

**ADDRESS OF
GOVERNOR MARK R. WARNER**

**The State of the
Commonwealth Address 2005**



SENATE DOCUMENT NO. 1

**COMMONWEALTH OF VIRGINIA
RICHMOND
2005**

PREPARED REMARKS OF GOVERNOR MARK WARNER

2005 STATE OF THE COMMONWEALTH

January 12, 2005

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

Tonight is a time when Virginians come together to celebrate the achievements of the past, and to embrace the challenges that confront us at the dawn of a new year.

Before I start, let me take a moment to recognize the four most important people in my life: my wife Lisa and our three daughters: Madison, Gillian and Eliza. Thank you for your love and support.

We are filled this evening with hope, optimism and the shared determination to do what is best for our people.

We renew old friendships from a session that seemed ... well, like it ended only yesterday.

We are pleased tonight to see Delegate Leo Wardrup back with us. Leo, you are looking strong and for that, we're grateful.

At the same time, I know that we all have Delegate Marian Van Landingham in our thoughts and prayers. Marian, if you are watching, please know that we're all thinking of you.

And tonight we welcome a new delegate from Norfolk.

Delegate Paula Miller, congratulations!

Let me also welcome back to this Chamber an old friend in a brand new job - Our Commonwealth's first Secretary of Agriculture and Forestry Bob Bloxom!

The State of the Commonwealth Address is always a spirited occasion, and that's just as it should be. But before we get caught up in the spirit of the moment, let's pause to remember those Virginians who are serving our nation around the world tonight.

As I speak, there are almost 2,000 members of the Virginia National Guard who have been called to active duty. Almost 1,600 of these men and women are deployed overseas. Thousands of other Virginians are serving as regular members of the U.S. military.

Our Commonwealth still mourns the loss of four Virginians who were killed during last month's suicide attack on our troops in Mosul. We honor all of our soldiers who were lost over the past year.

Whether our service members are fighting in Iraq or Afghanistan ... or responding to the heart-wrenching devastation in Southeast Asia, they serve in the highest traditions of this nation. Their sacrifices call to mind the values that have sustained this nation in good times and bad: loyalty, patriotism, courage and service.

Tonight, our prayers are with America's soldiers, just as they're with President Bush...and all who are leading our military forces.

We're also mindful on this occasion of another group of distinguished citizens.

In this post-911 era, first-responders come to work every day facing new threats and added responsibilities. They are our police officers ... our firefighters ... our state troopers ... our sheriff's deputies... and our correctional officers.

Here in Virginia and across the nation, they have worked tirelessly to keep us safe and to prevent additional attacks.

Tonight, I have invited representatives from the Virginia National Guard, and from the first-responder community to join us in the gallery.

Let us honor their service tonight and throughout the year!

When I first came before you three years ago, the Commonwealth faced an uncertain future.

Political gridlock ... a deepening national recession ... and a lack of fiscal discipline had created the worst budgetary crisis in Virginia history.

The record shortfalls we inherited threatened not only our economy, but also Virginia's tradition of fiscal integrity.

We found too many agencies - like VDOT - using outdated business practices to guide their operations.

When I spoke to you that night three years ago, I asked you to join me in a renewed spirit of bipartisanship - one that would look not for a Democratic solution or a Republican solution, but rather a Virginia solution.

I asked you to stand with me in building a stronger foundation for Virginia's future - one that would guarantee new jobs and make us more competitive in a rapidly-changing world.

And that's exactly what you did.

And tonight, with renewed confidence in the future, I thank you.

Working together during the past three years, we have confounded the skeptics and the cynics.

We've shown that here in Virginia, Democrats and Republicans can come together ... put politics aside ... and make tough decisions when times demand it.

We began where the need was greatest, with the budget.

Together, we made the tough choices necessary to balance the budget. We cut spending. We cut the size of the state workforce. We consolidated agencies.

And we brought sound business practices to state government.

We merged the technology functions of state government. We leveraged the purchasing power of the state to save taxpayers millions of dollars. We expanded the use of technology in the procurement of goods and services. And we are beginning to manage our real estate portfolio like a business would.

These reforms make good business sense, and they'll save the taxpayers tens of millions of dollars.

Together, we began to fix the problems that had plagued VDOT. You gave overwhelming approval to our proposals to improve management and accountability on major transportation projects.

You supported us when we made the tough decision to take almost 30 percent, or \$2.8 billion out of the six-year transportation plan, transforming it from a wish-list into a realistic blueprint.

