

**ADDRESS OF
GOVERNOR TERENCE R. MCAULIFFE**

**The State of the Commonwealth
Address to the Joint Assembly
2015**



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Lieutenant Governor Northam, Speaker Howell, Chairman Stosch, men and women of the General Assembly, distinguished guests, people of Virginia – thank you for inviting me to be with you tonight.

And I want to especially thank the First Lady of Virginia, Dorothy McAuliffe, for her compassion, her energy and her commitment to making sure that not one single child in Virginia sits in a classroom too hungry to learn.

And finally, I want to thank my cabinet, and the thousands of Virginia state employees they represent, for their hard work and dedication to making this Commonwealth a world-class place to live, work and raise a family.

Just one year ago, I stood at this very desk and shared my vision for a stronger, more independent Virginia economy.

In that speech I expressed optimism that we in this chamber could find common ground, and advance the causes that Virginians care most about: job creation, economic development, education and health care.

One year later, I am proud to say that optimism was well-founded.

I want to thank Chairmen Jones, Stosch and Colgan for working with me in bipartisan fashion to balance our budget responsibly.

We also worked with a bipartisan coalition to reform the Standards of Learning.

We took the first step in reforming workforce development.

And we began tackling the challenges we face in our mental health system.

And Mr. Speaker, I want to thank you for working with me and my team to make our transportation planning process more about economic good than political maneuvering.

We built on our Commonwealth's world-class business environment helping more Virginia businesses expand, and bringing new companies here to grow and create jobs.

Those efforts are paying off. In the year that we have been working together, I am proud to announce that Virginia has closed 267 economic development deals, resulting in 5.58 billion in capital investment – more than TWICE what any administration has done in its first year.

As you know, creating new jobs and building a stronger, more diverse Virginia economy has been the primary focus of my time in office.

I am proud of the success that we have had winning individual projects, like the 2,000 jobs we are bringing to Chesterfield County with Tranlin Paper Company, or the Unitao

pharmaceutical project, which will create 376 jobs by keeping a plant in Petersburg open, and add 100 more jobs than were slated to be lost if the plant had closed.

I want to thank representatives from both Tranlin and Unitao Pharmaceuticals for joining us this evening and for your continued partnership with our great Commonwealth.

Now, let's talk about bringing your corporate headquarters here next!

I was proud to help close the first economic development deal in Appomattox in 12 years, and their largest in 44 years, a Chinese company that will take over a closed plant and manufacture pollution control devices that they will then ship back to China, creating 349 Virginia jobs in the process.

Last year I stood in this chamber and announced my goal to make Virginia the East Coast capital for agriculture and forestry exports.

That wasn't empty rhetoric – we got right to work.

We hosted 18 ambassadors to discuss a range of trade issues.

We traveled the globe selling Virginia agricultural products – everything from apples to wine, to soybeans to peanuts. I even ate my fair share of fried cicadas and chicken paws -- but I will eat anything if it means more jobs and investment here at home.

So tonight I am pleased to announce that our efforts are paying off. For the first time in the history of Virginia, agriculture and forestry exports exceeded \$3 billion dollars in 2014.

We out-competed 200 cities across the nation to bring Stone Brewing to Virginia, and we beat out Mexico for Continental Automotive's major expansion in Newport News.

As you know, I love my job. Attracting new business investment to Virginia is an essential part of being Governor, and we are having unprecedented success.

But if we are going to continue our momentum, we must invest in smart incentive funds like the Governor's Opportunity Fund and the Agriculture and Forestry Industries Development Fund.

These tools make Virginia competitive in a global economy, and they provide a real return on investment both in terms of economic activity and revenue to the state budget.

For every dollar we invest in the Virginia Economic Development Partnership, we receive \$9 in budget revenue in return.

Folks – That is simply a good deal for taxpayers, and this session we can work together to preserve and expand these important investments.

Given that virtually all of the current Governor's Opportunity Fund balance is obligated to future projects, it is my hope that we can work together to preserve these investments and continue to reap the benefits they bring to Virginia families.

I am also proposing legislation to strengthen management and oversight of the Virginia Tobacco Indemnification Fund, so that we can maximize return on investment and preserve this important driver of economic development in the tobacco region for years to come.

