

## 2016 STATE OF THE STATE ADDRESS – GOVERNOR EARL RAY TOMBLIN

*JANUARY 13, 2016*

Mr. Speaker, Mr. President, members of the Board of Public Works, justices of the Supreme Court of Appeals, members of the Legislature, distinguished guests, and my fellow West Virginians.

Five years ago, when I first addressed this chamber as governor, I called on our state's Legislature to get to work and put West Virginia first.

Although many things have changed, including the makeup of this Legislature, our commitment to the people who call our beautiful state home has remained steadfast. Since 2011, we have created a number of new opportunities for future generations, and we have faced our fair share of challenging times.

Tonight, our state is at a crossroads, and I stand before you with a plan that preserves the best of our past while charting a bold new plan for our future.

### **ECONOMIC DEVELOPMENT**

Since 2011, we have welcomed more than 250 companies and \$10 billion in major investments, providing hardworking West Virginians with more 11,000 good-paying jobs.

We've worked hard to create a business climate that makes West Virginia a strong competitor for major economic development projects. And we're not just competing, we're seeing huge success. Nationally and internationally recognized companies like Macy's, Amazon, Quad Graphics and Toyota already know that West Virginia is a great place to do business.

And tonight, I'm proud to announce polymer additive company Addivant has reaffirmed its commitment to our state and plans to expand.

After receiving FDA approval for a groundbreaking polymer to be used in food packaging, the company was on the hunt for a new location to expand its production facility. Major players from the Gulf Coast actively pursued Addivant, but our state's Development Office stepped up and showed company executives that West Virginia is the right place to invest.

This new expansion project not only saves nearly 100 jobs, but it brings at least \$12 million in new investments and additional opportunities for employment. Plastics manufacturing is just one of the downstream industries we are working to attract, and this expansion project is just the beginning of that growth.

Addivant chose to stay in West Virginia because of our strong business climate and a highly trained experienced workforce that's ready to get to work.

These types of investments don't happen overnight. They're a result of the hard work and positive changes we've made over the years.

We overhauled workers' compensation, and companies operating here have saved more than \$323 million since the program was privatized in 2006. We've reformed medical malpractice and improved our legal climate. We've enacted gradual reductions in our business and consumer taxes, and since I took office, we've saved employers and West Virginians more than \$225 million.

We rank higher than each of our neighboring states in this year's Business Tax Climate Index. Companies are noticing these changes, and they are paying off in big ways in regions across the state.

### **PROCTER & GAMBLE**

This September, we joined officials from Procter & Gamble to celebrate the groundbreaking of the company's newest manufacturing plant – the first of its kind built in the United States since the 1970s.

Projects of this size and scope strengthen our economy, create new jobs and serve as an investment in both our state and our people. This factory – located in the Eastern Panhandle – will create 1,000 jobs during the initial construction phase. Once fully operational, it is projected to employ the company's fifth largest workforce in the country.

We've worked hard to bring these jobs to West Virginia for West Virginians, and now, they need filled.

That's why more than a year before production begins, P&G has partnered with BlueRidge Community and Technical College to create specialized training programs to meet workforce needs. These certificate and degree programs are preparing students for careers in engineering, computer science, and electronics and training students to become skilled chemical operator technicians.

BlueRidge President Dr. Peter Checkovich and his team are working hard to make sure our students can compete for these good-paying jobs. P&G construction manager Luis Gutierrez is already working with crews on the ground as part of the company's initial construction efforts. He and his family love calling West Virginia home.

Please join me in thanking Dr. Checkovich for his continued efforts and welcoming Luis and his family to West Virginia.

### **WORKFORCE TRAINING**

In 2012, we launched a new workforce training program called Learn and Earn.

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This program helps students receive classroom instruction and hands-on experience, while earning a competitive salary, and gives employers a cost-effective way to recruit and train new employees.

We know this program is incredibly successful, and companies like Gestamp – which manufactures auto parts for some of the world’s best known brands – are taking advantage of these training opportunities.

