

**ADDRESS OF  
GOVERNOR TIMOTHY M. KAINE**

**The State of The Commonwealth  
Address to the Joint Assembly in  
Jamestown Commemorating the  
400th Anniversary of Jamestown**



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**PREPARED REMARKS FOR GOVERNOR KAINE'S  
STATE OF THE COMMONWEALTH ADDRESS TO THE  
JOINT ASSEMBLY**

**RICHMOND** – Governor Timothy M. Kaine delivered the State of the Commonwealth Address to the Joint Assembly in Jamestown. The prepared text of his speech follows:

Mr. Speaker, Mr. President; Members of the General Assembly, my fellow Virginians:

*Jamestown*

We stand at the place where, nearly 400 years ago, a new country was born.

The tiny settlement at Jamestown Island has grown into the greatest nation in human history. So many of our fundamental principles—the equality of all persons, governance by an elected legislature, freedom of religious worship—have their roots here at Jamestown. And, the fundamental story of America—the upward progression of a society increasingly open to all—started here with the first uneasy relationships between Native American, European and African people.

Tonight, we are witness to a world beyond the imagining of those first founders. Tonight, we can see a bright future ahead of us and even sense the more distant future that our children and their children have yet to dream.

Tonight, we affirm that 2007 will be a great moment in the history of Virginia. We honor our ancestors. We celebrate the progress achieved during these 400 years. And, we pledge our own best efforts to continuing the Commonwealth's unmatched tradition of leadership and service.

*Working together*

One year ago, I promised to work together with you to address the needs of our Commonwealth. It is our responsibility to work together to make sure that we are

building a smarter, more efficient government that serves the people of the Commonwealth.

When we work together, we produce results for all Virginians.

Together, we've reduced taxes and invested in job creation. As a result, we have a low unemployment rate, a low tax burden, and we've been recognized as the most business-friendly state in America.

Together, we raised teacher pay, required regular teacher evaluations and invested in community colleges and higher education research. As a result, national publications and rankings acknowledge that our K/12 and higher education systems are among the best in the nation. In fact, Education Week recently published an extensive survey indicating that children born in Virginia have a better chance for life success than those born in any other state in this nation.

Together, we've helped make health insurance more available to small businesses and expanded children's access to health care services. As a result, more Virginia children are getting the health care they need.

Together we've made historic investments in water quality and adjusted the state's conservation tax credit. As a result, Virginia is accelerating its efforts to clean up the Chesapeake Bay, and we are well on our way to preserving 400,000 acres of open space by the end of the decade.

Together, we've embraced innovative management practices like the Council on Virginia's Future and the new Virginia Performs website. As a result, we've cemented our reputation as the best managed state in America and continued to win accolades for our financial management and service to citizens.

Together, we changed the way we think about transportation and land use in Virginia. Last year's traffic impact statement legislation was a turning point in connecting state transportation planning with local land use planning. As a result, we are beginning to make better decisions in managing Virginia's growth.

When we work together, the state of the Commonwealth is strong.

But I think we would all agree that our work together isn't finished. Let this session be characterized as one in which we work together to put the needs of Virginians first.

### ***Transportation***

We can start by working together to finish the job in transportation.

The magnitude of our transportation challenge is well understood. Too many people spend too much time in traffic rather than at work or with their families. Too many

communities lack the ability to offer reliable public transportation options to their citizens. Too many regions lack the transportation infrastructure necessary for economic growth. Too many of our roads and bridges need upkeep beyond what our current maintenance budget will allow. Too many of our first responders find clogged roads blocking their paths in times of emergency. Each of these problems is serious, and they are worsening while we wait.

The solution to our transportation problem must include three components: strong accountability of our transportation agencies, better connections between land use and transportation planning, and new, reliable, long-term funding of our system.

In 2006, we made the Department of Transportation more efficient, expanded our work with private sector partners and embarked on a major effort to cut unnecessary costs. VDOT has dramatically improved its on-time and on-budget performance, and I have appointed a Commission on Transportation Accountability to push for additional measurable improvements. National searches have brought us new leadership at VDOT, the Virginia Port Authority and the Department of Rail and Public Transportation. Once again Virginia is considered an innovative transportation leader and, with your help, we will go even further.