As we work to attract new business today, we also have a responsibility, and an opportunity, to lay a real foundation for economic growth well into the future.

When I talk about building a new Virginia economy, that is what I mean – establishing the economic infrastructure it will take to out-compete 49 other states and 200 nations around the globe – even in the face of damaging defense cuts and economic headwinds.

When I presented my budget proposal to you last month, I spoke of the impact our sluggish economy has had on state revenues.

Virtually all of that drag has been created by federal policy decisions, the most damaging of which is sequestration.

Automatic federal budget cuts reduced military contracts in Virginia by \$9.8 billion between 2011 and 2013 and, according to a George Mason University study, they threaten to eliminate 154,000 jobs in the commonwealth, or 4 percent of our workforce.

And if congress does not act by October 1st, we could be looking at around \$50 billion in additional cuts nationwide.

That would have a disproportionate effect on our economy, particularly in Northern Virginia and Hampton Roads.

Even in the face of these cuts, our close relationship with the Department of Defense and the federal government will continue, and I intend to continue fighting for every dollar we can get.

I was proud to join Senators Warner and Kaine and our congressional delegation to help fight off an effort to decommission the USS George Washington, which could have cost Virginia thousands of jobs.

I was similarly thrilled to help convince the State Department and the General Services Administration to choose Fort Pickett as the home of the Foreign Affairs Security Training Center, bringing as many as 500 jobs and millions in investment along with it.

Federal spending will continue to be an asset to our economy, but there is no question that this foolish sequestration policy, borne out of a dysfunctional congress, is doing real damage to our economy and to many Virginians' quality of life.

What remains to be seen is how we respond to the new reality, that the days when Virginia could simply rely on federal spending to buoy our economy, in good times and bad, are over.

If we are going to preserve Virginia's position as a global economic leader, we must open new avenues for growth that are not dependent on federal spending.

We must grow, strengthen and diversify.

To sum it up, we must build a new Virginia economy. Folks, this is our time.

If you take a look at the policy actions my administration has taken, and the proposals I have set before the General Assembly this year, you will find that every one of them comes back to creating new economic opportunity for Virginians.

I know many of you will agree that the first step we must take to achieve that goal is developing the world-class workforce that innovative employers need in a 21st Century economy.

Virginia is home to the best workers on the planet. We owe them a workforce development system that prepares them for economic success, from infancy through adulthood.

Right now, employers across Virginia have thousands of high-tech jobs that they cannot find trained workers to fill.

If we are going to keep those companies here, and bring new ones in, we must build a world-class workforce system that better aligns our training programs with the needs of employers.

This session, I am introducing a bipartisan workforce development package that increases state funding for workforce programs, devotes greater state attention to apprenticeships and training in much-needed areas, and increases accountability and transparency for the millions of taxpayer dollars spent on a broken system.

By streamlining our efforts and reducing redundancies, we can get students the skills they need to succeed while being better stewards of taxpayer dollars.

And there is no question that building a healthy Virginia economy requires giving every Virginia veteran the opportunity to live a meaningful and productive life here.

I am proud of the work my administration is doing encouraging the hiring of veterans, particularly through the Virginia Values Veterans program.

In just over 2 years, the V3 Program's 234 member companies have hired nearly 7,000 Veterans. One of them is here with us tonight.

As Travis Johnson ended his distinguished 12 year career as a Marine Sniper, he found himself struggling to translate the unique skills he developed in the military into a successful civilian career.

Fortunately, Systems Technology Forum, a V3 certified company, met Travis and recognized the enormous contribution he could make to their company despite his lack of formal professional training.

Travis is now working hard at STF and getting further training so that he can advance in his career. And, after hiring 41 veterans in their first year with the V3 program, STF has recently committed to hire 20 more this year.

Thank you Travis for joining us here today, and for your continued service to our Commonwealth and our country.

This session I am proposing to further enhance the V3 program by offering a Performance Grant, which will recognize employers who meet goals for hiring, compensating, and retaining veterans.

Additionally, we should ease the transition from military to civilian life by passing legislation requiring the Virginia Community College System to award greater credit for the skills and training veterans receive during their time in the service.

