

Mr. President, Mr. Speaker, Members of the Board of Public Works, Justices of the Supreme Court of Appeals, Members of the Legislature, my dear wife and First Lady Gayle Manchin, Distinguished Guests and my fellow West Virginians: It is once again my honor to stand in this historic chamber and deliver my sixth State of the State Address.

While 2009 was a difficult year for many of us, our path toward continued success is going to be even more challenging.

Last year, I told you that West Virginia was more prepared than most states to get through the worst recession our nation has faced in seven decades.

Our preparation has served the people of the Mountain State very well.

Last year, I said we are in a planning mode and not a panic mode. That remains true today.

When I look at West Virginia, I see a state of accomplishment, NOT a state of disarray.

When I look at West Virginia, I see a state of responsible financial planning, NOT a state of economic turmoil.

When I look at West Virginia, I see a state of prosperity, NOT a state of missed opportunities.

West Virginia leads the nation in personal income growth and ranked second overall in the most recent index of state economic momentum.

Since 2005, 243 companies have located or expanded in West Virginia and they have invested more than 9 billion dollars here. Our cost of living is far below the national average and our Rainy Day fund is still as strong as ever.

And, although our financial institutions were not immune from this recession, all 61 commercial banks headquartered in West Virginia are sound and well-capitalized.

We cannot stray from this bold path of responsible government!

All of us have read the national headlines about employee furloughs, about government shutdowns and even about increased taxes. Although our budget may be more slender than in recent years, we all should be proud that the state of our state is strong.

While we cannot afford to add any base-building salary increases in Fiscal Year 2011, we are still able to provide annual employee increments and we are fully funding teacher and service personnel step increases.

Our welcome centers and rest stops have stayed open, our state offices have normal operating hours, our social services continue and we are paying our bills on time. Twenty-six states are laying off or furloughing workers.

At least 32 states have raised taxes or cut aid to local governments.

I recently required our agencies to reduce their current General Revenue budgets by 3.4 percent. It is the first time I've had to do a mid-year budget reduction. I strongly believe we can achieve these reductions by identifying even more efficiencies.

I want to especially thank our Supreme Court and Legislature for stepping up and taking voluntary action to reduce their budgets, as well. This cooperation in West Virginia is making the difference.

Responsible spending starts with responsible borrowing. Last July, West Virginia became the first state to use the Qualified School Construction Bonds statewide, which is letting us build or improve dozens of schools at a much lower cost.

We currently have \$540 million in ongoing school construction -- the largest amount in the history of the School Building Authority, but much more needs to be done.

I am asking the Legislature to give the SBA more borrowing flexibility. This will not increase our debt limit, but will allow us to create a steady revenue stream and provide safer schools and more construction jobs at cheaper bond rates. We recently completed a \$78 million bond issue to improve our community and technical colleges.

More West Virginians bought these bonds than almost any time in our history. This shows the confidence we have in our own state's financial condition.

We have had our share of challenges this past year – some from Mother Nature.

Torrential rains in southern West Virginia caused mudslides and flooding unlike anything I've ever witnessed. The devastation was horrible.

But the cooperation among first responders, coal miners and operators, volunteers, and FEMA was remarkable, and recovery has been swift.

I want to thank every person who pitched in and gave hope to those in need. In addition, I want to recognize our National Guard. They are always prepared for the hard work here and overseas.

Our Guard has nearly 800 men and women deployed throughout the world, with most of them in Iraq and Afghanistan. Would all of the members of the National Guard and all branches of our armed services – including all veterans – please stand up so we can thank you for the service you give to our country. We must continue to support our soldiers when they come home.

Four years ago, I made a pledge to the Sago and Aracoma families that their loved ones would not have died in vain. Just days after those accidents, we passed our mine safety act that mandated crucial safety upgrades.

We demanded rapid response, tracking and communication with our miners, and additional oxygen supplies. West Virginia had a record-low number of mine fatalities last year, but even one death is far too many.

We are reporting and responding to accidents more rapidly; we have installed more than 300 emergency rescue chambers; we have positioned additional breathing devices, and we are better equipped to communicate with and track those working underground.

No other state has met similar requirements.

It is no secret West Virginians are proud of their heritage and culture – and we should be.

Our unique history should be shared with every West Virginian and every visitor who comes to this marvelous capitol.

For many years, we struggled with a state museum that needed direction and resources. We wanted to teach our children and visitors about West Virginia in a way that our spirit, resilience and can-do attitude would shine.

And our decision was to get the very best.

Since we opened the museum in June, at least 50,000 people have visited, including school groups from 21 counties. It is one of the best in the nation and I encourage you to visit. It will make you proud to be a West Virginian.

While the museum gives a great look into our past, if you want to see our future, you must look at the present. Infrastructure paves our path to success.

When we build a school, construct a road, install a water line or expand broadband and wireless technology, we are creating a lasting impact.

We have CAREFULLY planned our stimulus spending – reaching the most West Virginians we can with the money we have been provided. West Virginia is a top state for putting stimulus dollars to work on our highways and for building water and sewer lines.

