

**ADDRESS OF  
GOVERNOR TIMOTHY M. KAINE**

**The State of the  
Commonwealth Address 2006**



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Virginia State of the Commonwealth Address 2006  
Governor Timothy M. Kaine

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**Introduction**

Mr. Speaker, Mr. President, Members of the General Assembly, My Fellow Virginians:

Two days ago, we gathered in Williamsburg for the first inauguration in that city since Thomas Jefferson took the oath of office in 1779. I spoke about our commitment to keep The Promise of Virginia strong.

Today, I stand before you to begin four years of common work, conducting the people's business. I am filled with optimism and resolve, with respect for your service and sacrifice, and with high expectations that we will work together and deliver results for the millions of Virginians who are depending upon us.

It is fitting to note that this Commonwealth address is given on the day when Virginians, and all Americans, celebrate the legacy of an American hero, Dr. Martin Luther King Jr. Dr. King had the courage to ask why a powerful Virginia value, Jefferson's equality principle, did not apply to all Americans. That question continues to inspire us toward today "the more perfect union" our forebears envisioned.

Dr. King was not alone in his work. Brave Virginians sacrificed, and still sacrifice, to promote the cause of equality. In their honor, I signed an executive order Saturday to continue the work of the Civil Rights Memorial Commission recognizing those Virginians who worked to break down racial barriers. Thanks to the initiative of former First Lady Lisa Collis, we will build the first monument in Capitol Square honoring African-Americans. I join with you in supporting this project and vow to see it through.

Over the past four years, we have made substantial progress in improving our Commonwealth. You have played a critical role in that progress. Because of your commitment, and because of the extraordinary work of Governor Mark Warner, Virginia has been named the Best Managed state in America. You deserve thanks from all corners of Virginia for putting such a high premium on effective management of government.

But, as hard as we've worked to improve Virginia, building on that success will require us to work harder yet. Tonight, I want to share my thoughts about the path ahead for the next four years, and the immediate steps we should take to make sure that Virginia continues to lead the way.

## **Administration**

To begin, I pledge an administration that will seek constantly to manage better and more efficiently. I don't view Best Managed State in America as an accolade; I embrace it as a challenge.

We will demand high-performance from, and celebrate it in, our state employees. I have traveled across Virginia, and I know the value of dedicated public servants. We have a right to expect much from them, and they have a right to expect our strong support.

## **Education**

Expectations are what drive us to constantly seek ways to improve our system of public education – the most important issue facing Virginia today.

Our education goal should be to promote true excellence by moving beyond our focus on competence, as measured by scores on standardized tests of minimum expectation.

We worked diligently in the 2004 budget session to finally meet our obligations to K-12 schools, and we must always strive to be a reliable partner in fully funding the Standards of Quality.

Our children deserve the very best teachers. But Virginia cannot attract the best if our salaries lag behind so many other states. I will propose a budget amendment this session to begin moving teacher salaries closer to the national average.

I will also work with teachers and administrators, as well as state educational leaders, to make our public education system more accountable by establishing a comprehensive and regular personnel evaluation for every classroom teacher in Virginia.

Further, we must ensure that every dollar we spend on education is spent effectively.

We know that more than 1/3 of our children lack the basic skills needed to learn how to read when they enter kindergarten.

We know that more than 25,000 Virginia third-graders fail the state's reading exam every year.

We know that most of a child's brain develops before the age of five. But nearly all of the money we now spend on education is spent after that point.

Research demonstrates that children with access to pre-kindergarten have greater success in school, and throughout life, and require fewer social services, special education, or criminal justice intervention. This is especially true of children from poor families and those with special education needs. When our children start strong, all of Virginia benefits.

Earlier today, I signed an executive order creating the statewide Start Strong Council – which will be made up of parents, educators, private and faith-based pre-K providers, business leaders, and legislators from both parties. I will charge them with developing guidelines for enrolling more Virginia 4-year-olds in high-quality pre-K programs. I also urge you to pass the \$57 million package of early childhood initiatives in the introduced budget, for early intervention, maternal health, child care and mental health needs of our youngest Virginians.

