

ADDRESS OF

**L. DOUGLAS WILDER
GOVERNOR**

**TO THE GENERAL ASSEMBLY OF VIRGINIA
WEDNESDAY, JANUARY 9, 1991**



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**COMMONWEALTH OF VIRGINIA
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EXCERPTS FROM REMARKS MADE
FOR
THE 1991 STATE OF THE COMMONWEALTH
7:00 P.M.
JANUARY 9, 1991
HOUSE CHAMBER
STATE CAPITOL
RICHMOND VIRGINIA
BY
GOVERNOR L. DOUGLAS WILDER

Good evening. Mr. Speaker, Lieutenant Governor Beyer, Attorney General Terry, members of the judiciary, ladies and gentleman of the House and Senate; my fellow citizens;

I come to this historic House---before this august body---heartened by what we have accomplished in 1990, knowing that our goals for Virginians are the same; and that we can work together to achieve them.

Looking across this chamber, I cannot help but note the absence of two familiar and friendly faces. Throughout their careers, Warren Stambaugh and Jeff Stafford were caring and conscientious legislators who put the interests of the people before their own. Their wit, charm and ability will be sorely missed, but the contributions they made will inspire us for years to come.

THE ECONOMY

As Virginia enters this new year, the uncertainty of the hour is surpassed only by the steadfastness of our resolve.

We will not permit the enormity of today's economic challenges to blind us to the opportunities for progress that still exist.

If the people of Virginia---and there are more than 6 million of us as we enter 1991---are not only to persevere....but to prosper in the coming months and years, we know that we must garner the fortitude and possess the vision needed to make those difficult decisions that transform dreams into realities.

One short and eventful year ago in my first State of the Commonwealth address, I was skeptical about the budget I inherited---so much so, that I called for the creation of an unprecedented \$200 million revenue reserve, the largest in Virginia's history. And I thank you for your support of it.

I set---as my first priority---the instilling of a new fiscal discipline, one grounded in the reordering of priorities and the cutting of unnecessary spending.

Predictably, the cynics charged us with playing politics.

But the people of Virginia know the truth; former Governor Mills E. Godwin, Jr. knows the truth...and the truth is that the only ones playing politics are the cynics themselves.

The reserve is not a safe-deposit box which should be tossed aside and replaced with a pandora's box of higher taxes and unrestrained spending.

We are faced with a nearly \$2 billion shortfall, the largest in Virginia history; and one of the most severe in the nation.

In the coming months and years, those of us who are entrusted with the people's money must forever be on guard for trends and changes in Virginia's economy.

Accordingly, I plan to refine the forecasting process; specifically, I am asking the Tax Department to establish an "early warning system" for the Virginia economy.

Among other features, this system will consist of: more timely analyses and seasonal adjustments of tax collection data; better regional data to spot economic trends where and when they develop; closer monitoring of industry sectors; and quarterly forecasts of state revenues.

THE BUDGET

My first priority remains the same: the irresponsible fiscal fantasies of Washington will not take root in Virginia. Promises are easy and cheap, but when the bill comes due, the little person always gets stuck with the check.

Still, some want to continue making and paying for promises....as if conditions have not changed dramatically.

I would ask of these individuals, who do you want to tax; and how many billions do you want to borrow to pay for all those promises?

Because government has shown, in recent years, that it cannot live within its means, we are in danger of losing the confidence of the people.

If I accomplish anything during my term, I want to restore the public's confidence in government. That is precisely why I have insisted upon fiscal discipline.

We must build an impregnable base, so that when the economy does recover---and it would do so much sooner if Washington would get its fiscal house in order---we in Virginia will already be in position to lead the way.

Obviously, a recovery would generate millions of dollars for education; our children; housing; environmental efforts and other pressing needs.

In Virginia, we're doing what is necessary to prepare for a recovery. Let us hope that the federal government will discover the unquestionable wisdom of fiscal discipline in the not too distant future.

Clearly, now is not the time to initiate new programs or to expand discretionary spending on existing programs.