Since Gestamp first opened in 2013, the South Charleston plant has tripled production and more than doubled its total workforce. Today, Gestamp employs more than 700 West Virginians. These are real jobs, and the company is already seeing a real return-on-investment.

Through a partnership with BridgeValley Community and Technical College, students can get hands-on training and earn a one-year certificate, an associate’s degree and a journeyman’s card.

With us tonight are Paul Lezanic, Gestamp’s new plant manager, and Jamie Thompson, a Learn & Earn graduate who is already training 12 new students. Please join me in welcoming Paul to West Virginia and congratulating Jamie on his success.

These partnerships are essential to helping those investing here train the workforce they need to grow. Tonight, I’m introducing legislation to expand the Learn and Earn program statewide by redirecting nearly \$300,000 of the current budget to create new, valuable learning experiences for our students.

We know we must do more to improve our state’s workforce participation rate. I’m proud that today there are more job training programs in place than ever before.

With the help of more than \$40 million in federal grant funding, Workforce West Virginia is helping coal miners, their families and those who have exhausted their unemployment benefits find careers in growing industries. These programs help employers train workers their way at their worksites and provide up to \$5,000 in tuition assistance for classroom instruction and on-the-job training.

### **NDRC/HOBET**

As we recognize these efforts to train our workforce, I ask you to remember those who call our state’s southern coalfields home.

As a son of these coalfields, I have dedicated my life and my years of public service to supporting our miners and their families. Despite the difficult times we find ourselves in, West Virginia remains the fourth largest producer of electricity in the country, and I believe our coal industry will continue to support our families well into the future.

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However, we cannot ignore the unprecedented shift that has taken place in our state and our nation. Forces beyond our control have severely damaged our coal industry, and even the most optimistic among us realize it is unlikely coal will ever reach production levels of the past.

For generations, our miners unearthed the coal used to produce the low-cost energy that fueled this country's Industrial Revolution – one that remains unmatched anywhere in the world. This nation owes these West Virginians a debt of gratitude and we are ready to cash in on that substantial IOU.

This fall, we submitted an application to the National Disaster Resilience Competition seeking more than \$140 million in funding from the United States Department of Housing and Urban Development. This competition has the potential to help six counties in our southern coalfields adjust, adapt and advance their communities.

If we're successful, these federal funds will help us rebuild aging infrastructure, promote land use planning and hazard reduction efforts and stimulate housing and economic development in areas outside of the region's floodplains.

We are also proposing to develop the largest industrial site in West Virginia history at the former Hobet surface mine in Boone and Lincoln counties. With 12,000 acres located just off Corridor G, this site is large enough to fit virtually every major economic development project in recent history – including Toyota, Procter & Gamble, Gestamp, Macy's, Amazon and more – with thousands of acres left over.

We know this is a major undertaking, and with the help of local landowners Marshall University, West Virginia University and the Virginia Conservation Legacy Fund, we are working together to find new uses for this site while mining activity continues.

Please join me in welcoming this outstanding team: interim Marshall University President Gary White, new Marshall University president Jerry Gilbert, WVU President E. Gordon Gee, and Tom Clarke and Ken McCoy of the Virginia Conservation Legacy Fund.

Tom and his team at VCLF also are helping us develop new and innovative ideas to include in the state's Clean Power Plan submission. While the DEP continues to work on a feasibility study, we anticipate our final plan may include ideas such as reforestation and the replacement of boilers to increase power plant efficiency.

Tom, thank you for your assistance on both of these important projects.

This is just the beginning of what we can do to help diversify the economy of not only this region, but our entire state.

When pursuing large-scale projects, our talented team at the Development Office consistently runs into one major obstacle – a lack of flat land. Redeveloped surface mine

lands offer endless opportunities for residential, commercial and industrial development and in many cases all three.

As part of our federal grant application, we have identified at least five sites in each of Boone, Lincoln, Logan, Mingo, McDowell and Wyoming counties, which are all strong candidates for similar redevelopment efforts.

