

**ADDRESS OF
GOVERNOR MARK R. WARNER**

**The State of the
Commonwealth Address 2003**



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GOVERNOR MARK R. WARNER
STATE OF THE COMMONWEALTH ADDRESS

Mr. Speaker, Mr. President, members of the General Assembly, ladies and gentlemen.

Before I begin, I would like to acknowledge my Cabinet. I'm grateful for your service to me and the Commonwealth.

And a group that I'm even more grateful for – up in the gallery, my wife, Lisa, and two of our daughters, Gillian and Madison.

This year, Virginia has two new statewide leaders. To Speaker Bill Howell, congratulations on leading the oldest legislative body in the western world. I look forward to working with you.

To Leroy Hassell, my old friend and law school classmate, I will be honored to call you Mr. Chief Justice. And to Chief Justice Harry Carrico, this Commonwealth is grateful for your lifetime of service.

My friends, as we gather tonight, our country and our world continue to face challenging times.

Safety and security continue to rest in the forefront of everyone's mind.

Across this country, Americans pray for those in our armed forces protecting our freedom around the world.

Here at home, the uncertainty over how to pay the bills continues to trouble the hearts of too many Americans.

Tonight, we confront the challenges facing Virginia at the dawn of this new century. As we deliberate, let us remember the concerns in the hearts of our people. Let us always remember that our job is to serve them.

Over this past year, Virginia has confronted a number of challenges. But in every instance, I have seen the strength of Virginians on display time after time.

I saw determination in the faces of the people of Hurley who vowed to rebuild their community after devastating floods.

I saw the character of Virginia in the firefighters and hospital workers when I visited Arlington on the anniversary of the September 11 attacks.

I saw the resilience of the people of Martinsville when we announced the re-opening of an old plant that brought hundreds of new jobs.

And I saw optimism in the smiles of the children and the educators at Roberts Park Elementary School in Norfolk when their principal, Dr. Doreatha White, won a major national education award from the Milken Foundation.

Drawing on Virginia's strength and resolve, tonight we will continue to try to realize the vision I spoke of one year ago – of one Virginia with one future.

Over the past year, we have accomplished much, while building the most diverse administration in Virginia history. We have recognized that the face of Virginia is changing, and we have drawn on the rich diversity of our people.

In recognition of that diversity, we held the Commonwealth's first-ever statewide conference for Latino Virginians.

Gracias a toda la comunidad latina que estuvieron en la conferencia. Es muy importante que todos reconozcan la nueva cara de Virginia - porque juntos saldremos adelante.

Tonight, we are able to continue building a better future because the state of our Commonwealth is strong – and its foundation is solid.

In our first year, we have embarked upon a long-term plan to reform state government – to streamline programs – and to make smart investments.

We have faced the most serious fiscal crisis in modern history.

We balanced the budget. We earned national recognition for many achievements - from the budget, to public education, to our state parks. And we kept our triple-A bond rating.

But our goal has never been simply to balance our books or to win praise from Wall Street.

Some may be satisfied just to balance the budget. Some may be satisfied just to get through these tough times. But I am not – and I hope you won't be either. While I am proud of our accomplishments, the job is not finished.

Tonight, I will outline reforms and new initiatives in education - workforce training - transportation - public safety - mental health - information technology - water policy - state services to veterans - budget policy - and the size of state government itself.

These reforms will protect our tradition of fiscal integrity, and save money – freeing up resources that we can dedicate to our most pressing priorities.

And as others have said, If we can't make bold changes to state government *now* when the need is greatest, then when will they ever be made?

And if *we* don't make these changes, then who will?

If we can achieve reforms now when times are tough, we will position Virginia to emerge from the national economic slump stronger and better prepared.

Tonight, we open the next chapter of our efforts to reform and strengthen Virginia, and I ask you to join me again in common purpose. My proposals represent the most sweeping reform of state government since the Cabinet system was created a generation ago. This plan is designed to serve people better in the information age.

President Kennedy once said, "to govern is to choose." In flush times, public officials have the luxury of choosing between popular programs. In times of downturn like we have faced over the past year, we must make different choices.

I have chosen to cut spending in certain areas so that we could protect our investments in areas that will expand the prosperity of our communities.