These men and women have served and sacrificed for us. Let's work together to get them the skills, training and economic opportunity that they deserve.

As we improve our workforce development system, we cannot forget that our economic future runs through public school classrooms across this great Commonwealth.

That is why my budget contains NO program cuts to K through 12 education and NO additional cuts to higher education.

Public education is the backbone of a healthy economy. So let us pledge tonight to avoid acrimony on this topic and agree that we will not cut a single dollar from our schools during this legislative session.

If we are going to lead in a global economy, we cannot wait until our students reach kindergarten to begin preparing them for success.

Last year I formed the first ever Children's Cabinet, as well as the Commonwealth Council on Childhood Success and I asked them to take a 360-degree approach to increasing economic opportunity for Virginia students from before birth through adulthood.

We are already making great progress.

I was proud to work with U.S. Secretary of Education Arne Duncan to help Virginia win a \$17.5 million grant last month to expand our pre-school program so that another 1,600 at-risk four-year-olds can learn in a Pre-K classroom in their community.

We will put every federal dollar we can get to work preparing our students to succeed. But it is equally important that we make pragmatic use of the money we already have.

So I have introduced budget language that will allow communities that have exceeded their pre-K budgets to receive leftover funds not used in other divisions, so that they can offer more children the great start to their education they deserve.

I am also proposing legislation to keep our children safe by increasing the number of day care facilities across Virginia that are licensed and properly inspected by state and local governments.

Just as some students need a little extra encouragement, entire schools sometimes need additional support.

I've included funding in my budget to help train principals in areas with underperforming schools so they can steer their teachers and students toward greater academic success.

And a key element of increasing student achievement is ensuring that every single child has access to quality nutrition.

Early last year Dorothy and I met with U.S. Secretary of Agriculture Tom Vilsack, who informed us that Virginia was leaving millions of our federal dollars on the table that could be going to feeding hungry children at school.

The First Lady has put this issue front and center, and we are already seeing great results.

I am proud to say that 89 Virginia public schools have already enrolled in a brand new school nutrition initiative, which enables qualifying high-need schools to serve every student breakfast and lunch at no cost to the students.

Dorothy has also worked to increase Virginia's participation in summer nutrition programs.

That is a great start, but we still have more work to do.

My budget plan includes funding to help schools expand their breakfast programs so that every Virginia student can start his or her day ready to learn.

Dorothy, thank you for your leadership on this important issue.

I have also budgeted an additional \$2.5 million in financial aid to help more young people realize the dream of a college education.

That dream is a key step toward economic success for people across this Commonwealth. We should extend it to every single student who works for it, including Virginians whose parents brought them to this country when they were children.

So I hope you will act this session to pass the Virginia DREAM Act so that I can sign it into law.

My budget proposal makes key investments in Virginia's research and technology infrastructure.

I have included \$4.2 million so that we can compete for a new Electron Ion Collider at the Jefferson Lab in Newport News.

That new \$618 million facility would create more than 4,900 jobs within a decade and add \$708 million to the commonwealth's economy.

It will also make Virginia a world leader in high energy physics.

Folks, our sole competition for the ion collider project is the state of New York – and we simply cannot allow those New Yorkers to come down here to Virginia and take our collider project.

Since the start of my administration, improving Virginia's state cybersecurity infrastructure has been a top priority. This is one of the few areas where the federal government will be making a major investment in the coming years, and we have a chance to lead the way.

Soon after taking office, I launched the Virginia Cybersecurity Commission, chaired by Richard Clarke, who has advised three presidents on national security.

Their continued work and diligence, coupled with the vast array of cyber assets already in the commonwealth puts us in a strong position to win the proposed federal cyber campus.

I am also working hard to make Virginia a leader in the bioscience industry.

We just convened our first bioscience summit with our state universities and Dr. Bob Langer, the leading MIT researcher, so that we can better coordinate and leverage our great academic and private sector assets to compete in this emerging industry.

If we work together, starting today, we can succeed where others have failed before.

We can untangle the web of our workforce development system so that it works for students, for businesses and for our economy.

We can connect qualified workers, like our veterans, with the skills and training they need to do the jobs of today and create the jobs of tomorrow.

