

**ADDRESS OF  
GOVERNOR JAMES S. GILMORE, III**

# **The State of the Commonwealth Address 2001**



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*Office of the Governor*

James S. Gilmore, III  
Governor

*Remarks by Governor James S. Gilmore, III*

*State of the Commonwealth Address*

*"United in Purpose, Open to Change"*

*House Chambers, The Capitol Building*

*Richmond, Virginia, January 10, 2001*

Speaker Wilkins, President pro tempore Chichester, members of the General Assembly, Lieutenant Governor Hager, Attorney General Earley, Mr. Chief Justice, justices of the Supreme Court, my fellow Virginians:

This year marks the 225<sup>th</sup> anniversary of the founding of our Commonwealth. This is a solemn occasion not only because of its importance to our own history, but to the histories of all free people. For Virginians -- Virginians who sat in the same seats as yours, Virginians who served in the same office as mine -- first lit the torch that carried liberty throughout the world.

I'm pleased to report the state of the Commonwealth is strong. More people are working now than at any time in almost a half-century. Our communities are safer today than they were more than a quarter century ago. And 60 percent of our schools are meeting or have exceeded the high standards we have set for student achievement. Although our national economy has slowed, by every measure, we are still advancing as a Commonwealth.

Our greatness as a Commonwealth springs from our willingness to change, to be bold and courageous, and to "think new." We often look to the Founding Fathers, many of whom were Virginians, for inspiration and guidance, because they certainly "thought new."

When Patrick Henry spoke, the Loyalists cried, "Treason," but he held his ground. When Ben Franklin said, "We all hang together or most assuredly we shall all hang separately," Thomas Jefferson signed his name to the Declaration of Independence, which he drafted.

When the winter snows nearly destroyed the Continental Army, Washington attacked at Trenton and won.

We teach these examples to our children to develop their character. Are we insincere in our teaching? The challenge we face this year as a result of Federal Reserve policy is trivial compared to the test of character endured by the great, early Virginians.

The issue before this Assembly is whether we continue to advance or whether, at the first sign of trouble, we back away. I believe we should stay the course of change, even accelerate reform, and use every tool of management, financial or otherwise, to achieve our policies and principles. As our Founding Fathers “thought new” in the 18<sup>th</sup> century, we must continue to “think new” at the beginning of the 21<sup>st</sup> century.

Education must be more than an opportunity for the young, but a lifelong quest for all Virginians to acquire new skills and greater knowledge. Transportation must be more than building roads the same out-dated way, but innovating to shorten commutes and improve the safety and efficiency of our system. Technology must be more than hardware and websites, but a real opportunity to break down the walls of bureaucracy and bring a more responsive government closer to the people.

Tonight I would like to speak with you about the new thinking of the last three years, where it has taken us, and where we must lead the Commonwealth this year and in the future.

### The Best Choice for the Future of our Children and our Commonwealth

A hallmark of new thinking rests with the direction we are taking in education. A key measure of how we empower our children is our system of education. We can make a variety of learning opportunities welcome in Virginia, and we should. But our duty is to offer the best public education possible. This carries with it a commitment to excellence, standards, accountability, and measurement to enable us to improve our system.

Our measure of quality is no longer just how much money we spend, but how well our schools teach and our children learn. The Standards of Learning have enabled us for the first time to assess our entire education system and strengthen its weakest points.

We’ve kept the promise to dedicate all lottery profits to local education. We’ve expanded our early reading program to ensure every student can read by the end of third grade. And we’ve put Best Practice Centers in every region to help local school districts meet our high academic standards.

Our latest test results show our work has paid off. Our students scored at a passing rate of 70 percent or higher in 13 of 27 tests. Let’s give our parents and principals, our teachers and, above all, our students, a well-deserved round of applause.

We are making public education the best choice for the future of our children and our Commonwealth. But we still have too many schools and too many students struggling to reach a high level of academic achievement. I propose several ways to provide the extra help these schools and students need to meet and exceed the Standards of Learning.