We still have some miles to travel in fully reforming transportation in Virginia. But because of your support, we have made enormous progress. Most significantly, we've dramatically increased the on-time and on-budget performance for road projects.

On a different front, we worked together to win approval of a billion dollar bond package for our colleges, museums and state parks.

Together, we have recognized that a stronger economic foundation comes from giving every Virginian the opportunity to succeed. To that end, we are helping more Virginians with disabilities fulfill the promise of true independence.

We have embraced diversity as never before and recruited more women and minorities to serve. We have begun to reverse Virginia's poor record of women and minority participation in state procurement.

And we have made certain that more of our people are reached by the services that are intended for them.

Nowhere is this better illustrated than in FAMIS, Virginia's health insurance program for low- and moderate-income children. When I took office, getting more children enrolled in FAMIS was one of our highest priorities. Thousands of children who qualified for the program were not enrolled.

Together, we enacted legislation to cut the red tape that kept too many of Virginia's children from getting the medical care they need.

And because we did, Virginia now has one of the best records in the country on children's health insurance. In the last three years alone, we have provided healthcare for 116,000 additional children.

On behalf of Virginia's children, I thank you for your efforts.

Just as we seized the chance to reform state government during the fiscal crisis, we never wavered in our shared commitment to public education.

Education has been the cornerstone of our work to build a stronger, more competitive Virginia.

At a time when many states retreated from their commitment to education, we not only refused to cut K-12 support, but you approved record increases in state support for our public schools.

But we have done more than just invest new money.

Together, we launched smart, low-cost reforms in Virginia's schools.

Our Partnership for Achieving Successful Schools is raising student achievement among those children most at risk of failure.

Three years after launching PASS, over 90 percent of these schools have shown marked improvement on their SOLs.

We fostered new opportunities for learning for juniors and seniors in high school with a series of reforms that are capturing the attention of a nation.

Earlier today, President Bush spoke of the importance of high school reforms like these at Jeb Stuart High School in Fairfax County.

Together with the Microsoft Corporation and the University of Virginia, we initiated a program to train school principals to turn-around troubled schools.

With your support, we have remained steadfast in our commitment to the Standards of Learning. Last year, the Class of 2004 was the first group of high school seniors that had to pass the SOLs to graduate.

The Class of 2004 met that challenge thanks in part to the active intervention we offered through Project Graduation. The graduation rate last year was virtually identical to past years.

All across the Commonwealth the story is the same. By almost any measure, Virginia's schools continue to improve.

Thanks to your support - and Virginians' strong commitment to standards-based education - our schools are on the right track and moving forward!

Finally, let me say a word about tax and budget reform, which was the subject of so much debate during the last session. I'm not going to rehash all the arguments we made last year, and I'm going to spare you that infamous PowerPoint presentation of mine.

But what I will say is this: Tax reform was an essential component of our work to fix Virginia's finances and to build the foundation for a stronger economy - one where our people truly will enjoy a Commonwealth of Opportunity.

Tax reform affirmed a basic value that Virginians live by every day, which is that we pay our bills and keep our commitments.

With the budget that we passed last year, we achieved the three goals that I articulated from this podium one year ago.

We made the tax code fairer for Virginia's families.

We provided the funding necessary to meet our core commitments in education, health services and public safety.

And we restored Virginia's fiscal integrity. In fact, Wall Street reaffirmed Virginia's Aaa bond rating less than three weeks after the budget was enacted.

By almost any measure, the steps we have taken together over these past three years on education, the budget, and government reform have put the Commonwealth on the right track economically.

And the facts bear that out.

We're outpacing the rest of the nation in creating new jobs. As many of you know, on a single day last November, we were able to announce more than 11,000 new jobs coming to the Commonwealth.

And while we know that Northern Virginia is driving much of our economic recovery, every new job we can bring to Virginia is important. That's why, tonight, I am pleased to announce new jobs in other regions of our Commonwealth.

In Patrick County, Ten Oaks is creating 150 new jobs!

In Henry County, Texturing Services is creating 200 new jobs!

And finally, in Roanoke, FreightCar America is creating 400 new jobs!

My friends, that's 750 new jobs and more than \$25 million invested in Southside and Southwest Virginia!

While we still have much work to do, we are seeing encouraging signs of growth all across the Commonwealth.

In Smyth County, which I will be visiting tomorrow, the unemployment rate has dropped from 12 percent two years ago to 4.5 percent.

