

Remarks by Governor Kulongoski

March 21, 2008

State of the State Address 2008

Remarks by Governor Ted Kulongoski as Prepared for Delivery
Friday, March 21, 2008

Thank you, Don, for your introduction. I also want to thank the members of the City Club of Portland for your civic engagement – and for giving me this forum to deliver my sixth State of the State Address.

I wanted to make that clear because someone came up to me and asked if this is the overflow room for Barack Obama's speech at the Coliseum.

For those of you closer to my age than Barack Obama, you might remember the great American statesman Adlai Stevenson.

He used to give speeches at clubs like this. One day he was addressing an audience, and a woman stood up and the following exchange took place:

She said, "Oh, Mr. Stevenson, your speech was superfluous."

He responded, "Thank you, Madam. I've been thinking of having it published posthumously."

She then answered, "Oh, won't that be nice. The sooner the better."

I admire any political leader who can laugh at himself – or herself.

But today, I'm going to be substantive, not superfluous. Forward looking, not posthumous. And offering a vision for Oregon's future that is not just about where we're going – but about who are as a people.

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I stand before you today certain in my conviction that this great state is on the threshold of a dream.

A dream that says: As the state that values knowledge, hard work, and innovation – Oregon will continue to attract new generations of artists, scholars and entrepreneurs.

As the state known for our open spaces and close-in neighborhoods, for protecting what is God-given, and for setting ambitious goals for renewable energy and cutting greenhouse gases – Oregon will lead the nation in sustainable development.

And as the state that became a model for how to control pension costs, make higher education affordable for middle class families, and prove that a green economy can be a strong economy...

...Oregon is within reach of that elusive middle ground – what Aristotle called the golden mean – that will allow us to have both prosperity and livability.

Why – when headlines are leading with the bad news of today – am I focusing on the better news of tomorrow?

Because I've met enough of our fellow citizens – from back wood trails, to commercial downtowns, to white dunes on the coast – to know that our aspirations are greater than our divisions. Our hopes are bigger than our doubts. And, yes, our dreams are more powerful than the obstacles that stand in our way.

So to those who say Oregon's fate is boom and bust. I say you're wrong.

And to those who say any national economic tremor means an economic earthquake for Oregon – I say the only shaking we need to fear is the shaking of our confidence in the future.

Today, Oregon is as much a guiding star for the young, imaginative, and entrepreneurial as the North Star was for ancient mariners.

They come because they're attracted to our creative economy – and because we don't treat culture, history, art, movies and preservation as frills, but as essential pieces of our quality of life.

I would even venture to say that no one whose job is moved *to* Oregon is disappointed. And no one who must *leave* the boundless beauty of this state does so easily.

I know the champions of prudence and modest expectations are out there.

And I certainly recognize that optimism and self-confidence are never enough. We also need time, hard work, and a strong federal partner.

But I want every Oregonian to know that we – as a *people* – can control our own fate and shape our own destiny.

We – as a *people* – can continue to choose sustainable development. And if we do, we'll be rewarded in the global marketplace.

We – as a *people* – measure progress not just by the strength of our economy, but by the strength of our values, by our ethic of self-improvement, and by the legacy of hope and faith that is every Oregonian's birthright.

And most important, we – as a *people* – live in a state that is already better than it has ever been – and is on its way to being the best in the nation. That is who we are!

I don't deny that there are troubling trends in the national economy – or that these trends are having an impact on Oregon, especially for counties that depend on federal forest payments – and are suffering the consequences of Washington's broken promises.

Job growth in Oregon has flattened. But high-tech and renewable energy companies are still bringing new jobs to Oregon – because they see Oregon as a place to grow their businesses. The February revenue forecast was down – leaving us a smaller, but still positive, ending balance. Still, I want to say something to Oregonians who are hurting.

What we're experiencing is a dip in our economy that is not as deep as most of America – and will be easier to climb out of than past downturns.

But if you are losing your home or job or health care – that is not a dip. That is severe storm. And as Governor, I will do everything in my power to shelter you from that storm.

Lastly, when we assess the impact of national trends on Oregon, we must not forget that Oregon has paid much too high a price in lives and treasure for a war in Iraq that – after more than five years – has *still* not accomplished its mission...

...or even been able to define one!

