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For Immediate Release: December 17, 2014

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Governor Terry McAuliffe's Remarks to the Joint Money Committees

~As prepared for delivery~

Chairman Stosch, Chairman Colgan, Chairman Jones, Chairman Ware, Members of the General Assembly, ladies and gentlemen: Good morning.

And to my wife, First Lady Dorothy McAuliffe, Attorney General Mark Herring and members of my cabinet, thank you for being here today.

This summer in my first budget speech to you, I shared some sobering news about our revenue outlook. There is no question that we face serious headwinds. But we also have an opportunity to work together to transform our economy for the better. If we are swift, smart and united, we can build a new and stronger Virginia economy.

So 17 weeks after I last spoke to you in August, 96 jobs announcements and 400 budget tightening strategies later, I'm back to tell you what I've done and what I'm going to do, with your help, to move this commonwealth forward.

First, let me give you an update on our accomplishments. To date, my administration has made 239 jobs announcements that will bring in more than \$5.1 billion in capital investment. That's double the amount generated by any previous Governor during his first 11 months in office.

I suspect each one of you has your favorite economic development success story based upon where you live, but I will share with you just a few.

Last month, we announced that Lindenburg Industry, a Chinese advanced manufacturing company, will create 349 jobs and invest \$113 million in a shuttered factory in Appomattox, the first new company in that county in 15 years, and the largest company to make Appomattox home in more than 44 years.

In Newport News, Continental, a leading international automotive supplier, will create about 500 new jobs. Virginia beat out Mexico for this \$152 million investment to expand the company's operations.

We brought Tranlin Paper Company to Chesterfield. The Chinese company will invest \$2 billion and create 2,000 new jobs at its advanced manufacturing facility. It is China's largest Greenfield investment in the United States.

This summer, I announced that CEB will invest \$149.7 million in a new global headquarters in Arlington County, creating 800 new jobs.

To keep the momentum going, I've conducted two trade missions to China and also travelled to Japan, South Korea and the United Kingdom to open up markets for Virginia products and pitch the commonwealth as a prime location for international companies looking to expand.

I've also met in Richmond with ambassadors and other representatives from Qatar, Korea, Burundi, France, China, Singapore, Great Britain, Taiwan, Canada, Japan, Cuba, Germany, Vietnam, Ethiopia, Italy, Pakistan, Mexico and Portugal, just to name a few.

I have worked hard to leverage our relationships at the federal level as well, and have been pleased by the State Department's decision to put the Foreign Affairs Security Training Center at Fort Pickett. The federal investment for this facility has been estimated at \$461 million.

We opened the Silver Line, connecting the bustling Tysons Corner commercial district and Reston to the Metrorail system.

I cut the ribbon on the 95 Express Lanes, which opened this past weekend. They are game changers that will bring relief to Northern Virginia's commuters and energize the region's economy.

We worked with community colleges and other agencies to secure more than \$34 million in federal workforce grants.

I've spent much of this fall implementing "A Healthy Virginia," my plan for improving access and quality of care for as many as 200,000 men, women and children.

And last week, I'm proud to say that Virginia received the highest score on the National Security Health Preparedness Index, in recognition of the planning and training we have conducted to be ready for a natural disaster, bioterrorism or the occurrence of an infectious disease.

As you can probably tell, I love being Governor. There are tough decisions to make, and we do face challenges (as you are about to hear). But I approach this job every day with the fundamental belief that we are on our way to the healthy and vibrant future our families deserve. And I view this speech as an important opportunity to share with you my vision for building a new Virginia economy and to build on our partnership in making that new economy a reality.

Building the new economy is not an option; it is a necessity. I'll let the numbers do the talking.

Last fiscal year, Virginia suffered an unanticipated and significant general fund revenue shortfall totaling \$438 million. It marked the first time that general fund revenues declined in the Commonwealth outside of a national recession.

In the face of those events, I directed Secretary Brown to begin the process of re-forecasting revenues. Both the Joint Advisory Board of Economists (JABE) and the Governor's Advisory Council on Revenue Estimates (GACRE) met over the summer, and based on their input, the resulting interim economic outlook incorporated a slower recovery than anticipated in the November 2013 forecast. As a result, total general fund revenues were reduced by \$2 billion over the fiscal years 2015 and 2016 in the interim forecast that we released last August. Combined with the fiscal year 2014 shortfall of \$438 million, the total shortfall reached \$2.4 billion for the biennium.