Our network of community colleges, four-year colleges and universities also plays a vital role in both our education system and our economic prosperity. The introduced budget includes significant additional funding for these schools to help them absorb over 56,000 new students by the year 2012. Further, I support the expansion of need-based financial aid and increases in Tuition Assistance Grants for students at our independent colleges contained in the introduced budget.

These initiatives will help Virginia lead the way in education.

## **Economic Development**

And when we lead the way in education, we have better tools to keep our economy strong. We have one of the lowest unemployment rates in the nation and continue to attract new jobs because of our business-friendly environment, high quality of life and well-trained workforce. I have confidence that we will continue to be an economic leader for years to come.

In fact, tonight I am pleased to announce that American Industrial Heat Transfer Incorporated is building a new facility in Brunswick County, in the Roanoke River Regional Business Park in Mecklenburg. The new facility represents an \$11 million investment and will create 85 new jobs, at salaries markedly higher than prevailing local wages.

We will continue to be aggressive and strategic in marketing the Commonwealth across the nation, and across the world, as an ideal business location. But our

continued prosperity should not be taken for granted. Other states and nations are hungry to attract our jobs. And there are some regions of the Commonwealth -- particularly Southwest and Southside Virginia -- that need more focused attention.

I will make sure we attend to the businesses that are already here -- including family farms -- for we know that the success and growth of small businesses is the driving force of our economic prosperity.

And when Virginians anywhere experience significant job losses, I pledge to work with you to bring direct, coordinated help to affected communities. I have introduced bipartisan legislation to put into law the Economic Strike Force previously established by executive order. The Strike Force is an essential rapid-response tool to getting people back on their feet and back to work.

In addition to attracting new business and supporting existing firms, we must also look to the connection between higher education and economic strength to help the regions of the state that face the greatest economic challenges. Southside remains the region with the highest unemployment rate and the lowest college attainment percentage in Virginia.

To honor the work done over the last two years by the Southside community and to take an important step forward towards economic recovery in the region, I have proposed bipartisan legislation to create the New College Institute in Martinsville. The Institute will be the center of gravity for a collaboration of other higher education institutions and the foundation for a stand-alone college in the future. It will open its doors to students in the fall of 2007, and will be a solid complement to the graduate-level Institute for Advanced Learning and Research in Danville.

In addition, I strongly support the major investment in higher education research offered in the introduced budget. The success of this proposal will further accelerate Virginia's leadership role in the new knowledge-driven economy of the 21st century.

## **Health Care**

For our economy to continue to thrive, we must also address the threat posed to our small businesses by the rising cost of health insurance. I will propose legislation that will allow small companies to join together in order to obtain less expensive insurance for their employees and remain competitive in the marketplace. This is the first of many solutions I expect to offer on this challenge during my administration.

We must also address the growing challenge in Medicaid funding, and I applaud those of you in this chamber who have spent significant time on this important

issue, which—next to education—now represents the biggest single general fund program in state government. We must reform our Medicaid program to ensure its viability. But those reforms must come through innovation, new ways of thinking, and rooting out inefficiencies – not by rationing health care and services to the most vulnerable.

The federal government continues to look for ways to reduce Medicaid payments to states, mostly by cutting services to adults and children. The reality is that nearly 75% of our Medicaid budget is spent on long-term care for the elderly and disabled through a patchwork system without the benefit of care coordination or case management. Accordingly, I am directing the Department of Medical Assistance Services to develop a plan which will serve as the blueprint for moving towards an integrated, acute and long-term care delivery system for elderly and disabled Medicaid recipients. This strategy offers the promise of controlling Medicaid expenditures without curbing access to the service needed by our elderly and disabled Virginians.

Finally, we must continue our commitment to transform mental health from a service model where patients are confined to institutions, to a new paradigm where people are treated in their communities and homes. The significant mental health restructuring initiative announced by Governor Warner in December with the support of so many in this body is the right thing to do, and we need to support it in this year's biennial budget.

