Lieutenant Governor and Constitutional Officers,

Madame President, Mr. Speaker and all of the Members of the Legislature,

Chief Justice and Members of the Judiciary,

Members of the Cabinet who are here, Elected Officials, Reverend Clergy, Distinguished guests,

And above us all, the People of the Massachusetts

Thank you all for being together tonight.

At the outset, and on behalf of the People of Massachusetts, let us all thank the members of the military from Massachusetts serving so honorably in Iraq and Afghanistan. We are proud of you and humbled by your service. On a personal note, Diane and I want to thank the People of Massachusetts for the extraordinary kindesses and support you have shown us on a personal level. I'll never forget it. It is an honor to serve you.

Our youngest daughter graduated from high school this past spring. And when I sat at her graduation, swollen with pride like every other parent, I couldn't help but reflect on the difference between her journey to that milestone, and my own to a similar milestone more than 30 years before.

You know my story. I grew up in poverty on the south side of Chicago. I went to broken and over-crowded schools. I can't think of a time when I didn't enjoy reading, but I don't ever remember actually owning a book. I got my own bed for the first time in my life when I came east on a scholarship to a boarding school in 1970. In that and so many other ways, coming to Massachusetts was like landing on a different planet.

Now Katherine, by contrast, has always had her own room. By the time she got to high school, she had already traveled on three continents, she knew how to pronounce and use a "concierge," and she had shaken hands in the White House with the President of the United States.

Diane and I talked easily and comfortably with our kids about college when the time came and organized visits for them to campuses all over the country. When I called home 35 years ago to tell my family I was admitted to Harvard, my grandmother asked, "Where is that, anyway?"

One generation. One generation and the circumstances of my life and family were profoundly transformed. That story is not unlike many of yours in this room or elsewhere in this Commonwealth. And though that story is still not told often enough still, it is told more often in this country than any other place on earth. That is the American Story.

For most of us, that story was made possible by a good education, great opportunities to work and develop our skills, and adults who involved themselves in our lives in key moments and ways.

That is our agenda: schools, jobs and civic engagement. That's what will make the American Story real again in this Commonwealth.

So, in 2007, we started to connect those aspirations to actions, and our actions to people. We are off to a very strong start. Massachusetts is on the move.
Last year we increased support for local schools by the highest amount in history. Because we also invested in pre-K, all-day kindergarten and longer school days, over 43 thousand children got the lifetime benefit of a strong academic start, and 9 thousand students had more time with teachers for both core studies and enrichment programs.

We added millions for science, technology, engineering and math grants, as well, to start giving our kids the skills they need to excel in tomorrow's global economy.

And our students are responding. Last year Massachusetts students took top scores in all four categories measured on the National Assessment of Educational Progress, the so-called "national report card." My friends, Massachusetts is on the move.

We improved the conditions for robust economic growth.

We cut approval time for state permits from two to three years to just six months for most new development projects.

We joined the Regional Greenhouse Gas Initiative, and launched new biofuels and green building standards. We won the national wind blade test facility, and supported Cape Wind and other clean power projects. As a result, the clean technology sector has become one of the strongest growth industries in the Commonwealth and one of the most promising in the world.

Ten new movies were produced last year, thanks to the new Film Tax Credit, and cultural facilities are being restored. What does that mean? It's providing new jobs for workers in our creative economy and bringing over $200 million in new economic activity to the Commonwealth.

Our China mission produced sales agreements for life sciences and medical device companies; research exchanges between UMass and China's premier universities; and new nonstop air service between Boston and Beijing next year.

And the Massachusetts economy is responding: creating 22,000 new jobs in 2007, out-performing the national average for job creation, and moving from 48th under previous administrations to 15th in the nation last year. Massachusetts is on the move.

Now, strong economies need strong communities. So, we made the largest investment in housing last year in 20 years, including expanding the Affordable Housing Trust Fund and doubling the SoftSecond program, two proven strategies to put home ownership within reach of low- and moderate-income homebuyers.

300,000 adults and children who were uninsured last year are insured today and have access to affordable, reliable primary care.

We distributed over $50 million in grants to support law enforcement and crime prevention, and nearly doubled funding for new police officers on the street.

We introduced "managed competition," so that good drivers -- whether in Longmeadow or in Roxbury -- will see a more than 10 percent drop in their auto insurance rates and far more choices.

From Burgin Parkway in Quincy and Route 12 in Worcester to the Great River Bridge in Westfield, long-awaited repair and public works projects are finally underway. Massachusetts is on the move.

And last June we joined together to keep discrimination out of our Constitution, and leave consenting adults free to marry whom they choose.

So, the state of our Commonwealth is strong, and the evidence of that strength is tangible. My goodness, even the Red Sox, the Celtics and the Patriots are on fire.

