

**ADDRESS OF
GOVERNOR ROBERT F. MCDONNELL**

**The State of the Commonwealth
Address to the Joint Assembly
2014**



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State of the Commonwealth Address

Governor Robert F. McDonnell

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Richmond

As Prepared for Delivery

Mr. Speaker. Mr. President.

Justices of the Supreme Court and Judges of the State Corporation Commission,

Ladies and Gentlemen of the General Assembly, now in your 395th year,

My fellow Virginians,

It is my privilege to address you, one last time, as Governor, on the State of the Commonwealth.

I must note that because it's my last speech the Speaker promised me all the time I wanted... so get comfortable.

For 22 years I have served with you. First, in this chamber as a Delegate. Then as Attorney general. Now, as Governor.

While this public chapter of my life draws to a close, I'm not the only one saying farewell.

Tonight, a grateful Commonwealth salutes the public service of:

Lieutenant Governor Bill Bolling, who has redefined the role of his office as a jobs creator, policy leader, and Cabinet member, and presided over the Senate with grace. Thank you Bill for over 20 years of outstanding service.

And, Attorney General Ken Cuccinelli. Thank you for solid legal advice, strong conservative leadership, and care for the disenfranchised.

I also want to welcome the 16 newly sworn in members of the legislature and implore you to never forget the thrill and privilege of this day.

Governor Mills Godwin rightly said there is no "higher honor" than serving as Governor of Virginia. Serving with you for the last four years has been the greatest professional opportunity of my nearly 60 years of life.

Tonight, I give profound thanks to the people of Virginia for your confidence when you elected me to this high office; an average middle class kid from Fairfax County occupying the same seat once held by Patrick Henry and Thomas Jefferson. I have tried my very best, with spectacular teamwork, to serve you well.

We have achieved many good things together for the eight million people of our beloved Commonwealth.

Where some may have hoped for conflict, we instead forged consensus.

Where some might have preferred sound bites to solutions, we chose results over rhetoric.

I'm a conservative. I believe strongly that these principles are right for America. Some of you are moderates. Some are progressives. You believe just as deeply that your ideas are correct. But before any philosophical allegiance, there is one identity that comes first, and matters most: we are all Virginians.

We were sent here, to Mr. Jefferson's Capitol, to be servant leaders of the people. To use the unique talents God has given each of us to expand access to the American Dream, because all are created in the image and likeness of God, and all deserve an equal opportunity to pursue happiness and succeed.

With that in mind, I believe the measure of our success is fairly simple.

Did we help create jobs and opportunity, and make Virginia a better place to live, worship, work, and raise a family?

Did we support a single mother in Roanoke trying to raise her little girls while working two jobs?

Did we make dreams more attainable for a small businessman in Woodbridge focused on helping his customers, and growing his business?

Did we lift up the man in Danville who made a mistake, served his time, and now wants to restart his life?

I can say, without hesitation, we have. And the credit belongs to the 140 leaders in this body, our remarkable can-do Cabinet, and to the citizens of Virginia.

In this Capitol, we debated passionately and civilly, we worked together, we shared the credit. We adhered to the "Virginia Way", and our democracy is better for it.

In the waning hours of an administration, many like to talk of individual legacies. So I'll perhaps disappoint you tonight by saying that I'd rather focus on our joint achievements.

I think we've done what the Boy Scouts tell us to do: we've left the campground a little better than we found it. The gains we made took patience and leadership, and the mettle to demand change when the status quo did not deliver excellence.

Leadership is how, when we finally addressed Virginia's pressing need for new transportation infrastructure after 27 years, the Speaker of the House, my dear friend Bill Howell, put his own name on the bill.... I figured carrying one bill every three years wouldn't kill him! And when that bill came to the floor Del. Onzlee Ware stood up to give a strong final speech in favor of its passage.....Onzlee got his train... and then promptly retired!

It's about how, when we took office in January 2010, with unemployment at 7.4%, we laid out a comprehensive set of proposals to get Virginians back to work, and it was Senators Chuck Colgan and William Wampler, and Delegate Lacey Putney and others who said "Governor, we'll carry those bills."