Together, we will build on these successes in the coming year.

In deciding to locate jobs here, these and other firms have cited our schools, quality of life, and commitment to fiscally sound government.

My fellow Virginians, for all of these reasons and more, I am proud to report that the State of the Commonwealth is strong!

But tonight is no time to rest on our laurels.

We still have much work to do.

And as Will Rogers once said, "Even if you're on the right track, you'll get run over if you just sit there."

So tonight, let me briefly outline the steps we'll take in this new year to keep Virginia on the right track ... to move forward ... and to complete the work we started together three years ago.

We begin with what has been the hallmark of this administration: fiscal discipline.

The good news is that Virginia's strong job growth has increased projected revenue collections by approximately \$918 million.

We hope this trend will continue, and we'll work hard to make sure it does. It shows that our economy is rebounding and that investors have renewed confidence in our state.

But let me repeat what I said to the money committees last month: how we respond to these increasingly prosperous times will say as much about us as how we dealt with the tough times.

In short, I am determined that Virginia will not repeat the mistakes of the past.

We will not use these additional revenues to create tax or spending commitments that we can't afford over the long-term.

We will not - as some have advocated - retreat from what we accomplished last year: a fairer tax code; restored fiscal discipline; and the resources needed to meet the core commitments of government.

The reason is simple: we must take a long term view. We know that in a growing state, rising costs for health care ... corrections ... and an increasing school population will place renewed strains on future budgets.

So we will invest the vast majority of these revenues for three basic, one-time purposes.

First, we will cut the food tax two years ahead of schedule.

This will provide immediate tax relief for every Virginian.

Second, to help keep Virginia fiscally strong, we will make an additional \$229 million contribution to the Rainy Day Fund.

Every family understands the value of putting aside extra money when times are good.

Third, we will invest in urgently-needed, one-time projects that will help sustain our rebounding economy.

Nothing better meets this last principle than improving transportation for the people of Virginia.

The transportation plan I have submitted to you represents an \$824 million investment to ease traffic congestion ... jump-start new projects ... and strengthen rail and public transportation.

This package continues the reforms we began three years ago by eliminating deficits on completed projects. We have already reduced these deficits from \$867 million in 2002, to \$256 million today.

With this budget, we will end this practice once and for all.

Our plan also sets aside \$140 million to support public-private partnerships in transportation.

In many cases, a modest investment from the state can get these projects from the drawing board ... to construction ... to actual completion.

We propose \$23 million to promote greater use of rail partnerships throughout the Commonwealth. This will be the first dedicated source of funding for rail in Virginia history.

And we have proposed \$80 million for a new Transit Partnership Fund, which can help finance urgently-needed projects like additional Metrorail and VRE railcars, the Virginia Beach BRT Project, and bus purchases around the Commonwealth.

In addition, we include \$80 million to encourage and promote innovative road building partnerships with local governments.

At the end of the day, the plan we have proposed won't fix all the transportation headaches faced by our citizens.

But the Transportation Partnership Act of 2005 is a smart, innovative way to help Virginians stuck in traffic.

I commend you, Mr. Speaker, and other members of the House for proposing a similar plan last week. And I look forward to working with both the House and the Senate on this critical issue.

I also urge your approval of *Virginia Works*, our exciting new initiative for economic development in rural and distressed communities. *Virginia Works* recognizes what local leaders tell me every day: that we must supplement time-tested economic development programs with new ideas and fresh approaches to old problems.

Virginia Works does exactly that. It represents a \$21 million investment in economic development in areas ranging from tourism to advanced manufacturing. This initiative has identified what Virginians already do well, and it capitalizes on those strengths.

While we can implement fresh new ideas to spur economic growth in our rural and distressed communities, the most fundamental building block of economic growth has never changed.

And it never will.

Educational excellence is not an option in the knowledge-based economy of the 21st Century. It is an economic imperative. If we truly expect the next generation to have the same kind of opportunities that we've had, we have to do better.

Together, we achieved great progress last year. Tax reform contained the single biggest investment ever made for public education in Virginia - \$1.5 billion in new funding for our schools.

We're on track this year for even more progress.

The budget that I have proposed increases general fund support for education by more than \$50 million. We provide full funding for the Standards of Quality and the state share for a three percent salary increase for Virginia's hard-working teachers.

To boost school construction, I have proposed an additional \$20 million for the Literary Fund's interest rate subsidy program. Given current market conditions, that could provide up to \$200 million in school construction money for the 42 projects now on the Waiting List.

