

# State of the State 2018

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## REMARKS AS PREPARED

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February 5, 2018

Thank you, Madam Speaker and Mr. President.

□ My colleagues and fellow Oregonians, good morning. I appreciate the opportunity to address this joint session of the Oregon Legislature.

□ This morning, I'd like to share a story about an American family – my family.

□ My grandmother Lois, my dad's mom, was a nurse; my grandfather was a doctor. He was brilliant, but he struggled with drug addiction most of his life.

□ They separated, living apart for many years, leaving my grandmother to raise their four young sons alone.

Living on nurses' wages, it was terribly difficult for her; a constant and exhausting struggle to make ends meet.

But, she never stopped thinking about her sons' future. Those four little boys kept her going. Mostly by her own example, she instilled in them the importance of self-reliance and hard work.

She taught them that the key to a better life was education, education, education.

All four boys finished high school, went on to college, and served in the military. Three became doctors; one became an engineer.

One of those doctors was my dad. And because my dad worked very hard, my childhood was very different than his. I grew up in a solid, safe, middle-class neighborhood. I never worried about whether I had enough to eat, or if the heat would be turned off during the sub-zero Minnesota winters. I knew from an early age I was going to college, and that my parents would support me.

I was raised to believe that I could accomplish anything I set my mind to.

All because 85 years ago, my Grams put her family on a path out of poverty.

American families across the country have their own versions of my family story, most with the same takeaway: if you worked hard and played by the rules, you earned a chance at a better life for yourself and your children.

These family stories are the realization of the American Dream.

But for too many in Oregon, the American Dream has become the Impossible Dream. It seems no matter how much you work, it's very hard to get ahead... Much less, set aside money for retirement or a down payment on a home.

Oregon is a leader in economic recovery, and unemployment is hitting record lows.

Yet, too many people need to work more than one job just to get by.

Oregon's rising economic tide should be lifting all boats. Yet, many hardworking families are still under water.

I spend a lot of time with working people across our state. I've taken a hard look at their work experiences – from their first job to their last before retirement. I hear from them that one job isn't enough to make ends meet.

Others may have a job, but they are stuck – they don't have the skills they need to get a better one.

I also spend a lot of time with business owners across the state – urban and rural – large and small. They tell me that they are hiring and they want to hire more. But, they have trouble finding workers in their communities with the right skills to fill these jobs.

In Oregon, there are five types of occupations driving the growth of our economy. And they all require highly technical skills:

- advanced manufacturing
- bioscience
- energy, solar, and wind
- healthcare, and
- information technology

Now when I first saw that list, I assumed you had to have a college degree to get one of these jobs.

That's a myth.

We should be preparing our high school graduates for these jobs. For some, even right out of high school.

As you all know, Oregon's high school graduation rate underscores that we are not doing enough to ensure that every student graduates from high school with a plan for what they'll do next. For some, the next step is college, and for others, the next step is their first job.

But currently, one out of every four job openings in Oregon's tech industry is filled from out of state.

One out of every five jobs for advanced manufacturing are filled from out of state.

Just this past summer, private businesses in Oregon reported 66,000 job vacancies.

Looking ahead, state economists are projecting 27,000 high-wage, high-demand job openings each year through 2024.

It is clear. There is a gap between the skills Oregon's workers have and the skills that our growing businesses need.

This is unacceptable.

And it's also an incredible opportunity.

It's an opportunity for our students, for our businesses, and for the well-being of our communities.

As policymakers, we talk about increasing prosperity and stopping the cycle of poverty.

My vision is of an Oregon where we increase economic prosperity and do it in a way that ensures prosperity is inclusive. An Oregon where everyone is given the same fair shot at building a better life for themselves and for their children.

As my friend Tom Chamberlain says, the single best way to get a family out of poverty is through a good paying job.

So, we have these good paying jobs sitting vacant.

At the same time we have Oregonians who want to provide better lives for themselves and their families.

It's time to close this skills gap.

And to realize this vision, I am launching Future Ready Oregon.

Future Ready Oregon starts with my grandmother's mantra: education, education, education.

And the goal is to close the skills gap between the workforce we have and the workforce we need to fuel Oregon's economy.

To accomplish this goal, we need to make sure every student graduates with a plan for their future and the tools that they need to compete in a global economy.