It's about how, when we passed the Opportunity Educational Institution bill and said we will not tolerate a single failing school, it was Delegate Algie Howell who captured the moment when he said, "The next great civil rights battle is in educational opportunity, and today I challenge leaders across the Commonwealth to join me in this fight."

Time and again, we have rejected the twin ideological poles and navigated toward common ground to make the nation's best state even better. Looking at the last four years, something important has happened: Virginia's state government has worked.

When I campaigned for this office, I got the message down to a bumper sticker: "Bob's for Jobs." What can I say, I have a good name for politics!

It wasn't just a slogan; it's why I ran. That's why our chief priority has been simple: to put in place the policies necessary to help the great free enterprise system create good jobs and opportunities for our people.... and then get the heck out of the way!

While there is so much that government should not do, there are those limited but important areas where government must act to help individuals prosper and the free market grow. The wisdom of the Founders and of history define the correct rules.

An efficient government has an obligation to ensure our businesses and families have the modern transportation infrastructure necessary to get goods to market, mom and dad to work, and everyone to the soccer game on time.

A responsive government provides our young people greater access and affordability at our top flight colleges and universities, so they can receive the skills necessary to land the in-demand jobs of the 21st Century.

A responsible government keeps its communities and citizens safe and secure.

The wise and frugal government envisioned by Jefferson manages and funds its core functions well, and leaves the rest to individuals, the family, faith-based and benevolent institutions, and the private sector.

It's a balance, and by most empirical measures, we've struck the right one in Virginia.

Since we took office in January 2010, the unemployment rate has fallen from 7.4% to 5.4%.

We have the third-lowest unemployment rate east of the Mississippi, and the lowest in the Southeast.... and for those keeping up with the neighbors, like I do, our rate is a full point lower than Maryland, and two full points lower than North Carolina.

Over 177,000 net new jobs have been added; more than 160,000 in the private sector.

You provided nearly \$120 million in new economic development tools, and the result has been 76,000 jobs and \$13.6 billion in capital investment from projects announced over the last four years that were either assisted by the state or are receiving state incentives.

One of those projects was Bassett Furniture, a self-described “100-Year-Old Virginia Start-up,” and an integral part of the economy of Southern Virginia. Last month we were able to utilize the Governor’s Opportunity Fund to help the company expand its manufacturing plant in Henry County adding 25 jobs and spending \$1.5 million in capital investment. They invested in Virginia, and we invested in them. With us tonight is Vice President Eddie White. Eddie- thanks for believing in Henry County and Virginia!

Bassett is in the right state for growing a business. Forbes recognized that a few months ago when they returned us to #1 and named Virginia America’s “Best State for Business.” Thanks to Bill Bolling, Jim Cheng, Jim Duffey, and Todd Haymore and many of you for strong economic development leadership.

Much of our recent growth has come from making agriculture and forestry, Virginia’s largest industry, a key component of our business development strategy.

With our top quality local products and our expanding world class port, we are successfully selling Virginia to the world.

In the past few years, I’ve completed 9 international trade missions, and we’ve opened agricultural trade offices in India, China, Great Britain, Russia, Mexico, and Costa Rica. Last year agricultural and forest products exports reached a record high of \$2.6 billion.

In Beijing they’re drinking Virginia wine; in Moscow they’re eating Virginia beef; and in Tokyo all the talk is Virginia soybeans. It all means more jobs here at home.

While Virginia’s economy has grown, we have kept the size and scope of government properly in check.

We came into office facing record budget shortfalls totaling \$6 billion. Now, we leave office having posted four straight budget surpluses totaling a Virginia record \$2 billion.

We have budgeted wisely and held the line on growth in general fund spending.

In the 9 years from Fiscal Year 2007 to Fiscal Year 2016, general fund spending will have grown by an average of only 1.2% a year, far less than the rate of growth in population and inflation. We have reduced the number of non-higher education state employees by approximately 2000, and eliminated or consolidated 36 boards and commissions and 9 agencies. Government is doing more with less!

