

**ADDRESS OF
GOVERNOR TERENCE R. MCAULIFFE**

**The State of the Commonwealth
Address to the Joint Assembly
2018**



SENATE DOCUMENT NO. 1A

**COMMONWEALTH OF VIRGINIA
RICHMOND
2018**

Ladies and gentlemen – my fellow Virginians – good evening.

Speaker Cox, Senator Newman, Justices of the Supreme Court, ladies and gentlemen of the Virginia General Assembly, I appreciate the opportunity to address you one final time.

Before I begin, I would like to thank Speaker Bill Howell for his many years of service to this Commonwealth and to tell him and his family that we are all praying for his speedy recovery.

I would also like to congratulate you, Mr. Speaker, on your election to this historic office.

I am so proud to be joined this evening by so many people who have worked tirelessly to help this administration and this Commonwealth succeed.

We have with us my incredible wife and my better half: First Lady Dorothy McAuliffe.

Her leadership on childhood nutrition has resulted in more than 12 million more meals served to our students this year than in my first year in office.

And her work on behalf of our military students and their families has ensured that Virginia will remain the #1 place in the world for our service-members and their loved ones to call home.

Thank you, Dorothy, for your leadership, your dedication and the real positive impact you have made on Virginia families and our economy.

I also want to recognize and thank our five children, four of whom are here with us tonight.

Dori, Jack, Mary, Sally, and Peter – Thank you for the support you have given to this family and this governorship over the past four years.

Our lieutenant governor, and Governor-elect, Dr. Ralph Northam and our next First Lady Pam are with us tonight as well.

Ralph, I have been so fortunate to have you as my Lieutenant Governor, and my friend. I know you will make a GREAT 73rd Governor of the Commonwealth of Virginia with Pam by your side!

To our Attorney General Mark Herring, thank you for your unwavering dedication to upholding the law and protecting the rights of all Virginians.

I have loved every minute working with Ralph and Mark, and I know they will continue that great work alongside Lieutenant Governor Justin Fairfax over the next four years.

And to my entire cabinet and team, you have all been spectacular – especially my Chief of Staff Paul Reagan and Deputy Chief Suzette Denslow – I thank you for never being afraid to think big and try new things.

But, there's one cabinet secretary in particular who I think has helped all of us in this chamber sleep a little better at night.

Finance Secretary Ric Brown will soon retire after 47 years of dedicated service to our Commonwealth.

Ric, you have made an historic contribution to the people of Virginia and we are all grateful for your leadership.

The men and women of my cabinet have done tremendous work over the past four years, but our accomplishments would not be possible without the most talented and dedicated state employee workforce anywhere on the globe.

I am proud that we have been able to work together to get them two well-deserved pay raises and I hope you will accept my proposal for another one.

Please join me in recognizing the 110,000 Virginia state employees for all of their hard work.

We are also fortunate to have the greatest first-responders, law enforcement, National Guard, active-duty military, and veterans in the nation right here in Virginia.

We should never forget that these men and women put their lives on the line every day so that we can gather here safely tonight.

It is hard to believe that it's been four years since I first stood at this desk and spoke to you about what I hoped to achieve as governor. In that speech, I promised to work with you to build a new Virginia economy, one that works better for everyone.

That was a tall order at the time. The economic model that served Virginia well for decades had begun to crumble as our overreliance on federal spending left us exposed to shutdowns, sequestration and significant defense cuts.

Many of the underpinnings of our economy like our transportation, education and workforce development systems were in dire need of reform and investment.

Scandal had shaken the faith Virginians place in the integrity of their public officials, and years of partisan warfare on divisive social issues had damaged our reputation with employers all over the world.

The agenda that I presented to you in this chamber four years ago, and every year after that, was designed to solve those problems and open a new chapter of growth and opportunity in every corner of our great Commonwealth.

Four years later, we can all look back with pride on the record of accomplishment we have built by working together to build a new Virginia economy.

We reformed how we make transportation decisions to prioritize their benefit to Virginians and our economy over the desires of politicians.