This has not been easy. But I'm proud that we have followed a course that is fair, open, and true to the promise I made last year – to always talk straight with the people of Virginia.

Throughout this process, we have demonstrated an unyielding commitment to public education. As someone who benefited personally from public schools, I have seen how public education opens the doors of opportunity. Public education lies at the heart of all we do, and all we want Virginia to be.

I consider no priority to be higher than support for our public schools.

We can all look with pride at the progress we have made in our schools. Student achievement on the Standards of Learning exams continues to rise. Thanks to our hard-working teachers, nearly two-thirds of our schools now meet the standard for full accreditation, well ahead of schedule. For those schools that still need help, our PASS initiative has schools helping other schools, and it brings schools, businesses and community leaders together to help close the achievement gap.

Our work will not be complete until every child has the chance to succeed. That's why I have proposed a budget that provides \$65 million in additional state funding for public education, even with our budget problems.

We have made too much progress to retreat from our commitment to public schools.

So let me be clear: if you send me a budget that cuts funding for education, I will not sign it.

And in the coming year, I will continue working closely with parents, teachers, and all those concerned about public education to find new ways to raise student achievement and foster the kind of quality education the 21st century demands.

And because a high school education is no longer enough to get ahead in an information economy, we must renew our commitment to our colleges and universities.

For example, this year, we took a step toward taking partisan politics out of our college governing boards when we created a non-partisan team to recommend the best-qualified individuals for appointment.

Our students and our institutions won a great victory in November when voters approved more than \$900 million in bonds to upgrade and modernize our campus facilities. And I want to thank all of you for supporting that effort.

Virginia won even greater recognition in December when two Virginia professors won Nobel Prizes - Dr. John Fenn of VCU in chemistry, and Dr. Vernon Smith of George Mason in economics. We are honored that Dr. Smith and his wife, Candace, could be with us.

Please join me in offering our congratulations to Virginia's Nobel Prize winners.

These are great achievements on which to build. In the coming year, we *will* build on them by convening a higher education summit to focus on ways to expand Virginia's national rankings in research and development – and to identify ways to help our campuses operate in a more entrepreneurial manner.

I ask you to join me in working together to strengthen our worldwide reputation for excellence in higher education.

Education is the centerpiece of our plans to grow the economy and open new opportunities for the people of Virginia, no matter where they live.

In Virginia and around the country, too many of our people are suffering from the continued effects of the recession. In other areas, high unemployment has become a fact of life.

That is unacceptable.

Now throughout my career in business and now in government, I have been committed to expanding economic prosperity to all regions of Virginia. Since taking office, we have moved forward on a comprehensive economic plan that addresses both short-term and long-term needs.

From a state government standpoint, we've expanded efforts to include minority-, women-owned, and small businesses. This is an area Virginia still needs to improve on.

Last winter, we created the Economic Crisis Strike Force and dispatched it to hard-hit areas of Southside and Southwest Virginia. We have set up one-stop relief centers for individuals who have lost their jobs because of changing economic circumstances.

In a tough year, we have created or saved more than 7,000 jobs in Southside and Southwest Virginia.

But much more remains to be done to expand economic prosperity, and it is time to move forward with major reforms.

As JLARC recently pointed out, we currently have twenty-two workforce development programs spread across ten different agencies, in three secretariats.

Too often, the current system doesn't help working Virginians when they need it most. That's why I have offered a comprehensive plan to move Virginia toward a coordinated statewide workforce development system. This plan improves the existing one-stop Workforce Development Centers. And we will finally appoint a single, high-level state official to coordinate workforce development.

And to target young adults without high school diplomas, we have proposed creating a "middle college" within the community college system.

In the information age, when job skills are more important than ever, state government should help people gain new skills – not stand in their way.

Looking beyond the session, we'll keep working to grow the economy by focusing on emerging industries and strengthening our traditional industries.

In particular, advances in the life sciences offer tremendous economic opportunities, and I intend to build on the work that our biotechnology task force began this past year. For rural Virginia, I recognize that agriculture remains our largest industry and the backbone of many rural communities. Even though it was a tough year for Virginia's farmers, we have already begun moving forward on our plans to double agricultural receipts over the next decade.