We’ve dramatically increased our financial reserves by growing the Rainy Day Fund from \$295 million to just over \$1 billion by the end of Fiscal Year 2016; the fourth-largest balance in history.

The budget I introduced uses debt conservatively, to stay within our capacity limits, while targeting important safety, environmental, and maintenance needs. It eliminates the accelerated sales tax gimmick for over 99% of businesses, beefs up a depleted Literary Fund to build schools, and leaves the largest un-appropriated balance since 1991 when the Rainy Day Fund began. Happy New Year!

We have been good stewards of our taxpayer's dollars, and spent wisely on government's core functions.

Nowhere was our commitment to core services more evident than in the work last session to pass Virginia's first sustainable transportation funding plan since 1986.... the year Delegate Yost was born.

In an uncommon demonstration of election year bipartisan cooperation, something we rarely witness nationally, we did it. The transportation bill passed with the votes of 44 Republicans and 43 Democrats. Virginia families and businesses finally got the infrastructure funding that should sustain us for generations.

Before we passed that bill we audited VDOT and located every single efficiency and every available dollar. We used debt capacity to jumpstart 900 projects in 2011 for a short term fix. We expanded the use of PPTA's to lead the nation. But it wasn't enough.

The simple fact was this: the gas tax was only raising 46% of what it had in 1986, while the cost of asphalt was up over 350%. Not complicated: We had a math problem.

Traffic in Northern Virginia had become the worst in the country. Hampton Roads was the 20th worst, and Richmond was 60th. Virginians were wasting gas, late for work, and hitting potholes.

Now, thanks to our work, our transportation system will receive over \$6 billion in new funding over the next 6 years alone, with an estimated annual economic impact of \$9.5 billion and the creation of over 13,000 new jobs.

Already, we've seen what this new funding means.

This past year we advertised a Virginia record \$2.5 billion in road construction projects.

We finally have the resources to begin widening I-64 from Newport News to Richmond.

We have reached a crucial milestone with long-awaited plans to modernize I-66 in Northern Virginia.

Construction on the critical I-95 Express Lanes from the Mixing Bowl to the Speaker's district will be completed in early 2015.

We have begun the second phase of Route 460 construction in Buchanan County, and will start the new Route 460 from Hampton Roads to Petersburg soon.

Phase II of Rail to Dulles, the Silver Line, is now funded and will provide needed congestion relief for Northern Virginia.

Amtrak service has returned to Roanoke for the first time in 34 years, and Norfolk for the first time in 35.

All this because you worked, across regional and partisan divides long deemed unbridgeable, and provided a modern, safe and well-funded transportation system for our people. Thanks to the

Speaker, Delegates Jones, Albo, and O'Bannon; Senators Howell, Stosch, Watkins, Wagner and Norment for your leadership.

I thank all of you who voted for this bill.... and the rest of you can still take credit for the projects back home.

We also took bold actions to improve our public education system. Like my dad said, to get a good job, you need a good education. We're helping more children gain that access. Every child, regardless of her zip code or social status, deserves the opportunity of a world-class education with a great teacher in a great school.

We increased the percentage of our education dollars going into the classroom, where our children learn, from 61% to 64%.

We've given parents an honest view of the performance of their child's school with a transparent A-F school grading system.

We rewarded dedicated teachers with their first pay-raise in five years and established an innovative performance pay system.

We ended irresponsible social promotion of third-graders who aren't reading at grade level, and invested significant new resources in remedial reading programs.

We effectively eliminated teacher tenure, raised the standards for graduation, authorized Teach for America, implemented tuition scholarship tax credits, and reduced bureaucratic red tape and local unfunded mandates. We expanded charter and virtual schools, created a Teacher's Cabinet, nearly tripled the number of STEM Academies from 8 to 22. And this year's budget funds the Standards of Quality with over \$500 million in new money.

The results: Graduation rates are up 8% since 2008, the dropout rate is down 6% since 2012, and reading scores for 4th graders are 10% higher than the national average.