That spirit of innovation should also guide our planning for future growth. In 2006, we took the first real steps to link transportation and land use planning through legislation concerning traffic impact statements, transfers of development rights, and cluster housing. This year, let's take the next steps towards smart growth management.

Communities need clear authority to reject rezoning proposals when new developments would overwhelm the existing transportation infrastructure. We must protect the investments that we have already made in critical transportation corridors by managing access to those roads in a way that promotes safe, swift travel. And we need incentives for new subdivision streets to be designed to reduce congestion and long-term maintenance costs. The state should not automatically pick up the maintenance costs for new roads unless those roads are designed to move traffic efficiently.

Creating a stronger connection between land use and transportation planning will help us build better communities and slow the growth of congestion. But it will not address the deficit in our transportation funding system that is crippling our efforts to relieve the problems we already face. A funding system designed 21 years ago is no longer suitable for our 21st century needs. We must find a new source of long-term, sustainable revenue if we are to solve our problems.

Let's begin by finally guaranteeing Virginians that their transportation dollars will never be spent for any other purpose. As I pledged during my campaign, from my first day in office, I made sure that dollars from the Transportation Trust Fund would not be used for other purposes during my administration. We are now poised to give Virginians a permanent commitment. The House of Delegates and the Senate have each advanced

their own constitutional amendments to lock up the Transportation Trust Fund. This is the year to find agreement on a single provision and provide a long-term guarantee.

We must also agree on how to fund needed improvements in roads, rail, public transit and their long-term maintenance. There are significant areas of agreement between the House and Senate on this matter. Both houses agree that the additional needs statewide are approximately one billion dollars per year. Both houses agree that taxes on auto insurance premiums should be earmarked forever toward transportation solutions. Both houses agree that abusive drivers should pay stiffer fines to be used for transportation needs. Both houses agree that some amount of surplus general funds can appropriately be spent on transportation. And, discussions in both houses suggest an openness to allowing regions some degree of autonomy in raising funds for local projects. There is just too much agreement here to walk away from the issue for a second year in a row.

To solve our funding dilemma, I have proposed a basic transportation financing package. Three elements of the package—proper use of existing auto insurance premium taxes, charges to abusive drivers and a commitment to using surplus dollars for transportation—require no new revenues from law-abiding citizens. The other two elements—auto titling taxes and vehicle registration fees—increase user fees that are paid by those who benefit from transportation improvements. The increases are modest and less than similar charges in surrounding states. I urge you to find long-term, sustainable revenues for transportation with the best interests of our Commonwealth in mind.

The need is clear. The time for solutions is now. I look forward to working with you over the next 45 days to show Virginians that the oldest continuously operating legislative body in the world, begun here at Jamestown in 1619, still has the mettle to tackle great challenges and succeed.

### ***More Jobs, Better Jobs***

Coming to Jamestown reminds us that Virginia began as an experiment in global trade. Since the Virginia Company was chartered to find economic opportunities in the New World, our story has been one of entrepreneurship and job growth.

In the past year, we have made exciting job announcements in virtually every community in the Commonwealth. We've announced over \$1 billion in investment and 5000 new jobs with good wages and benefits throughout Virginia – jobs created and filled using tools like the Governor's Opportunity Fund, Enterprise Zone Grants, workforce investments, and tobacco settlement funds.

In the year ahead, we can bring more good jobs into Virginia and bolster our reputation for innovation. Together, we can bring a global research leader, SRI International, to the Shenandoah Valley. The partnership between SRI and James Madison University, initially focusing on cutting-edge pharmaceutical research, will create great jobs and complement our growing expertise in biomedical research.

Our economic development efforts must add measurable value to Virginia communities. In my strategic plan for economic development, I've set out nine goals, each of which includes measurable targets to be reached by 2010. Achieving these benchmarks, like increasing exports from the Commonwealth by \$850 million each year or ensuring broadband access for every Virginia business, will strengthen our diverse economy, from Chincoteague to the Cumberland Gap.

One of the keys to Virginia's economic success has been the availability of reliable, low-cost power. Deregulation was designed to foster competition and lower prices. That competition has not materialized. We need to take steps this year to protect Virginia families and businesses from the dramatic price spikes seen in other states. Together, we must make sure Virginia continues to have energy that is reliable, low-cost, and environmentally sound.