And because the future of all Virginia is tied to the future of our urban areas, we will continue to move forward on a comprehensive urban policy and have it completed by the end of the year. Our cities deserve the same chance for prosperity that our suburbs have come to expect.

Just as we work to promote economic security, we remain vigilant in protecting our communities from crime and terrorism. Preserving public safety is among government's most basic functions.

This reality was on dramatic display this past fall when doors were locked, schools were closed, and playgrounds were empty. For three long weeks, snipers preyed upon our region in a spree of domestic terrorism. Because of unprecedented cooperation and great police work, law enforcement arrested two suspects and charged them with these crimes.

Tonight, the Virginia leaders of the regional sniper task force are here. Gentlemen, we all owe you and your officers a great debt of gratitude.

The U.S. Justice Department has demonstrated great faith in our commonwealth's attorneys by designating Virginia to try the sniper suspects. That faith is justified. Thanks to the care that Virginia prosecutors demonstrate, few guilty verdicts are reversed on appeal, particularly in capital cases.

Virginia also leads the nation in the use of DNA technology to fight crime. In November, the state crime lab announced the one-thousandth hit in the state's DNA databank. These "cold hits" allow DNA from one crime scene to be linked to another, often allowing us to bring criminals to justice in cases that have remained unsolved.

But on rare occasions, the system *does* fail. Last summer, due to DNA evidence, I pardoned Marvin Lamont Anderson, who had served 15 years in prison for a crime he did not commit.

Nevertheless, our state continues to cling to the outdated "21-day rule" that can actually prevent evidence of innocence from coming to light. No other state has such a restrictive rule. The Judicial Council and the Crime Commission are working on important reforms to the rule. I believe the rule should be changed.

Last year, I supported legislation banning the execution of those who are mentally retarded. I did so because it was right thing to do. Unfortunately, that bill failed. In June, the Supreme Court ruled that executing persons who are mentally retarded is unconstitutional. Once again, I urge you to send me legislation to comply with the Court's decision and prohibit the execution of mentally retarded persons in Virginia.

I also urge you to approve our proposal to fund the state's program of civil commitment for sexually violent predators. This program will keep our neighborhoods safer, and it is time to fund it.

Our commitment to public safety also extends beyond Virginia's borders. This year, four hundred Virginia National Guard soldiers returned home from service in the Balkans and Afghanistan. At this hour, another 800 members of the Virginia National Guard are deployed around the world, from Guantanamo Bay to Bosnia and beyond. And this month, an additional 600 National Guard soldiers are being called up to support our nation's ongoing effort to fight terrorism.

Major General Claude Williams of the National Guard is with us tonight. Please join me in thanking all of Virginia's military personnel and their families and employers who support them.

After the attacks of September 11, the federal government promised the states \$3.5 billion to train first responders and help prevent future attacks. While we are still waiting for the federal government to keep that commitment, we continue to move forward in protecting Virginia.

For a year, the Secure Virginia panel, representing all three branches of state government, has worked hard to assess our ability to respond to terrorist attacks and other emergencies.

We have already put many of their recommendations in place. We have hired 130 new public health specialists. We have identified ways to protect critical technology resources against the threat of cyber-terrorism. And to capture the renewed spirit of civic

duty that emerged since the September 11 attacks, we created Virginia Corps, to help individuals find ways to volunteer in their communities.

Our responsibility is simple - we must continue to identify every means possible to protect our people.

I have sent you a series of proposals to codify many of the recommendations offered by the Secure Virginia panel. These proposals will make it easier for localities to conduct background checks on potential employees in critical areas. These recommendations will encourage businesses to share information about threats to critical infrastructure. And they will make it easier for health care professionals to deliver care in times of emergency.

In addition, our budget preserves our commitment to fully staff the ranks of law enforcement officers. Specifically, our plan protects state-funded deputy sheriffs and State Troopers. In fact, as of this month, we have cut State Troopers vacancies in half since I took office.

That means more officers on the road - and a safer Commonwealth.

To protect the safety of travelers on our roads and highways, it's time to pass a primary seat belt law that will save lives. I have also proposed doubling fines for traffic violations in designated high-risk corridors - like Interstate 81 - and cracking down on those who drive under the influence of alcohol or drugs.