And we can make sure that every step of a child's development puts her on the pathway to economic success.

In a new Virginia economy, we will also create opportunity for those who have made mistakes and paid their debt to society.

Virginians like James Ray, a Vietnam veteran who returned from war a changed man. James made mistakes, but he did his time and he reformed his life.

He deserved a second chance to be a productive member of society, and I was honored to restore his rights last month and to be a part of what he called the best day of his life.

I have made restoration of civil and voting rights of former offenders a central focus of my administration, and I'm proud to say that in just one year, we restored the rights of more than 5,200 former offenders.

That is more than any governor has done in the same period of time.

As we work to build a new Virginia economy in which every person can get the skills, training, and opportunities they need, we must also ensure that no Virginian goes without access to quality, affordable health care.

People who can see a doctor when they are sick without incurring devastating costs can realize their full economic potential.

People without coverage are one illness or one accident away from economic ruin.

If we are going to build a new Virginia economy, we must get those hard working men and women the health care they deserve.

And the truth is, we have already paid for it.

With one vote this session, we can get health care for 400,000 of our fellow Virginians, create up to 30,000 new jobs and save our current budget \$105 million dollars.

With one vote, we can ensure that hospitals across the Commonwealth can stay open and eliminate a key barrier to economic success for thousands of our friends and neighbors.

And with one vote, we can show the world, as we always have, that Virginia is a place where the public good comes ahead of partisan battles.

So let us come to the table, work together, and take that important vote in this legislative session.

As we continue this important discussion, I will continue to implement my health care plan, “A Healthy Virginia.”

Last month we learned that nearly 165,000 Virginians have already signed up for health insurance on the Federal Marketplace during just the first month of open enrollment.

More than half of the people who have signed up so far are newcomers to the Marketplace, but many others are renewing plans they purchased last year.

I met one of them last month in Roanoke. Kara Joyce started her own business, a hair salon, four and a half years ago, and it was a struggle for her to afford health insurance.

She had a plan, but it was limited and expensive. Last year, she got help signing up for a better plan through the federal marketplace that is more affordable and offers prescription drug coverage her previous plan did not.

Kara is just one reminder that a healthy economy needs healthy citizens, and I am glad she was able to join us here tonight.

Last month, we took another step forward in implementing A Healthy Virginia when we won a \$2.6 million federal grant to pursue health care delivery innovations that will result in better care and lower costs for all Virginians.

And just this week, the Governor’s Access Plan began processing applications, ensuring that up to 20,000 Virginians with serious mental illness can get medical and behavioral care they need, to lead the healthy and productive lives they deserve.

Mr. Speaker and men and women of the General Assembly – A Healthy Virginia is no substitute for Medicaid Expansion. But it is creating real opportunity for thousands of Virginians who desperately need care.

I can’t think of a better investment than that.

As we strengthen our human capital by improving workforce training and access to health care, we must also enhance the infrastructure upon which our economy is built.

Transportation. Energy generation and transmission. Ports and airports.

These are the building blocks of our commerce system, and in a new Virginia economy, they will be the envy of the world.

Thanks to the leadership of many of you here today, we have made great progress funding transportation maintenance and construction.

But there is more we must do in order to build the infrastructure we need to drive our economy into the future.

Increasing Virginians' access to rail and other forms of public transportation is a key element of easing congestion and expanding economic opportunity.

Yesterday, Chairman Chris Jones and I announced compromise legislation that will provide local governments with more access to transportation funds, and pump much needed dollars into rail and transit projects, so we can expand our transportation infrastructure without raising taxes.

Another challenge we must tackle together is reforming our Public Private Partnership program.

P3's are a vital tool for Virginia's transportation network.

But, as we learned after we wasted \$300 million in taxpayer dollars and counting on US 460 before we had put one shovel in the ground, or even applied for a permit, our P3 program is also too open to mismanagement and abuse.

So this year, we are offering a set of commonsense, bipartisan reforms that will improve the program's transparency, minimize taxpayers' risk, and ensure greater accountability.

The Port of Virginia is one of our greatest economic assets. It is our gateway to the world of international commerce.

