



**EARL RAY TOMBLIN**  
GOVERNOR  
THE STATE HOUSE  
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# **STATE OF THE STATE**

## **GOVERNOR EARL RAY TOMBLIN**

The State House  
Charleston, West Virginia  
January 11, 2012

Mr. President, Mr. Speaker, Members of the Board of Public Works, Justices of the Supreme Court of Appeals, Members of the State Board of Education, Members of the Legislature, Distinguished Guests, and My Fellow West Virginians:

### **The West Virginia Way**

I am humbled and honored to stand before you this evening. We are on the verge of experiencing a new and dynamic chapter in the history of West Virginia. Avenues of opportunities lay before us. There will be challenges along the way, but make no mistake, our trajectory is upward. It is our strength, talent, creativity, and clarity of purpose that gives us the capacity to achieve greatness.

And while we can achieve greatness, our success is not guaranteed. Outcomes will be based on our willingness to use our unique abilities and skills for a greater West Virginia. Each of us can make a difference in the lives of our people and our State. And with the knowledge and confidence that the State of our State is stable and strong, **NOW IS THE TIME** to build on our strength.

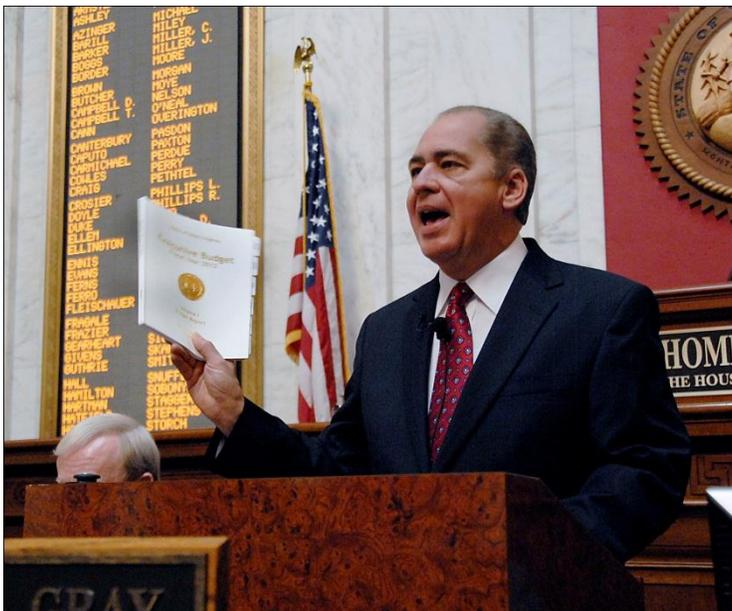


*Governor Earl Ray Tomblin*

This is not Washington D.C., where partisan bickering has subverted the legislative

process. This is West Virginia, where the republican and democrat, liberal and conservative, come together, resolve differences, and take decisive action. This ability was made clear, when we came together and overwhelmingly passed legislation to develop the Marcellus Shale, create jobs and provide economic benefits to the entire state.

This is not Washington D.C., where uncontrolled spending has led to uncertainty, a lack of confidence, and a fundamental breakdown in the operation of government. This is West Virginia, where we figured out in a realistic way to cut waste, balance the budget,



reduce the tax burden, and commit to our citizens and our businesses, that this is a great place to work, live, and play.

This is not Washington D.C., where the EPA and other governmental agencies engage in back-door policy making that threatens the very livelihood of so many of our fellow citizens. This is West Virginia, where we appreciate the need for reasonable, open environmental regulations but understand the fundamental need for jobs and for low cost, reliable energy developed right here in the United States of America.

*Gov. Tomblin presents the Executive Budget during the 2011 State of the State Address*

We have a responsibility to the people of West Virginia to manage our state's finances responsibly. I take this duty very seriously. Our continued success depends on the choices that we make about every dollar we take in and every dollar we spend.

Not every governor can say this:

The 2013 budget I present to you this evening is balanced!

I do not propose creating any new taxes.