I offer these proposals with the goal of protecting Virginians. They make good sense, and I urge you to approve them.

From the time I took office, I have worked hard to reform our transportation system - but transportation continues to demand reform.

Over the past year, we hired a new management team at VDOT. We initiated reforms to ensure greater accountability and stronger financial management of our transportation dollars.

Sometimes, that has meant delivering bad news about projects we cannot afford. And we will continue to root out questionable financial practices. In fact, I have instructed the members of my Cabinet to review all audits conducted of their agencies - and to personally ensure that appropriate financial plans are put in place to respond to any problems.

To make further progress in transportation, I am proposing mandatory financial plans for all construction projects expected to cost more than \$100 million, as well as quarterly reports to the public on the current status of every highway construction project.

As the owners of our roads and mass transit system, the public should know whether projects are on time and on budget.

Going forward, I am committed to greater partnerships with the private sector, and we will continue to actively pursue new opportunities through the public-private acts for both transportation and education.

On the operational side, we are continuing to seek new ideas to improve our transportation system. In our rural areas, we are expanding the "Pave-In-Place" program, allowing dirt roads to be paved on existing rights-of-way. With this change, we can save considerable money and preserve the character of our rural communities.

In our fast-growing regions, we must take on the great challenge - and the great opportunity - to better coordinate land use and transportation planning. My reform package will allow state transportation, environmental, and economic development officials to assist those localities that ask for help integrating the full impact of growth into their comprehensive plans.

And we will continue targeting congestion. I have directed VDOT and the Department of Rail and Public Transportation to work with officials in Northern Virginia and Hampton Roads to identify their top ten affordable congestion relief projects. Our goal will be to put these projects in place quickly and cheaply, using existing funding. These projects will not solve gridlock, but they are a step in the right direction.

Against that backdrop of reform, it is unacceptable to further reduce resources for highway construction, maintenance, and mass transit. For that reason, my budget protects ALL of the \$146 million in new general fund revenue that we appropriated last session. Beyond that, it includes an additional \$189 million in NEW revenue that has resulted from strong car sales and increased fuel consumption.

Another issue is customer service at DMV.

A month ago, we laid out a plan to alleviate unacceptable delays in service, and we continue to move forward with it. In fact, just yesterday, we made significant progress toward reaching agreements with representatives of local governments and Constitutional officers to expand customer service options through the use of registered agents at local government offices. This will allow Virginians to conduct more transactions in one stop.

Tonight, I am proposing that we allocate to DMV approximately \$6 million from a recent settlement agreement reached with major Wall Street banks. The details of this national settlement became available only in recent days.

If you approve my proposal, the closed DMV offices will be reopened.

These offices will re-open in a manner consistent with the reforms we are putting in place throughout the agency, with a greater use of license agents, self-help kiosks, and greater use of on-line services.

But make no mistake about it: Simply re-opening these offices will not totally solve all the customer service problems. We cannot allow business as usual to continue at DMV.

It is also time to reform our thinking about the relationship between the economy and the environment. Virginians agree, as we saw in November when they approved our first major new investment in our state parks in over a decade. This new investment will help Virginia maintain our distinction of having the best-managed state parks in the country.

I don't believe that a strong economy and a clean environment are incompatible. In fact, the two are critical to a good quality of life in Virginia.

So this spring, I will convene the Governor's Natural Resources Summit to bring together individuals and organizations to develop an action plan for a sustainable natural resource policy for Virginia.

But, as we learned from last year's drought, some issues can't wait. That is why we have proposed significant immediate reforms to state water policy.

First, our administration will work as a partner with local governments and others to develop comprehensive regional water supply plans. Even though this has been the law for thirty years, the state has failed to meet this basic responsibility. We will wait no longer.

Second, we will clean 450 impaired rivers and streams by the end of the decade.

And finally, we will better coordinate existing water programs with a simple goal - providing safe drinking water to more Virginians. In this modern time, families shouldn't have to haul drinking water home in their cars or trucks. My drinking water initiative sets a goal of bringing clean drinking water to an additional 25,000 Virginians in Southwest and other rural parts of Virginia. With your help, we will meet this goal.

