

GOVERNOR CHRIS GREGOIRE

# Our Time

## Our Turn, Our Responsibility

2012 State of the State Address



TEXT AS PREPARED  
JANUARY 10, 2012

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## 2012 State of the State Address

As prepared for delivery at 10:30 a.m., January 10, 2012

House Chamber, Washington State Capitol

Governor Christine O. Gregoire

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Thank you.

Let's observe a moment of silence for some who served Washington so well and who passed away recently. Let us remember your colleague, Senator Scott White, who, sadly, left us in the prime of his public service.

And let us remember two men who gave us so much during their time in office: Senator Alex Deccio and Senator Bob McCaslin.

And let us remember always Governor Al Rosellini. Al was a mentor to me and one of the best friends this state ever had.

And also please remember the nine Washingtonians who lost their lives in Afghanistan and Iraq serving our country last year.

And just last week the normally idyllic Mt. Rainier National Park was witness to the loss of Park Ranger Margaret Anderson who died in the line of duty.

Please join me in a moment of silence.

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Thank you. Good afternoon.

Thank you, Bishop Boerger, for starting us off with such an inspiring prayer.

And thank you, Sofia, for your beautiful performance of our national anthem.

Mr. President, Mr. Speaker, Madame Chief Justice, distinguished justices of the court, honored officials, members of the Washington State Legislature, former governors, tribal leaders, local government officials, members of the Consular Association of Washington, my fellow citizens:

I have some of my family with me today. My daughter Courtney and son-in-law Scott aren't here but I'm pleased to say they are moving back to *this* Washington. Here with me is our daughter Michelle, now a second-year law student.

And my husband Mike, always a champion for our veterans.

Mike is not only a great husband, my best friend and a great dad, but I'm noticing

## While our challenges are unprecedented, so, too, are the opportunities.

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something else. As he gets older, he's becoming even more athletic: golf on channel 60, football on channel 13, soccer on channel 32.

As for me, I have a complicated relationship with growing older. First, I get carded at Hannah's Tavern and now I'm getting hearing aid offers in the mail.

But as Mike and my staff will tell you, I'm not slowing down. Not this year!

And that's because today I begin my last year as governor of my beloved great State of Washington. We are in a time of great challenge and even greater opportunity.

Yes: challenge and opportunity.

Like so much else in this age of the 24-hour news cycle, these words have lost a bit of their meaning, but not today, not for me, not in the year 2012.

For me, if ever those two words meant anything, it's right here, right now.

While our challenges are unprecedented, so, too, are the opportunities.

Here in our Washington, we turn crisis into opportunity. Why? Because we have a culture and history of both personal and shared responsibility. When things get

tough, we step up. We step up individually and together to build our future.

Today, we govern in a nation where some won't even talk to each other, much less compromise, believing that compromise is just another word for surrender.

But here in our Washington, we don't say, "My way or the highway." We say, "Let's work together to solve our problems." What's best for our Washington is more important than politics.

Many believe that government is the whole problem and many believe it's the whole solution.

But that's not our Washington. Here we know that government can't do it all, but we also know we need great schools and universities, good highways and safe communities.

Many believe we should just ride out the Great Recession or use this time of economic stress to dismantle our government.

But that's not our Washington. Here we build the roads and bridges our people and businesses must have to succeed. We keep our streets safe. We help the poor and the vulnerable. We educate our children and young people. We keep our land, air and water clean for them and their children.

## We're built on innovation and we've always moved fast.

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Many believe the whole system is broken, and there are no answers.

But that's not our Washington. Here if things don't work, we reinvent them. We fix things, be it computer software, a better strain of wheat, a new airplane, or a better, faster, cheaper government.

We're built on innovation and we've always moved fast. That's why we're home to Boeing, Microsoft, Amazon, Starbucks, Nordstrom, the Bill & Melinda Gates Foundation, Paccar, clean-energy companies, global health, and the most inventive, dynamic people in the world. That's why Eastern Washington, because of its agriculture, is called the Refrigerator of the World.

Today, it's our time. It's our time to practice the courage and compassion handed down to us by our parents and grandparents. It's our time to rebuild our highways and bridges. It's our time to create jobs now and for the future. It's our time to keep our streets safe. It's our time to give our young people the education and knowledge they will need to succeed in a world economy.

We must succeed!

You know, I just read a great new book called "That Used to Be Us," by Thomas Friedman and Michael Mandelbaum.

The two take a critical look at where America has been, and for me, one metaphor really stood out.

For generation after generation, they write, America knew how to "win in the turns."

Win ... in ... the ... turns. What does that mean exactly? In short, it means the winner hits the gas pedal just when everybody else is hitting the brakes.

Visualize yourself on a racetrack, racing along on a sunny day. Suddenly, without warning, you're into a sharp, high-speed turn. When and if you make it through, you find the world around you has utterly changed.