The budget I submit to you tonight contains \$84 million in tax relief. As we promised, 10 days ago, the sales tax on food was reduced by 1 percent and another 1 percent reduction is scheduled in July. This provides \$54 million in relief directly to consumers in the state. And this year we have further reduced the tax burden on businesses by

approximately \$30 million, by lowering our business franchise and corporate net income tax rates. Think for a moment about these changes. This administration and this Legislature, in bipartisan cooperation, enacted these tax reductions for individuals and employers, ALL while balancing our budget and providing the essential services our citizens need.

We in West Virginia must continue to forge our own path. We must continue to build bridges between business and labor to create jobs. We must come together regardless of our political persuasion - to put West Virginia First. Our citizens demand it - and their message is clear - they want good paying jobs. Therefore, I ask each of you to join me tonight in building a better, stronger, and more vibrant West Virginia - not just for tomorrow - but for generations to come.

## **Jobs**

A year ago, I pledged to go anywhere, do anything, and spend every waking moment focused on encouraging the creation of more jobs. While we have had success, our focus, must remain laser sharp. Our future demands that we create the right economic environment where the private sector is encouraged to invest, and create good paying jobs with benefits. Jobs that allow every hard working West Virginian the ability to provide a good life for their family. After a year of leading our State, I want you to know that my commitment to that vision is stronger than ever.

2011 was a year of significant progress. Companies invested almost \$3 billion in our State. This is a 36 percent increase in investment over 2010. Those investments reflect the diversified nature of the economy we are building. Companies like Toyota, who for the sixth time in their history here in West Virginia has expanded, investing \$64 million and adding 40 more jobs in Putnam County. Quad Graphics in Berkeley County made a \$15 million investment to strengthen its manufacturing platform. This move will create 400 new local jobs. Caiman Energy in Marshall County will invest over a quarter of a billion dollars for a new processing plant; Macy's will complete construction and open their Berkeley County fulfillment



*Gov. Tomblin participates in the Macy's Groundbreaking Ceremony  
(Photo courtesy of Macy's Inc.)*

center employing over 1,000 West Virginians, Amazon will create 200 new jobs and Alcon over 300 jobs in Cabell County. Orrick, Herrington & Sutcliffe will grow in Ohio County by another 100 jobs; Rue 21's distribution facility in Brooke County will expand and add 75 new jobs. And the list goes on. Equally as important, I am confident that this activity is only the beginning.

We are helping our existing companies succeed and grow by exporting more of our resources and products around the world. For almost all of the past two years West Virginia has led the nation in export growth.

Once again in 2011 West Virginia demonstrated our national leadership in energy production. We successfully recruited new companies like MarkWest Liberty, which has announced that it will invest \$400 million to build a new natural gas facility and pipeline in Wetzell and Marshall Counties. Other energy companies like Weatherford International, Superior Appalachian Pipeline, Dominion Transmission, American Municipal Power and AEP are all making new investments in our state.

Aqua Transfer and Oilfield Solutions, a high-tech company relying on natural gas development has chosen Upshur County to open a new office that will create 50 jobs. In Kanawha County, the Audubon company is creating 75 jobs to provide engineering

services for oil, gas and the petrochemical industry.

And of course, companies such as Arch, Alpha, Alliance, United Coal, Patriot and countless other mining companies continue to invest in West Virginia, maintaining and creating jobs. Coal is and always will be a part of our future.

Our State continues to demonstrate that it can compete on a global level

in a worldwide economy. One such example is Carbonxt, Inc., an Australian based company, which recently announced plans to build a \$30 million plant to convert coal into pure carbon. A product which will help make coal-fired plant emissions burn cleaner. This clean coal technology will be produced here in Kanawha County and will



*Gov. Tomblin participates in a ribbon cutting ceremony for the opening of Affinity Coal Mine*

create 40 high-tech, manufacturing jobs.

All of these are important investments in our state and we should all be proud that these companies share our confidence in West Virginia and her people. And, while we have made progress and our unemployment rate is below the national average – we need more good paying, stable jobs. Too many of our citizens are still suffering from the recent recession. We must stop the outsourcing of American jobs to foreign countries. We must reinvigorate manufacturing in our state! This is West Virginia where 'Made in America' still has meaning!