These proposals are good for our environment, good for our economy, and good for the people of Virginia.

Throughout the year, we have worked to modernize our system of health care and human services as well.

We took a major step forward when we apologized for Virginia's shameful involvement in the eugenics movement, and other states are now following our lead.

We have made FAMIS – Virginia's children's health insurance program – more family friendly, by removing red tape and administrative barriers. Since Labor Day alone, we have provided health care coverage to an additional 18,000 children. This is good for children, good for working families, and since the federal government pays two-thirds of the cost - it's good for taxpayers as well.

But few areas of state government demand greater vigilance than health care.

Over the past year, we have heard too many stories of patients harmed by doctors who rejected their ancient charge, "First, do no harm."

To keep patients safe, I am proposing to give the Board of Medicine new tools to crack down on those doctors who fail to meet the highest standards. Our goal is not to burden the great majority of physicians who deliver quality care, but to help weed out the few bad doctors who should not be practicing.

Around the country, states are experiencing rising health care costs largely driven by the dramatic increases in Medicaid. The fact is that Medicaid growth has been out of control for a generation. In 1990, Medicaid spending nationwide was just over \$72 billion. By 2000, it had nearly tripled to \$195 billion. The federal government's decision not to fully fund its share of Medicaid costs Virginia \$65 million a year.

In fact, about half of all additional spending in our budget is in health and human resources. Without some action, additional funding for Medicaid alone would have totaled about \$200 million. That is clearly not sustainable.

In preparing our budget, I made the choice to protect eligibility and services to people. I have sent you a budget that preserves basic services, while freezing provider reimbursements for hospitals, nursing homes, and HMO's. It also includes steps to control the soaring cost of prescription drugs.

To soften the impact, I have included \$60 million to preserve access to health care. This funding would support special reimbursements to providers who are the sole source of health care in their communities, or who serve disproportionate numbers of low-income Virginians.

I am also proposing the first step of a long-term effort to fundamentally reform the way we deliver mental health services in Virginia. We sat down with leading advocates to develop a plan to serve their consumers better. The message we heard was simple: In mental health, it is long past time to direct our investments toward community care, because it is often more effective and appropriate.

My budget redirects approximately \$22 million in existing funding from state mental health institutions into community-based services. This proposal does NOT close any mental health facilities. We are making this change because I am committed to making sure that mental health consumers have the same rights and opportunities as everyone else, and I urge you to support it.

Looking ahead, we have to recognize that older Virginians are the fastest-growing group in the Commonwealth. Let's face it – no one is getting any younger.

With a graying population come a whole series of challenges – things like how to pay for prescription drugs and long-term care – how to help those young families who are caring for both young children and aging parents – and how to help older Virginians remain independent and in their homes as long as possible. Most of all, we need to find new ways to tap the talents that older Virginians possess.

I know of no state that has confronted these issues. Let's make Virginia the first.

When we spoke last year, I said that no task called for more immediate action than to restore Virginia's tradition of fiscal integrity. Working together last session, we won passage of a budget that closed the \$3.8 billion shortfall that I faced upon taking office.

But that was only the first step. As you know, the Commonwealth finished the fiscal year in June with the weakest revenue performance in 40 years. We immediately re-forecasted revenues. When the re-forecast confirmed that Virginia faced an additional revenue shortfall, we took steps to curb spending.

In addition, there were \$601 million in additional spending requirements that we could not ignore. For example, we expect to have almost 56,000 more Medicaid recipients next fiscal year than we did just four years ago - along with another 49,000 students in our public schools. And over the last year alone, car tax reimbursements have increased more than \$100 million.

The revenue shortfall and additional spending requirements therefore combined to make our budget problem for this upcoming session more than \$2.1 billion.

I have sent you a budget that closes this gap and keeps us on the path of fiscal discipline.

This budget does *not* rely on tax increases.

It does *not* divert or securitize our Tobacco Settlement in order to plug our budget hole.

It does *not* accelerate revenue collections into this biennium or defer spending obligations into the next biennium.

I know that some of you - on both sides of the aisle - will disagree with some of our choices. That is part of the give-and-take of the legislative process.

But on some issues, there is no room for compromise.