The winner of that race — the one with the determination to thrive in that changed world — is the one who sees that sudden turn as an opportunity.

The winner takes the risk to pass everybody in the turn and is now leading the pack.

That's "winning in the turn!"

In the great economic turn we're in now, some question if our country or state will win this time.

When the recession ends, will we be out ahead of the competition in education,

## This is our time — our time to win in the turn.

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infrastructure, economic development? Will we come out of this turn in front of the pack and ready to go? Or will we be stuck back there fighting for position with the also-rans?

Also ran? Not in our Washington! We must — we can — and we will be out ahead!

We know how to “win in the turn.” We know how to come out ahead. We’ve done it time and time again.

There was a recession in the early ’70s, so bad that somebody put up a billboard asking the last person in Seattle to turn out the lights.

But Governor Dan Evans worked with a Legislature controlled by Democrats to carry out his “Washington Futures,” and sent five ballot measures to the voters. The result was new community colleges; water systems for homes, industry and irrigation; new and refurbished recreational properties; and expanded public health facilities.

A Democratic Legislature, a Republican governor — and the people of Washington won in the turn.

There was a scary turn in 1983, the worst recession before this one. Governor John Spellman, a Democratic Senate and a Republican House had the courage to

protect the future of our children. They approved a penny increase in the sales tax focused on education.

Again, we won in the turn.

And by the way, each time Washington survived an economic crisis and rebuilt its future, it has not been about political party.

It has been about the future of Washington State.

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And now it’s up to us. This is our time — our time to win in the turn. Our time to build a better future for our children and grandchildren.

So in the next 60 days, I ask you to do four things:

1. Use the early start you got in December and quickly pass a budget;
2. Ask the voters this spring to approve a temporary, half-penny sales tax increase for students and their future;
3. Pass my school reforms; and
4. Pass a major transportation and jobs package.

First, let’s solve the budget problem. You made a down payment in December. I know these will be some of the most difficult decisions of your career. But I ask you to finish quickly because every day the problem gets bigger and the choices harder.

## Some states are talking about reforms. We're not just talking, we're reforming.

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Since Wall Street handed us this mess nearly four years ago, we have cut and cut and cut a projected \$10.5 billion, and we are still not done.

We have cut K-12 education by 26 percent, four-year colleges by 46 percent and community colleges by 26 percent. Our social safety net is frayed. We have closed five major institutions, including three prisons and one juvenile facility. The last time we shut down even one was nearly 40 years ago.

Some states are talking about reforms. We're not just talking, we're reforming.

We've made our pension system one of the five most sustainable in the nation.

Our state workforce is down nearly 10 percent and falling. Those employees left are working harder with lower salaries and paying more for benefits. I thank them for serving, particularly in these uncertain times.

We've made the biggest reset of state government in decades. Today we're more cost-efficient, smaller, faster and effective. We're working toward a more sustainable budget in the long term.

Historic reform brought flat workers' compensation rates this year and historic lows in unemployment insurance rates.

And that's good news for our small businesses, which have been hurt the most during this recession and which are key to our recovery.

One of the fastest growing, biggest and most complicated drivers of our budget is health care. We are reining it in with significant results. We have cut Medicaid inflation to 2.3 percent, one of the lowest in the country.

And, unlike other states, we haven't used the recession to undermine the environmental protections that provide what we value: clean air, clean water and healthy natural resources.

But all that doesn't mean our work is done. No one comes to public service thinking the status quo is good enough. No one comes to public service saying that we shouldn't find a better, more efficient way to do something. It's the whole reason we serve.

And while these times amplify the need, this year is no different. While we must cut, we must also find real reforms that preserve our ability to serve our citizens while modernizing our practices. And while we must cut and reform again, we must also realize that this problem demands a courageous solution.

## I ask you to listen to your hearts as well as your heads.

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We must look for new revenue as well.

Close tax loopholes to save vital services like the Basic Health Program for the working poor. It's a matter of fairness.

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And that brings me to my second request. We must protect our vulnerable seniors and the developmentally disabled, educate our students and provide public safety for our families. I ask you to send to voters a temporary, three-year, half-cent sales tax increase to save those services.

Ladies and gentlemen, we are about to shred very core services, and it is time to stand up for Washingtonians.

While I know the sales tax is regressive, you know what I find even more regressive?

It's cuts in education that will hit our low-income students the hardest.

It's more cuts in our social safety net to poor seniors and people with developmental disabilities.

And it's cuts to public safety that will impact our poor neighborhoods the most.

Now that's regressive!

Remember, the last time we raised the state sales tax was in 1983, under a Republican governor during the worst recession until this one.

I ask you to listen to your hearts as well as your heads.

Will that 85-year-old woman with failing health who needs help to live in dignity at home find it regressive?