We know that students who can envision their future are more likely to finish high school. And today, every student's future begins with a high school diploma and a plan for their next step.

Hands-on learning connects classrooms to career, inspiring students with a sense of purpose, giving them the drive they need to walk across that graduation stage and into their first job.

In the three years I have been Governor, our graduation rate has improved by nearly five percent.

One of the reasons for this success is the expansion of hands-on learning experiences to more of our students – especially students from historically underserved communities.

Last school year, 86 percent of students in Oregon who experienced hands-on learning, like Career and Technical Education programs, graduated from high school on time.

86 percent.

That's why we quadrupled funding for CTE programs last session.

And it's why I will ensure every single school district offers hands-on learning opportunities for every single student. And in my proposed budget for the next biennium, that's why I will dedicate 300 million dollars to hands-on learning programs in our schools.

But, this investment is only effective if educators, employers, and community-based partners actively collaborate so graduates

have skills that align with jobs in their communities.

Just down the road from here, the Salem-Keizer School District has partnered with local business leaders to build the Career and Technical Education Center. Together, they have tailored programs for high schoolers to learn skills for the local high-growth industries.

Their graduation rate?

98 percent.

We must replicate this success in every community across the state.

It's a key to meeting our goal of a 90 percent graduation rate by 2025.

Money alone won't help us meet our goals. We must understand that not every student is headed towards a four-year college degree. But if we arm students with marketable, in-demand skills, and a plan to use them, we light the path toward graduation and a good job.

High-wage, high-demand jobs with advancement potential.

Jobs that help our families get ahead.

Jobs that open the door to a better life.

These are the kinds of plans that turn learners into earners.

Not just through high school, but into the next stage of a worker's career.

Most of our grandparents – or even our parents – took a job as a young person and stayed in that job or with that company until retirement.

My mom had it a bit easier than my dad. Her parents, my granny and grandpa, married young. She was nineteen; he was twenty. They eloped and got married at the county courthouse in Tulsa, Oklahoma. They were married for over 75 years, until my granny passed away at 96.

My grandpa didn't go to college, but shortly after high school, he started working at a food distributor called the Nash Finch company. He started in the warehouse. Over the years he worked hard. He eventually earned a really good salary. They were able to raise my mom and my uncle Jon and send them both to college. He was extremely dedicated to that company. When he retired at 65, they threw him a party and gave him a plaque.

He lived to be 100 on the pension he accrued over a lifetime of work.

The days of getting a job and keeping it for a lifetime are over.

Today's graduates are likely to change jobs about every three years. This current generation of workers will change careers – not just jobs, but careers – seven times over the course of their adult lives.

We must build new pathways from the first job someone takes to their last. Pathways that ensure hardworking Oregonians can develop cutting-edge skills that give our state an economic advantage.

Pathways that include skill training and registered apprenticeships to make Oregonians the first choice for high-wage, high-demand jobs.

Jobs that buy groceries.

Jobs that pay the rent.

Jobs that help save for retirement.

Over the course of the next year, through a series of executive actions, policy positions, and legislation, Future Ready Oregon will build these pathways for adults to get the right skills for the right jobs of Oregon's future.

I want each and every one of you to join me in taking five steps towards strengthening Oregon's workforce.

First, we have to change the way the state makes investments so that they are equitable across Oregon. To build pathways for lifelong learners as they advance throughout their careers. That's why I have realigned Business Oregon's priorities to focus on work that impacts communities of color and Rural Oregon, including Oregon's nine tribes.

As an example, we are now investing in broadband and prioritizing infrastructure investments to increase competitiveness of Oregon's rural industries. We are also providing incentives to businesses to expand apprenticeships and job training opportunities for limited-English speakers and underserved communities.

We are working with the Higher Education Coordinating Commission and Business Oregon to improve coordination between high-growth industries and our job training programs. Our community colleges are a key component of this work as well.

As we work together with industries across the state, we can take the second step and fuel growth with what I am calling "Next-Gen Apprenticeships." These are training programs in technical fields like IT, healthcare, advanced wood manufacturing, and high-tech manufacturing.

Next-Gen Apprenticeships will expand registered apprenticeship opportunities to give hardworking Oregonians a competitive edge, ensuring they have the skills for today's technologies and tomorrow's advancements.