We have taken a tough love, zero tolerance approach to chronically underperforming schools, by creating the "Opportunity Educational Institution," allowing the state to turnaround and manage failing schools. This is the civil rights issue of our day. In the 8th most prosperous state in the nation, how can we tolerate a single failing school for our kids? As I leave office, I implore you to let OEI demonstrate that it will help those schools in Petersburg, Alexandria, and Norfolk that have been underperforming for years. Knowing some children aren't getting the same education as other kids just one school district away is just not right. The time for excuses is over. It's time for excellence for all.

When young people complete their K-12 education, they must be either career ready or college bound. If they are not, you and I and they have failed. In the globally competitive economy, employers demand more people that are well-educated and well-trained for diverse but very specialized missions.

We've made Virginia's colleges and universities much more affordable and accessible the past few years.

With my budget recommendations, we will have reinvested nearly \$600 million in new funding in our colleges over 5 years. My budget provides the highest TAG grant awards in history at \$3300 per student annually. The past two years have produced the lowest average yearly tuition increases in over a decade, but our students still have too much debt.

The Top Jobs Higher Education Act of 2011 created the blueprint for the future and put us on track to award an additional 100,000 degrees over 15 years, with a focus on STEM disciplines. Already 14,000 new slots for Virginia students have been added. We also have required universities to be more accountable in spending by reallocating resources to top priorities. My budget contains a new funding formula that rewards performance and compliance with our legislative goals. Please enact it and make it work.

Every new acceptance letter that hits a mailbox in Virginia Beach, Tazewell, or Arlington is a testament to the progress we've made and a passport to the American Dream for that student. I'm very grateful to Secretary Fornash, Secretary Siddiqi, Secretary Dyke, Senator Norment, and Delegates Cox and Dance for leading the way.

I learned as a Virginia Beach prosecutor that public safety is the foremost duty of government, because it secures one's inalienable rights.

Our crime rates continue to decrease, and Virginia now has the nation's 4th lowest violent crime rate and the 8th lowest property crime rate. This is a testament to the years of tough sentencing and no parole laws we've put in place. The major reforms you passed at my request toughen laws for prosecuting gang members, child predators, and repeat drug dealers.

However, justice is not fully served if we're only tough on the front end, but give no help to those who have paid their debts and want to be a part of their community again. For the 95% of individuals who are eventually released, we want them to be good citizens; not future prisoners. Therefore, the smart approach is to combine tough sentences with targeted assistance to help them fellow Virginians successfully re-enter society.

That's why we demanded dramatic improvement in Virginia's prisoner re-entry system.

The success of these efforts is clear: Virginia now has the second-lowest recidivism rate in the country.

But statistics don't tell the full story. People do.

Tonight, we're joined in the gallery by Tamio Holmes.

Tamio spent part of his teenage years on the street, dealing drugs, a road that twice led him to prison.

But it was in prison that he found a way out of that sad cycle. During his nine-year term, he successfully completed a work training program where he earned certification in the Groom Elite program in Virginia's horse industry. After being released, Mr. Holmes used that training to open his own successful business. Even better, he has reunited with his family and serves as a positive role model to his daughters, helping them make good life choices.

Today, Mr. Holmes regularly returns to the prison to teach other offenders the skills and life lessons he learned. Tamio, we thank you for your character and for the positive example you are setting.

In America, we believe deeply in second chances and redemption, so I was pleased to join many of you this summer to sign an executive order for the automatic restoration of civil rights for non-violent offenders.

The sacred right to vote, which our men and women in uniform have died to secure, has been restored to 8,013 people during our four years; almost double the amount of any previous Administration. But civil rights restoration should not be subject to the arbitrary judgment of a governor; it should be made a permanent part of our laws. Therefore, in the coming years, I ask you again to take an important step for justice and pass a constitutional amendment to permit the automatic restoration of civil rights.

And we must not forget that men and women in uniform are still defending that right to vote today.