Now, most of the shortfall was addressed by actions taken during the special session in House Bills 5002 and 5010, which set aside cash reserves and established a schematic for budget reductions and withdrawals from the revenue stabilization fund to balance the budget. I thank Chairmen Jones, Stosch and Colgan for their prudent bipartisan efforts on these important actions.

In October, I announced budget reductions for state agencies in the first year of the budget totaling \$92.4 million as the first step in putting this plan into action.

After that announcement, what remained was the continuation of required budget reductions for state agencies in the second year estimated at \$100 million, the reversion of \$151.8 million in balances, and an additional \$272 million in unspecified actions. In total, Chapter 3 (HB5010) required an additional \$882 million in savings, transfers and other resources to balance the budget before any new spending could be addressed.

The bottom line here is that in order to cover the remaining shortfall and necessary spending, significant budget actions are needed. My team's efforts have identified \$954.7 million, or \$72.5 million more than required. Technical revisions to revenues and transfers, as well as needed adjustments to the beginning balance, reduced this excess balance to \$67 million for the biennium. That's still not enough to cover the \$176.6 million in new spending requirements that we face.

While most of the total \$2.4 billion shortfall was caused by federal tax policy changes on capital gains and non-wage income, it was also clear that Virginia's economy was not performing to our accustomed standard. This trend continues even though the national economy has finally started to grow at rates comparable with an economic expansion.

There is no question that much of the drag on our economy has been created by federal spending decisions, including Sequestration. Automatic federal budget cuts reduced military contracts in Virginia by \$9.8 billion between 2011 and 2013, and they threaten to eliminate 154,000 jobs in the commonwealth, or 4 percent of our workforce.

Put simply, Virginia stands at an economic crossroads. We are still creating new jobs, but they can't compensate for the loss of high-paying federal government-related jobs over the past three years, especially in Northern Virginia and Hampton Roads.

A direct result of the deep cuts in federal spending, Virginia's general fund revenue collections remain abnormally sluggish.

When I addressed you in August, I expressed the need for Virginia to diversify our economy and reduce our reliance on federal spending. That message is the guiding force behind the budget that I am presenting to you today.

If we are going to build the new Virginia economy, we must invest in our workforce, in savvy economic development strategies, in education and in infrastructure -- including broadband, renewables, energy networks like the Atlantic Coast natural gas pipeline, and a diversified transportation grid.

In short, we must build on our strengths and discover new strengths. If we work together, I am confident we can bend the economic curve in our favor to bring prosperity to the entire commonwealth, from Cumberland Gap to Portsmouth to Fairfax County.

This brings me to my budget proposals. I don't have to tell you that much of my attention this fall has been to budget cuts. But the spending priorities we set in years of scarce resources are even more important than those we choose in years of bounty. We have an obligation to make smart new investments that will protect taxpayer dollars, grow our economy and improve Virginians' quality of life. After much analysis, the sum of these necessary spending proposals totals \$176.6 million.

I get out of bed every day competing with 49 other governors and 200 countries around the world. The budget choices I make this year are targeted to ensure that we can compete effectively.

You will not be surprised to hear that my top priorities are investments necessary to bolster economic development.

COMMERCE AND TRADE

So let me begin with Commerce and Trade.

On December 5th, I released my "New Virginia Economy" strategic plan at the Virginia Chamber's Economic Summit. I set out five pathways to growing and diversifying our economy. These priorities are:

1. Ensuring a pro-business climate
2. Creating a world-class economic infrastructure
3. Emphasizing high-growth sectors
4. Attracting and keeping entrepreneurs, innovators and the next generations of business leaders, and finally,

5. Nurturing a well-educated, well-trained workforce

I think we all recognize that these five pathways are essential ingredients of a new Virginia economy. But accomplishing these goals will require smart investments that enhance our competitiveness. I am proud of the success we've had closing economic development deals during my tenure, but continuing that momentum will require additional resources for tools like the Governor's Opportunity Fund.

The GOF is a critical economic development tool to enable the Commonwealth to compete for major new investments and jobs. In FY 2015, I added an additional \$9.9 million and in FY 2016, I added \$10.8 million. Much of the current fund is already obligated for future projects.

You will also see legislation as well as a budget item for \$500,000 to start the Virginia Tourism Growth Incentive Fund. Virginia tourism is a \$21.5 billion industry employing 213,000 Virginians statewide, and I am committed to growing in this sector.