So let me be clear: I will not accept any budget amendments that raid the Virginia Retirement System.

We have asked much of our teachers, police, firefighters, and state and local workers - and we have a duty to safeguard their hard-earned retirement savings. Last year's headlines of greed and corporate scandals spoke volumes about what can happen when the retirement savings of working Americans are not protected.

We can't let that happen in Virginia.

And going forward, we have to acknowledge that tax reform remains a fundamental issue that Virginia has neglected for too long. While I understand the consensus NOT to move forward this session, tax reform is an issue that we will have to address over the year to come. This issue confronts not only state government, but our partners at the local level as well.

I hope you will join me in the discussion of what Virginians expect from state government and how they wish to pay for it.

In addition to the proposals I have outlined, I am also proposing reforms that will modernize the way state government operates.

I will support a constitutional amendment to end the nation's only prohibition on gubernatorial succession. The current term limit for governors inhibits long-term planning, and it limits the ability of Virginia voters to hold their leaders accountable.

Now let me be clear: I am not seeking to extend my own time in office. Rather, this proposal to end the one-term limit would begin after my own term.

Inside state government, no area cries out for reform more than state technology services. Currently, we spend more than \$900 million each year on information technology. We buy Dell Computers from 15 different places at 15 different prices. That makes no sense.

I have proposed consolidating state IT functions within a single new agency, the Virginia Information Technology Agency. My plan eliminates three existing agencies and two boards. This is the right thing to do for state employees, state agencies, and the people of Virginia.

Over the next four years, this plan alone could save as much as \$100 million. With that savings, we could hire 5,000 new teachers. We could give state employees a raise. Or we could bring broadband internet access to more than 15,000 homes in Southside and Southwest Virginia.

I also urge you to approve reforms in how we develop budgets and manage Virginia's finances. Our goal is simple. We want to ensure that the Commonwealth never again plunges so deeply into fiscal crisis.

To that end, our reforms require a more timely re-forecasting of revenues during economic downturns – greater contributions to the rainy day fund in flush times – and performance evaluations of all new initiatives before their funding is automatically renewed. In fact, my budget consolidates or eliminates twelve state agencies.

To further slow the unnecessary growth of government, I am proposing legislation to eliminate unnecessary and duplicative boards. And to ensure that these panels don't remain past their useful life, I am also proposing that all new boards and commissions be created for a limited time - rather than lasting indefinitely.

For example, earlier this year, we assembled a blue-ribbon panel of veterans to recommend ways to improve state services to the men and women who have served in our nation's armed forces. Roughly 780,000 veterans and their families call Virginia home, and we have the highest percentage of military retirees in the nation.

Our panel recommended consolidating veterans services under a single agency and board, to allow us to serve more veterans with greater accountability. I hope you'll adopt their recommendations.

And it's time to honor our veterans by keeping our commitment to the World War II Memorial in Washington. Last year, I sent you budget amendments to fund Virginia's share of this national memorial. It's wrong that Virginia is still the only state not supporting it. Join me in honoring America's veterans by funding Virginia's share of this memorial.

Ladies and gentlemen, we have much work to do together. I ask you to join me in supporting this reform agenda, and I hope we can continue working as partners.

From time to time, we shall surely disagree. But when we do disagree, let us *look* each other in the eye, not *poke* each other in the eye.

Now, I know the forces of the status quo are powerful - in this building and beyond. But as we move further into the information age, let's not allow yesterday's battles to continue. They have held us back for too long.

Some years ago, Winston Churchill told the House of Commons, "If we open a quarrel between the past and the present, we shall find that we have lost the future."

As I said at the outset, some may be satisfied just to balance the budget and get through these tough times. But I will not be satisfied, and I hope you won't be either.

We have a unique opportunity to reform state government to serve people better, and I do not intend to squander it.

We live in an era of dramatic change. The information age is changing everything - from the way we live, to the way we work, to the very nature of government itself. The choices we will make in the weeks and months to come will determine whether we seize the opportunities of this new era.

Virginia *did* lead America's first century.

I believe we *can* lead America in the 21st century as well.

I ask you to join me in this pursuit.

Thank you and God bless the Commonwealth of Virginia.