And let me add this: There are many ways to define "a casualty of war." There are those who literally lose their lives defending this nation's values.

But I ask you to think about what 3-trillion dollars could have done to provide health care for the American people; invest in an education system from pre-school to graduate school; make Social Security solvent for future generations; and create a sustainable and independent energy policy for our country.

Yes, like you, we are all casualties of this war. Having said that, I know Oregon's people – and its economy – are resilient.

I recognize, as every person in Oregon recognizes, that this is a difficult time. It is a time that tests our courage and resolve.

But I believe that Oregon's economy is on the right track.

I believe that Oregon's economy is able to compete with any state, at any time, in any marketplace.

And I believe that the people of Oregon are committed to both celebrating the past *and* building for the future, as we mark our 150th birthday next year.

To do that, we need to answer what I call the Oregon Challenge: Going from better – a goal we've undeniably achieved – to best in the nation.

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One of the reasons I remain optimistic about Oregon is that business and labor, Democrats and Republicans, urban and rural communities have joined me in building a budget firewall in Salem. For the first time in decades, we have stability, integrity, and transparency in our state budget. And last year, we took the revenue from the corporate kicker and created a 319-million dollar rainy day fund that will protect Oregon's vital services – and lower our cost of borrowing.

So, today, we are better prepared to weather an economic dip in the short-term – and to invest in new funding for education, health care, transportation, and sustainable development in the long-term.

Oregonians understand that our economy is not a perpetual motion machine. Growth is powered by having the best trained, best skilled, best educated workforce in America.

Oregonians understand that affordable, accessible and high-quality health care is an economic necessity – and for our children a moral imperative.

Oregonians understand that rebuilding our transportation network will keep Oregon competitive and create thousands of family-wage jobs.

And Oregonians understand that climate change is real – and without a sustainable energy policy, our forests, water supply and coastal communities are all at risk.

Why should we make these investments now – at a time of economic uncertainty?

Because – as Martin Luther King said, "The time is always ripe to do right." And answering the Oregon Challenge – to become the best by investing in our future – is absolutely the right thing to do.

We have a window of opportunity to make the five major investments I'm going to talk about today. We dare not let that window close before we finish the work we must achieve – and earn the full benefit of the successes we have already achieved.

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The first investment I want to talk about will come as no surprise. As I just suggested: Oregon *must* have the best trained, best skilled, best educated workforce in America.

There is only one way to reach that goal: Invest – from pre-school to graduate school – in the tools that build minds *and* train hands...

...because those minds and hands are what will build our economy.

I would go so far as to say, if you want to know what the state of our state will be 5, 10 or even 20 years down the road, tell me what the state of our commitment to education is right now – today!

Because that will make all the difference.

In 2005, we made up most of what we lost in 2003. And in 2007, we leaped ahead with major new investments in Head Start, K through 12, and community colleges and universities – including capital construction projects.

We also invested in new ways to make our education system more cost-efficient.

But this is no time for recess. We must continue the substantial progress we've already made. That's the only way to make certain that our schools are as good as they can be, our workers as a competitive as they can be, our economy is as strong as it can be, and the door of opportunity is as wide open as it can be.

So here are highlights of my education agenda. First – reach our goal of providing Head Start programs to 100-percent of eligible 3- and 4-year-old children.

Second – increase funding for K through 12 so we can continue to reduce class size; restore art, music and PE; and expand the variety of courses available to students.

Much of the focus of this new investment must be made in professional development.

If we're going to be successful with our new graduation requirements – we need to increase the number of trained math and science teachers.

Third – reinvigorate Career Technical Education. These programs – through our Community Colleges and apprenticeship programs – need to reach back into our high schools – and reach forward to the training needs of older workers.

Fourth – develop a new and effective workforce training strategy.

Business leaders talk to me about our quality of life. They know about our industry clusters and research institutions. What they don't know – and don't hesitate to ask – is whether they will be able to find skilled workers.

With new industries poised to move here, existing industries wanting to expand here, and traditional businesses – many in rural parts of the state – shedding jobs here...

...we need to create a strong workforce training program that will give young workers the opportunity to enter the workforce, and older workers the opportunity to trade up to new skills – and a second chance at finding a family-wage job.