This year, the Port has seen record-breaking growth in the number of shipping containers that move through that facility.

And thanks to the leadership of the new Board and new Executive Director, the Port, which was losing millions and failing to meet its debt covenants this time last year, is finally on track to become the profitable economic asset this Commonwealth needs.

The energy sector in Virginia holds tremendous potential for economic growth and development, but this potential will be unfulfilled if we are complacent.

This session we will advocate for legislation to increase the diversity of our fuel mix through increased utilization of zero-carbon emitting sources such as solar, wind, and nuclear. These growing technologies will not only help Virginia create new jobs, they will also reduce our emissions as we work to mitigate the impacts of global warming.

We will work to increase renewable development through public-private partnerships by creating the Virginia Solar Development Authority.

And we will introduce legislation to create an energy economic development fund to provide Virginia with yet another tool to attract new, large job creating businesses and help existing businesses grow.

Workforce development, education, health care and economic infrastructure are essential ingredients of a strong economy. But so is giving businesses the confidence that this Commonwealth is home to transparent and accountable government.

I want to applaud both chambers of the General Assembly for returning to Richmond with the seriousness of purpose that reforming our ethics laws demands.

On my first day in office I honored a campaign promise and placed a \$100 cap on gifts that can be given to myself, my family, members of my administration, and their families.

I am confident that by the time we adjourn, we will have made a \$100 cap on all gifts the standard for all Virginia public officials.

With that gift cap, we should also establish a bipartisan ethics review commission with real investigative powers to offer guidance on the law and identify and sanction those who violate it.

I also hope you will pass my proposal to prohibit fundraising activity both in regular and special sessions. Right now, the only thing that makes special sessions special is that we can still raise money. This session we can work to erase that inconsistency from our ethics laws.

Additionally, this session is our opportunity to adopt the commonsense position that people who sit on boards or commissions should be prohibited from voting on matters that benefit themselves, their family members or their business partners.

If we pass these commonsense measures, we can restore Virginians' trust and reestablish our reputation for well-run government that puts results first.

We should also act this session to reassure the families we serve that we are doing everything we can to keep them safe.

We can no longer stand by as our fellow Virginians are lost to preventable and senseless acts of gun violence.

As a gun owner myself, I fully believe that law-abiding citizens have a right to responsibly own and carry firearms.

But as we have learned from far too many tragedies here and across the country, there is a difference between responsible gun owners and those who violate the law or are likely to use firearms in a manner that endangers lives.

I have proposed several common sense bills aimed at keeping Virginians safe from gun violence without infringing on the rights of responsible, law abiding citizens.

If we work together to pass them, these proposals will keep guns out of dangerous hands by closing the gun show loophole; preventing violent criminals and domestic abusers from obtaining fire arms; revoking concealed carry permits from those who do not meet their legal obligation to pay child support; and curtailing gun trafficking by restoring the one handgun a month law.

Even one Virginian's precious life is too high a price to pay for our inability to reach a reasonable compromise on gun safety.

And as we work to rid our communities from gun violence, we must do right by the people who are on the front lines keeping our families safe.

It is appalling that Sheriff's Deputies who risk their lives to protect Virginians often earn so little that they qualify for the Supplemental Nutrition Assistance Program.

As a candidate, I pledged to raise Deputy pay, and I am proud as Governor to have included a raise in my budget, so that the average starting salary for Virginia's Sheriff's Deputies is no longer so low that these brave men and women qualify for food stamps.

I want to thank Sheriff Arthur Townsend and Deputy Sheriff Alex Madison from Lunenburg County for joining us here tonight and for the work you and your fellow public safety professionals do keeping our communities safe.

In a new Virginia economy, every person will have an equal right to succeed, regardless of his or her race, gender, religion or sexual orientation.

I am proud to report that this has been a great year for equality for many Virginians.

The Supreme Court's decision to legalize same-sex marriage in Virginia and many other states means that decisions about marriage are now left to loving adults instead of their government.

I was honored to take executive actions bringing Virginia government into line with the decision, including allowing same-sex couples to provide a loving, adoptive home for a child who needs it.