For all of these accomplishments and others, for all that we have done together, I thank the Lieutenant Governor and other constitutional colleagues; Senate President Murray, Speaker DiMasi and all the members of the Legislature; the
mayors and other local officials; the community leaders and everyday citizens, who have involved themselves in unprecedented numbers; and most especially, my exceptional team. Because of you, all of you, whether in schools, jobs or civic engagement, Massachusetts is on the move.

But there is much more to do. Because the state of our Commonwealth is far better for some than for others.

Parents in many communities still face the painful choice of passing overrides or losing school programs.

High drop out rates and achievement gaps persist.

There are 125,000 people looking for work in Massachusetts and 90,000 vacancies - jobs that go unfilled because the people who need that work don't have the skills to do it.

Small business owners are worried about making the payroll or making a living because the cost of insurance or taxes or space is high.

Too much talent and too many bright futures were lost last year to gun and gang violence.

Too many young families and seniors are still being pushed out of their homes by escalating property taxes, or by extreme adjustments in mortgage rates.

Parents in cities find it hard to dream about college for their kids, and parents in suburbs have nightmares about how to pay for college for theirs.

The poor are in terrible shape. And the middle class are one month away from being poor, and deeply anxious about it. I understand that.

And overshadowing all of this is widespread unease about the national economy, because credit and housing markets are especially fragile right now.

Now is not the time for us to lose our focus or our nerve. Government cannot solve every problem in everybody's life. But government -- as an expression of the common interest and the common good -- has a role to play in helping people help themselves.

And I believe that an agenda based on schools, jobs and civic engagement is not only the way through today's economic uncertainty, but the way to write tomorrow's chapter in the American Story. And so I ask you to join with me in partnership to accelerate that agenda in 2008.

Let's start with education and invest in strategies that work. The budget we submitted yesterday commits a record $223 million more to support public schools.

We also propose significant increases in early education grants, all-day kindergarten programs, and extended learning time.

Let's give the 275,000 students and faculty in our public colleges and universities the quality labs, lecture halls and dormitories they deserve.

Support these budget initiatives, pass the higher ed bond bill, and let's make the American Story their story, too.

On the jobs front, let's both advance human healing and add another 250,000 jobs over the next decade by passing the Life Sciences Bill next month.

Let's start promoting efficiency, renewables, cheaper electricity, and new jobs in a hot new growth sector by passing the Energy Bill.

Let's connect the whole state to the world of ideas and commerce, and jumpstart the economies in western and central Massachusetts, by passing the Broadband Bill.
And with 20 thousand good permanent jobs, 30 thousand construction jobs, a $2 billion boost to our tourism industry, property tax relief for 1 million households, and a steady reliable stream of revenue for cities, towns and the state within our grasp, let's work together to pass the Resort Casinos bill.

For working people at every level, we can make the American Story their story, too.

Last year, this Legislature created a commission to recommend a practical strategy to end homelessness. The Commission has delivered, and my budget funds their recommendations in full. Join us and let's set ourselves on a course to end homelessness in Massachusetts once and for all.

Let's be both tough and smart on crime: Tough by limiting illegal access to guns and keeping high-threat gun offenders off the streets; Smart by supervising and supporting the 97% of inmates who eventually return to society, and by using CORI information wisely instead of haphazardly. Let's work together to pass an effective Anti-Crime Package this spring.

And finally, let's give our cities and towns the tools they need to keep property taxes down and to provide the services our neighbors want by passing the Municipal Partnership Act in full.

All of our communities, all of our communities deserve a chance at the American Story too.

Rest assured: We can afford everything we have proposed. Between the savings and spending limits we have imposed, the revenue from closing a few gaps in our tax code, a responsible portion of new casino licensing fees, and some restraint in the use of earmarks, we can afford the high-impact investments we have outlined - as well as a 13 percent cut in the corporate tax rate and property tax relief for nearly half a million households. Even with these investments, our budget holds total spending growth to 3.5 percent, in line with the growth in consensus revenues.

Our economic fortunes are linked, of course, to national and international economic trends and events. In order to assure that we have the benefit of the best economic perspectives, I am announcing tonight the formation of the nonpartisan Governor's Council of Economic Advisors, to be chaired by former President and CEO of the Federal Reserve Bank of Boston Cathy Minehan, and consisting of prominent economists and other leaders from local, national and international commerce. They will help us assure that the American Story thrives in Massachusetts.

But invest we must -- to keep Massachusetts on the move. That's the most effective hedge against economic stagnation. With fears of recession looming, how can any of us sit idly by and fail to act? And with the future of the American Story at stake, how can any of us refuse to sacrifice?