This summer, in a most special privilege of being governor, I got to meet with brave Virginia warriors at Walter Reed and Ramstein Germany hospitals, in the sands of Kuwait, and at bases in Kabul and Kandahar. We have one of the top National Guard Units in America, and as we gather in safety for this speech, the soldiers of the 1710th Transportation Company in Emporia, who I met with, remain deployed in the dangerous fields of Afghanistan.

Tonight, we are joined by Tabitha Rhodes, wife of Company Commander Rodney Rhodes, and Sarah Talbert, wife of Master Sergeant Albert Talbert, who is on his third deployment. Tabitha and Sarah, the people of Virginia thank you for your sacrifice, commend the leadership of your husbands and all who serve with them, and pray for their safe return next month.

We've made great progress making Virginia the most veteran-friendly state in the country. We expanded the Wall of Honor at the Virginia War Memorial, provided in-state tuition for veterans, and created a job placement program for our veterans. We have shown our love and appreciation for the brave few that protect our way of life.

I am also pleased to report that our joint progress extends to the protection of Virginia's natural beauty.

Over the last four years we've conserved 232,000 acres of open space.

Virginians are enjoying cleaner air and water too. America possesses few treasures like the Chesapeake Bay, and each generation must exercise good stewardship. We put \$460 million into clean water efforts, including the \$221 million bond package you approved last year. We also invested \$5 million in oyster restoration and last year's oyster harvest was the biggest since 1987, and we have the largest blue crab population since 1993. Please, keep this progress up, it tastes great. As they say, save the crabs...then eat them.

I also want to thank our great state employees, the lynchpin of Virginia's success. Over 100,000 work tirelessly every day from Chincoteague to the Cumberland Gap to serve others.

We have tried to reward that service. We provided the first pay-raise for state workers in six years and two 3% performance bonuses at Christmas in 2010 and 2012, with a third included in my

proposed budget. We helped secure your retirement by making the largest deposit into our pension system in history: \$2.2 billion in 2012. We also fixed the untenable cash position of VRS with major reforms to reduce future unfunded liabilities by \$9 billion over 25 years. I have included \$315 million in the budget to fully fund the payback of previous deferrals, and the graduated implementation of the new 7% rate of return.

On a personal note, I want to applaud First Sergeant Marc Wiley and the members of the State Police Executive Protection Unit. You serve around the clock, travel constantly, and do it all with professionalism and character. You've become family to my family, and we're going to miss you greatly.

We've also improved customer service in government operations, especially in healthcare.

We are launching Commonwealth Coordinated Care to better facilitate care for those eligible for both Medicaid and Medicare. We've saved taxpayer dollars by expanding managed care for Medicaid statewide. Our Medicaid reforms are saving hundreds of millions annually.

We made the largest investments ever in Virginia's system of intellectual and developmental services stemming from last year's settlement with the Department of Justice. As a result of this settlement agreement Virginia will provide 750 new Medicaid waiver slots, and expand community based services for individuals with developmental disabilities, in addition to providing transition funding for the closure of the state's training centers. In this biennial budget I'm also recommending an additional \$38 million for critical services like crisis prevention and intervention, community based mental health programs, and bed space capacity.

Mental health issues affect so many Virginia families. We must continue to do all we can to provide immediate help to those in need, and comfort to those who hurt.

We've also helped bring a lot of joy into a lot of lives this past year with one of the most heartwarming, and successful, government efforts I've ever witnessed.

The "Virginia Adopts Campaign," led by Secretaries Kelly, Hazel, and soon-to-be Secretary Holton, had a goal of matching 1,000 foster children with permanent loving families over the past year. We exceeded that goal and tonight, here in the gallery, we are joined by the 1000th adoptive family.

The Blanchard's have been foster parents to over 20 children, and now they are welcoming Michael to the family! Michael – I know you're thinking about a professional basketball career, but hey, maybe try your hand at politics too; trust me, they could use you down here! Thank you Blanchard family for making Virginia a more loving place to call home.

Adoption is working, It's creating families; it's saving taxpayer dollars. That's why I've recommended \$10.3 million in the upcoming budget to expand foster care and adoption support to age 21, and I hope you'll approve that change.