Accordingly, my amendments for new spending in the 1990-92 budget are strictly limited to those that are required by law; address emergencies; or seek better approaches to meet state needs.

These amendments total \$180 million and primarily fund needs in the area of health and human resources, education, and environmental clean-up.

Due to new federal medicaid mandates (passed after our current budget was prepared)---as well as the impact of escalating caseloads---programs in health and human resources require \$112 million.

Indeed, just within this past year, Virginia has gained over 50,000 new medicaid recipients as a result of these federal changes.

While new mandates may prove popular in Washington, we in state government are left the challenge of finding money to pay for what others have imposed upon us.

\$44 million dollars of the amendments is needed for increased enrollments in our schools.

And because I believe the state can ask no less of itself than it expects of its corporate citizens, I am proposing \$5.7 million be set aside for environmental clean-up, including initial clean-up of Cheatham Annex.

When added to the cumulative revenue shortfall of \$1.8 billion, these amendments mean that we must reduce spending or identify offsetting revenues totalling \$2 billion.

Therefore, I am recommending the following:

One, the approval of the \$1.3 billion package of budget cuts and other measures that I proposed last September.

Two, enactment of legislation permitting the Virginia Public School Authority to issue bonds backed by a pledge of literary fund revenues.

This legislation will effectively eliminate the backlog in school construction at a time when localities can obtain top value for money spent on construction.

Moreover, it permits literary fund balances on hand to be used for teacher retirement purposes, thereby freeing up \$162 million in general fund appropriations to offset the revenue shortfall.

Three, the approval of my legislative package for reorganizing certain functions of state government and effecting cost-savings by eliminating as free-standing agencies.....the Department for Children; the Department of Volunteerism; the Council on the Status of Women; and the Council on Indians. The essential services of these agencies will be maintained in other departments, while the savings can be directed toward those individuals served.

Four, the approval of the \$152 million package of budget cuts which I recommended in December.

Five, the enactment of legislation to permit lottery profits to be transferred to the general fund in the year in which they are generated.

Six, the approval of legislation establishing an early retirement program for state employees who are at least 50 years old with at least 25 years of service.

On another front, I have directed the Secretary of Finance, in his assessment of our bonded indebtedness, to evaluate how the Commonwealth could use its remaining debt capacity to issue bonds without jeopardizing our Triple A rating.

Likewise, I am introducing legislation to create a debt capacity advisory committee to review formally our capacity to issue bonds.

I believe that our debt capacity should be reserved for instructional facilities before building swimming pools; weight rooms; and racquetball courts.

For this reason, I will not recommend approval of the several requests for construction of new recreation and athletic facilities on our college campuses.

The allocation of our bond capacity calls for hard decisions, decisions that may disappoint some of you here tonight.

The next 12 months should be used to rigorously prioritize needed construction, so that our remaining bond capacity is reserved for truly essential projects.

Clearly, I am concerned about the shortage of classroom and laboratory space at our colleges and universities.

Therefore, at some point in the future---perhaps as early as the 1992 Session---I may propose the issuance of general obligation bonds to address identifiable needs.

Before turning to other issues of concern, let me make three final budgetary points for this session:

One, I will insist on retaining the \$200 million reserve.

Two, I will veto any legislation that initiates new programs in the next biennium without providing the necessary funds to pay for them.

And three, I do NOT see the need for a general tax increase at this time.

In the coming weeks and months, let us build on the fiscal foundation that has been fortified during this past year. Only then can we continue to prove that dreams can become realities; that people can be warmed by the glow of progress....even when clouds of economic uncertainty hang overhead.

EDUCATION

A better tomorrow begins with today's enrichment of the human mind.

But where the quality of materials, instruction, or facilities is woefully lacking, we make a mockery of the entire educational process.

Accordingly, my administration has sought to redirect our attention and our resources away from the bureaucracy and toward our students by:

....streamlining the Department of Education;
 easing or eliminating unnecessary mandates;
 and....revitalizing vocational education.

Perhaps more than some, I know about the educational disparity one may face in their youth.