For a year now, I have attended the funerals of Massachusetts servicemen and -women killed in Iraq and Afghanistan. Each occasion is profoundly moving. Most of the time the lost soldier, sailor or marine is young. In some cases there is a girlfriend; or a young widow, on one or two of those occasions with a baby the fallen soldier has never even held. You cannot escape the youth: the disbelief of childhood buddies that their friend could be gone so soon; the utter tragedy of parents having to bury a child just entering his or her prime. Still, there is a remarkable lack of bitterness among the families. Only loss and grief and an understanding unspoken that service and sacrifice is sometimes necessary.

We cannot ask these exceptional young people to give what Lincoln called "the last full measure of devotion" to strengthen our community and secure the American future for ourselves, and then balk at making a far less profound sacrifice ourselves to achieve the same ends.

I know that the willingness to serve and to sacrifice is out there.

I see it in the new leadership of Commonwealth Corps, our initiative to enlist a broad army of citizens - young, old and in-between - offering to give back to their communities.

I see it in the Ready Reps, the nearly one thousand grassroots organizers committed to advancing the Readiness Project, our next chapter in education reform.

I see it in the willingness of private funders to support crime prevention in urban hot spots and in the young people who
are helping me form a Statewide Youth Council, so that their voices can be heard in developing policies that affect their lives.

Everyone must do his or her part -- because everyone has a stake.

We must do our part as elected officials by managing government responsibly. That includes being willing to curb spending in other areas. Last year I cut some $500 million from state spending, and held spending increases to the lowest level in three years. This year my budget offers another $475 million in cuts. And later this year, through a concept we call MassTrans, I will ask for your support in streamlining our transportation bureaucracy, which will yield further significant savings.

State employees, whose public service I honor and appreciate, must help by sharing a greater burden of their health insurance benefits.

Large, multi-state companies, who create opportunity for so many, must help by learning to live in Massachusetts by the same tax rules they live by everywhere else.

Even the telephone company must help by paying its fair share of local property taxes so that communities can ease the property tax burden on seniors and on others of limited income.

And as you consider our proposals, and how to support this agenda of schools, jobs and civic engagement, consider also the cost of inaction.

A poor child in high-quality early ed is 40% less likely to need special ed or to be held back a grade, 30% more likely to graduate from high school, and twice as likely to go to college. The cost of inaction is too high.

Just as every new life sciences job creates 3 to 4 others in related fields, every lost life sciences job costs us in similar measure. The cost of inaction is too high.

When high tech and clean energy firms leave, or gaming firms shun this market, because we are unwilling to play to our strengths and address barriers to growth, they take thousands of jobs and millions of dollars of investment with them. The cost of inaction is too high.

Failure to support cities and towns has led to both cuts in services and hikes in local property taxes. When communities decline, our economy declines. The cost of inaction is too high.

Failure to maintain our roads, rails and bridges has left us with a $15 to $20 billion tab over the next 20 years. The cost of inaction is too high.

The people don't expect us to agree on everything. But they do expect us to engage. They expect us to work together toward the best solution. They expect action. And they deserve it.

I admit that I am an impatient man. I've heard that. People say it is because I am from the business world, where things tend to move more quickly once a course is set. Others say it's because I am a newcomer to Beacon Hill.

Actually, my impatience has nothing to do with any of that. It has to do with the fact that for every one of us from the South Side of Chicago or Worcester or from the North End of Boston, Mr. Speaker, or from Plymouth, Madame President, or from Mattapan or Southie or Springfield or Holyoke or New Bedford or Brockton or Haverhill -- for every one of us who has had the blessing of living the American Story, that "one generation" transformation -- countless others still wait for their chance.

My impatience comes from knowing all the other eager, ambitious, capable, idealistic young boys and girls just like me in places left behind where you and I come from. My impatience comes from knowing up close the costs of inaction.

I went out to visit the Holland School in Dorchester last spring. A few weeks before, a young woman who was visiting her family from out of town was shot and killed. And a couple of weeks after that, an 11-year-old boy found a .44
caliber pistol in the neighborhood and brought it into the classroom. The neighborhood was understandably in an uproar. And so we called a meeting of adults, so that Mayor Menino and I could listen to some of their ideas about ways we could help, and share some of our own.

The meeting convened at the end of the school day, as the kids were leaving the building, heading to their buses or the walk home. I had a minute or two alone in the principal's office to look over my notes and collect my thoughts before the meeting began. You know how you sometimes realize you're being watched? When I looked up, there outside the window were a dozen or more little Black boys and girls, about this size, backpacks on, beaming, waving, all excited.

When I look into their eyes, the excitement I see is not for the history we made last year, but for the history they have yet to make; not my chance, but theirs.

And I see that look - of anticipation and hope - in the eyes of kids in communities all over this Commonwealth.

There is a whole generation watching and waiting -- some tonight perhaps -- to see whether we see our stake in their future - and act like it. And I say let them look to us - to you and to me - and let us affirm their hope for tomorrow in the actions we take today.

Thank you. God bless you all, and God bless the Commonwealth of Massachusetts.