*Gov. Tomblin meets M-Rock Stone Manufacturing's employees*

As leaders of this State, we need to understand that our mission is to create a business climate that fosters job development. It is our responsibility to have the discipline, the know - how, the determination and most importantly - the pride - to take steps that will unleash the engines of our economic future.

We must be responsible stewards of State finances and live within our means. We did that with our West Virginia Unemployment Trust Fund. Our fund is stable and solvent. While 27 other states have had to borrow billions of dollars from the federal government to pay benefits, we have not borrowed one dime! And now, those states, have had no other choice but to levy higher taxes, which makes West Virginia more attractive.

We took the necessary steps to reform and privatize our workers' compensation system. That effort has resulted in rates that have been reduced by more than 47 percent since 2005. Our premiums are now below the national average! Our hard work is paying off. Our bond ratings continue to improve, and that saves taxpayers money.

Let me now speak very directly about one of my problems with Washington.

As long as I am Governor I will continue to fight this administrations war on coal! A few months ago, a federal court agreed with our lawsuit and ruled that the federal EPA had in fact overstepped its authority. I will keep fighting until Washington recognizes that

one of the keys to America's future is the use and promotion of our natural resources. It is a fight from which I will not shrink, and one that I fully expect to win!

Just as we must continue to mine coal, we must make certain that our miners are safe. We have created a new rock dusting laboratory. We have increased the number and the salaries for our mine inspectors. We are re-checking our rescue chambers to make sure that they are safe. And, we have diligently worked to determine the causes of the Upper Big Branch disaster to make sure a disaster like that never happens again!

To build on this progress, I will submit legislation designed to improve mine safety. This legislation will enhance rock dusting standards, protect whistleblowers, mandate methane sensors at long walls, and increase pre-shift reviews. We will prohibit mines from announcing that an inspector is coming, and we will provide more training for self-rescuers. We will also begin a year-long study on the training of our inspectors, our foremen, and our miners. Coal mining is a dangerous profession, but we can make it safer. One death in our mines is one death too many.

Finally, now is the time to make sure that our mines are drug free. Much like Virginia and Kentucky, we will implement our own drug-testing program. No workplace can tolerate a person impaired by drugs, particularly in our mines.



*Gov. Tomblin signs proclamation relating to the formation of the Marcellus to Manufacturing Task Force*

In addition to our use of coal, there is a new opportunity of which we must take advantage. Thousands of feet below the surface of West Virginia is the Marcellus Shale. The extraction of natural gas and other byproducts can be a significant job creator and provide billions of dollars' worth of economic benefits to our State. We've taken the first step. With broad bipartisan support this Legislature passed

reasonable regulations to protect the environment while providing the regulatory certainty needed to encourage new job opportunities right here at home.

Tonight, I am proud to announce that new, good paying, permanent jobs will be coming to Harrison County based in part on the growing opportunities associated with the development of the Marcellus Shale. The Baker Hughes company will create 275 new jobs at a new \$40 million facility to be built along Interstate 79. This is one more tangible sign of the enormous potential to create West Virginia jobs through the responsible development of our natural resources. We thank Baker Hughes and we welcome Chad Deaton, Executive Chairman of the Board of Directors and George Bernhardt, Managing Counsel, who are with us here tonight.

Natural gas can help reduce our nation's dependence on foreign oil. Cost effective technology is now available to retrofit our vehicles to run on natural gas. I have entered into an agreement with seven other states to work with automakers to encourage increased production of cars that run on natural gas. We will also explore the conversion of some of our fleet operations to natural gas. It makes sense to start using

fuels for our cars and buses that we produce right here in West Virginia. It is in America's best interest, and we can lead the way.