Even more important than what we spend is how we spent it. That's why we must sustain the *Education for a Lifetime* reforms that we launched two years ago.

We will expand college course offerings for more high school juniors and seniors.

We will continue to strengthen our remedial programs for those at risk of failing the SOL tests.

We will upgrade mentoring programs for new teachers and deploy more turnaround specialists to low-performing schools.

I also urge your support for legislation to make permanent the program we launched two years ago to bring efficiency reviews to Virginia's public schools.

In our first three pilot reviews, we found potential annual savings of \$2.7 million.

We expanded the program to six new jurisdictions this past September. Tonight, I am pleased to announce that the results of our latest efficiency review are in.

Our team went into the Stafford County Public Schools and found \$1.7 million in recommended annual savings.

That's good news for the taxpayers, and even better news for our teachers, students and school communities!

But our commitment to a quality education can't end at high school.

Just as a high school diploma was essential to achieving the American dream a generation ago, today and in the future, people will require some form of education and training after high school - normally, either at a community college or a four-year institution.

The General Assembly recognizes the value of higher education. The tax reform bill you approved last year contained \$267 million in additional funding in this area. As a result, Virginia ranked second in the nation last year in increased spending for higher education.

To sustain our progress, our budget proposes more than \$165 million in increased support for our colleges and universities. Much of this increased funding will accommodate enrollment growth, increased faculty salaries, and the maintenance of buildings and equipment on our campuses.

But as with so much of the rest of our agenda, we will insist that reform and greater accountability accompany more money from Richmond.

Specifically, my budget provides \$12.2 million in additional general fund support to institutions that either increase the number of degrees awarded, or produce, for example, more nurses to care for our people.

We have also proposed additional resources for cutting edge research and student financial aid - both at our public and private institutions.

In recognition of the enormous sacrifices made by America's military families, my budget continues to provide in-state tuition for children and spouses of military service members stationed here in the Commonwealth.

My budget also proposes \$1.5 million to advance a plan to strengthen options for higher education in Southside Virginia. And I urge you to support it.

Before leaving the subject of higher education, let me say a word about the push from some of our colleges and universities for greater independence from Richmond.

These are important proposals and they deserve to be acted on this year. But if we grant our colleges and universities additional flexibility, we should require them to meet the state's long term needs in student access, academic performance, assistance to our public schools, and economic development. Incentives should be part of this approach, but operational autonomy and increased accountability must go hand in hand.

We can't stay on the right track economically if we fail to provide our citizens with a decent quality of life. That means adequate health and social services, a clean environment, and safe communities in which to live and work.

We have proposed building on the smart investment we made in children's health insurance by increasing reimbursement rates to keep OBGYNs in practice.

We ask for your support of our *Healthy Virginians* initiative, which is intended to stem the alarming rise of obesity and other preventable illnesses in our people. Our Healthy Virginians program targets state employees with new incentives to promote wellness.

It gives renewed emphasis in our schools to a proper diet and physical fitness. And we will establish new measures in the Medicaid program to encourage better prenatal care and promote healthier lifestyles.

Healthy Virginians is another smart, low-cost initiative and I urge you to support it.

I also urge your approval of a series of medical malpractice reforms proposed yesterday by a legislative study committee.

We will continue the difficult work of providing better care to those elderly and frail Virginians in assisted-living facilities. We have proposed legislation to increase and strengthen the state's oversight of these facilities. And again, I urge you to join us in this effort.

Last year, tragedy struck Wise County when a boulder dislodged in a mining operation rolled onto a house and crushed a young child. In response, I am proposing, along with legislators from Southwest Virginia, legislation that strengthens safety requirements around coal mines and dramatically increases penalties for violators.

We also continue to place a high value on our natural and historic resources.

In Virginia, the days when environmental protection is somehow seen as a barrier to a strong, competitive economy are over.

During the past two years we have committed over \$70 million to the water quality improvement fund, celebrated more than 250,000 acres of voluntary conservation easements, developed a comprehensive framework for water supply planning, and proposed bold new water quality and nutrient control regulations.

Although we have increased spending on natural resources by 34 percent since 2002, clearly there is still much that needs to be done.

Nowhere is this more true than with respect to the Chesapeake Bay. While the state must increase its efforts, we will not meet our goals by 2010 without a greater commitment from the federal government. On Monday, I met with the Chesapeake Bay Executive Council, which I am pleased to chair. And I can report tonight that our fellow Chesapeake Bay governors are determined to press Washington for a greater federal commitment to saving this national treasure.