Our economy would not be what it is today without our outstanding workforce. Virginia is blessed with a deep talent pool—our high median income and low unemployment rate prove that fact. But, we can do even more to give our people and businesses the skills they need to succeed in today's competitive marketplace. I am working diligently on your directive that we streamline an overly complicated workforce training system. The continuous improvement of our human capital has to be our top economic development priority.

And we have to reward work. Today's minimum wage means that some Virginians work 40 hours a week, 52 weeks a year, and earn less than \$11,000. That is not enough to take care of a family, not enough to buy a home, not enough to afford health insurance. I look forward to working with you to make a change for the better for our working families by passing a fair increase in our minimum wage.

### ***Reducing Taxes***

Keeping Virginia's tax burden low is another key to the success of families and businesses. In 2006, we eliminated the estate tax, created a sales tax holiday on back-to-school supplies, and passed legislation to give citizens more information about their annual property tax bills. Our overall tax burden is the 6th lowest in the nation. Virginia is, and will remain, a low tax state.

This year, we should continue to find significant tax cuts for Virginia families.

Together, let's provide meaningful tax relief for hundreds of thousands of Virginians by increasing the filing threshold for state income tax from \$7,000 to \$12,000 for an individual and from \$14,000 to \$24,000 for a married couple. With this change, we can eliminate income tax liability for an estimated 147,000 Virginians. And we can save approximately 176,000 more people from the hassle of having taxes deducted from their paychecks, only to file a tax return at year's end to receive a complete refund.

We should also give local governments an important tool to reduce homeowner's taxes. By approving a constitutional amendment allowing local governments to exempt up to 20% of the value of an owner-occupied home or farm, you will allow targeted tax relief to homeowners, consistent with local needs and priorities.

### *Education—Making Smart Investments*

Keeping taxes low is important, but it is not our only obligation to taxpayers. We must also make wise investments with their dollars, and the most important investment we make is in our educational continuum.

The Virginia Bill of Rights, echoing the writings of Thomas Jefferson, articulates the vital role of education in our state:

“[F]ree government rests, as does all progress, upon the broadest possible diffusion of knowledge.”

We must continue our aggressive efforts to build a world-class system in Virginia from pre-k to higher education. Our future progress depends upon it.

The quality of our educational continuum is tied to the quality of our teachers. Last year, we raised teacher salaries and required meaningful evaluations of their work. I am asking you to join in raising salaries by an additional 3% this year.

We must also make smart educational investments in tested strategies to help our youngest learners succeed throughout life.

In the last five years, I have visited schools in nearly every city and county in our Commonwealth. I have talked to parents, students, teachers, principals, school board members, and superintendents. I have read the studies and met with educational experts. It is now clear to me that differences in performance in middle and high school, and even differences in success later in life, grow from differences in preparation at a very early age.

I have made it one of the highest goals of my administration to dramatically increase the number of students who are able to read on grade level by the third grade. Last year, more than sixteen thousand third graders failed the third grade reading test. Together, we can reduce the failure rate to significantly less than ten thousand students by 2010.

We must expand early reading intervention programs to ensure that all eligible first- and second-graders get the extra reading help they need. While praising Virginia's overall efforts to prepare young people for success, Education Week pointed out only two areas where Virginia was not among the nation's best--the number of children in kindergarten and the number in pre-K. We must act on our knowledge that investing in early childhood education delivers significant savings for our entire society down the road.

Studies show that ninety percent of a child's brain development occurs before the age of five. Studies also show that high-quality pre-kindergarten programs can have a dramatic effect on all children's readiness for school and can reduce expensive remedial education and social costs later in life. The gains are most pronounced for at-risk students, but there are clear benefits for all children who get an early start in a high-quality environment.

This year, we have the opportunity to offer this innovative educational approach to more of the Commonwealth's children. I have proposed pilot projects to expand the Virginia Preschool Initiative by including high quality private pre-school programs, including church programs, in our efforts to expand early learning. Helping children succeed is a Virginia value we all share.

### ***Veterans and Public Safety***

Since our earliest days as a Commonwealth and nation, Virginians have willingly stepped forward to defend our people. Tonight, as we gather in this chamber, thousands of Virginians are serving to keep us safe. Since 9/11, over 7,200 members of the Virginia National Guard have been activated at home and abroad to support the war against terror.