*Gov. Tomblin and Legislators discuss the passage of Horizontal Well Act*

Of course, one of the biggest potential benefits of the Marcellus Shale development is the opportunity to re-energize manufacturing in our state. One ethane cracker, by itself, would mean a multi-billion dollar, multi-year investment in West Virginia with thousands of construction jobs and hundreds of good paying permanent jobs. The American Chemistry Council estimates that we could create an additional 12,000 manufacturing jobs in West Virginia with the construction of an ethane cracker. This session I will submit legislation to further refine our incentives in a fashion I believe will strengthen our competitiveness in achieving that goal. And let me be clear about my intentions. I will do everything in my power to make sure that West Virginia is positioned to take full advantage of this opportunity. I will not limit our efforts to just one project or even two. We will compete for every project - every dollar of investment and every new job that relies on the natural resources with which we have been so blessed.

It is essential that we don't forget the importance that modern infrastructure plays in

West Virginia's economic future. We must find innovative ways to invest in safe water and sewer systems, invest in new and improved schools, in roads and broadband access. To aid in this goal, I will submit legislation that will call for 50 percent of surplus revenues to be placed in an infrastructure fund once the Rainy Day Fund reaches 15 percent of the General Revenue. We have to invest in ourselves if we expect others to invest in us.

While speaking about infrastructure, let me take a moment to focus on driver safety. With the advent of iPhones, BlackBerries, 4G networks, and texting, the number of people who are using mobile phones while driving has and continues to increase. And, with that increase, there has been an equally dramatic increase in the number of driving fatalities where distracted driving was involved. This is a dangerous activity. It is unsafe and it puts all drivers at risk - especially our young people. Now is the time to save lives! I will submit legislation that will ban the use of cell phones without hands-free equipment and text messaging while driving. I want West Virginians to remain free from distracted drivers on our public highways.

## Veterans and Jobs

As we embark upon a new year, we tend to take stock of where we have been and make note of where we are going. At no other time has this sense of past and future resonated more, than with the joy and anticipation of our troops coming home.



*Gov. Tomblin visits with members of the 156<sup>th</sup> Military Police Detachment and their families prior to deployment*

Let us express our heartfelt thanks. I would like to introduce Sergeant First Class Benjamin Gentry III and Staff Sergeant James Providenti, who were part of the first and last units deployed to Iraq and First Sergeant Robert Cassas, who was deployed in Afghanistan. We are so glad that the best among us, who volunteered to serve and protect our liberty, are back.

Welcome Home!

As we welcome our troops' home, and wait eagerly for others to return, we must do all that we can to help provide rewarding opportunities for these Heroes. They are returning with significant skills and

experiences learned from their military training that will lead to employment opportunities here at home.

That is why I am proud to announce the West Virginia Employment Initiative Program. Now is the time to increase employment opportunities for military members and veterans by providing job training and vocational counseling, facilitating job searches, and referring qualified applicants to job openings. It is right and fitting that we do all that we can to serve those who have served us; sacrificed for us and done so much to preserve our freedom and protect us from harm.

## **Strengthening Our Education System**

Everything I have touched on tonight centers around providing job opportunities for all West Virginians.

Speaking of good jobs, I want you to join me in congratulating two outstanding universities that took us to victory in two bowl games this year. Let's express true West Virginia pride by congratulating Coach Doc Holiday of Marshall and Tyler Rader of West Virginia University!

Let me be clear that nothing is more important to creating good jobs than providing a world class education for both our children and adults. The world economy demands lifetime learning. We must start by refocusing our education system on the best interest of the student. If we want our children to have a future of their own choosing, we must meet their educational needs from the first day of school until graduation and beyond. We must elevate our aspirations, and challenge one another to participate in the world as productive, income-earning members of society.



*Gov. Tomblin reads a book to Kanawha City Elementary students as part of Read to Me Day*

To get a better understanding of best practices in our sister states and identify efficiencies in our education system, we hired outside private experts to conduct an efficiency audit.

As a result of that work, we now have ideas that can save approximately \$90 million for use in our education system every year. These recommendations have the potential to eliminate overlap and allow our schools to work smarter and more efficiently.