As you know, last year I appointed a Commission on Educational Opportunity for all Virginians to study disparity.

The Commission has examined numerous aspects of educational opportunity and has determined that the level of education available to students varies greatly throughout the Commonwealth: in one school division, students can choose from 164 courses; in another, only 39 courses are available.

Even in 1991, circumstances of birth play far too great a role in determining whether all children get the education needed to develop their potential.

Like most Virginians, I believe such inequities must be addressed. I have asked that the report of the Commission be submitted by February 1. This earlier date will enable you to begin considering the complex issues which must be addressed if we are to reduce...and eventually end...educational disparities in the Commonwealth.

Regarding disparity, let me make one thing clear: I will oppose any attempts to shift massive funds from well-off to less affluent school systems. Rather, we must close the gap by making steady progress to raise the quality of the least funded schools.

Together, we can ensure that each child in the Commonwealth has access to an appropriate level of education, one which will prepare every child for the challenges and opportunities that lie ahead.

Standing on the front lines of these worthy efforts are teachers like Patricia Taylor of Chesterfield, who last year was chosen for an American Teacher Award by the Walt Disney Company.

She and many of her colleagues understand today's constraints.

It's not easy, but they know how to make the most of limited resources. Theirs is a frugality and determination for excellence that we and all Virginians would do well to emulate.

Given my concern for education, I have protected state aid to our local schools from the full brunt of the budget reductions. In the current fiscal year, aid to local schools has been largely exempt from any cuts in state spending. In fact, this year's budget for public schools will increase by more than \$153 million over last year's, representing a 7.4% increase.

Public education will continue to improve in the Commonwealth. We have streamlined the Department of Education, eliminating approximately 100 positions, to alleviate unnecessary regulations and paperwork.

This effort will help free teachers and school personnel to concentrate on what they do best: teaching the children of Virginia.

HIGHER EDUCATION

Likewise, we can take pride in the achievements of our colleges and universities which are widely viewed across the nation as a bargain.

The quality of our faculty ranks with the best of any state system. Instructional equipment has been upgraded....and now approaches the state of the art.

Our institutions remain extremely attractive to students, as witnessed by steadily rising enrollments and increasing applications.

TRANSPORTATION

Turning to transportation: from the outset, this administration has sought to formulate a plan for the future that is above all else....realistic, and one that the people will support.

With a separate secretariat of transportation, we have made great strides toward both developing a realistic plan and making the most of limited resources. In doing so, we have aggressively pursued our rightful share of federal highway money.

For the biennium, we have succeed in increasing federal transportation monies for the Commonwealth by \$124 million.

As of this past fall, there were 638 transportation projects underway in Virginia. In addition, in 1990, we resurfaced 12,082 lane miles in the state.

In 1990, among major projects, we completed work on a segment of Route 295; began work on a project on Interstate 66; finished Route 19 in Tazewell; and opened sections of Route 28 in Fairfax and Loudoun counties.

In addition, we placed all of Interstate 664 under construction in Suffolk from the new tunnel to Bowers Hill; awarded two projects on the Martinsville Bypass; and started work on Route 58 in Lee County.

Moreover, nearly 9500 miles---or 18%---of state-maintained roads have been adopted by local community organizations under the Adopt-A-Highway program, for a savings of \$750,000 to date.

In 1991, with still fewer revenues, we have to work better and be smarter.

Accordingly, I have directed the Secretary of Transportation to review the organization of the Virginia Department of Transportation to ensure that every available dollar is spent on transportation, rather than on administrative overhead.

In addition, I am introducing legislation to change the process by which the state determines how much it should pay for land in the path of proposed highways.

The current procedure---the only one of its kind in the nation---is much too costly and unfair to the taxpayers.

In too many cases, the state has paid far more than it should. In this administration, that will stop.

Instead, I am proposing that randomly-selected juries of landowners determine the fair market value of land, thereby ensuring greater objectivity and fairness.

NATURAL RESOURCES

I am pleased to report that state policymakers in transportation and natural resources---realizing the inextricable link between roads and resources---are working together more closely than ever before.