This is happening right now in Bend and Eugene. The program is called Apprenti. It's just getting started, but already job seekers are flocking to the program. Businesses are excited, too.

Third, we must also work to turn wage earners into job creators.

I have proposed a bill this session that directs Business Oregon to develop a loan program to help those who are skilled in the construction industry start their own businesses. They are only eligible for these loans if they work on affordable housing in our rural communities. And that means these businesses will open where jobs are needed the most: rural Oregon.

In all of our communities, even if someone is qualified for a job, they may not be able to live near it. It can be just as difficult to find housing in Pendleton as it is in Portland.

This is a major threat to our continued growth and economic prosperity.

That's why I'm taking the fourth step towards making Future Ready Oregon a reality. I have directed my Regional Solutions team to partner with local communities, the business sector, and private developers to address the housing shortage for working families in Oregon.

Several pilot projects, selected from dozens of proposals, will be announced in the coming weeks. From these, we'll learn what can be scaled up and replicated.

We also need to build on the success of the industries that have the highest rate of return. One of our largest growing industries is healthcare. Those training to enter the field should have fewer hoops to jump through and a wider range of opportunities to earn a good wage to support their families.

In the fifth step, I will work to better align training and requirements for entry-level jobs in health care, in-home care, and community-based health to ensure that there is a ladder to a career for people gaining skills in caregiving.

Strategic investments in these key sectors and in specific regions of the state will spark job growth and fuel our economy.

Giving our students hands-on learning opportunities – and once they graduate, supporting them as lifelong learners – is the beginning of Future Ready Oregon.

It is a new way of thinking about our economy and the Oregonians who work in it.

By working together, we can ensure that economic prosperity reaches every single corner of the state.

Everyone deserves the chance my family had – to get a good education.

To work hard.

To have the opportunity to build a better life.

I stand before you today on the shoulders of my grandparents and parents who worked hard to create a path for me to get here.

Each of us stands on the shoulders of those who came before us.

We are the next generation who stepped forward to say, “Oregon is my home. This is my community; these are my neighbors – our children are the future of this state. And I have a responsibility to try to make things better.”

It is fitting that we sit in this chamber to consider the future of Oregon that we will help shape, together.

We know how to rise above our differences. To put Oregon before party. To put Oregonians first.

Just last session, Senator Boquist, Senator Beyer, Representative McKeown and now Senator Bentz played critical roles in passage of the transportation package that will create jobs and make our roads and bridges safer.

Senator Knopp and Senator Taylor helped pass pay equity and fair scheduling, the first of its kind in the country.

Representative Rayfield and Senator Jackie Winters worked hard to fund health care.

And, after we experienced devastating wildfires this summer, I am very grateful to Rep. David Brock Smith – and to all of you who represent districts impacted by fire and smoke, who continue to be strong advocates for recovery.

This Legislature is more diverse than ever – and a more accurate representation of our state. This diversity is a major asset; it means more Oregon voices and experiences and communities are represented at the decision-making table. And this is a very good thing.

We are at our best when we are diverse in our world views and experiences, but united in our resolve to make the well-being of the people of Oregon our highest priority.

A divided and chaotic Washington, D.C. is unworkable, but a united Oregon is unstoppable.

That’s why, under my leadership, we preserve the beauty and bounty of Oregon and continue to fight to keep our public lands in public hands.

That’s why we won’t let Washington, D.C. take healthcare away from thousands of Oregonians.

And that’s why I’ll fight to keep Oregon a welcoming place to all who call our state home – including our immigrant families and Dreamers. They embody the ideals of the American Dream and are an integral part of our communities, our culture, and our economy.

As we come together this session, let us commit to keeping our promise to Oregonians. To take responsibility for moving Oregon forward.

We must fuel our economy by closing the skills gap and ensuring our children are school ready and our schools are strong.

We must make the PERS system more sustainable and keep the debt we owe from hobbling public education.

We must operate state government as efficiently as possible. Being careful with every single taxpayer dollar.

We must tackle the opioid crisis that threatens the ability of so many Oregonians to lead healthy and productive lives.

And we must always keep our eyes on the horizon, making sure that the next generation has opportunities to make better lives for themselves.

To give anything less than our very best effort is to waste this opportunity given to us by the people of Oregon.

They are counting on us; we cannot let them down.

Thank you.

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