The audit identified potential areas where West Virginia can develop its own best practices for our education system. The audit recommends using new technologies to assist rural communities, giving local officials more authority over their schools, better methods for evaluating teachers, enhancing our teacher mentoring program, and adequately compensating our professional educators. We cannot achieve all of these goals overnight. But it is one of my highest priorities. Every West Virginian concerned about our education system needs to take the opportunity to review and discuss this report so we can begin to take advantage of its recommendations, and do so in a way that is right for West Virginia.

This year, I will introduce legislation incorporating student achievement into every teacher performance evaluation. This bill will codify a pilot program currently in place and expand it to require yearly assessments of teacher performance. It is a plan I believe can help make our good teachers great and identify a teacher who needs our help to be better.

I will also introduce legislation that will establish a pilot program to improve struggling local schools. Under this pilot program, local administrators and educators will be granted flexibility to attract qualified teachers into those local schools in an effort to obtain better results for our students. This legislation will be implemented in coordination with the Reconnecting McDowell Project, a public - private partnership involving over 40 organizations that will focus on everything from jobs and economic development, housing and transportation, technology and services for students and their families. And, I would like to recognize one of our partners in this effort, Randi Weingarten, President of the American Federation of Teachers.



*Gov. Tomblin speaks at the  
"Reconnecting McDowell" Luncheon*

In support of this effort, tonight, I am pleased to announce that Save the Children will match \$1 million in state funds with a \$500,000 investment in McDowell County. Save

the Children will partner with 3 elementary schools and their administrators to focus on literacy. Children in rural counties should have the same chance to succeed as children who live in the most affluent areas of America. Because of this, I am confident that we will bring those opportunities to the children of McDowell County. I am also confident that these efforts will serve as a model of what we can do throughout the state when we work together.



*Gov. Tomblin welcomes scouts during the Order of the Arrow Section C4B Days Proclamation Presentation*

Learning opportunities come in all forms and are not restricted just to the classroom. Another landmark educational opportunity for our citizens, and for young people all over the world, is taking shape in Fayette County. In 2013 the National Boy Scout Jamboree will attract more than 50,000 Boy Scouts and Scout leaders from across the country to the new home of the Boy Scouts of America at the Summit Bechtel Reserve. In 2019, for the first time in 50 years the World Jamboree will return to the United States and bring 80,000 scouts and their families to the spectacular hills of

West Virginia. We pledge to make the scouts as proud of their decision to come to our state, as we are to have them here. I want to introduce to you Mike Patrick - COO of the Bechtel Summit Reserve and Steve McGowan - Lead Volunteer for the Boy Scouts of America and ask that you join me in thanking them for choosing West Virginia as the Scouts permanent home.

We must also continue to bridge the gap between our education system, its research components and the potential for new business development with, job creation. One of the best examples of the fusion of these three areas can be found in Morgantown at Protea Biosciences. Protea was launched as a spin-off from West Virginia University in 2001. It was largely financed by a loan from West Virginia Jobs Investment Trust. Protea was recently recognized as one of the Top Ten Innovative Technology Companies in the world for the life sciences. This recognition was for the development of a first of its kind imaging technology that allows for real-time imaging of live cells. The result is that Protea, a start-up company nurtured here in West Virginia, will revolutionize the precision and speed by which cancer is diagnosed and monitored. Protea represents in every way what I know West Virginia can produce with smart partnerships between our colleges, universities and the private sector.

As we do every year, I also want to congratulate a teacher who strives to bring out the best in their students. It is very encouraging to know that we have wonderful, committed teachers like Bob Morris of Clay County High School. Mr. Morris is the Toyota Motor Manufacturing, Highmark Blue Cross Blue Shield teacher of the year. Bob teaches agriculture and forestry in Clay County, while also continuing his own education through WVU's Extended Learning program. So let us congratulate Bob Morris for being recognized as the teacher of the year. And let's thank Yoji Suzuki, President and Mike Lutz, General Manager of Toyota Motor Manufacturing of West Virginia; along with Fred Earley, President and Cathy McAlister, Communications Manager of High Mark Blue Cross Blue Shield for their continuing support of our educators.