Just this past Sunday, I was thrilled to welcome the 654th Military Police Company – Virginia Guard troops from all over the Commonwealth – back from Iraq. I visited the 654th in the Green Zone in Baghdad in March and, as Commander in Chief of the Virginia Guard, expressed the gratitude of all Virginians for their service.

This session, we can show our gratitude by working together to better serve those who serve us.

I've offered legislation to expand benefits and job protection for members of the Virginia Guard who serve critical state missions at the request of the Governor. We should also expand benefits for family members of active duty personnel who are disabled or killed in service to their country.

While some Virginians protect us overseas, other Virginians sacrifice to make us safer at home. Tragically, in 2006, eleven law enforcement officers gave their lives in the line of duty in Virginia.

I'd like to ask you to stand and join me in a moment of silence to honor the service and sacrifice of all who keep us safe.

Thank you.

I believe that this is the year we should honor the hard work of state police and sheriff's deputies by enhancing retirement benefits for these defenders of our safety. I also propose a meaningful increase in the salaries for those who do hard and often forgotten work in our state correctional system.



## *Natural Resources*

In 1612, reflecting on the phenomenal natural beauty of Virginia, Captain John Smith said:

"[H]eaven and earth never agreed better to frame a place for man's habitation. . . ."

Every Virginian has a special place—a trail, a river, a lake, a beach, a mountain, a forest, a beautiful view—that restores the soul. One of our greatest responsibilities is to protect our natural heritage so that our children and our grandchildren can look on these places with the same awe and wonder we feel. In honor of our 400th anniversary, I have made it a goal to protect 400,000 acres of open space by 2010. Together, we will reach that goal. Since January of 2006, we have conserved 93,000 acres, the vast majority of which has been preserved through the Virginia Outdoors Foundation – for whom this has been a record year.

I thank this body for work in 2006 to protect the state's important conservation tax credit. This year, let's take further steps to protect critical wildlife habitat, preserve open space and acquire recreational areas. We should also support buying easements on agricultural land so that farmers can continue to work land that has been in their families for generations.

We made great strides last year toward cleaning up the Chesapeake Bay. This year, we should authorize an addition \$250 million in bonds to help local governments improve sewage treatment facilities in the Bay watershed. Our bipartisan commitment to work together to protect this national resource will provide benefits for years to come.

## *Health and Health Care*

Finally, Virginia is a leader in many areas, but health care is not one of them. To be sure, our health care system is arrayed with impressive resources and people. But like every state in the nation, we face a health care crisis.

The health care services that we purchase are the most expensive in the world, and our spending on these services has reached unprecedented levels. In 2004, for example, Virginians spent more than \$35 billion on health care services. This amounts to \$5,000 annually for every man, woman, and child in the Commonwealth.

The cost of these services has significantly increased the cost of health insurance, moving it beyond the reach of many small employers and the self-employed. An estimated 1 million Virginians do not have health insurance. As a result, many of our citizens often do not receive the preventive care that is so important in reducing the onset of more serious health problems.

Perhaps our most glaring health failure is our infant mortality rate. Today, Virginia's infant mortality rate is 32nd in the nation and has remained high for decades. Some parts

of our state have infant mortality rates worse than many developing countries. There is no excuse for a state with one of the highest incomes in the nation to have so many babies die in the first year of life.

We must continue to work together to strengthen health and health care in Virginia. And there is so much that we can do to improve. The first step is helping Virginians take better care of themselves.

We have wonderful hospitals, nursing homes, medical schools, doctors, nurses, and other health professionals. In fact, we do an outstanding job of treating people when they are sick. But, we don't do very well at keeping our people healthy. While there are a growing number of exceptions, our health care system does not consistently encourage healthy living in a meaningful way.

I applaud the many Virginians—including those in this chamber—who have taken personal responsibility for improving their health. I want to set that same kind of example for Virginians, and you'll see me out there—getting my weight and blood pressure checked, getting my flu shot, walking, hiking, and riding my bike. I hope to see you there with me.

As one of Virginia's largest employers, the Commonwealth can also set an example for others by implementing policies that support employee health. We are encouraging our employees to make better health choices, by expanding the Healthy Virginians initiative. Healthy Virginians offers state employees a variety of tools to exercise more, eat better and stop smoking.