Recognizing the vital necessity of giving proper attention to natural and historic resources in transportation decisions, I am introducing legislation to remove the Department of Transportation's exemption from environmental reviews.

In doing so, the path will be cleared for a cooperative effort that takes into account the environmental consequences of transportation construction.

On another front, in August of last year, the administration sponsored a conference for local officials to share information about and learn the benefits of the Chesapeake Bay Preservation Act. And precisely because of these benefits, I will continue to oppose any attempts to weaken the Act or its regulations.

When it comes to Virginia's environment, this administration will not procrastinate in bringing blatant polluters to justice.

As an outgrowth of the state's experiences with Avtex and Kim-Stan, I am proposing legislation to create a fund that the Commonwealth can use to respond to environmental emergencies without delay; the fund will consist of money from civil penalties assessed to polluters.

I am also proposing legislation to ensure that those who operate facilities that are a potential source of pollution have the financial capability to fund a proper closing, should the need arise. Additionally, this legislation will impose criminal penalties on those who abandon such facilities.

HUMAN RESOURCES

Protecting our natural resources is but a means to an end: promoting our human resources...the people of the Commonwealth.

Where human resources are concerned, 1990 was a year that demanded especially difficult choices.

But despite the fiscal obstacles of the last year, we have preserved---to the maximum extent possible---direct services and benefits to our elderly, disabled, and impoverished.

In order to meet these goals, we had to cut central offices, reduce regional offices, and consolidate programs and agencies.

It has not been easy. Often, it has not been popular. But---in every respect---it has been entirely necessary.

Of course, there has been some good news in human resources as well. During the past year, Virginia continued to be a national leader in developing housing for persons with mental disabilities, providing 108 additional beds.

In addition, in 1990, Virginia obtained federal approval for a mental health and mental retardation Medicaid initiative for community-based services as alternatives to costly institutional care, thereby saving the Commonwealth \$20 million over the biennium.

Among other initiatives in the area of human resources, I am proposing legislation authorizing the Department of Social Services to seek health care insurance for children through their absentee parents' policies, whenever insurance is available at a reasonable cost.

This measure will expand health care opportunities for uninsured children across the Commonwealth.

ECONOMIC DEVELOPMENT

Turning to economic development: during the first year of our administration, we announced 156 expansions and/or new plant openings.

We created over 9400 jobs in manufacturing; and close to 5500 jobs in the non-manufacturing sector. All told, we helped to create nearly 14,900 jobs in 1990.

In addition, we saw a growth of \$292 million in new manufacturing investments....a sum which was 100% greater than in 1989. All told, business investment in 1990 was approximately \$1.2 billion.

Rural Virginia---communities which received scant attention and resources during the boom years of the 1980's---has been a top priority in my first year.

Not only did we convene the state's first ever Rural Economic Development Conference, but we also established:

. . . the Virginia Rural Homeownership Opportunity Program, enabling low-income citizens to buy homes;
 . . . and, the Indoor Plumbing Program, helping low-income families in this regard.

In addition, we have enhanced private support for VEDCORP--the Virginia Economic Development Corporation, assisting small businesses in the rural areas of our state.

HOUSING

In looking to the 21st Century, we realize that the availability of adequate and affordable housing must be a central component, not just of rural revitalization, but of a statewide agenda for the future.

Last fall, I announced the first of my recommendations regarding the streamlining of various housing efforts in state government, including:

....the establishment of unambiguous responsibility for housing policy in a SINGLE agency, namely, the Department of Housing and Community Development;

....the development of an annual housing investment plan to guide both the debt and state-related funding of Virginia housing needs.

With the Department becoming Virginia's housing focal point, it only follows that its director be appointed to the Virginia Housing Development Authority Board; and---to ensure greater accountability of the VHDA itself to the Commonwealth---that the Governor....with the consent of the legislature....appointing the director.