If you recall, when I took office Virginia had just wasted \$300 million on the Route 460 project, a road that was never going to be built.

In contrast, thanks to our reforms, we are transforming the Interstate 66 corridor, using no state dollars and saving taxpayers a net \$2.4 billion.

And just this morning, I announced a deal to extend the I-95 HOT Lanes 10 miles South to Fredericksburg without asking taxpayers for a single dollar for construction.

In fact, this project will require the builder to cut Virginians a check for more than \$277 million by the time the project opens.

We took the Port of Virginia off the market and invested \$670 million, turning it around after five straight years of losses.

Today, it's profitable for the third straight year and attracting some of the biggest container ships in the world.

We took executive action to make Virginia a leader in reducing carbon and combating climate change, and we built a new clean energy economy from the ground up.

In addition to being one of the first states in the nation to announce an offshore utility wind project, I am particularly proud of the progress we have made on solar energy.

When we took office, Virginia was home to 17 megawatts of installed capacity. Today, we have more than 2,600 installed or under development.

Even in times of fiscal difficulty, we protected K-12 education from budget cuts, and worked together to make the largest investment in education in the history of Virginia.

We reformed the Standards of Learning and eliminated five tests, transformed our workforce training programs, and redesigned our high school curriculum to better align it with the needs of a 21st Century economy.

When draconian regulations threatened to shutter nearly all of Virginia's women's health clinics, we stood as a brick wall to protect women's access to care.

We reformed our ethics laws to restore the people of Virginia's trust that we are here working for them, not for ourselves.

We passed the first meaningful gun safety laws in more than two decades.

We expanded access to critical health services for the people who need them most.

We were the first state in the nation to bring a functional end to veteran homelessness and we connected more than 31,000 veterans with good jobs right here in Virginia.

We modernized and secured our elections system.

We transformed our criminal justice system, which has posted the lowest recidivism rate in the United States of America for the second year in a row!

Like any relationship, we have had our rough patches.

I, for one, did not come into this job expecting the Republican leadership of the General Assembly to sue me for contempt over restoration of rights.

But I think the fact that I was the first Governor to receive such an honor only underscores what a TRULY historic four years this has been for Virginia.

But despite a few bumps in the road, our work together has been defined far more by serious policy accomplishments than by partisan warfare, and the people of Virginia are better for it.

Every step we took tied back to our mission of building a New Virginia Economy. And job creators are taking notice.

As a testament to that, tonight I am proud to announce that Service Center Metals will invest \$45.2 million to expand its manufacturing operation in Prince George County.

To the surprise of absolutely no one, Virginia successfully competed against Indiana for the project, which will create 58 new jobs for Virginia workers.

This announcement is important because of the opportunity it will create for Virginia families, but it also has a larger significance.

With this project, and the over 1,100 others we have announced, Virginia has now attracted more than \$20 billion in new capital investment since I took office.

That record exceeds any previous governor by more than \$6.5 billion dollars.

Service Center Metals' Co-founder Chip Dollins and the Chairman of the Prince George County Board of Supervisors, Alan Carmichael are with us this evening -- thank you for your confidence and continued investment in Virginia.

The investments, policy decisions and economic development successes of the past four years have contributed to a new chapter of economic growth in our Commonwealth.

After 35 domestic and international trade missions across five continents, we have seen Virginia's agriculture exports skyrocket 30% from \$70 billion in 2014 to \$91 billion in 2017.

Tourism revenues have grown by \$2.2 billion since we took office.

Personal income is up 12.3 percent.

Our initial unemployment claims are at a 43-year low.

There are more than 200,000 more jobs today than in 2014.

In 2017 alone Virginia created 33,700 net new jobs, compared with the 1,500 that were created the year before I took office.

We've driven unemployment down to 3.7 percent from 5.4 percent. In fact, every single city and county in Virginia has seen a drop in unemployment.

These are not just numbers. They are a reflection of the remarkable turnaround we've seen in the Virginia economy over the past four years.

They translate to real jobs and real opportunities for thousands of families.