I have also proposed changes to the state health insurance policy to promote good health, not just cover treatments after the fact. And our Medicaid program recently announced changes to do the same with the state's nearly 700,000 Medicaid recipients.

We must take special steps to instill healthy habits in young Virginians. Too many Virginians of all ages are overweight and our obesity rate is soaring, particularly among our kids. Obesity brings on diabetes, heart disease and many other severe problems. Every parent listening knows what I mean. Our kids aren't active enough and they don't eat the right things. They're not to blame. We adults are to blame. We've got to make preventing childhood obesity a major priority.

Accordingly, I have tasked my Secretary of Health and Human Resources and my Secretary of Education to work together to improve health education in our schools and improve the food that is available to our students every day.

In addition to finding ways to address our health habits, we face other major health policy challenges that call for action.

We must work together to make health care easier for Virginians to understand. It isn't right that people can find better consumer information about the price and quality of their

breakfast cereal than their knee surgery. Late last year, I was the first governor to join with U.S. Secretary of Health and Human Services Mike Leavitt to partner in making our health care system more transparent and more focused on quality and safety. If we work with our health care providers to make these changes, we will enhance the quality and consistency of care we receive for our medical dollar, encourage a more cost-effective use of the system, and increase patient safety.

We must also find a way to meet the growing demand for long-term care services without bankrupting the state treasury. Virginians over age 85 are the fastest growing segment of our population. Many of these individuals will rely on Medicaid to pay for their long-term care needs. With an aging baby boom population, we must find ways to enable people to live healthy lives in their own homes, for as long as possible.

The issues raised by these challenges are complex, and they require both short-and long-term solutions. This is why I convened a Health Reform Commission consisting of some of the brightest minds in the field, including many of you in this chamber, and tasked this group with identifying potential policy solutions for addressing these issues.

Under the leadership of my Secretary of Health and Human Resources, the Commission will complete its work and issue a final report to me by September 2007. Their work will help us advance health policy issues in the Commonwealth when we meet again this time next year.

There are, however, a number of things we can and should do while waiting for the Commission to complete its work.

To help lower our infant mortality rate, I've proposed increasing eligibility for prenatal care to cover more expecting mothers. Research has shown that babies born to mothers who received no prenatal care are five times more likely to die in the first year of life. Any public health professional will tell you that prenatal care is one of the best investments that we can make in our health care system.

Also, we must not wait to begin important reforms of the way we deliver long-term care to the elderly. My director of Medicaid recently submitted a long-range blueprint for the development of a more integrated system of acute and long-term care for the elderly, and I have included start-up funds in my budget to help finance this program's design. This approach offers the promise of long-term cost savings without rationing the care elderly Virginians need and deserve. It's hard enough when a parent or spouse needs long-term care. Our system shouldn't make it any harder.

Collectively, you have a strong record as a legislature in examining health policy issues thoughtfully. We can keep working together to strengthen our state's health care system. We can make quality and safety a top priority in health care regulation. We can emphasize prevention and protect our most vulnerable patients, the youngest and the oldest. We can do a better job coordinating the wide array of agencies that provide long-term care.

There is no question: we all support improving our health and health care. We may have different ideas on the best way to do certain things, but we all agree that Virginians deserve the best health care system in the country. It's time to work together to give it to them.

### *Conclusion*

We will return to this place soon to remember the day when a humble group stepped ashore and began a nation. And there will be wonderful moments in 2007—the re-opening of our Capitol, the Jamestown commemoration and visit by Queen Elizabeth to a Commonwealth named in honor of an earlier Elizabeth, and the Smithsonian festival this summer celebrating the Native American, English, and African cultural roots of Virginia.

In the midst of our anniversary year, let us each quietly remember how bold was the purpose of those Jamestown settlers. They came to find and build a New World.

Four hundred years later, there may not be new geographic worlds for us to discover.

But, there are still new worlds for today's Virginians.

There are new worlds of research and knowledge where Virginians can be pioneers.

There are new worlds of brotherhood and understanding desperately needing our exploration.

There are new worlds of commerce and economic opportunity demanding our innovation and energy.

There are new worlds of artistic creation calling forth the deepest expressions of our souls.

There are new worlds of service to better connect Virginians with each other and to their government.

In 2007, let us set out to find these new worlds, to build them with courage and integrity, and to build them together.

Thank you, and may God bless our Commonwealth.

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