## **Substance Abuse and Jobs**

Reducing the unemployment rate is not just about education or the availability of jobs. Unfortunately, there are some places in West Virginia where jobs are available, but there are not enough qualified, drug-free, West Virginians to fill them.

Illegal drug use and the abuse of prescription drugs affect all of us. It is an equal opportunity destroyer of dreams and lives. It affects the poor, the affluent, the educated, and everyone in between. That is why this past year I formed the Governor's Substance Abuse Advisory Council and six Regional Task Forces.

My Advisory Council and Task Forces have been collecting the facts, working with prevention, detection, and treatment experts in order to increase the access and effectiveness of our substance abuse programs.



*Gov. Tomblin listens to constituent comments and concerns during one of the substance abuse roundtables*

Solving our drug problems is not just about increasing criminal penalties. I have learned that we must use technology to fight our drug problems and enhance enforcement. We must, use our prescription monitoring program so that when an abuser tries to doctor or pharmacy shop, we stop it.

I have also learned that far too often graduates of our State programs do not return to the work force because they cannot pass a drug test. When this happens we have lost valuable education dollars, we have lost a productive member of our community, and we have lost the opportunity to strengthen our economy. I will therefore require that individuals pass a drug screening prior to enrolling in our state's taxpayer funded workforce training programs. Now is the time to get serious about ending drug abuse and addiction.

## **Our Commitment to Fiscal Responsibility**

Tackling our State's drug problems will take time, commitment, and perseverance. The same is true with respect to handling the State's finances. Our nation is still recovering from the worst recession since the Great Depression. The global economy is threatened by instability in Europe and beyond. The ballooning federal debt means we can expect the Federal Government to make decisions that will negatively impact our State.

But this is West Virginia. Our states finances are a source of strength. We have a proven track record of balancing budgets. We have one of the best rainy day funds in the nation, with a surplus of over \$820 million. We pay our bills on time and we keep our financial commitments to our retirement systems.



*Gov. Tomblin signs the bill lowering the food tax*

Over the past several years we have taken steps to reduce the corporate net income tax and to phase out the sales tax on food as well as the business franchise tax. These tax changes provide relief for our taxpayers while making our state more competitive for business growth.

While we can be very proud of these accomplishments, we cannot rest on our laurels. We face a future with exploding Medicaid expenses, increased enrollment, medical cost inflation; declining lottery revenues; and uncertain economic times.

We will meet these challenges with the same pragmatic approach that we have applied over the past twenty-five years as we have grown from a State on the brink of bankruptcy to become a beacon of fiscal health in a nation where shortfalls have been the norm.

We changed our mindset and our spending practices to accomplish fiscal stability. And it has made all the difference in the world.

While I am pleased with this success, we have one more, large outstanding obligation that we must address for the future of our state: Other Post-Employment Benefits or OPEB. We knew we had some hard choices to make and we made them. Along with that commitment to act responsibly, just last month, the PEIA Board took a monumental step forward, and cut our OPEB liability in half. This was a significant effort led by a host of groups, including several unions. I want to thank them for stepping up to the plate and helping to solve this issue. Today, OPEB is the last unfunded liability we have to face. And I will provide specific legislation this session to eliminate it once and for all!

With OPEB under control, West Virginia will have the ability to reach the upper echelons of financial strength and stability. This is what business investors want to see a state that can stand on its own financially. West Virginia has proven it can stand on its own and recent investments have demonstrated that West Virginia is a state where businesses want to invest and create jobs.

More jobs...

and lower taxes...

is not just a slogan.

It is a strategy. Together, we are making it happen in West Virginia. We will not only celebrate our accomplishments. We will reshape our future. We will build a new West Virginia. One where our schools prepare our children for future employment, our communities are drug free, good jobs are plentiful, and our families can stay and prosper in West Virginia.



*Gov. Tomblin takes the oath of office with First Lady Joanne Jaeger Tomblin and son, Brent, by his side*

Help me make this happen. Together we can make a difference. Together we can make West Virginia all it can be. Now is the time!

Thank you, God Bless You, God Bless America, and God Bless the Great State of West Virginia!

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