Last September, I visited Tidewater Park Elementary in Norfolk. I saw students excited to learn, teachers excited to teach, and a principal brimming with pride. Tidewater Park was a school transformed, a proud community that came together to meet the challenge of high academic standards.

This remarkable turnaround was the result of hard work and a dedication to change. Teachers worked weekends. Parents became more involved. Old Dominion University also helped out. We need to stir that same spirit and devotion at every school in Virginia.

Based on the success of Tidewater Park, I launched the Governor's Academic Challenge to help our most struggling schools and students raise their level of academic achievement. I propose expanding this initiative, and I hope you will support it. With additional funding, we will be able to assist hundreds of more schools and thousands of more students with the extra hours of help they need to meet our high academic standards.

Developing basic math skills is a core component of academic success. The Algebra Readiness Initiative is designed to ensure that every student is skilled in math by the end of ninth grade. I propose expanding this initiative by hiring 100 new teachers to provide our students with more help in math. With these teachers, we will keep my promise to hire 4,000 new teachers before the end of this Administration.

The remarkable growth and success of the Virginia Retirement System has reduced contribution rates and created a windfall for local governments. Over the next two years, school divisions will save nearly \$100 million in payments to the System. This is extra money available at the local level. I encourage local governments to use this money to raise the pay of our teachers.

Every student deserves the same high quality of education whether they live in the heart of Southwest Virginia or the inner city of Richmond or the suburbs of Northern Virginia. Only by holding all schools to the same standards can we ensure that every student of every race, class and creed has the opportunity to succeed in life.

#### A New Approach to Higher Education

Our rich tradition of excellence in higher education reaches back to the days of Jefferson and even further to our first days as a colony. I am proud of our public colleges and universities, and I believe we can thrust them further into national prominence.

But future success at our colleges and universities requires a new approach. Even with a

proud and successful record of excellence, we must strengthen the timeless standard of the liberal arts education while meeting the new demands of a more diverse economy and society. This requires affordable and accountable schools that can provide a quality education to citizens across the Commonwealth.

I believe every high school graduate who wants the opportunity to earn a college education should be able to afford that opportunity. Two years ago, we provided our colleges and universities with 75 million additional dollars to cut tuition by 20 percent and then freeze it at that level. We're already seeing results.

In 1997, Virginia ranked as the 3<sup>rd</sup> most expensive state in which to attend college. Today, we've dropped to 10<sup>th</sup> most expensive. Each college student, on average, is saving nearly \$1,900 for a four-year degree. That's great progress for Virginia families. But we must work to make a college education even more affordable.

First, I propose beginning to meet 100 percent of the true financial need of every college student. This will ensure that even our neediest students have the opportunity to earn a college degree.

Second, I propose a merit-based New Century Scholarship. Beginning with the graduating class of 2004, this program will provide a \$3,000 scholarship to the top 20 students in each class and a \$500 scholarship to each student for an advanced score on an end-of-course test. New Century Scholarships will give the children of working parents - a part of our society that is too often forgotten - an incentive and opportunity to succeed.

Our college and university students deserve the best and most modern facilities. I propose a major new capital construction program on campuses across Virginia to meet the demands of higher education in the 21<sup>st</sup> century.

A bioinformatics building at Virginia Tech will teach students to explore genetics. A nanotechnology building at UVA will teach students to build miniature chips to power the world's fastest computers. I also propose a building at George Mason, which will educate the next generation of public servants and leaders.

The taxpayers own every brick of every building on our colleges and universities. These assets are significant not only as investments, but also as landmarks of our history. I propose we triple funding for the maintenance and repair of our college campuses.

To accomplish these goals, I propose \$250 million in bonds. To repay these bonds and also to support economic development initiatives, I propose creating the Higher Education and Economic Development Trust. This Trust under my plan would be funded by an up-front, lump-sum payment of tobacco money.

