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Reinvesting in Washington

TEXT AS PREPARED
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2015 State of the State Address

"Reinvesting in Washington"

As prepared for delivery at 12:00 p.m., January 13, 2015
House Chambers, Washington State Capitol
Governor Jay Inslee

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.

Good afternoon. I want to begin today by thanking Oso chaplain Joel Johnson; the members of the Marysville Pilchuck High School Choir; my family members — especially Trudi; the 13 newest members of the Legislature who have stepped up to serve this state; and the people and communities of Washington that over the past 125 years have given us the great state we celebrate today.

I also want to mention a member of our legislative family, the late Representative Roger Freeman. He was proud to represent his community. But most of all, Roger was proud to be a father to his two children and a devoted husband to his wife, Sonya. Our thoughts are with them today.

The new representative from the 30th District is Carol Gregory, and I extend a warm welcome to her and thank her for her willingness to take on this work.

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In our country's northwest corner, facing both the Pacific Ocean and the future, is the most innovative, most resourceful, most dynamic state in our nation.

We're known as the Evergreen State — not only because of our prodigious forests and the verdant green of our spring wheat, but also because of our ever-present entrepreneurial zeal, our social progress and our technological genius.

Washington state has remained evergreen throughout its first 125 years because in every moment of crisis, in every year of challenge, in every decade of change, Washingtonians have chosen the path that takes us forward.

We invest in ourselves. We invest in a legacy worthy of our children and grandchildren.

We have done this, time and time again, with the firm conviction that our people, our communities and our economy will grow and prosper if we summon the confidence to make these investments.

Today, our state stands at another crossroads.

One path leads to an economy that works for all Washingtonians, supports thriving communities and preserves a healthy environment. The other path leads to a slow erosion of our shared prosperity, a widening gap of inequality and a deterioration of our clean air and water.

The choice is ours. If we rise to the challenge, as we always have, we will choose the best path for Washington.

As you know, from day one I've focused on job creation in our state, and the issues I will talk about today — education, transportation, clean energy — all work together to build an economy that works for everyone.

It should please us all to know that our economy continues to rebound. Our state has added 150,000 jobs over the past two years.

But that growth has not been shared equally, either geographically or across the economic spectrum. The right path for Washington is an economy that provides opportunity for all.

We know that expanding educational opportunities, launching a transportation construction program and fighting carbon pollution will put us on the right course.

Our most fundamental commitment needs to be to the very youngest Washingtonians. We know the greatest untapped asset in the state is the potential of a 3- and 4-year-old. The latest neuroscience research at the University of Washington shows that at this age, children's minds have a tremendous capacity for learning.

Early learning is the best investment we can make in our future.

That's where we start. But our success will require a continuum of education, from early learning all the way through higher education. That's why my proposal makes a \$2.3 billion investment in our children's future, including the largest-ever state investment in early learning. This means 6,000 more low-income children could attend high-quality preschools.

My proposal fully funds class-size reductions in kindergarten through third grade. My proposal provides all-day kindergarten across the state. It gives our teachers their first cost-of-living allowance since 2008. It helps families struggling with the costs of higher education by freezing tuition and boosting financial aid so that 17,000 more students can get scholarships.

These investments are not based on wishful thinking. They are based on a rock-solid foundation of proven strategies, established reforms and demonstrable student performance.

We know what works.

We know what it takes.

I have visited a lot of classrooms in the past two years. And I have been continually impressed by the great teaching and innovative learning I've seen.

And these opportunities must be available for all our children, at all our schools. Because let me tell you, we have whip-smart kids ready for takeoff.

But the future demands a higher level of achievement.

We know that a child spends an average of six hours a day in the school building. We also know what children need in those other 18 hours. Every morning, they need to start the day with nutritious food in their bellies. They need a way to get to school safely. They need a coat to protect them from the elements as they get to and from school. And at night, they need a warm, safe, stable place to sleep with a roof over their heads.

The budget we agree on should nurture all our students, in and out of the classroom, because we know how hard it is to educate a homeless, hungry, sick child.

Our families and our communities also need the vital services that allow them to function — nurses, mental health facilities, police officers and firefighters — the full range of services that help make Washington a great place to live and raise a family.

We've been cutting those services to balance our budget, and it's no longer working. Over the past six years, we've cut existing and projected spending in our state budget by \$12 billion.

Make no mistake: We've found savings and efficiencies as well. Among other examples, we're saving an average of \$1.6 million annually on leasing costs. The Department of Social and Health Services saved \$3.5 million in energy costs in 2013 alone. And we're saving \$2 million a year in long-distance charges through a new service.

We need to continue this work.

But we've reached the place where multiple courts have said we cut too much or neglected to fund adequately and have now ordered us to do a better job on foster care, mental health and protecting vulnerable children.

I know some people say they haven't noticed the cuts.

Let me tell you: The man handcuffed to a gurney in an emergency room due to lack of beds in a mental health ward ... he notices. The woman who was a victim of domestic violence and couldn't get emergency housing ... she notices. The college students whose tuition went up 50 percent ... they sure notice.

What can seem invisible to some of us is painfully real to others.

In the prosperous future we all want, we cannot leave so many people behind.

Some see the road ahead paved only with cuts to services. Some consider only revenue as options. Both camps will ultimately realize that neither view is the definitive answer.

We're going to approach our work with a bold spirit of seeking solutions rather than finding excuses, and a can-do attitude of kicking aside our differences instead of kicking the can down the road.

The same is true with transportation.

Without action, there will be a 52 percent cut in the maintenance budget, and 71 bridges will become structurally deficient or functionally obsolete. Without action, commute times will continue to rise, robbing us of time with our families. Without action, our ability to move goods efficiently will be diminished.