Domestically, I am dedicated to continuing efforts to fully use, expand, and enhance the Governor's Agriculture and Forestry Industries Development Fund – the AFID – by recruiting and incentivizing new economic development projects and existing agribusiness expansions. In the first 11 months of my term, 8 AFID economic development grants have been awarded for the creation of almost 350 jobs with a private capital investment of \$42 million.

Later today, I will be making an exciting AFID Facility Grant announcement in Williamsburg for a multi-million dollar capital investment and more than two dozen new jobs associated with the distilled spirits industry.

As important as bringing new companies and jobs to Virginia is in the short term, we must also work together to build the economic infrastructure we need to create the jobs of the future.

Virginia cannot be divided between two centuries, with some of us enjoying the high-tech advantages of the 21st century while others are still lagging behind. In order to begin to address the problem, I am reallocating funds to allow \$500,000 for broadband planning grants to localities, pursuant to the budget language allowing this change.

I have also included in the revenue forecast and will be introducing legislation to extend tax credits for green job creation and to extend capital gains exemptions for investment in tech startups. Currently, both are set to expire in 2015.

WORKFORCE

Recruiting new businesses and building economic infrastructure are important, but if we do not have a highly-trained and quality workforce, we will not succeed. Over the past year, I have taken a hard look at our current workforce system. I know JLARC has done the same. We came to the same conclusion.

Our fragmented workforce system is complicated, rife with redundancies, and does not meet the needs of local employers. In addition, there is no accountability for taxpayer dollars and no emphasis on credential attainment. The time has long passed for all of that to change.

I am introducing legislation that repurposes current federal funding for workforce development. Thirty percent of Workforce Innovation and Opportunity Act adult and dislocated worker funds we reserve for statewide workforce activities, presently amounting to approximately \$1.1 million, will be used for additional credentialing.

Instead of absently writing checks to our local Workforce Investment Boards, we will now tie this funding stream directly to outcomes achieved. These incentive payments will be awarded based on credentials attained and other criteria as determined by the Workforce Development Board in consultation with the Virginia Community College System.

My budget actions include additional funding for workforce programs. \$1 million will go to provide student financial assistance at community colleges for credential attainment. I am also reallocating funds to allow \$1 million for a regional private sector-led workforce development competition. This appropriation will be matched by federal discretionary funds as well as private sector funds.

If we work together, we can fix our workforce development system and make Virginia a national leader for how we get our workers the skills and training they need to do the jobs of today and create the jobs of tomorrow.

VETERANS

As we strengthen our workforce, we have no more valuable assets than our veterans. We need to find a way to leverage the talents and training of Virginia veterans to help our businesses grow. Virginia is home to more than 800,000 veterans. We have seen successes with the Virginia Values Veterans or V3 Program. Just last week, I announced that more than 1,400 veterans have been hired through this program in the third quarter alone. This is a great start, but we must do more.

I have included in my budget additional appropriations for the V3 program as well as for the Virginia Transition Assistance Program. I have also provided funding for 5 claims agent positions and converted 13 administrative positions to claims agents to help fill critical service gaps in our veterans support field offices. This funding will also help open two new field offices.

Each night we have more than 600 veterans go to bed without a roof over their heads. This is intolerable. I am including three local Housing Resource Specialist positions to provide assistance to veterans with housing needs in three regions of the state. This action will help me make good on my promise that not a single veteran will be homeless by the end of 2015.

A million dollars for rapid re-housing is also included in my budget so that no Virginians must go without a stable roof over their heads.

EDUCATION

More than any other priority, Virginia's future economic success is staked upon our public education system. If we are going to attract the jobs of today and create the jobs of tomorrow, we must constantly improve the quality of the education we offer every Virginia child.

Today, I am proud to announce that my budget recommendations contain no cuts or program reductions for elementary and secondary education and no additional cuts to higher education in Virginia.

But we can't be satisfied with simply doing no harm. Education is too important. So I am targeting much-needed dollars to help schools facing the most daunting challenges, so that a child's future is not determined by his or her zip code. It's time to stop kicking the can down the road and start taking action.

My budget proposal includes \$713,000 to help train principals in underperforming schools so they can steer their teachers and students toward greater academic success. Those principals and others at our local schools will also get extra help from school improvement and curriculum specialists hired at the state level.