I also propose to use the same approach for two additional trust funds -- one for smoking prevention and health services and another to protect money for farmers and economic

development in Southside and Southwest.

This plan protects our tobacco growers and communities and reduces the financial risk to the Commonwealth. Here's how :

First, in my budget, I propose a total of \$600 million of bonds for the Trust and other initiatives. That's well within the \$700 million we can borrow without harming our strong credit ratings.

Second, we have authorized a total of only \$600 million in bonds so far in this administration. This compares to \$1.1 billion authorized for Governor Allen, \$1.3 billion for Governor Wilder and \$1.5 billion for Governor Baliles. Thus, bonds are a vehicle available to us for our goals consistent with past practice.

Third, receiving tobacco money as an up-front, lump-sum payment reduces the risk of receiving it in annual payments over 25 years, which is the current way. My proposal secures a major and permanent fund regardless of what happens in the tobacco industry. Further, we will be able to immediately draw interest from the fund, thus increasing the value of the money over time.

Lastly, thirteen states and local governments have already adopted similar proposals and eight more are planning to act soon. These governments understand the prudence and opportunity of this approach.

We are fortunate to have the services of Secretary of Finance Ron Tillet and his staff. They have done a terrific job of presenting this proposal to Wall Street, which has expressed its enthusiastic support.

So I ask you to support my plan to create the Higher Education and Economic Development Trust. It is new. It is innovative. And it's what our colleges and universities need to prepare our students and our Commonwealth for the 21<sup>st</sup> century.

When I campaigned for Governor, I promised to put education first, and then reduce taxes. I'm proud we've kept that promise.

Since 1997, we've increased spending on K through 12 education by almost \$1.2 billion or 35 percent. We've also increased spending on higher education by over \$500 million or 54 percent during the same period. That includes substantial support for Norfolk State, George Mason and nearly \$16 million for Virginia State University, which makes Virginia the only state to fully fund its land grant program at a historically black college.

I would like to thank Secretary of Education Wil Byrant for helping keep my education promise. Now, I would like to speak with you about the strength of our economy and our promise to reduce taxes.

## A Landmark Year for Economic Growth and Development

During the last three years, our strong economy has enabled us to reduce taxes while increasing spending. But with the steady increase of interest rates during the last two years, the national economy has been deliberately slowed. Because of national policies not in our control, we must now set priorities to fund our most crucial services.

Thanks to strong finances and solid management, we don't need to withdraw from the Revenue Stabilization Fund, and I do not recommend it to you. It is possible that the Federal Reserve Bank may have tightened the economy too much and not corrected their actions soon enough. Our national economy could continue to weaken over the next several months. I believe it is prudent to reserve the Revenue Stabilization Fund for such an eventuality.

Over the course of this budget, we deposit an additional \$290 million into the Revenue Stabilization Fund. With a total of \$900 million, we have capped the Fund for the first time ever. This is unspent money. We should keep it in reserve in case of a severe economic downturn. And we certainly should not use it for new spending. By being responsible now, we may be able to prevent major budget cuts in the future.

Still, despite the pressures of a national economic slowdown, our economy remains strong. In fact, last year, was a landmark year for economic growth and development in Virginia.

First, during the month of November, Virginia unemployment dropped to an incredible 2 percent – the third lowest rate in the nation.

Second, I'm pleased to report that Virginia companies announced investments of \$6 billion in our economy last year, which is an all-time record.

Third, I'm also pleased to announce we have already kept our promise to create 250 thousand new jobs before the end of this Administration.

Many of those jobs were created in regions of high unemployment. Last December, thousands of men and women in Martinsville and Henry Country lost their jobs when textile factories were forced to close. So we partnered with the region to aggressively recruit new companies and encourage existing companies to expand.

Last year, I approved more than \$3 million from the Governor's Opportunity Fund and \$450 thousand from the Virginia Investment Partnership for Martinsville and Henry County economic development projects. This money helped create over 2,600 new jobs and attract over a half-billion dollars of investment to the region.