The tragic and catastrophic landslide in Snohomish County last year reminds us that entire communities are cut off from the rest of the state when we lose transportation infrastructure.

But now imagine a transportation system that moves the entire state forward. One that improves reliability and safety, addresses congestion and maintenance, creates jobs and offers more choices.

As you know, I've been working for a balanced, multimodal transportation package since my first day in office.

In December, I proposed a plan that builds on the bipartisan spirit of past efforts by offering a good-faith compromise to spark action this legislative session.

It keeps us safe by fixing our bridges, patching our roads and cleaning our air and water. It also embraces efficiency, saves time and money, and drives results that the public can trust through real reform. Finally, it's a plan that delivers a transportation system that truly works as a system. A system that transcends our old divides and rivalries. No more east versus west, urban versus rural or roads versus transit.

Now I welcome your suggestions for improvement. But the state cannot accept a continued failure to move on transportation.

Let's get this done.

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There's another thing my transportation plan does. It institutes a carbon pollution charge that would have our largest polluters pay rather than raising the gas tax on everyone. Under my plan, it's the polluters who pay for the pollution.

We face many challenges, but it is the growing threat of carbon pollution that can permanently change the nature of Washington as we know it.

It's already increasing the acidity of our waters, increasing wildfires and increasing asthma rates in our children, particularly in low-income communities and communities of color.

We have a moral obligation to act. Our moral duty is to protect a birthright. Future Washingtonians have a birthright to a healthy Washington.

Every generation has the duty to pass on healthy air and water to the next. And when we do, we will know that although we are a small part of the world, we are 7 million Washingtonians strong who stand for preserving the grandeur of our state. If we don't stand up for the health of the state, who will?

The people who are less than 1 percent of the world are leading the world in aerospace, leading the world in software and now can now lead the world in clean energy, because that's who we are.

What we lack in numbers, we more than make up for in our innovative spirit.

And we are not acting alone. By next year, countries and states that are responsible for half the world's carbon pollution will have instituted limits on those emissions. And when we act together with other states and nations, we can do something even bigger. By locking arms with Oregon, California and British Columbia through the Pacific Coast Collaborative, we become a region of 53 million people

comprising the world's fifth-largest economy. This is the kind of collaboration that can move the world.

I am pleased there is a growing consensus that it is time to act. We must meet the carbon pollution limits enacted by this body in 2008. I have proposed a comprehensive solution that caps carbon emissions, creates incentives for clean technology and transportation, invests in energy efficiency and makes our own government operations more efficient.

For all we do here together in the next few months, for all our fiscal woes, for all our short-term demands, we know that the most enduring legacy we can leave is a healthy, clean, beautiful Evergreen State.

I will not, and in the deepest part of my heart I hope you will not allow this threat to stand.



We also know the challenge of carbon pollution brings great economic opportunities for our state.

I've seen companies in Washington moving full steam ahead to seize these opportunities and create jobs: At Itek in Bellingham, which is not only one of our state's largest solar panel manufacturers, but produces the most powerful solar panels in the industry. At UniEnergy in Mukilteo, where its groundbreaking vanadium flow battery is leading the way in the field of storage technologies for renewable energy. And at MacDonald-Miller, which is not only reducing the carbon footprint of commercial buildings, but last year added 300 jobs to our state.

We are leaders in this state. When we act, others follow. Let's shape that action together. Let's test our ideas. Let's fashion a Washington carbon pollution action plan suited to the genius and leadership capabilities of our great state.

We can do this. It's already been done successfully in many other places, including 10 states and 35 countries.

I cannot tell you today what our joint efforts will produce, but I can say that after

six years of no progress on this front, Washingtonians deserve action on carbon pollution.



I have taken the same approach of looking to tested solutions in developing revenue proposals this year that will reduce some of the unfairness.

Washington has the nation's most unfair tax system. The nation's most unfair tax system.

Our lowest-paid workers pay nearly 17 percent of their income in taxes while the top 1 percent pay less than 3 percent. A new teacher pays three times more in taxes as a percentage than our wealthiest citizens.

We know there are many forces driving inequality, but we can make policy choices that move us toward an economy that works for all Washingtonians. We can work toward a fairer tax system, and we should.

That's why I am proposing to eliminate five tax loopholes that no longer measure up when compared with educating our kids.

That's why we're asking the wealthiest Washingtonians to do a little more. I am proposing a new capital gains tax on the sale of stocks, bonds and other assets. It is estimated that less than 1 percent of the state's taxpayers would be affected. This exempts any capital gains on retirement accounts, homes, farms and forestry.

As I mentioned, this is new to us, but certainly not a new concept nationally. Forty-one states have this system already.

And here's something else we can do to bring a modicum of fairness to our tax system — a system that relies so heavily on sales tax revenue and affects our working families so disproportionately. I am proposing we fund the Working Families Tax Rebate, which was passed by the Legislature in 2008 but never funded. This could help more than 500,000 working families in Washington, mostly in rural and economically struggling counties.

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I've always believed that if you work full time, you should be able to provide for your family's most basic needs. That's why I will continue to work with legislators to help working families through policies such as a minimum wage increase and paid sick leave.



So we begin this 64th legislative session at a crossroads.

The time of recession and hollowing out is behind us. It is now time for reinvestment. I have a deep and abiding belief in our ability to lead the world and to build on our first 125 years.

That is why we should choose the upward path that leads to more opportunity, greater prosperity and a better quality of life for everyone.

Let's walk this path together.

We can make this choice with the full confidence that there are no better people to invest in than Washingtonians, there is no better place to invest in than Washington and there is no better time to invest than 2015.

So let's get to work.

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