To carry out all of these important initiatives, we'll depend - as we have for so long - on the best, most dedicated state workforce in America. I urge you to approve the 3 percent raise that I have proposed for our state workers.

Finally, let me conclude where I began: talking about our men and women in the Virginia National Guard and our public safety officers.

In Virginia, I am pleased to report that violent crime dropped by more than 5% from 2001 to 2003, the most recent year for which data is available. And in 2003, we had the lowest rates for property and violent crime in 30 years.

We couldn't achieve any of this progress without our public safety officers. Recruiting and retaining the best law enforcement officers is one of our highest shared priorities.

Our budget builds on the progress we made last year by providing the resources needed for new troopers to combat gangs and to patrol our highways. We will also establish a new intelligence-gathering facility at the Virginia Emergency Operations Center.

To continue the fight against illegal drugs, we will propose legislation to make the illegal distribution of Schedule III and IV drugs a felony, rather than a misdemeanor as it is now. And we will propose to extend the Commonwealth's prescription monitoring program for drugs like OxyContin from Southwest Virginia to the entire state.

Our budget also proposes 36 new Commonwealths' Attorney positions to help put criminals where they belong - in jail.

We also include 20 additional forensic specialists, and we have proposed legislation to create a Forensic Science Advisory Board. Both of these steps will help to preserve Virginia's first-rate crime lab.

Finally, in October of last year, a judge in Fairfax dismissed murder charges against John Allen Muhammad, one of the snipers who terrorized Virginians in 2002. The charges were dismissed not because Muhammad was innocent, but because the judge ruled on a technicality that Muhammad's right to a speedy trial had been violated. Under current law, prosecutors had no opportunity to appeal.

While I respect the judge's decision, I do not believe a single judge should be the final word on such important matters, and I urge you to adopt legislation giving the Commonwealth a right to appeal such rulings.

As we protect public safety, one of my most important responsibilities - and honors - is to serve as the Commander-in-Chief of Virginia's National Guard. Throughout its history, the Virginia Guard has played an indispensable role in responding to national disasters and supporting our nation's regular forces.

But today, the Virginia National Guard is under severe stress. Its members have been subject to long deployments overseas. Many families have been left to cope without a breadwinner. And there is little on the horizon to suggest this will change.

As Chairman of the National Governors Association, I will be working with my fellow governors during the next year to achieve two things: first, to ensure that this nation provides the resources necessary to recruit and retain the strength levels needed in our state guard units, and second, to ensure that they are always adequately armed and equipped when they are put in harms way.

They put their lives on the line to keep us safe, and we must give them the resources they need!

Tonight, I have spoken of the enormous progress that Virginia has made since we first met here three years ago. By making the right choices on our budget - and by putting politics aside - we have built the foundation for a stronger, more prosperous future.

We can and we will achieve even greater progress this session.

The agenda I have outlined tonight is an ambitious one, particularly for a short session. It will keep Virginia's budget balanced. It will strengthen our schools ... continue our work to reform transportation ... and create new economic opportunities for the people of this Commonwealth.

But as with everything else we've done, keeping Virginia on the right track will require us to work together ... to abandon petty politics ... and to put Virginia first.

Fifty-nine years ago in this very same chamber, Winston Churchill, one of the greatest leaders in history, spoke of how much can be accomplished when people put aside their own particular interests for the broader public good.

Churchill was here in America to advocate for a lasting trans-Atlantic alliance in the aftermath of World War II. While that issue is certainly different from the challenges facing us today, his words to that joint session of the Virginia General Assembly still have enormous relevance. He said:

"We should stand together....We should stand together in malice to none....in greed for nothing.... but in defense of those causes which we hold dear. Not only for our own benefit....but because we believe they mean the honor and the happiness of long generations of men."

Ladies and Gentlemen: This is our last year together in this ancient and magnificent Capitol building. The interior of the Capitol will soon undergo major renovations in preparation for America's commemoration of Jamestown 2007, the 400th anniversary of our nation's founding.

So as we begin our last session in this building together, let us resolve to make it one of the best in Virginia's history, to honor the ideals on which this Commonwealth and this nation were founded.

Let us resolve to take Churchill's sentiment to heart in our own time, and in our own circumstances.

Let us resolve to stand together with "malice to none" and "in greed for nothing" for future generations of Virginians.

Thank you and God bless the Commonwealth of Virginia.