Much like the country owes West Virginia for our contributions over the years, we – as West Virginians – owe the people who call this region home the opportunity to do better for themselves and their families.

For years, taxes on the coal mined from our southern coalfields and the timber taken from our mountain sides have paid for our children’s schools, the roads our residents drive on and the services on which so many West Virginians rely.

It’s time we reinvest in these communities and give these families every opportunity to make a good living in the places they have called home for generations. Tonight, I hope you will join me in making that commitment for the betterment of our state and our people.

### **NATURAL GAS DEVELOPMENTS**

As hardworking West Virginians continue to mine the coal that powers our nation and drill for the natural gas that offers new opportunities for growth, we must guarantee these natural resources meet our needs here at home.

As the ninth largest producer of natural gas in the country, we must work with those operating here to create the processing and pipeline infrastructure necessary to ensure this industry’s continued growth.

The ongoing development of the Marcellus and Utica shale – and the Rogersville formation just being explored – is already bringing new revenues and new jobs for West Virginians.

That’s one reason I sent a letter to the Federal Energy Regulatory Commission in support of the Columbia Gas Mountaineer Xpress pipeline project. This \$2 billion investment will transport a significant amount of natural gas to new markets.

Much like similar pipeline projects by EQT, Dominion and Momentum Mid-Stream, this investment has the potential to create thousands of good paying construction jobs, while generating significant tax revenues for counties to fund local schools, roads and other worthy endeavors.

### **SELF-EMPLOYMENT ASSISTANCE ACT**

While these announcements grab headlines, we can’t forget our state’s small business owners who work day in and day out to support that same growth in our local

communities. Ninety-six percent of West Virginia’s employers are small business owners, and they are the backbone of our economy.

While we work to help tens of thousands of West Virginians on unemployment find new opportunities to succeed, we can’t overlook the training and skills they already have.

That’s why tonight I’m introducing the Self-Employment Assistance Act, a new program to strengthen our local economies, and make it easier for West Virginians receiving unemployment benefits to get the help they need to open a business.

Starting a new business can be hard. No matter how great the idea may be or how hard the owner works to make it a success.

With this exemption, new business owners will be able to reinvest in their company and their employees, while continuing to receive unemployment benefits to support their families.

For 14 years, Matt Dolin worked as a diesel mechanic at a local coal mine just outside of Charleston. When the mine closed, he lost his job. Matt knew he could earn a good income using the skills he already had, but he needed help starting his own business.

Earlier this year, Matt attended a West Virginia Small Business Development Center workshop in Putnam County. He sat down with business coach Bryan Shaw to develop a business plan and find a good location for his new venture.

A few months ago, Matt opened D&D Truck Shop, a full-service diesel truck and heavy equipment repair shop. Not long after he opened, Matt hired his first two employees – two mechanics who worked alongside him at the coal mine. With the help of the Governor’s Guaranteed Workforce Program, Matt is in the process of getting additional support to train new employees.

Although D&D Truck Shop has only been open for a few months, Matt is seeing tremendous growth, and he’s already looking to expand.

Matt, Casey and Ronnie, please stand so we may recognize you and congratulate you on the success of your new business.

## **SUBSTANCE ABUSE**

Helping our residents develop the skills to find a new career is important, but keeping them off drugs is critical to our state’s continued growth. Substance abuse has become one of the greatest struggles our state has ever faced, and it is destroying the lives of far too many of our family members, friends and neighbors.

We must continue to make the fight against substance abuse a top priority.

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In 2011, I established my Advisory Council on Substance Abuse to help us find more localized ways to combat this epidemic. Since then, we have updated our prescription drug monitoring program, cracked down on the sale of drugs used to make meth and put an end to doctor shopping. We have shut down pill mills for irresponsible prescription practices, and my administration is committed to continuing the fight against drug companies that oversupply pain medication without proper orders.

Last year, we invested significant state funding to expand critical substance abuse treatment and recovery services.