Of course, a student can't be expected to ace a test if he or she is hungry. Today, only half of all children who could benefit from starting their day with a healthy breakfast are able to do so. That's why my budget includes \$537,000 to enhance our school breakfast program, to help these students start their day ready to learn. By contributing just a nickel extra per breakfast, schools will now be better able to overcome logistical challenges to making breakfasts a part of the school day.

These efforts build on the work done this year by the First Lady, who has worked to bridge the nutritional divide and solve childhood hunger. She's achieving those goals while promoting Virginia's agriculture economy and supporting local programs related to community nutrition, food access and health strategies.

And I am not forgetting about our teachers. I am taking proceeds from the sale of unclaimed stocks and bonds turned over to the state and significantly reducing the unfunded liability of our teacher retirement fund. I am committing \$150 million to protect teachers and to reduce liabilities on local government balance sheets. This action will save money through reduced future retirement payments for the state as well as localities.

An additional \$75 million from the stock sales will go to the Literary Fund to fuel school construction loans and interest rate subsidies on loans through the Virginia Public School Authority.

Although my budget contains no new money for preschool, I am proposing a common sense policy that will allow us to keep making progress on early childhood education. We will allow school systems that are maxing out their use of state pre-K funding to receive extra money from dollars not used in other divisions.

And of course last week I was proud to announce that Virginia has been awarded a \$17.5 million U.S. Department of Education Preschool Expansion Grant that will allow the Commonwealth to serve as many as 1,600 additional at-risk four-year-olds in new, high-quality preschool classes.

In higher education, I have requested \$2.5 million in new financial aid funding.

I have also included \$10 million for our higher education institutions to purchase the latest equipment for instruction and research technology. And another \$4.2 million to compete for the mother of all research technology, a new Electron Ion Collider at the Thomas Jefferson National Accelerator Facility in Newport News. That would be a new \$618 million facility that could create more than 4,900 jobs within a decade and add \$708 million to the commonwealth's economy.

And folks, we are competing one-on-one with the Brookhaven National Laboratory in New York, and the \$4.2 million in seed money in my budget is critical if we are to compete against this larger facility.

HEALTH CARE

It should come as no surprise to you that I remain committed to providing health care coverage to up to 400,000 uninsured Virginians who are still waiting for their leaders to expand Medicaid eligibility. This has never been a hard decision for me. The budget cuts I have made this year have only strengthened my belief that this is not just the right thing to do, it is the only thing to do.

We have already forfeited \$154 million by delaying this decision for a year. We cannot get that money back, but we can stop procrastinating, and we can start making use of the resources available to us.

If we expand Medicaid on January 1, 2016, we can save \$105 million in the first six months alone. If we continue to refuse, 400,000 of our friends and neighbors will continue to go without health care that we have already paid for. And let me be clear – when those Virginians get sick or injured, they will go to the emergency room, and when they do, we pay the cost. Except, unfortunately, now we will have paid it twice.

There has been much heated political rhetoric about this issue, but very little substantive bipartisan discussion. It is my hope that this session we can work together to close the coverage gap, bring our taxpayer dollars home, and use the savings to address future costs, in either required deposits to the rainy day fund, or additional costs related to Medicaid expansion down the road.

I would also note that expansion would help meet or even exceed the goals in my health care plan, A Healthy Virginia. We can provide medical and behavioral health services to individuals with serious mental illness. We can provide dental benefits to pregnant women and help reduce pre-term births.

I am providing those improvements to access and quality of care already, thanks to \$223.8 million in general fund savings that we are experiencing over the 2014-2016 period partially as a result of Medicaid reforms.

Closing the coverage gap is the right thing to do for our budget, our economy and the families we all serve. Our economic competitor states are accepting this funding.

On Monday, Tennessee's Republican Governor Bill Haslam announced he will call a special session in January to consider their expansion plan. Other conservative states like Utah and Wyoming are moving toward expansion as well. In Virginia I believe it is not a question of "if" but a question of "when," and I sincerely hope the answer to that question is "this session."

As we work to get access to health care for Virginia families, we must also keep them safe. In recent months, a series of tragedies has occurred in homes where children were being cared for without regulations or oversight. I intend to introduce legislation this session to require the 1,920 unlicensed day care providers in the commonwealth who receive public subsidies to obtain a license through the Virginia Department of Social Services. With licensing would come greater assistance from state experts who can help ensure that these homes and other facilities are safe places for working parents to entrust their children.

In my budget amendments, I have included funding for an additional 28 licensing staffers to handle the workload at a cost of \$2.7 million to cover the fiscal impact of my proposed legislative change.