## **Veterans**

As we take steps to take better care of our citizens, we must develop a special awareness of the service members and veterans in our communities and the sacrifices they make on our behalf. Tonight, 7,120 Virginians are serving in harm's way overseas. Will you please show their families how much we appreciate their sacrifice?

We are committed to supporting our service members, veterans, and their families when they return home. I am also introducing budget amendments to improve the ability of the Department of Veterans Services to help veterans access their benefits. It is critical that our veterans have the expert assistance they need to navigate the federal bureaucracy and receive the benefits that they have rightly earned.

I will also introduce a budget amendment to provide a treasury loan for operating funds to open the new Sitter-Barfoot Veterans Care Center. This new Veterans Care Center, the second in the Commonwealth, will provide needed health care services to veterans in Central Virginia. Each state dollar we contribute will be matched by two dollars pledged by a private foundation.

My budget initiatives are critical to giving veterans the services they deserve and I challenge you to go even further.

## **Property Taxes**

As we work to improve services for our veterans, we must also work to ensure that all Virginians experience a high quality of life by keeping tax burdens low. Let me be clear—we shouldn't race to the bottom in taxes and jeopardize our ability to fund the critical services that our citizens demand. We currently have a relatively low tax burden compared to other states. But, we must always examine the way we tax and watch for opportunities to make our tax code fairer.

I believe that the most challenging tax facing Virginians today is the property tax. Property taxes have increased at dramatic rates in many parts of our state, fast outstripping growth in salary or provision of local services.

There are responsible ways for us to help manage increases in homeowners' taxes. First, the state should not pass unfunded mandates off onto local governments. I will reject legislation that imposes new fiscal burdens on local governments, burdens that can only be met by increasing property tax bills.

Second, we should give taxpayers more information about property tax assessments and rates. I have introduced legislation to require that annual assessment letters contain more information for taxpayers so that they are aware of the effect of assessment increases and know how to participate in the setting of tax rates by their local government.

And finally, we should give local governments the flexibility to target tax relief directly to homeowners through creation of a homestead exemption. I support such an amendment, allowing cities and counties to exempt up to 20% of the value of an owner-occupied home from the real estate tax bill, upon terms and conditions to be determined at the local level.

## **Natural Resources**

Our quality of life is made rich by more than just a low tax burden. Virginia's citizens enjoy an impressive array of natural resources that we are bound to protect. In fact, Virginia's Constitution only mentions two of the many functional areas of government as mandatory responsibilities—education and protection of the environment. That commitment has never been more important.

This year, we must make an historic investment in the ongoing work to clean up the Chesapeake Bay and to improve the quality of Virginia's rivers. The introduced budget contains a \$232 million allocation for water clean-up. Together with recently approved regulations concerning waste treatment plants, this

investment will pay dividends in protection of future generations' ability to enjoy our waterways and have clean drinking water.

I will also submit a budget amendment to fulfill the promise made by the legislature in House Bill 38 in 1998 to dedicate special revenue to the Department of Game and Inland Fisheries that can be used for wildlife management, land conservation, recreation, and critical habitat protection.

### **Public Safety / Emergency Preparedness**

As we plan for preservation, we must also plan for the unexpected. The hurricanes that devastated the Gulf Coast last year taught us many things about the need for preparing for the worst. I will initiate a thorough review of evacuation and emergency plans, particularly for the Hampton Roads area. I will insist that state and local agencies be prepared to aid and evacuate residents in an emergency, especially elderly and poor residents and those without their own transportation.

This fall's hurricanes also taught us that the capacity of Virginians to care for those around them is tremendous. State, local, federal, and private organizations and individual families across the Commonwealth stepped up to provide help to families left homeless after the storms.

I have introduced legislation to create an Office of Faith-Based Community Services within the Department of Social Services. The office will help faith-based organizations find appropriate ways to partner with the Commonwealth in helping their neighbors in times of disaster and in other instances of need.