Last month, unemployment dropped to 6.7 percent in Martinsville and 5 percent in Henry County. This compares to a high of 19.7 percent and 11.7 percent respectively last



December. Unemployment today is lower than it was even before the worst round of lay-offs.

I applaud Secretary of Commerce and Trade Barry DuVal, the rest of my economic development team and, especially, the men and women of Southside Virginia.

### The Car Tax Must End

With revenue generated by economic growth and my proposal to create the Higher Education and Economic Development Trust, we have already met the conditions to proceed with the next phase of the car tax cut with a 70 percent reduction.

Because the money is already in the budget, any bill that would halt the car tax cut I believe would amount to a tax increase. Any bill that would cut the car tax less than 70 percent would also amount to a tax increase, in my judgement.

The car tax cut is about people and principle.

The car tax may not be a heavy burden to some Virginians. But many Virginians, one or two hundred dollars makes a real difference in their lives.

It makes a difference to parents who can't afford to buy their children new clothes for school. It makes a difference to working couples who can't save enough for a comfortable retirement. It makes a difference to the elderly who can't afford a retirement home on a social security check.

Last month, when I was campaigning in York County, I stopped at a fast food restaurant for breakfast. As I waited in line, this giant of a working man in front of me turned and said, "You're the Governor." And I said, "Yes, I am." Then he said, and I hear this often, "Don't let that car tax come back just because the economy is down."

Here we see the principle: People have grown cynical about government. We overwhelmingly enacted this together and most of us have campaigned on it. Together, let's keep the trust of the people.

I ask you to support the car tax cut not only because it was a campaign promise, but also because it makes a real difference in the lives of the people we serve. Even though our budget may be tight, I ask you to make the people and their priorities your priority.

### Caring for Our Most Vulnerable Citizens

There are certain men and women who those of us in government must always remember. Our most vulnerable citizens – the poor, the sick, the elderly, the disabled – often have no other alternative than help from the government. With Secretary of Health and Human Resources Claude Allen, my administration has reached out to ensure that these

Virginians are assisted.

Thousands of needy adults and children all across Virginia depend on Medicaid for their medical care. But with the rising cost of services and the growing use of those services, the financial burden on the state has increased dramatically. I propose we fully fund Medicaid this year. In addition, I propose \$25 million to compensate the Medical College of Virginia for the care they provide patients who don't have insurance or whose treatment isn't covered by Medicaid. We must leave no Virginian behind, especially the poor who can't afford medical care.

I also propose more help for families who are willing to provide foster care or adopt a child but face financial difficulties. We have increased adoption by 18 percent over the last three years, and we should build on that progress.

I'm remain proud of the men and women who work in our mental health facilities. They are compassionate people, dedicated to providing quality care to their patients. But I am saddened -- saddened to know of patients who, because of their conditions, must live confined to a bed or a room or a hallway.

Many of the men and women who receive care from our mental health system don't have to live that way. They can at least live among their loved ones and hopefully in their communities -- working, thriving, contributing in our Commonwealth. But, in order to achieve that goal, we must "think new" about caring for the mentally disabled.

During the last three years, we have made substantial improvements -- both with reforms and new funding -- to our mental health system. We've strengthened community services, funded revolutionary new medications, established an Inspector General's office, launched a mental health trust fund, and increased staffing levels. All totaled, we've provided nearly 100 million new dollars to mental health -- the largest investment in recent history.

We've done the best we can and the most we can to improve our system with the current approach. Now we need a new approach focussed on improving the care and lives of our mental health patients.

28 years ago, we had nearly 8,800 patients in our mental health institutions. Today, we have one-fifth that population or fewer than 1,700 patients. Yet every institution that was open then remains open today. We must stop spending our money on maintaining excess buildings and instead spend our money on improving care for our patients.

I propose we strengthen community care while restructuring our institutions. Some facilities will be enhanced while others will be closed. But I want to stress that our goal is not to spend less on mental health. Our goal is to operate a more efficient, more modern mental health system focused on what's important -- patient care.