Fifth – last year we made major new investments in the Oregon University System. But it was never meant to be a one-shot deal. Next year the focus will be on growing enrollment – meaning more new students coming in, and fewer leaving before graduation.

The sixth and last piece of my education agenda is to fully fund the Shared Responsibility Model for college financial aid, so that *all* qualified students will have the money they need to attend an Oregon community college or university.

But there is a particular group of students that I want to draw special attention to: The young men and women serving in the Oregon National Guard. I cannot put into words how much these brave soldiers mean to Oregon.

But if your community has been flooded and nearly cut off from civilization – you know. If your house has been saved from a raging forest fire – you know. And if you've been paying attention to the sacrifices Guard members and their families are making in Afghanistan and Iraq – you know. In 2005, we waived the last dollar of tuition for our National Guard troops.

In February, we made this same waiver available for spouses and children of guardsmen and women killed or permanently disabled. But we need to do more.

Members of the Oregon National Guard give up their jobs. They give up time with their families. And all too often they give up their lives.

The cost of higher education does not begin and end with tuition. There are books, living expenses, child care, transportation and more.

That is why I am working with the Oregon National Guard Adjutant General, Major General Raymond Rees – to create an Oregon GI Bill – a stipend program that will be available for *all* members of the Guard.

We keep asking the Oregon National Guard to do more for us. We need to respond in kind – by making sure we do more for them.

There's another area where we need to do more for *all* Oregonians.

Our health care system is broken! It costs too much. It covers too few. It pits patients, doctors, and hospitals against insurance companies – and sometimes against each other.

It also leaves our businesses at a competitive disadvantage. And if all this weren't bad enough – health care has turned a core American value on its head:...

..."We the People" is now "We the People with insurance vs. You the people without insurance."

This is not what our nation – or state – should be about.

One out of 6 working-age adults in Oregon has no health care. And even if you are one of the other 5 – chances are you are insecure about whether your coverage will become too expensive to afford, or dropped for reasons beyond your control.

Employers are also hurting under the current system – because they can't keep up with rising costs. And the state can't keep up either.

We are covering more Oregonians through the Oregon Health Plan than we did 5 years ago. And we just opened the Plan to another 10,000 adults. But as long as there are still thousands of Oregonians on a waiting list to join the Plan – our work is not finished.

Overall, 574,000 Oregonians do not have health care coverage – including 116,000 children.

For someone who believes – as I do – that health care should be the responsibility of a just society: This is *completely* unacceptable.

Yet, if nothing changes, our health care crisis is going to go from bad to worse.

Within the next ten years, health care will consume 20-percent of our economy.

Working families will be paying double what they pay now.

And our state budget will see tens of millions of dollars siphoned off from education, renewable energy and other priorities to pay for a ballooning health-care system.

That's why today, we are developing a comprehensive plan to reduce cost, expand coverage, and improve care.

This plan will not be a quick fix. It will be a long-term vision that will lay out – in sequence – how we will reach the goal of affordable health care for all Oregonians.

But I have a short-term goal too: To make sure every one of Oregon's uninsured children has health care coverage.

You've heard me say this before – and I have not changed my mind one bit since I championed the Healthy Kids Initiative in 2007: We must make sure every child in Oregon has health care.

Kids can't wait!

We just took the first step. We have reduced the application form for the Oregon Health Plan from 13 pages to 2. This will make it easier for children to get coverage – and at less cost to the state.

By the end of this year, we will take the second step. I will extend the eligibility period for children on the Oregon Health Plan from 6 months to 12. This one change will eventually add 20,000 children to the Plan.

But I'm not stopping there. My next budget will include funds to cover even more children – ultimately resulting in coverage for at least half of the kids whose parents cannot now afford coverage.

How do I intend to get the other half covered? With a new tobacco tax. Yes, you heard me correctly – with a new *tobacco tax*.

The failure of Measure 50 last November was a setback. But I refuse to treat it as a defeat.

If the tobacco companies think that the 12-million dollars they spent to defend the bargain basement price of their product – which happens to hook kids and destroy lives – bought them a permanent victory in this battle...

...they are sadly mistaken. Measure 50 was not the end. Measure 50 was just the beginning of this fight.

The tobacco companies need to get the message: An appropriate tax on your deadly product is still in our medicine cabinet – and the expiration date will never, *never* be reached.