As the most traveled governor in the nation, I can also tell you firsthand that they translate to even more economic activity as we have told this amazing story to job creators across the nation and the world.

Virginia is a different place than it was four years ago, and for that we should all be proud. But there is still more work to do.

I may not be here to continue the battle – but the budget proposal I am leaving behind reflects the enormous progress we have made and the need to keep moving forward.

In my first year in office, we were forced to work together to deal with an inherited \$2.4 billion shortfall.

Since then, our bipartisan cooperation and Virginia's strong economic growth have improved our financial picture significantly.

In fact, I know you will be happy to hear that, the first six months of the current fiscal year, revenue collections are up 5.9 percent over last year, well ahead of our estimate of 3.4 percent, which we have already revised upward.

That means we are running nearly half a billion dollars ahead of our revised forecast heading into the final six months of the fiscal year.

Virginia's strong revenue picture is a clear sign of a growing economy – and the budget I have presented to you builds on that momentum.

It invests in the essentials of a modern economy like public education and workforce training.

It strengthens our Commonwealth's response to our ongoing mental health and opioid crises.

It advances the work we have done to diversify our economy so that we no longer rely on one industry for our future economic growth.

That is so important today because Virginia is no longer JUST a defense-industry state.

We're a cyber state, an advanced manufacturing state, a data analytics state.

We're a bioscience state, a renewable energy state and an unmanned systems state.

By making the right decisions and investments, we have built a new Virginia economy – and the budget I leave you will keep that momentum going.

In addition to the budget, this year presents a unique opportunity to move Virginia forward on a number of issues that are important to the health, safety and prosperity of the families we serve.

Yesterday, Governor-elect Northam and I stood together and outlined several pieces of legislation that we hope the new General Assembly will pass this year.

They include:

Reducing obstacles to voting by doing away with barriers to absentee voting.

Keeping families safe from gun violence by requiring background checks for every firearm purchase.

Building on the executive actions my administration is pursuing to cut carbon and create clean energy jobs by becoming the first Southern State to formally join the Regional Greenhouse Gas Initiative.

Closing a loophole in our ethics laws by prohibiting the personal use of campaign funds.

Finally raising the threshold for felony larceny from \$200 to \$1000 so that one mistake does not ruin a person's entire life.

Giving Virginians the tools to manage student debt and hold predatory lenders accountable by passing a Borrower's Bill of Rights and creating a state ombudsman for student debt.

None of these items are inherently political. They are proposed solutions to real policy problems. It could well be the case that there are better ideas to solve these problems and make life better for Virginians. Those are the questions we were all elected to consider.

We were not, however, elected to ignore problems like these or allow real solutions to become bogged down in the mud of partisan politics and special interests.

As I look across this room, I see many new faces. The people of Virginia, in their wisdom, have made significant changes to the composition of this General Assembly with a simple message in mind: work together to get things done.

That is the opportunity they have given you – to do things differently than they have been done in the past, and to finally break the gridlock on issues where we haven't made as much progress as we should.

The chief issue that demands your attention is making a clear statement that, in a new Virginia economy, health care is not a privilege for the few – it is a right for all.

You can make progress on that goal by bringing our tax dollars home to provide health care for nearly 400,000 Virginians who need it.

The plan I have submitted would create 30,000 jobs and free up \$422 million in our budget to invest in priorities like a state employee pay increase and a \$427 million contribution to our reserve fund, all without putting a single Virginia tax dollar on the table.

As some of you may recall, expanding Medicaid to cover working Virginians who lack access to health care is an issue I am deeply passionate about.

I am passionate because I know, as many of you do, the benefit it would bring to our economy and to our budget.

I am passionate because I have met hospital administrators in rural communities who say they need it to survive.

Above all, I am passionate because I have looked mothers and fathers, sons and daughters in the eye and heard how they cannot work, they cannot care for their families,

they cannot live the lives that they deserve because they cannot get the health care they need.

You can end the waiting, the hurt, the worry for those Virginians and put them on a path to greater opportunity and productivity.