Will that student who faces the difference between a mediocre education or a great one find it regressive?

Will that family living in fear of a criminal getting out of prison five months early with little supervision find it regressive?

No. They will say it's the right thing to do, because it is. And they will remember we didn't wait for things to get better. We made them better.

Without the half penny, we lose far more than we gain. We lose our future, our values and our way.

Like governors and Legislatures in the past, it's our time to do something very hard. It's our time to ask for sacrifice from everyone, to ask everyone to contribute to our future so everybody wins in the turn.



## It comes down to four simple words. No education, no job.

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And how do we win? How do we lead the rest of the world and the rest of the country? We out-pace, we out-educate and we out-perform.

Our businesses, our state, our children and our grandchildren can't afford any more deep cuts to education. About \$411 million of the \$494 million sales tax revenue would go to K-12 and higher education.

We need the school year to be 180 days and longer, not 176. We need to help our property-poor districts. And we need to stop raising college tuition.

It comes down to four simple words.

No education, no job.

This is our time to value a high-quality education, just as our parents and grandparents did.

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I urge you today to act on my third request and approve school reform.

I've been to many schools as governor, and I've never seen a great classroom without a great teacher, or a great school without a great principal.

We have a new evaluation system built from the bottom up. Now we must ensure

every classroom has a good teacher and every school has a good principal. Our state deserves nothing less.

And we must turn around our failing schools once and for all.

We will do that by asking our public universities to use bold, innovative programs and partner with low-performing schools.

The universities will innovate, research and teach. They will give our students the educational advantage they need. We will take their successful work to scale all across Washington. Like so many of our reforms, I predict this, too, could become a model for the nation.

We can't address the education gap we have with the rest of the world until we address the one we have within our own state.

And speaking of education gaps: Thank you for acting quickly to make certain we have trained workers and engineers for our growing aerospace sector. And I'm counting on you to fund those educational opportunities.

All our students, not just those who can afford it, must have more skills and more knowledge to compete in this century.

## **We are facing a \$1.6 billion shortfall over the next 10 years just to maintain our state highways.**

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In business, they find cracks in the system and fix them. In government, we find cracks in the system and then study them. With an Office of Student Achievement, we can move to action and fix the gaps from high school through college to ensure our students enter the workplace not behind, but ahead. That's winning in the turn.

When we ask voters to invest in education, let's show them they'll be getting their money's worth: good teachers, good principals, good schools and the most knowledgeable graduates in the world.

Speaking of innovation and competition, let's celebrate our work on early childhood education, resulting in a Race to the Top award of \$60 million!

The federal government found out what we know. If we invest in early learning and make certain a child is really ready to learn by kindergarten, that child will succeed in school and life. We started the Department of Early Learning in 2006 and created a public-private partnership, Thrive by Five.

That small investment will bring returns throughout the life of a child and our state will be better for it.

If we invest \$411 million in our schools and colleges, if we implement these innovative reforms and if we use our can-do spirit, we

can give our children the best education in the United States.

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The fourth thing I ask you to do is create jobs now and for the future by investing in our transportation infrastructure.

We have to step up to proper maintenance of our very valuable transportation system, from highways and bridges to ferries and city streets.

When we build roads, they don't take care of themselves. When you buy a car, you pay for it and you then maintain it by changing the oil, rotating the tires and making repairs.

It's the same with our roads, bridges and ferries. We bought them new, but unfortunately, we didn't put money aside for maintenance. The consequences are a wake-up call.

We are facing a \$1.6 billion shortfall over the next 10 years just to maintain our state highways. Without maintenance, that means bad roads, more potholes, more congestion.

Further, we are facing a \$1.3 billion deficit in ferry system maintenance. As I sounded the alarm bell last year: Without new funding, our ferry system will not survive as

## **This is our year to act and approve a jobs package and invest in our future.**

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we know it. We would need to completely eliminate five routes, and reduce service and runs throughout the system.

Just to maintain where we are today, we have to act.

Today, I propose a \$3.6 billion, 10-year package to create about 5,500 jobs a year to maintain our transportation infrastructure across the state. In addition to small fee increases, I will ask the Legislature to pass a modest \$1.50 fee on every barrel of oil produced in Washington. Our oil companies are getting all the profit and leaving us with the bill. We can do better.

This package will also get money to our cities and counties to fill potholes, repair roads, update bridges and keep buses running. It will give them the option to raise additional money for maintenance and transit.

We can't wait until roads, bridges and ferries are falling apart to fix them. We can't kick the can down the road and saddle our future generations with the repairs we failed to make.

This is our year to act and approve a jobs package and invest in our future.

Our own Bill Gates says the way you get ahead and stay ahead is by educating

more people, attracting more talent, and maintaining and building better infrastructure than the other guys.

We're better than the other guys. If we aren't, businesses and workers will go elsewhere.