We will do things differently this time. The plan, including a tobacco tax, will be created in the Capitol. And it will be in a statute – not the Oregon Constitution.

Will the tobacco companies – and their allies – pour millions more into another slick, deceptive, and anti-children campaign? Probably – it is in their DNA.

That's why we have to rally around Oregon's uninsured children with no less passion and determination than we rally around our own children when they're sick.

And we have to rally around them now – because that is in *our* DNA!

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An *Oregonian* headline not long ago read: *Transportation Tops To-do List*.

Well, yes and no. Transportation is not alone at the top. It shares that billing with my other four policy priorities. Nevertheless, this critical issue did not just suddenly jump onto my radar screen.

In 2003, we passed a 2.5 billion dollar package to rebuild Oregon's roads and bridges. And in 2005 and 2007, I invested a total of 200-million more in our seaports, airports and railroads.

But our transportation infrastructure is still not keeping up with population growth or freight traffic. And this problem does not just impact businesses.

Millions of Oregonians sit in traffic every day and fume – and I don't mean tailpipe emissions, although that's a problem too. Congestion is frustrating. It's costly. It adds to global warming. And if we don't act – it is going to get worse.

Moms and dads are stuck on I-5 when they want to be home reading to their children. Balancing work and family life – which is hard enough – has morphed into balancing work, family life, and rush hour. And more time in traffic means less time to enjoy all that is best about Oregon.

There is also the issue of safety. Parents want to know that the roads they and their children drive on are safe – and that the bridges they cross won't collapse.

So this problem must be solved the right way – the Oregon way!

Oregon must have the greenest transportation system in the country.

This will not happen if all we do is build more roads. In the words of transportation experts – the system must be multi-modal.

That means alternatives fuels for our cars and trucks. And even more important – alternative vehicles, like electric cars and light rail, to eliminate our reliance on fossil fuels.

Let me say a word about the Columbia River Crossing: I stand ready to support the City of Portland, Metro and the entire region to build a national demonstration project.

But my support comes with the expectation that this bridge will improve safety. It will be accessible to all modes of transportation. And it will be the greenest large-scale project this nation has ever seen.

My bottom line on transportation is this: We need to make greater investments in our *public* transportation system. To accomplish this goal, I will present a comprehensive transportation package to the Legislature that will be larger, greener, safer, and more strategic than anything we've done before.

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For those of you – like me – who are old enough to remember 45 rpm records, sometimes a long song would start on Side A and continue on Side B.

Case in point: Don McLean's *American Pie*. I happen to remember the lyric – "I drove my Chevy to the levee but the levee was dry."

I guess Don McLean discovered the link between transportation and climate change 30 years before the rest of us.

They're not opposite sides of a policy divide. They're two sides of the same tune I call – building a sustainable economy.

So let's not fall into the trap of making false choices. We can invest in transportation *and* face up to the challenge of climate change. We can create living wage jobs *and* reduce greenhouse gases. And we can have a modern infrastructure – *and* sustainable growth.

What we cannot do is wait.

That's why I've been working on global warming since 2003 by forging partnerships with business, environmental groups, and legislators on both sides of the aisle whenever possible...

...and using the courts to protect the health and quality of life of Oregonians – whenever necessary.

In 2007, we passed landmark energy legislation including a renewable electricity and a renewable fuels standard that are among the most ambitious in the nation.

Revolutionary is not too strong a word for what we accomplished last year. We made real headway – but not enough. We must do more to reduce greenhouse gases and mitigate the damage that climate change is certain to bring.

Signs of that damage are everywhere – for anyone willing to look: More frequent and severe storms. Shrinking snowpack that threatens to bring both spring flooding and inadequate summer water supplies.

Mt. Hood's glaciers are literally melting away. Our forests are in danger of burning away. And our beaches are at risk of being washed away.

So this is not a problem waiting over the horizon. The problem is here. It's *calamity* that's waiting over the horizon.

Still, for me – global warming and sustainable development are as much an opportunity as they are a challenge.

They are an opportunity to face up to our looming shortfall of water – through both storage and conservation. People outside this state may wonder: How can Oregon, of all places, be worried about not having enough water. But we know better.