### **Transportation**

Virtually all of the priorities I have discussed thus far depend upon a reliable and well-planned transportation network.

### **Statement of the Case**

In the weeks since my election, I have traveled the Commonwealth holding town hall meetings to hear the views of Virginians about transportation. All 11 meetings have attracted overflow crowds. In all, I have listened to the advice of thousands of our fellow Virginians.

Our families in Northern Virginia are angry about the traffic gridlock that stops them from living a normal life. Folks in Hampton Roads have no way to know how long they will have to wait to cross the water. Parents in Southside Virginia are concerned about the dangers rural roads present to children on school buses. The dangerous mix of cars and trucks on Interstate-81 makes many drivers feel unsafe.



I heard from business executives who need reliable options to bring their products and services to market.

I heard from angry commuters who couldn't get a seat on Metro rail or Virginia Railway Express cars. I also heard from hard working Virginians who can't afford to spend two hours a day or more riding a bus to and from work.

And I heard from seniors, people with disabilities, and others who are denied self-sufficiency by our lack of transportation options.

Every additional moment we lose in traffic is time away from our families and from building our businesses. And it's not your imagination; you are sitting in traffic longer. Gridlock has become a way of life for the majority of Virginians who live in our cities and suburbs.

Delays affect families and businesses in rural areas as well. Many are still waiting for the promised transportation improvements that will bring jobs and enhance safety.

The message from Virginia is clear: It is time for action. It is time for a new approach:

One that will focus on accountability and protecting the dollars families pay for transportation;

One that changes the way we do business;

And one that addresses our most critical priorities.

### **Changing the Way We Do Business**

The introduced budget includes \$625 million additional dollars for transportation projects over the next two years. This is a blunt acknowledgement of the urgency of this challenge. But this one time investment is not the long term answer.

Tonight, I pledge to work with you to put in place the long term solutions that Virginians expect.

### **Use Transportation Funds Only for Transportation**

The first step to resolving our transportation challenges is to ensure that we have secure, reliable and long term sources of dedicated revenues to meet our transportation needs.

Two decades ago, state leaders – understanding what transportation means for Virginia's prosperity – created the Transportation Trust Fund to ensure that we

had a dedicated source of revenue for our roads, transit, rail, ports and airports. However, those funds have not always been used for their intended purpose.

Ladies and gentlemen of the General Assembly, I call on you tonight to join me in making plain to all Virginians that dedicated transportation funds will only be used for transportation.

I will veto any budget that violates that promise and diverts Transportation Trust Fund dollars away from transportation purposes.

And, during my term in office, I will amend any bill enhancing transportation revenue sources to specify that any such increase will expire if any dollar raised is used for any non-transportation purpose.

Because fiscal accountability shouldn't depend on a single election, Virginia needs a constitutional amendment to protect transportation dollars permanently. Even number years are not normally the year for a first enactment of a constitutional amendment. But, this matter is vital to all Virginians and we need to show them that we understand the urgent need for accountability.

### **Protecting Budget Reform**

Just as it is important to protect the integrity of our transportation revenues, it is also critical to protect the advances we made in the general fund budget during the 2004 budget reform.

Budget reform allowed us, for the first time in years, to finally meet our funding obligations to public schools and public safety. Budget reform was needed so that we could keep up with the rapidly rising cost of health care.

It would be a grave mistake now to violate that bipartisan budget reform agreement – an agreement that has earned the overwhelming support of our constituents. We must honor it.

I will support the use of one-time General Fund revenues for transportation in times of surplus. I also support keeping the promise of directing a portion of the insurance premium revenue to transportation needs.

However, a long term reliance on general fund dollars for transportation is a road to fiscal disaster; a road paved with school books, nursing home beds and public safety resources.

### **Bipartisan Search for Solutions**

So what is the solution? Changing the way we do business and securing long-term, dedicated funding for transportation.

I would like to ask the members to join me in showing appreciation for the efforts of the House and Senate leadership to identify new ways to do business and to identify additional transportation resources.

