- to provide for basic education and our Supreme Court has made it clear that we are failing to live up to that.

We are violating our constitutional duty – and we have been for years -- and as governor I will not let that stand.

Regardless of what the Court tells us, we all know that a 16% drop out rate is unacceptable in Washington.

We know it's unacceptable that our students face persistent opportunity gaps based on race, ethnicity and income.

So today we're stepping up to the plate.

Today, we renew our commitment to our children with a \$1.2 billion down payment toward meeting the state's basic education responsibilities as well as make additional targeted, productive, and accountable investments in our schools.

In addition to more support for basic school operations, my plan includes targeted investments:

- Expanded full-day kindergarten
- Providing for smaller kindergarten and first grade class sizes in high-poverty schools
- Improving drop-out prevention efforts
- Adding additional professional development for educators to help improve teaching in our schools
- Expanded preschool for low income students, and
- Hiring 1,400 new teachers in middle and high schools

These investments will help schools statewide, including K-5 STEM at Boren School in West Seattle, where I'll be visiting this afternoon. Expanded STEM programs are essential to educating students today for meaningful jobs in the 21st Century economy.

Along with these investments, we are going to impose accountability measures to make sure we see strong outcomes.

Taxpayers expect, and they deserve, that these resources will be used effectively to improve student learning.

If not, school districts will be required to implement research-based improvement programs.

Just as with state government, our schools must work to be efficient and effective and be wise stewards of the taxpayer's money.

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To fund our schools, we intend to close more than half a billion dollars of tax breaks and put that money into schools and extend otherwise existing taxes on beer and the B&O tax on some professional services.

To govern, it is said, is to choose.

Today, I choose – and I believe we should all choose -- education over tax breaks and make good on our constitutional and moral duty to quality schools for our children. It is our duty and we will do it.

When we give these tax breaks a hard look, they just don't measure up to our urgent need to better fund education schools and our children.

I've been talking about the need to close some of these tax breaks for over a year. I know some have other ideas. But I will not fund education at the expense of vital services for children, for seniors or for the disabled.

We all know there is good reason for that. We all know it is very difficult to teach a hungry, sick or homeless child.

And in recent years we've seen too many cuts to these services.

Thousands of low-income mothers and their newborns have lost maternity care and thousands of people now go without routine dental care.

Choosing education over tax breaks is the right thing to do. But I know it won't be easy.

We have to be resilient.

I got a great reminder of how important that is, which I'd like to share with you.

I visited the charred remnants of Crestline elementary school in Vancouver, which burned down last month to the ground.

Visiting with the principal, Bobbi Hite, and her students I was impressed by the 4th graders' and 6th graders' positive attitudes and optimistic outlook, even as they are bussed around town to attend other schools.

There was one young man who really impressed me; nine-year-old Payton Rush. I asked him how he kept his head up and he told me that his mother helped by making a sign that said: "We can do hard things." They made one for their home and one for Payton's new classroom.

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I think that's such a great message I'm putting one up in my office. Payton's story really struck me. We *must* do hard things.

I believe this year we *will* do the hard – and the right – thing, and choose education over these tax breaks.

I'd like to highlight a few other investments in these budget priorities. But it is important to know that everything we propose to do comes with a sharp focus on making government more accountable, more, effective more efficient and transparent.

We are putting a system in place to develop a culture of continuous improvement in state government.

Lean management will be one tool we rely on. We will begin a Lean fellowship program to allow loaning of staff members to state agencies that are early adopters of Lean management.

I'd like to tell you about a few other investments in our budget priorities.

We fund the jobs legislation in my Working Washington Agenda, as follows:

- Support for key industry sectors, including aerospace, agriculture and high-tech startups, and
- Funding for two centers of excellence related to clean energy one on aviation biofuels at WSU and another on electrical storage and solar power at the UW.
- We're going to create a single portal for smoother interactions between business and state government to help small businesses.

We will expand services to protect children and serve families struggling with poverty and the mentally ill, including:

- Reducing CPS caseloads so we get quicker response and investigation times on critical cases, and we know tragedies have occurred when we haven't done our jobs,
- Investing \$10 million to find housing for homeless children and their families. It's unacceptable to me to have 27,000 homeless kids in the state of Washington.

For higher education, we invest in efforts to better align what our schools teach with the workforce our economy needs and what our colleges are producing. We will create enrollment pools at our two- and four-year institutions to graduate more students ready to work in the science, technology, engineering and math fields. We know we have this huge gap. We are going to fill it and we're starting today.

Of particular interest to me and my family is what's been happening with our state parks through the recession. I'm committed to turning that around. I consider our state parks the jewel and crown of our beautiful state.

My budget priorities include strong support – nearly \$24 million – to preserve and protect our state parks. That funding will:

- Cover free and discounted passes for veterans and senior citizens, and
- Avoid the closing of up to 60 parks

My capital budget priorities include a clean energy fund, and investment for clean energy and biofuels.

I will close with mentioning one of the most important pieces of any plan to rebuild our economy and that's health care.

These budget priorities will help make health care affordable for all Washingtonians, reduce costs for businesses and promote better health care for all of us. We will:

- Fund adult dental services for Washingtonians eligible for Medicaid,
- Expand Medicaid coverage so the federal government covers 100 percent of health care
 costs under Obamacare for up to 255,000 newly eligible adults in the state of
 Washington. This important step will also create thousands of jobs around the state. I
 think sometimes we forgot how important it is to create jobs in healthcare and we're
 going to do that.

I believe I have laid out a plan that takes a big step toward making sure every child receives an excellent education and that every worker has the skills he or she needs to succeed in today's economy.

As I said, I know it won't be easy. But I believe when we reflect on the values that make us who we are in our state we can do hard things. We can do the right thing and that is to fund education.

Thank you. I will gladly take your questions.