That's why I went to Hermiston two weeks ago to sign Senate Bill 1069, which directs almost 2-million dollars for feasibility studies across the state – and another 750-thousand dollars to test for ways to divert surface water into the Umatilla Basin Aquifer.

This water can be stored and later used for irrigation and fish protection.

But Senate Bill 1069 was only one small step. We need a much broader approach – including conservation – to make sure we always have high quality, stable, and abundant water supplies. Global warming and sustainable development are also an opportunity to attract new companies that are a great fit for our economy; that need a highly skilled workforce; and that want an excellent quality of life.

That means renewable energy companies – including wind, wave, geothermal and especially solar. Oregon is on the cusp to become the largest producer of photovoltaic solar cells in the nation. And this – if you'll pardon the expression – is just the tip of the iceberg.

Oregon is ready to outdistance every other state in the development of renewable energy. In the creative thinking about how to reduce greenhouse gases. And in the moral leadership required to heal our sick planet.

However, we cannot do this alone. More than 10 Oregon communities have made commitments to reduce greenhouse gasses. I will work with them and communities throughout Oregon to find local solutions to global warming.

So at least in this field, we don't need to go from better to best in the nation. We are already there. And in the years ahead, we're going to open up a wider lead.

We need a program to cap greenhouse emissions, and a regional trading system that will give industries flexibility to reduce their carbon footprint at the lowest possible cost.

This cap and trade proposal grows out of the Western Climate Initiative that I formed with other western governors. It is a model for our national leaders to follow.

And it can be a great benefit to Oregon to reward landowners and our timber counties for preserving healthy forests.

Healthy forests are the lungs of our planet!

It wasn't that long ago that industrial waste was simply dumped into our nation's rivers. No one in their right mind would want to return to that way of doing business.

Well, the day is near when unfettered greenhouse gas emissions will be considered equally unacceptable.

But to make that day possible will take leadership, bipartisanship, and a determination to pass cap and trade – and my entire agenda of energy efficiency, green building, electric vehicles, and green workforce development – *before* the end of the 2009 session.

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I mentioned the bipartisan decision in 2007 to put the corporate kicker into a rainy day fund that will give Oregon the financial stability that it has never had in its history.

The days of walking a budget tightrope without a safety net are over.

But now we need an insurance policy. Translation: A stronger rainy day fund that relies on a steady and predictable stream of income – not an occasional infusion of funds.

To accomplish this we must first raise the corporate minimum and end the embarrassment of companies – many from outside of Oregon and many with profits in the millions – paying a paltry *10 dollars* a year in corporate income taxes.

And second – we must permanently dedicate the increased value of the corporate minimum to the rainy day fund.

We were close to a consensus on raising the corporate minimum in 2007 – but we fell short. There is absolutely no reason to fall short again.

We need to *raise* the corporate minimum. We need to *bank* the corporate minimum. And we need to *rely* on the corporate minimum to make sure the education of our children – and the health of our most vulnerable citizens – are *never again* sacrificed on the altar of tough economic times.

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My fellow citizens: It is never difficult to find a reason not to act: The economy is slowing. There's an election coming up. The opposition has too much money. The press might criticize us. Let someone else stick their neck out.

You've heard them all – and so have I. But I repeat the quote from Martin Luther King that I used at the start of my remarks, "The time is *always* ripe to do right."

Does anyone seriously think that we can lose in the education marketplace – and still win in the global marketplace?

Does anyone seriously think that thousands of Oregon families and businesses aren't buckling under the weight of health care costs – or that history will not condemn us if we continue to allow our children to go without health insurance?

Does anyone seriously think that we can have a 21st century economy with a 20th century transportation network?

Does anyone seriously think that global warming isn't a threat to agriculture, commercial fishing, and our quality of life?

Does anyone seriously think that it isn't immoral for corporations to be paying the same minimum tax they paid during the Great Depression – while the cost of basic necessities for working families goes through the roof?

The answers to these questions are self-evident. Our challenge – the Oregon Challenge – is to answer them not with fear but with hope. Not with hand-wringing – but with action. This is how we will go from better to best.

So the time to act is now. The need to act is beyond argument. And the reason to act is to fulfill the promise, secure the future, and earn the blessings of the state we all love and serve.

Thank you. And God bless Oregon.