We've supported families in other ways as well, and tonight I'm pleased to report that both the teen pregnancy and abortion rate have significantly declined over the last four years.

Virginia has the greatest concentration of technology workers in the country. We continued to grow our “Silicon Dominion” with targeted legislation like a capital gains exemption for technology businesses, creation of an angel investor tax credit, and a tax credit to attract data centers.

We also dramatically reformed and improved the Virginia Information Technology Agency, expanded modeling and simulation opportunities and launched MACH37, the nation's first cyber-security accelerator.

Looking forward, there are many important structural reforms left to address in state government....which I would have done myself if you had just approved a two-term governor!

We need to reform the tax code for the modern Virginia economy, re-examine state and municipal authority and service responsibility, fight for a balanced federal budget and the restoration of federalism and maybe one day finally end the outdated and nonsensical state bourbon & vodka monopoly. I'd say you can still knock all of that out this session if you move real fast.

We have made much progress. But not everything has proceeded as I had wished or hoped.

I am not perfect. But I have always worked tirelessly to do my very best for Virginia. I've set very high standards for myself. But, as a flawed human being, I've sometimes fallen short of my own expectations.

Choices I made were legal, and as several reviews have shown, no person or company received any special benefits during our Administration.

However, I understand the adverse public impression some of my decisions have left. I have prayed fervently that the collective good we have done over the past four years will not be obscured by this ordeal.

Tonight, I say to you, and to all Virginians, that I am deeply sorry for the problems and pain I've caused this past year.

The last four years have been good in making this a true “Commonwealth of Opportunity” for all Virginians.

Unemployment down two full points and over 177,000 new jobs created.

Tuition increases down; on our way to 100,000 more slots for Virginia students.

A transformative transportation infrastructure bill.

Major innovative reforms of our public education system.

Record budget surpluses.

A healthier Chesapeake Bay.

A stronger pension system.

And don't forget, we reopened 19 rest stops and increased the highway speed limit to 70mph!

We've done a lot; accomplished much. But, in the years ahead, when I think back over our term in office, it won't be the top line bullet points of our success that come first to mind.

Rather, I'll remember we tried to follow the words of Jesus in the Scriptures to love your neighbor as yourself, and to care for the poor, the hungry, the homeless, the prisoners, the little children, the mentally ill.

I'll remember eight Virginia universities playing in the Governor's Holiday Hoops Classic and raising nearly half a million pounds for our Food Banks; and all the Virginia businesses that participated in the Governor's Bowl Food and Fund Drive and raised another 1.1 million pounds.

I'll remember the emotion of walking the Richmond Slave Trail and seeing the remnants of horror at Lumpkins Jail, and I ask you to approve the \$11 million in the budget for the national slavery and heritage site.

I'll remember the vision of Bob Sledd, working for free, and Pam Kestner who created our first statewide housing plan and found new resources for the effort, leading to a 16% reduction in homelessness last year.

I'll remember visiting the brave people of Glade Spring and Pulaski after the devastating tornados that struck those communities; and I'll remember the outpouring of support from Virginians who donated over \$1 million in just one month to the Disaster Relief Fund we created.

In short, I'll remember the caring, generous, and good-hearted people of Virginia.

We are all very fortunate to call Virginia home. We live in the place where America was born. Now, you have the opportunity to play a pivotal role in where our nation goes from here. As you do, remember the image of George Washington on his knees at Valley Forge, and the words of the great Virginian in his first Inaugural Address: "The propitious smiles of Heaven can never be expected on a nation that disregards the eternal rules of order and right that Heaven itself has ordained."

Tonight, I also ask you to embrace the new Administration.

Work closely with Governor Terry McAuliffe, Lieutenant Governor Ralph Northam, and Attorney General Mark Herring to continue to make Virginia a "Commonwealth of Opportunity" for all our people.

I thank you for your warm friendship, strong partnership, and can-do results oriented leadership, and as I now step aside from the pinnacle of my life of public service, I thank God, once again, for making me a Virginian!

Thank you, and may God in His mercy and wisdom continue to bless the great people of the Commonwealth of Virginia.