In your seats tonight, you received a brochure that details 150 service providers in every region of the state. This brochure is available online and at local courthouses, hospitals, schools, churches, DHHR offices and libraries in all 55 counties.

This September, we launched 844-HELP-4-W-V, the state's first 24-hour substance abuse help line. This call line gives people the opportunity to speak with certified professionals and receive referral support in their local communities. So far, the call line has connected more than 700 West Virginians with treatment and recovery services across the state. In October, I welcomed President Obama and DHHS Secretary Sylvia Mathews Burwell for an honest discussion about the devastating toll this epidemic is causing West Virginia families and communities.

A few weeks later, I traveled to Martinsburg – what some consider ground zero of our state's heroin epidemic – to host my own Substance Abuse Summit. We brought together a panel of West Virginians to share their experiences in the fight against substance abuse, recognize the progress we've made and identify ways we can work together to create a brighter, drug-free future for our residents.

We want people to find help and hope in West Virginia. And that starts with making sure treatment facilities are providing comprehensive care.

Tonight, I'm introducing legislation to establish licensing requirements for medication-assisted treatment facilities. Research shows us that the use of Suboxone and Methadone alone does not support long-term recovery. These medications don't treat the root cause of an addiction, and only continue the addiction cycle.

This legislation requires counseling and behavioral therapies be used in conjunction with these medications to make sure those seeking treatment have the support they need to begin the recovery process.

Last year, I urged this Legislature to expand access to Narcan to help our state's first responders, friends and families of those struggling with addiction reverse the effects of a heroin overdose. Since May, we've coordinated training sessions in regions across the state to teach first responders and others how to administer this drug safely. Today, more than 100 people are certified to host these sessions in their local communities.

In 2015, first responders administered more than 3,000 doses of Narcan – giving those struggling with an opioid addiction the opportunity to get help.

When an overdose happens, every second counts. And in many cases, fire and EMS crews aren't always first on the scene.

This November, Patrolman Nick Castleman and Patrolman Seth Johnson found themselves first on the scene of a drug overdose on Charleston's West Side. The officers administered two life-saving doses of Narcan, and within minutes, the young man regained consciousness and was transported to the emergency room for treatment.

Patrolman Castleman and Patrolman Johnson are with us tonight. Gentlemen, please stand so we may thank you for the work you do to keep our communities safe.

This man's life was saved because of quick action by these officers, and our efforts to expand access to this life-saving drug.

Tonight, I once again urge this Legislature to expand access to Narcan by supporting my proposal to make it available to any West Virginian – without a prescription.

This new legislation requires pharmacists to become certified to train those who receive this drug to make sure they can safely administer it if a crisis occurs. It will also help us keep track of who is receiving Narcan to better focus state resources in areas hardest hit by opioid overdoses and be sure it isn't being used as a crutch to enable a heroin addiction.

## **JUVENILE JUSTICE**

We know our state's substance abuse epidemic is heartbreaking for so many of our families and communities, but in many cases, our children suffer most.

That's why last year, following recommendations from my Commission on Juvenile Justice and with the help of this Legislature, we launched comprehensive juvenile justice reform. This legislative package provided \$600,000 in new funding to establish truancy diversion programs in each county to offer early intervention to those students who need it.

Since launching its own program in 2010, Putnam County has seen significant improvements in overall student attendance and achievement. Truancy referrals have dropped in half and four-year graduation rates have increased from 78 percent to 90 percent during that same period.

We know this program works, and it's making a difference for students like Winter Davis.

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For most of her life, Winter didn't have a stable place to call home. From the time she was born, her parents struggled with substance abuse. She spent much of her youth living with a family of no relation, helping to care for their young children and elderly family members.

Between 2011 and 2012, Winter missed 39 days of school. She got behind in her classwork and was struggling to keep up with her classmates. With the help of Putnam County's truancy diversion program, attendance director Jennifer Hodges and Judge Phillip Stowers, Winter got the extra attention she needed and earned her high school diploma, graduating with a 3.7 GPA and zero unexcused absences.