Our transportation system is the lifeblood of our economy. It moves people to work and goods to market, and supports our tourism industry. If we don't maintain and grow, we come to a standstill.

This summer, I convened the Connecting Washington Task Force to look at how we build our economic corridors. This 30-member group realized that our challenge is big and our time short.

It is time for all of us to have a serious conversation with Washingtonians about the importance of building new infrastructure that our businesses and employees need.

Even in these hard times, Connecting Washington recommended a minimum \$21 billion in investments for our vital economic corridors.

These projects — and more — demand serious attention: the Columbia River Crossing, Spokane's North-South Freeway, Snoqualmie Pass, Route 167 between

## People often ask me if we can come back from the Great Recession. I tell them: We can. We will. We are.

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Tacoma and Puyallup, the 40-mile I-405 corridor, a new 144-car ferry and Interstate 5 at Joint Base Lewis-McChord.

Consider this: The old and failing Columbia River Crossing supports \$40 billion in commerce a year, and 130,000 jobs in warehouses and distribution centers near the ports of Vancouver and Portland alone. Yet the northbound bridge was built in 1917 to accommodate the horse and buggy and still has the last stoplight on I-5.

And this: Snoqualmie Pass is the only direct route for products flowing from Eastern Washington farms to our Puget Sound ports, and for products flowing from those ports to Eastern Washington and beyond. That's \$80 billion in cargo through that critical corridor every year.

Our record of success with transportation projects is strong. From the 2005 voter-approved gas tax, we are close to completing all 421 statewide projects. So far, 88 percent have been completed early or on time, and 91 percent were on or under budget.

We can do it again: Educate ourselves and educate the public, and then build a better transportation infrastructure than the other guys.

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People often ask me if we can come back from the Great Recession. I tell them: We can. We will. We are.

Our ports and their good-paying jobs are booming. International trade is surging, with year-over-year exports up nearly 30 percent. And our second biggest export, after transportation, is agriculture.

New free trade agreements with South Korea, Panama and Colombia will open new markets for Washington.

Our exciting global health and life sciences sectors are spreading not only beyond Puget Sound to Tri-Cities, Spokane and Vancouver. They are spreading around the globe. Our software and IT industries are thriving, including a double-digit jump in Microsoft earnings just last quarter, and an 8-percent jump in software jobs.

And how about the backbone of our manufacturing sector — aerospace — with its 650 companies in Washington?

2011 was a historic year for one of Washington's signature industries, and it took a village to make it happen.

It started last February when Boeing won the \$35 billion contract to build a new generation of 200 Air Force refueling

## It is time for marriage equality.

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tankers. All of us — labor, management, Democrats, Republicans — worked together to bring that contract home with its 11,000 jobs.

In September, the first Boeing 787, the game-changing composites airplane — 20 percent more fuel efficient and as high tech as they come — was delivered to All Nippon Airways. The 787 is the future, and it's built right here in Washington State.

In December, The Boeing Company and the Machinists Union agreed to a historic five-year contract, assuring the 737 MAX will be built here with a projected 20,000 jobs and \$500 million in tax revenue.

That was followed by the largest order ever for Boeing — 208 airplanes — all of them current 737s or the 737 MAX.

We're winning in the turn in the aerospace industry.

But for us, for state government, what we saw in 2011 reminds us that when the economy comes out of this turn, we must already be down the track while our competition hangs back.

It's our turn to win in the turn. And it's our responsibility.

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I've asked you to pass the budget, send a revenue proposal to voters, reform education, and invest in our transportation infrastructure to create jobs now and into the future. That's a bold agenda, and it involves risk and courage.

But I have one more very important request. It's about our values.

Our Washington has always fought discrimination. It is time to do it again. It is time for marriage equality.

Let's all stand together to make it happen. Let's tell the children of same-sex couples that their parents' relationship is equal to all others in the state.

Let's pass a marriage equality bill.

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Ladies and gentlemen, as you labor in the next 60 days, I respectfully ask you to take a minute each day to stop and reflect.

Take time to look back and see how we came to be the great state we are.

Take time to understand and appreciate what our courageous and visionary parents and grandparents did for us, what governors, legislators and voters did for us, when it was their time to act.

## And let history reflect that we took the risks, that we were courageous.

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And remember, this is our time. Our time to give our children what we were given: a good education. Our time to modernize transportation to put people to work and make sure they have jobs in the future. Our time to leave no one behind, and our time to protect our communities.

The future of our state is in our hands now. We have to do what is very hard, but do it we must, and together.

Let's show the people that in *our Washington* we work together: Democrats, Republicans and Independents.

And let history reflect that we took the risks, that we were courageous. We were determined. And we were bold. Let's win in the turn and leave an even greater state to our children and grandchildren.

Thank you.

God bless you.

And God bless the great State of Washington.



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