You can shore up rural hospitals that are struggling to stay open because they still care for these Virginians but they are not being reimbursed for their expenses.

And you can do all of that while creating 30,000 jobs and realizing more than \$400 million in savings in the next budget alone.

Listen to the clear message the people of Virginia sent on Election Day.

Put the politics aside. It's time to expand Medicaid in the Commonwealth of Virginia.

As you prepare to write the next chapter of our Commonwealth's history, I hope you will remember several principles that have guided our work over the past four years.

While other states have grappled with discriminatory and socially divisive legislation and the damage it does to their economies, Virginia has capitalized on their misfortune.

As you know, I absolutely hated having to veto a record 120 bills – but those bills took Virginia in the wrong direction.

They attacked women's rights, equality for LGBT people, and access to the voting booth. They hurt the environment and they made Virginia less safe. I honestly wish they'd never made it to my desk.

I vetoed those bills because, in a new Virginia economy, we are about the business of bringing people together and lifting everyone up, not tearing them apart or dragging them down.

In the coming years, I hope you will build on that foundation by using your voices and your votes to make Virginia more equal, more just, and more prosperous for all people, no matter whom they are, where they live or whom they love.

Another guiding principle that has served this administration well is the incredible importance of second chances.

No one lives a perfect life. We all do things we regret. We all make mistakes. Personally, the next time someone offers me a ride on a horse in Africa, I'll take a seat at the bar instead.

For most of us, what defines our lives is how we learn from those mistakes and move forward.

I believe that should apply to everyone, even men and women who commit a crime.

Over the past four years, we have worked, often hand-in-hand with the General Assembly, to reshape our criminal justice system to reflect the principle that no person is beyond redemption or unworthy of a second chance.

That approach guided the transformation of our Commonwealth's juvenile justice system as we reduced the population by nearly two-thirds and began to close our two huge adult-style youth prisons.

This session, I hope you will authorize the construction of the first of two facilities to replace them and advance the reforms that will prepare these young people to lead more productive lives, while saving taxpayers millions of dollars.

The power of second chances also defined my proudest moment as governor. Many of you have heard me tell the story of standing on the steps of this building and ending more than 100 years of disenfranchisement and racial discrimination.

Since then, my team has worked with all three branches of government to finalize a process that we have used to restore the rights of more than 173,000 Virginians, more than any governor in the history of the United States of America!

Over the years, I have met hundreds of men and women whose rights were restored during my term. I've even introduced you to some from this desk.

Every one of those Virginians represents the same story of hope for a better life that we saw play out just this past election day, as these men and women went to the polls, many of them for the first time in their lives.

If you want to see the power of second chances, watch the videos that were posted on social media as grown men and women broke down in tears of joy after doing something that most people take for granted – voting in an election.

That is what citizenship looks like at its very best – and we should work together to encourage more of it, not less.

So as you begin your work together this session, I hope you will continue to reshape Virginia into a Commonwealth of second chances, where people who make mistakes can live among us again as redeemed human beings, not lifelong outcasts.

My final request I would like to leave you with this evening is to please do everything you can to make Virginia a beacon of hope, even in times of fear and hatred.

If restoring Virginians' civil rights was my proudest moment as Governor, witnessing the bigotry and violence we saw last August in Charlottesville was the lowest.

That day was full of hatred, cowardice, and unspeakable loss.

But even in that dark moment, the character that makes this Commonwealth great shined through.

We saw it in the three Virginians who were taken from us on that terrible day.

Heather Heyer was a passionate 32-year old who was on the Downtown Mall on August 12th fighting for the values that make our Commonwealth and our country great.

She died fighting for what she believed in, and against hatred and bigotry.

When Neo-Nazis and white supremacists invaded her community, she stood up and met their hatred with love.

Trooper-Pilots Jay Cullen and Berke Bates were standing watch from above, protecting the people who participated in the day's events – all of them.

They made the ultimate sacrifice doing what so many of their brothers and sisters in law enforcement continue to do every day – upholding the belief that every person should be protected by the law, no matter whom they are.

Nothing will bring these brave Virginians back.