The reform I propose safeguards employees and communities. Mental health advocates have often asked for reform, and the federal government has demanded it. I ask for your support. The mentally disabled deserve the opportunity -- as does every Virginian -- to live as full and as happy a life as humanly possible.

And while discussing health issues, as I mentioned last year and two years ago, when it comes to the most difficult decision a woman must make -- whether or not to have an abortion -- I believe she should be fully informed about the medical implications of that decision and have an opportunity to reflect on that information. That's why I support legislation to require informed consent and establish a 24-hour waiting period for abortion.

My proposals to strengthen our care for the poor, the sick, the elderly, and the mentally disabled require that we spend over 290 million additional dollars. These are new dollars not included in our current budget. To meet this obligation, I have asked state agencies to reduce spending by roughly \$200 million, or less than 1 percent of the money they spend. These savings will require discipline, but we need to redeploy some assets in this time of reduced budgets.

### Building the Digital Dominion

As we transform our mental health system, one of my administration's most ambitious goals has been to transform Virginia -- as the Digital Dominion -- into a global technology leader. With the hard work of this Assembly, Secretary of Technology Don Upson and the innovation of countless Virginians and Virginia companies, we are leading.

Our work stands as a model for governing in the Internet age. We created the first Secretary of Technology, passed the first and still most comprehensive Internet policy and were the first to sign the Uniform Computer Information Transaction Act. The nation and the world now looks to Virginia for technology leadership. But we have only begun to "think new" about this issue.

My administration is now implementing the most ambitious electronic government agenda in the nation. We've already launched the first interactive state portal, "My Virginia," which serves as the gateway for citizens to access electronic government. We are developing the architecture for digital signatures, which will help ensure that electronic services are delivered safely and securely. And, in March, we will be implementing "electronic procurement," which will enable the government to buy goods and services faster and cheaper.

Electronic government is about fast and accessible services that are integrated within and across agencies and departments, across levels of government and where appropriate, with the private and non-profit sectors as well. But most of all, it's about a program of leadership. I ask you for your continued support as we build the Digital Dominion.

## Building on the Success of Innovative Progress

A safe and efficient transportation system is vital to the growth of our technology industry and our economy overall. Last year, with the leadership of Secretary of Transportation Shirley Ybarra, we launched an ambitious transportation program -- *Innovative Progress*.

We created the Priority Transportation Fund and, for the first time, created a dedicated stream of general fund revenue for transportation. We streamlined our fuels tax collections and accelerated the receipt of federal dollars.

These innovations are building roads faster and providing substantial new money for transportation. In fact, we have increased spending on roads by 47 percent statewide and 70 percent in Northern Virginia this year alone. And we generated this new revenue without raising taxes on the working men and women and businesses of Virginia.

I propose we build on the success of my *Innovative Progress* plan with the *Transportation Reform Initiative*. This initiative will restructure VDOT, prepare its workforce for the 21<sup>st</sup> century and refocus the agency on building roads. With these reforms, we will be able to build roads nine to twelve months faster, annually save more than \$140 million that will be reinvested back into roads and mass transit. Projects such as Route 28, Coalfields Expressway, the Dulles Rail Project and the Techway will benefit. In fact, if my *Transportation Reform Initiative* is fully adopted, almost every road can built quicker and cost less.

## A Cleaner Environment

I made the promise that my administration would be a responsible steward of our precious natural resources. With the hard work of Secretary of Natural Resources John Paul Woodley, we're making good on our word. A recent study found that Virginia's environment is cleaner now than at any point in the last fifteen years.

Last year, during this address, I launched a new environmental education initiative called Virginia Naturally 2000. Our goal was to empower people with the knowledge they need to make the right decisions about protecting the environment. I'm pleased to announce we are extending Virginia Naturally through this year. Working together, as an informed and dedicated community, we can keep our commitment to a cleaner environment.