PUBLIC SAFETY

The men and women who keep our communities safe are an essential part of our efforts to build a new Virginia economy. They put their lives on the line every day for us, and they deserve a living wage. It is unacceptable to me that some of our sheriff deputies and their families qualify for the Supplemental Nutrition Assistance Program, and I want to do everything I can to put them on more stable financial footing.

So I am including \$1.5 million for a salary adjustment in my budget to give 2,700 deputies across the Commonwealth a much-needed raise. Deputies holding grade 7 positions will see their beginning salary increase from \$29,081 to \$31,009. To avoid salary compression, I also will give a boost to grade 8 beginning salaries from \$31,788 to \$32,009.

This is just the tip of a much broader issue related to the salaries we provide for our public servants. I view this budget item as a first step toward fair pay, not the complete solution.

I have also provided \$11.3 million in FY2015 to address the increased cost of housing local and state responsible inmates in local and regional jails.

VOTING MACHINES

Too often, democracy is an afterthought as the state budget is cobbled together. The results of that neglect can be seen in the outdated voting equipment being used in cities, counties and towns all across Virginia this fall. If you are using a coffeemaker that is more than 10 years old, and it breaks down, that might be inconvenient, but there's always a Dunkin Donuts. If the voting machine you use on Election Day breaks down, you may be deprived of your right to choose your leaders. That's far more serious, and there is no remedy.

I was struck – as many of you were – by the problems with voting machines that our colleague Congressman Scott Rigell raised just this fall. On Election Day, 49 Virginia localities reported voting equipment issues. It is time to act.

My budget includes \$28 million in bond proceeds to replace outdated ballot scanners and electronic voting machines. All of these new machines will comply with state requirements that they provide a verifiable paper trail. And they will be in place and ready to use for Election Day 2015. Many of you will be voting on these machines, and I suspect you'll be voting for yourselves. I hope this will be an enjoyable experience.

I don't want to punish those localities that have scrimped and sacrificed to fix this problem on their own. So my budget also includes \$1.6 million to reimburse those jurisdictions representing 401 precincts out of 2,567 statewide that have recently purchased new voting machines to meet state requirements. We will fully reimburse these localities over a three-year period as their previously purchased equipment is utilized.

BUDGET CUTS

The spending items I have outlined for you reflect my top priorities. In order to make progress on these key policies, it is necessary to achieve savings elsewhere. As I told you in August, revenue declines created a \$2.4 billion shortfall in our two-year budget.

It may be hard to believe, but the situation could be much worse. You wisely created a budgetary reserve to supplement the rainy day fund. Further, three of our chief budget drivers are down: debt payments, the growth in public school enrollment and Medicaid expenditures.

The leveling of Medicaid costs is particularly noteworthy. Medicaid spending is expected to grow at its slowest rate in more than a decade, averaging between 4 percent and 5 percent this biennium. This is significant given the great responsibility the program bears in caring for our low-income children, our elderly constituents living in nursing homes and individuals with intellectual and developmental disabilities. Part of the slowing in costs for Medicaid is related to the reforms implemented in this program. The impact of these reforms is undeniable. You don't have to believe me. Just open the budget.

While these factors provide some relief, additional spending cuts are necessary. My budget plan contains more than 400 strategies that improve efficiencies and reduce taxpayer subsidies in cases where more appropriate user fees are possible. And in some cases, I am recommending larger restructuring measures.

For example, my budget plan calls for the closure of the Powhatan Correctional Center and the Cold Springs Work Center, as well as the delayed opening of the Culpeper Correctional Center, saving a total of \$35.4 million over the biennium.

While I am committed to filling vacancies within the Virginia State Police, my budget calls for doing so at a deliberate pace in line with available resources. I recommend filling 27 trooper positions this year out of the 68 vacancies. Additional hires next year will whittle the vacancies down to 11.

Finally, a reduction in contractor costs at the Department of Medical Assistance Services will save an additional \$4.2 million over two years.

There are certain services being subsidized by state taxpayers when they more logically should be funded by those receiving the direct benefits. To that end, I have included \$9 million in new and increased fees to provide relief to taxpayers while preserving crucial services.

I am proposing an increase in restaurant inspection fees to generate \$3.8 million in revenues to the state and \$3.1 million in revenues to local governments in FY2016. Even with this boost, these fees will cover only a third of our costs for making sure restaurants are clean and safe.