But as we continue to mourn their loss, I hope we will honor their legacy by finding the good in each other and in our Commonwealth, even in times of great challenge.

Tonight we are joined several people who loved these fine Virginians and miss them every day, as we all do.

Won't you please join me in welcoming Heather Heyer's mother Susan, her stepfather Kim, Berke Bates' wife Amanda and Jay Cullen's wife Karen and son Ryan.

Before I move on, I do want to say a brief word about Jay, Berke and many men and women like them. Until you become governor, it can be difficult to fathom how many people work day and night to facilitate your daily movements and keep you safe.

From the moment I took office, countless public officials have gone above and beyond to ensure that my family and I can perform our duties and live our lives in safety and comfort.

They include the Capitol Police, the pilots at the Virginia State Police and the Department of Aviation, and the staffs at the Executive Mansion and on Capitol Square.

This evening, we are joined by one man who has given more than 32 years faithful years to the service of this Commonwealth.

Martin “Tutti” Townes, the Head Butler at the Virginia Executive Mansion, has served nine governors.

Despite those decades of service, he told me this is his first time attending a State of the Commonwealth Address – which I think is fitting since I have no doubt who his favorite governor is.

Tutti, I want to thank you, your family, and your entire team for the amazing work you have done for our family, our guests and all of the people of this great Commonwealth.

There is one group of public servants who draw a particularly difficult assignment – the men and women of the Executive Protection Unit of the Virginia State Police.

These brave souls are assigned to spend all of their waking hours with the Governor, the First Lady and our family, protecting us and helping us get from place to place. Before Berke Bates became a Trooper Pilot, he spent nearly three years as a member of my EPU detail.

He and his colleagues worked around the clock (and I really do mean around the clock) to keep us safe during our official activities, and in the process, also joined us for our family dinners and holidays, and countless sporting and school events. They became a part of our family, often at the expense of time spent with their own.

I can still remember the day, on one of our many car rides together some months in to our administration, when Berke Bates told me that, while he had not voted for me, he had finally decided that he was glad I won.

Dorothy and I, our children and my entire team cannot say thank you enough to the men and women of the Virginia State Police Executive Protection Unit for all they do for us and for our Commonwealth.

As this chapter in my life and the history of our Commonwealth comes to a close, I want to say how truly grateful I am to the people of Virginia for the honor of serving as your governor.

I often make a joke about how unlikely it is that I would serve as a successor to Patrick Henry and Thomas Jefferson.

The joke is funny because it’s true – not many middle-class kids from Syracuse, New York find themselves speaking from this particular desk.

But at the heart of that joke is a statement about the singular privilege it is to be the chief executive of a Commonwealth with the people, the resources, the history, and the potential that ours has.

As you all know, I have loved every second that I have spent in this job – because it's one of the few on Earth where you get to get up every morning and make an immediate positive impact on the people you serve.

That wouldn't be possible without the men and women who serve in the Virginia General Assembly.

We run separate branches of government, but we serve the same cause – the good of the people of this Commonwealth.

We have had our disagreements, but even at difficult moments, I have never lost sight of the tremendous honor it is to work with you and the incredible dedication and professionalism that you bring to the task of representing your constituents.

So I want to thank you as well, for your leadership, your dedication and the many ways that you helped make this administration a success.

Four years ago, at my inauguration, I promised you that when this day came, the next Governor would inherit a Virginia that has created more economic opportunity and grown our 21st century industries.

I promised to transform pre-K and K-12, workforce development, and higher education to prepare students for a new economy.

I promised to maintain our reputation for strong fiscal management.

I promised to make Virginia the greatest place in the world for our veterans and military service-members and their families to call home.

I promised to make Virginia a leader in the clean energy economy and do our part to fight climate change.

I promised to be a brick wall to protect the rights of women and LGBT Virginians from discrimination.

Four years later, we have kept those promises. And we are a Commonwealth of greater equality, justice and opportunity for all people as a result.

That is a legacy we can all be proud of.

Thank you. God bless you and this great Commonwealth of Virginia.