In addition, I am asking that all state or state-related funding (including that of the VHDA) to the Virginia Housing Foundation be eliminated. We must ensure that the Commonwealth's limited funds be spent prudently.

Finally, I will be making additional recommendations to improve upon the efficiency of our housing efforts.

DRUGS AND PUBLIC SAFETY

This administration is committed to accomplishing a great deal more than helping to build houses; we're committed to building homes.

With every policy pursued; every dilemma tackled; this administration's foremost goal is helping families to build homes where abiding values can be passed from one generation to the next; where families are safe from the threat of drugs and crime.

That is why one of my chief priorities has been the development of a comprehensive drug policy. That is why we:

- . . . convened the first-ever Summit on Drugs;
- . . . established COMAND, the Commonwealth's Offensive Mobilization Against Narcotic Distribution;
- . . . reviewed the drug education curriculum in our schools and moved to strengthen it;
- . . . and helped to secure passage of the Drug Asset Forfeiture Amendment.

Moreover, due partially to improved parole eligibility guidelines and increased use of alternatives to incarceration for non-violent offenders, the state's prison population---which last year was projected to be 23,600 by July of 1993---is now expected to be 21,800.

The potential long-term savings are obvious.

On another front, the criminal background check for certain firearms has kept weapons out of the hands of nearly 1200 persons known to be threats to society. From November of 1989 to November 1990, the program has lead to 86 felony arrests, 65% of which have been convicted.

During this session, to build upon our progress in public safety, I am proposing several initiatives.

Included among this package is legislation to establish a fair, equitable, and workable formula...by which to distribute to local law enforcement officials assets seized from drug dealers.

In addition, with the support of Attorney General Terry, I am introducing "use and lose" legislation which will automatically suspend for six months the driver's license of anyone convicted of certain drug offenses.

I also want to take this opportunity to acknowledge the Attorney General's significant contributions toward strengthening the Substance Abuse Council during the last year.

Now, you members of the General Assembly are here "to assess and dispose." I await your recommendations.

CONCLUSION

Tonight, I have spoken of the state of the Commonwealth. Obviously, one of the key components of the state of our state is the concerns of its citizens.

For many of you, your concerns and thoughts are with loved-ones serving in the Persian Gulf.

In these tenuous times, I join you in praying that thousands of our fellow citizens, friends, and relatives will return home--return safely and soon.

And when these brave women and men return to Virginia, I want them to come home to a state in which the schools are better, the economic opportunities are greater, the streets are safer, and the environment is cleaner.

And I want them to return to a state sound in its fiscal policies. Our resiliency is that which marks us.

That is the path of progress on which we have trod this past year, and it is the direction in which we will continue to move ever forward.

Although today's economy limits what we can afford, it sets no limit on what we can accomplish.

Often, the hypothetical question is posed to me: if you had known in 1989 that the economy and fiscal pictures would be so challenging, would you still have wanted to be Governor?

I know of no better time to be your Governor, and I welcome the challenges of the hour.

Although I have not had the luxury of huge surpluses and expensive initiatives, I have found even greater satisfaction knowing that---by reinstilling fiscal discipline in Virginia government---I am vouchsafing for a better tomorrow. It is my sincere hope that---long after I am gone from this office---my foundation of fiscal discipline will remain intact.

As has been true throughout my career, during this past year, I found that speaking directly to the people and informing them; and inviting their input is indeed rewarding.

The letters and communications that I receive each day are indicative of open and viable participation by the people. Likewise, the Open Houses that we have held around the state have been informative and instructive. We and the democratic process are the better for them.

As we Virginians patiently await more prosperous days ahead, we must never forget that: to whom much has been given, much is expected. When the economy begins its recovery, our first priority must be to make greater investments for those Virginians who have been overlooked for far too long.

In the coming weeks, may we in this chamber endeavor to give the citizens of Virginia---in word and deed alike---the compassion; the vision; and the selfless leadership that they and our posterity so richly deserve.

Now, I would ask you to join me in a moment of silence in honor of those Virginians serving our country in the Persian Gulf.

I thank you for the opportunity to address you this evening.