This session, we have an opportunity to update the remainder of the Code of Virginia to reflect this historic decision. And in doing so, we can send a message to the more than ninety percent of Fortune 500 companies that protect employees from discrimination, that Virginia is a place where equality and prosperity come before outdated culture battles.

Ours is a Commonwealth that gave birth to a nation founded on the values of equal and individual rights. We make Virginia stronger when we work together to expand those rights, not restrict them.

During the campaign I promised to be a brick wall against any legislation that would erode women's access to quality healthcare.

And I'm proud that one year later, not one single women's health clinic has closed in the Commonwealth since I took the oath of office.

I asked the Board of Health to re-visit the onerous regulations that were threatening to shut down clinics that provide essential services like cancer screenings and regular checkups.

And I told them to take politics out of the regulatory process and focus on safety, science and the reality of a woman's constitutional right to make her own health care decisions with her doctor.

In a new Virginia economy, everyone will receive equal pay for equal work regardless of their gender.

Today a woman in Virginia makes just 79 cents for every dollar a man makes. This is unacceptable, and it's hurting our communities and economy.

So this session I am introducing legislation that will increase the penalties for companies that fail to pay every worker equally for the hard work they do. And as we rid our Commonwealth of pay disparities that hurt our economy, we will also send a message to the world that Virginia is a leader in keeping our residents safe from the threat of sexual and domestic violence.

Earlier this year I created a task force to combat sexual violence on our college campuses, chaired by our Attorney General Mark Herring, to develop a broad-based approach to solving this important problem.

They are already doing great work and will deliver recommendations to me by this June.

But there are several commonsense steps we can take now to make our campuses safer.

I am proposing that the State Council of Higher Education for Virginia develop a unified sexual misconduct policy for all of Virginia's public colleges and universities by July 31 of this year.

And I am also proposing that Virginia public colleges and universities place a notation on academic transcripts in cases where a student is dismissed from the institution for violation of the school's sexual misconduct policy, student code of conduct, or the university's honor code.

These are difficult and challenging issues, but I know we can work together to make our schools and communities safer.

I would be remiss if I did not mention our hard-working state employees who wake up every day determined to make Virginia a better state in which to live. They deserve our thanks for their hard work and dedication, often under challenging circumstances.

But in addition to our gratitude, our state employees deserve a raise.

Last year I included a 2% pay raise in my budget proposal, which I paid for with savings from closing the coverage gap. I was disappointed to see that removed from the final budget.

While our revenue picture prevented me from including a raise in the budget I submitted last December, I know many in this chamber would like to see our final compromise include one. I am open to that idea.

If you come to me with a plan to raise state employee pay, I will give it the consideration it deserves, provided that it does not require cuts to education, health care or other essential services.

As we begin our second legislative session together, I am proud to look back on all we have achieved over the past 12 months.

New jobs and investment in our economy.

A responsibly balanced budget.

Smart reforms to our school testing and transportation prioritization processes.

A stronger mental health system.

Greater equality of opportunity across our Commonwealth.

We have made great progress together. But serious challenges remain.

I have every confidence that we can meet them, but only if we work together and if we start today.

The vision I have shared with you tonight does not originate from a place of confrontation or partisanship.

It originates from a desire that I know we all share, to put Virginia on the path toward sustained long-term growth – so Dorothy’s and my 5 children, and families across the Commonwealth can have the same opportunities to succeed that we did.

And so as the committee hearings begin and the bills start to fly, I want to thank each and every member of the General Assembly for your leadership, your service to Virginia and the genuine kindness and respect you have extended to my family and me over this past year.

If that bipartisan spirit continues to guide our work together, I know we will emerge 45 days from now with a budget that closes our revenue shortfall and invests in key priorities for growth.

I know we will have revitalized our Commonwealth’s approach to human capital development so that every child has an equal shot at economic success.

I know we will have continued the work of improving and expanding our economic infrastructure so that we can create the jobs of the future.

I know we will have taken action to make Virginia safer, more equal and more welcoming to people from all walks of life.

And with every step we take together, I know we will move boldly toward the new Virginia economy our families deserve.

My friends, this is a moment for history, and I am honored to share it with each of you.

May God bless you, and God bless the Commonwealth of Virginia.