## Virginia is not for Criminals.

During this Administration, we have worked to enhance our earlier public safety reforms with Virginia Exile and SABRE, the Substance Abuse Reduction Effort. Both programs are already breaking the link between drugs, illegal guns and violent crime.

In its first six months, the new State Police division created as part of SABRE has made

or helped make nearly 500 arrests and seize hundreds of pounds of illegal drugs. We have sent a clear message across the Commonwealth: illegal drugs are not an acceptable part of our society.

In its first full year of operation, Virginia Exile has put 95 violent, gun law violators in prison for at least five years. Those convictions, out of 111 cases, produced an 86 percent conviction rate. Virginia Exile's success has attracted wide attention, from other states, major cities, and in Congress, which approved a national Exile law based on our model. Thanks to this new approach to gun violence in Virginia, violent crime is down and our communities are safer.

I'm pleased to report preliminary State Police figures for last year show yet another decrease. Projections point to a 19 percent drop in murder, a 13 percent drop in rape, a 24 percent drop in robbery, and a 22 percent drop in aggravated assault. Virginia is not for criminals.

I commend Secretary of Public Safety, Gary Aronhalt, and the more than 20,000 state employees under his leadership who have helped ensure the safety of our citizens.

#### A Good Wage and a New System that Rewards a Job Well Done

Every state employee plays a vital role not only in the success of this Administration, but in the success of the entire Commonwealth. As a public servant who has worked with state employees for years, I know these men and women are dedicated to excellence in their work.

When Secretary of Administration Bryan Slater and I held regional town hall meetings to listen to the concerns of our state workforce, the need for pay reform echoed everywhere we went. I share that concern and so did a bipartisan commission charged with studying this issue.

Just as the localities are saving money by reduced Virginia Retirement System payments, the state is benefiting from savings as well. This allows me to provide money in my budget for a 3.5 percent pay raise – based on performance – for state employees and also to restructure the pay system. I urge you to join me in supporting these initiatives; state employees deserve to earn a good wage and work in a system that rewards a job well done.

I would like to thank the thousands of men and women who serve the Commonwealth on boards and commissions without compensation. And I appreciate the help of Secretary of the Commonwealth Anne Peters, who has administered the appointment process.

#### United in Purpose, Open to Change

We can all take pride in the progress and prosperity of the last three years. But it is not

the work of my Administration alone, nor is it the work of this Assembly alone, it is what we have done together that has empowered the people of Virginia to advance into the 21<sup>st</sup> century.

Indeed, we serve in equal branches of government. And I have only the highest respect for this body and the men and women who serve in it. Many of you may not know or remember, but my first campaign for public office was for a seat in this chamber. Although I took a different path, I would have considered serving among you an unparalleled honor.

As your Governor and partner in public service, I want you to know that my door and my mind are always open. Regardless of party or branch or chamber, we all have the best interests of this great Commonwealth and the great people of Virginia at heart.

At the dawn of our republic, when many doubted whether the seeds of democracy could grow in a country so vast, Virginia was the frontier. You could stand on the highest peak of the Blue Ridge Mountains, look West and see boundless opportunity.

Although Virginia is no longer the frontier, this is still a land of opportunity, and we still value the virtues of the revolutionary age -- independence, self-government, individual liberty. These principles have sustained us during even our most trying times; they will sustain us now.

But the tools we need to turn our dreams into reality must be tailored to the times. How can we lead in this fast-paced world if we are burdened with old ideas and worn out ways? Change is the challenge before us, and we must rise to meet it.

My fellow Virginians, the state of the Commonwealth is strong. But as long as one child cannot read, one parent cannot find work, one dream disappears into the darkness of night, we must always work for a brighter day.

Some may say two and one-quarter centuries are a long and full life for a democracy, but I believe our journey has just begun. So let us advance, united in purpose, open to change. And let us do so with the blessings of God on our land and on our people as we work for a brighter day in the 21<sup>st</sup> century.