They and I agree that a close look at the way VDOT does business is an essential part of moving Virginia forward on transportation. I believe that VDOT has made important strides in managing construction projects during the past four years, demonstrating how a focus on efficiency can lead to real progress.

Now it is time to take the sharp pencil to the remainder of our transportation programs, including cost-effective management systems for maintaining our highway network.

On-time and on-budget figures are important, but they are not enough. We need to measure how well our system works. I will convene an independent, bipartisan commission to develop additional measurable goals for our transportation investments so that voters can hold all of us accountable for the performance of our transportation network.

To make sure that we continue and accelerate on the path of management transformation within VDOT, I will conduct a professional, bipartisan, nationwide search for a VDOT Commissioner who will be a long-term agent of change, to continue these important reforms and initiate new approaches to how we develop our transportation network.

### **Transportation Planning**

Over the long term, the most important single change we can make is to reform the way we plan at both the state and local levels. Just last month, Virginia's Auditor of Public Accounts completed a study of the state's transportation system saying – quote -, “Overall, we found the Commonwealth lacks a statement of clear objectives regarding transportation planning.”

I am proposing initiatives that will better link land-use and transportation planning. We cannot allow uncoordinated development to overwhelm our roads and infrastructure. This important and necessary step is not anti-development, but it recognizes that new thinking about development is needed.

Our current system, in which local governments make land use decisions, and the state follows behind with transportation planning and funding creates a situation where the left hand doesn't know what the right hand is doing. And every Virginian is paying the price for that flawed arrangement – longer delays and growing frustration.

We must give local governments the power to control their own destiny and balance the benefits of economic growth while protecting their quality of life.

We need to protect the ability of local government to make their own land use decisions. We need to ensure that we don't artificially drive up housing costs for families. And we must recognize that the lack of coordination between land use and transportation decisions is a threat to our quality of life.

This session, I will propose a bill to require that rezoning plans are submitted with traffic impact statements so that local officials can get accurate and comprehensive information about the traffic impact of their decisions before they act.

I will propose a bill clarifying existing law so that localities are able to reject rezoning requests if a proposed new development would overwhelm the transportation network.

I will also support legislation to allow the transfer of development rights within a locality to protect the rights of property owners, while encouraging development near existing transportation, schools, and safety infrastructure.

I will strengthen the Intermodal Office within the transportation secretariat and charge that office with identifying and promoting better connections between roads, rail, transit, ports, and airports.

I will also support the Local Partnership Fund, which encourages local governments to be both more involved in, and more responsible for, transportation decisions in their communities. Matching programs, like the fund, build better communication between the state and its communities, and it should continue.

### **Transportation Funding**

I know that legislators from both houses, and from both parties, will have their own ideas about how to address our transportation needs, but we can all agree that the needs are urgent.

Together with my plans for improved accountability, fiscal responsibility, and planning, I will propose a long-term transportation investment plan to reduce congestion, promote economic growth and keep Virginia moving forward. And, I will propose this plan by the deadline you have established for Governor's Budget Amendments— 7 days from today.

As we work together to find secure and long-term transportation funding, we should consider the following:

Should drivers who abuse our roads, and endanger our families, bear a higher burden through fees?

Should heavier vehicles that cause increased wear and tear on the roads be charged more in maintenance costs?

How much should we rely on funding sources like HOT lanes and tolls?

Should localities have more options to fund critical regional projects?

What is the appropriate role of responsible debt and financing?

Are the dedicated state revenue streams that support our maintenance, construction and public transportation needs sufficient?

And most importantly, what is the price of doing nothing?

### **Conclusion**

I will work in good faith with everyone who wants to participate in this dialogue, because each of us has a stake in addressing our transportation needs.

Two days ago, I spoke about our commitment to keep The Promise of Virginia strong, the need to keep Virginia moving forward and the acknowledgement that our history has shown us time and again; it is only when Virginians work together that Virginia succeeds.

Let us work together over the coming session to keep Virginia moving forward.

Thank you and God bless the Commonwealth of Virginia.