Today, Winter is a certified EMT and plans to become a teacher for children with special needs a dream that she's had since the sixth grade.

Winter shared part of her story with me and said, "Life was not easy for me, but I am making the best choices I can. I'm the only one in my family that has gone to college and I'm going to finish college no matter what it takes."

Ladies and gentlemen, please join me in welcoming Winter Davis, Jennifer Hodges and Judge Stowers.

These reforms have also expanded youth reporting centers to get kids help in their local communities, instead of sending them to group facilities away from their families. By connecting children and families with substance abuse recovery services, mental health programs and functional family therapies, we are giving the whole family the opportunity to thrive.

Thanks to the changes approved by this Legislature, and the work of our local partners across the state, we've reduced the number of kids being sent to out-of-home placements by more than one-third and reduced the number of detention beds by more than 40 percent. So far, we've saved \$6 million and the **Division of Juvenile Services** is confident we can double that savings in the coming years.

By providing our kids with the help they need at home, we're giving them the opportunity to take advantage of the bright future we are creating here in West Virginia.

### **EDUCATION**

In 2010, we started down a path to improve our state's public education system.

Instead of allowing paperwork to drive education, we refocused our efforts to provide our children with the skills they need to compete in today's global economy. Since then, we've expanded early childhood education to help our youngest students build a foundation for a lifetime of learning. We're engaging middle school and high school students with hands-on training programs.

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We're breaking down bureaucratic silos between state agencies, providing a more seamless transition for students transferring between community and technical colleges and four-year institutions.

These reforms – and the standards that come with them – are giving our kids the knowledge and skills they need to succeed, and that starts by making sure our students are in the classroom for 180 days of instructional time.

Over the past year, the delivery of public education in West Virginia has been used as a political football by members of both parties. It's disappointing. It's unacceptable. And it's a disservice to our kids.

At a time when comprehensive reform has led to real improvements, and our students are more competitive with their peers in other states, we need to build on these successes – not introduce legislation that prioritizes summer vacations over a good education. We cannot allow politics or red tape to get in the way of providing our kids with a thorough and efficient education.

While there are a number of reasons why traditional charter schools are not the best option for our students, we can find common ground by rewarding schools for innovation and creativity while raising student achievement.

That's why I'm introducing legislation to restructure the current innovation zone system to establish a new program – called Innovation in Education.

This legislation reallocates nearly \$2.5 million in existing education funding to help schools develop new methods to increase our students' interest in science, technology, engineering, math and entrepreneurship. By giving schools the flexibility to focus on these subjects, we can teach our students how to think critically – a skill they need to be successful long after they've graduated high school.

### **BUDGET AND FINANCES**

All of us in this chamber tonight and those watching and listening across the state know we are experiencing budget challenges unseen in more than a generation.

Nearly every agency and every branch of state government has shared in the burden of these reductions.

In spite of those challenges, we are paying not only our current bills, but keeping every financial commitment of the past, paying down our debts in workers' compensation, teachers' retirement and public employees' retirement. And we've done that without a single tax increase, while reducing tax burdens on West Virginia families and those doing business here by hundreds of millions of dollars.

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Tonight, I am introducing legislation to pay off our old workers' compensation debt more than a **decade** ahead of schedule.

By accelerating this final payment, we can remove additional severance taxes on our coal and natural gas industries, providing much-needed relief to help them invest in our state and employ West Virginia workers. While historically low energy prices are good news when we fill up at the pump and pay our utility bills, they make it hard on our state budget.

As we work to find new ways to ensure our tax base is both stable and more diverse, we must also seriously consider new revenue opportunities.

Tonight, I am introducing legislation to increase our state's tobacco tax by 45 cents a pack to a total of one dollar. This increase will be considered too high by some people and too low by others. But it strikes a balance that protects retailers in our border counties and discourages our young people from smoking, while generating nearly \$71.5 million annually in new revenue.

Combined with savings from a new prescription drug contract, \$43 million of this new revenue will fund PEIA, meaning public employees will NOT SEE the dramatic benefit reductions initially proposed for the coming year.