Several adjustments in the finances for Alcoholic Beverage Control stores will cover \$2.5 million of the first year shortfall and \$2 million in the second year. These dollars will be achieved through increases in the case handling fee, the price of mini-bottles and the rounding up of product prices.

My budget plan will generate \$870,000 from state park services, but I made sure that Virginia residents will not be affected by this action. Other fee increases you will see in my plan include \$350,000 generated from biosolid applications, \$500,000 for inspection of weights and measures such as gasoline pumps, and \$225,000 from child protective services registrations.

TAX PREFERENCES

At the start of the budget process, I repeatedly stated that everything should be on the table when it came to examining alternatives to balancing the budget. To this end, I have included \$114.3 million in resources as a result of changes in tax preferences. I focused my attention on those preferences that have been identified as ineffective by JLARC or other groups in meeting their goals, or overgenerous relative to their impact.

Further, I believe it is prudent to make adjustments that limit preferences with uncertain benefits rather than to take abrupt action that might result in unnecessary disruptions.

For example, JLARC found that Virginia's two coal tax credits may not be effectively promoting coal production and employment in Virginia, despite the significant dollars involved. Two of my budget recommendations are intended to help control the volatility in the amounts claimed each year and to reduce the annual impact of these credits to the General Fund. The first would limit the amount of the Coalfield Employment Enhancement Tax Credit that may be claimed at \$500,000 per return. To continue support for Southwest Virginia and to hold the region harmless from this action, I have recommended \$1.2 million in stable baseline funding for the Coalfield Economic Development Authority. The second amendment would limit the amount of the Virginia Coal Employment & Production Incentive Tax Credit to \$2 per ton and limit the amount of the credit that can be redeemed to \$500,000 annually. Together these actions would save the Commonwealth almost \$20 million in FY16.

Several other budget amendments are also intended to reduce the General Fund impact of tax preferences, some of which JLARC found ineffective, including:

- 1) Reducing the deduction for long-term health care insurance from 100% to 50% of the amount of the premiums paid annually, resulting in a positive revenue impact of \$9.4 million. This deduction has failed to encourage the purchase of this type of insurance.
- 2) Limiting the amount of the Land Preservation Tax Credit that may be claimed to \$20,000 per taxpayer, and \$40,000 for joint returns, resulting in \$22.4 million in savings in FY16. This action does not affect the total \$100 million in credits that may be authorized by the tax department.
- 3) Combining all sales tax holidays into a single three day holiday in August, saving \$1.6 million in FY15 and \$1 million in FY16
- 4) Imposing the sales tax on online companies that book lodging at the retail level, resulting in a \$1.7 million general fund increase in FY16, which will provide a positive impact to the localities as well, and finally
- 5) Repealing the little used subtraction for the sale of land for open space use, resulting in \$500,000 in increased revenues in FY16.

I am also recommending that we lower the sales threshold for the application of the accelerated sales tax provision to \$2.5 million in annual sales in June of FY2015. This will result in additional general fund revenues of \$39.2 million in FY 2015 and \$18.6 million in FY 2016. I should note that none of the transportation portion of the sales tax is included in this estimate.

CONCLUSION

Earlier this month, I attended a symposium to honor Gov. L. Douglas Wilder on the 25th anniversary of his historic inauguration. A critical part of Governor Wilder's legacy is the Rainy Day Fund, a revenue reserve that has steadied the Commonwealth through many volatile budgets over the past quarter century.

The Rainy Day Fund has been there when we needed it. And this year, we have needed it.

But it is my sincere hope that the actions we take this session will put us on the path to restoring that reserve rather than drawing from it. Indeed, we are scheduled to make a \$163 million contribution to the fund in fiscal year 2017.

But the most important and only permanent strategy we can adopt together to restore our rainy day fund is to lay a foundation for a stronger, more diverse Virginia economy.

A rainy day can be frustrating, especially if you have as much energy as I do. But, unlike the actual weather, we in this room have an opportunity to seize control of tomorrow's events and to navigate our economy toward greater growth and stability. But we will not succeed if we do not work together, beginning right now.

I want to thank each of you for your leadership. Our first year working together has seen far more bipartisan cooperation than political gridlock.

Believe it or not, I am looking forward to giving my next budget speech, when I hope I can report on the progress we are making building the new Virginia economy we all know we need. I thank you for inviting me here to speak to you today. I am eager to get to work on a bipartisan budget that will move our great Commonwealth forward.

I wish you and your families a very happy holiday season.

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