I also am proposing legislation to eliminate a sales tax exemption and bring our state's telecommunications tax in line with 41 other states across the country. Once adopted, this legislation will place the same 6 percent sales tax on cell phone and phone line usage – putting us in step with what is done in the vast majority of other states. By eliminating this exemption, we can collect an extra \$60 million each year.

With these proposed changes – and despite low severance tax projections – the 2017 budget I present to you tonight uses no money, no money from our Rainy Day Fund and does not include any across-the-board budget cuts beyond those already in place.

In spite of the tight budget years of the past, our new six-year budget forecast shows surpluses of nearly \$7 million in 2019, \$89 million in 2020 and \$118 million in 2021. While I won't be in office to see these surpluses, I'm proud to have been part of more than 30 years of responsible fiscal policies that have put us on the path to a brighter financial future.

### **CLOSING**

As we look ahead at the challenges we must overcome this year, we are reminded that West Virginians have never had it easy. But we have proved time and again, for generations, what has been true all along – the people who call our state home are among the best and brightest in the world.

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Clara Grant Santucci grew up in what was once a one room school house with her five brothers and sisters. This Doddridge County native spent her childhood like so many of West Virginia’s children – playing outside, caring for the family garden and racing her brothers and sisters on her family’s gravel road. By high school, she was breaking records and winning state track titles.

Clara was determined to run cross country for Coach Sean Cleary at WVU, and her hard work paid off. As a Mountaineer, she became an All-American.

In 2011, she ran the Boston Marathon. Clara finished 16<sup>th</sup> overall and was the 3<sup>rd</sup> American finisher. And three years later, she made her mark on the national stage – winning the Pittsburgh Marathon with a time of 2 hours, 32 minutes and 25 seconds.

Last summer, Clara returned to the Pittsburgh Marathon. For most of the race, she sat in second place, but after catching sight of the leader, she found the mental toughness to not only win for the second year in a row but to finish 40 seconds ahead of her competition.

This February, Clara will travel to the U.S. Olympic Trials in Los Angeles for a chance to compete for Team U.S.A. in the 2016 Summer Olympics in Brazil.

Katherine Johnson, who was born in White Sulphur Springs in 1918, would become what NASA Administrator Charles Bolden called “one of the greatest minds ever to grace our agency or our country.”

For 33 years, she worked for the National Advisory Committee for Aeronautics, what is now known as NASA. She used the most advanced practical mathematics of her day to chart and verify the path John Glenn would travel as he orbited the earth.

In 1958, Katherine’s research focused on calculating margins of error for spacecraft take-offs and landings. The 34-page document was the first paper ever published by NASA’s Flight Research Division with a woman’s name on it.

Throughout her career, Katherine published 26 scientific papers. Her research was used to complete the Mercury and Apollo missions and was critical to sending man into space and bringing him home safely.

For decades, Katherine’s story was hidden in the pages of history. This November she was awarded the Presidential Medal of Freedom, our country’s highest civilian honor for her incredible contributions.

In an interview with the Charleston Gazette-Mail, Katherine’s daughter Joylette Hylick – a former NASA scientist herself – said it was her mother’s quiet confidence that drove her to succeed.

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Joylette told the Gazette-Mail, “my granddaddy told my mom she was no better than anybody else, and she was no LESS than anybody else. And she believed it.”

Please join me as we celebrate the courage of these incredible West Virginians and wish Clara the best of luck in next month’s Olympic trials.

Whether a marathon runner, an unemployed miner, a NASA scientist, a single mother going back to school, a budding entrepreneur, the CEO of an international company or a recent graduate overcoming challenges to help her local community, West Virginians have always been willing to work twice as hard and be twice as tough to get the job done.

Over the next 60 days and throughout the coming year, we know there is work to do and difficult choices to make. Tonight, I challenge each of you to find the courage to make these decisions for the sake of the next generation – not the next election.

It’s time to get to work.

Thank you. God bless you, and God bless the great state of West Virginia.