The stimulus funding was a much-needed shot in the arm, but by no means could it address all of West Virginia's challenges.

We are working hard with limited resources and have planned an aggressive construction program for 2010.

We are literally building roads and bridges to our future! The Division of Highways is working on the most projects since the interstates were first built.

This year marks the 10th consecutive year we have budgeted over a billion state and federal dollars for our roads.

Last year, we opened half of Corridor H, advanced sections of U.S. 35, Route 9, Route 10, the Coalfields Expressway, the Mon/Fayette Expressway, the King Coal Highway and the Fairmont Gateway Connector, to name just a few. We are constructing more than 80 miles of four-lane highway.

Our state Clean Water Revolving Fund, which finances public water and sewer projects, is ranked among the top in the nation. Last year alone, we funded 18 different projects to provide wastewater treatment for an additional 12,400 West Virginians.

Small Cities Block Grants support the development of our cities by providing housing, a suitable living environment and expanding economic opportunities. Since 2005, we have awarded more than \$83 million to benefit thousands of West Virginians through the block grants.

By investing in our communities, we are investing in our future.

This is a Census year.

With only 10 questions, it is the shortest questionnaire in history, but it still will determine the distribution of more than \$400 billion annually for government services including health care, education and police and fire protection.

It is time for every West Virginian to stand up and be counted and I ask all of you to join me in this effort.

Government funding can't accomplish what it's meant to do without partnerships with business and labor. The results show we are improving West Virginia's business climate.

By privatizing workers compensation, we dramatically lowered premiums and reduced our Old Fund Workers' Comp debt by more than \$1.7 billion. And by passing the Aircraft Tax Credit and the High-Technology Server Farm Tax Credit, we are helping to diversify our economy and create well-paying jobs. But we must find ways to reduce the burden even more on our citizens and businesses.

Last year, we reconvened the Comprehensive Tax Modernization Group and, upon their findings, I am recommending a constitutional amendment that will give us the flexibility we need to lower taxes on commercial and industrial property, while also considering the impact on local governments.

This will help to create better jobs.

This is about more than cutting taxes – it's about fair and progressive taxation that meets our state's needs and allows us to compete and prosper.

And, regardless of whether it's justified, West Virginia has been fighting the perception of an unfair judicial system. Last year, I established the Independent Commission on Judicial Reform to address those concerns.

I want to thank the commission and Honorary Chair Justice Sandra Day O'Connor, for their thorough review. They have laid the groundwork for reform and, this session, I will introduce two bills based on their recommendations.

The first piece of judicial reform legislation is a public financing pilot project for the two Supreme Court seats that will be open for election in 2012.

The goal is to relieve judges from the burden of political fundraising and to reduce the potential for appearance of bias as a result of campaign donations.

This money would be available for both the primary and general elections. The second bill establishes a judicial advisory committee to aid the governor in the selection of judges for Circuit Court vacancies.

Almost half of our current circuit judges are initially appointed prior to being elected. This bill will ensure that only the most highly qualified individuals are considered for appointment and will enhance the transparency in this process.

When I created the Independent Commission, I asked them to consider ways to broaden opportunities for appeals of circuit court decisions. I want to personally thank the Justices of our Supreme Court for their insight and guidance.

The Supreme Court has been studying this issue for the past several months, and I'm pleased to report that they have shared with me a proposal for major reform of the state's appellate process.

Through their constitutional rule-making authority, the Supreme Court of Appeals will soon issue rules for public comment that are intended to ensure there will be full appellate review by the Court of all final decisions on the merits issued by the circuit courts in West Virginia.

This is a remarkable development and we should commend our Supreme Court for taking this action to move our state forward.

Our progress to build a new West Virginia continues.

We have begun to consolidate our state's outdated financial management system.

A new enterprise resource planning project, known as ERP, will let us better track revenue and assets, payroll and payments. This will provide the information we need to make timely decisions, and the savings will be tremendous.

West Virginia is one of only three states awarded a grant from The Pew Center on the States that will help our agencies achieve even more measurable results. Our pilot project begins this coming fiscal year.

The past few months, we've heard a lot of discussion about our state vehicle fleet. It's time to set excuses aside and tackle this longstanding problem. In October, I formed a task force to find out how we can improve fleet management and I said that we would take immediate steps to fix it – this session.

It's clear the overarching problem is the lack of centralized vehicle oversight and management.

Since 1990, two-thirds of the state vehicle fleet has been exempted from the Department of Administration through legislative and administrative actions.

Our bill gets rid of those exemptions and it creates a separate Fleet Management Office that will be held accountable for the entire state vehicle fleet. And that means every single vehicle the State of West Virginia owns.

We embrace the knowledge and appreciate the support from many organizations and groups of people. One longstanding challenge we face is retaining and attracting young and talented people. I am proud to offer them a seat at the table when it comes to charting this state's course.

That's why I formed the Governor's Council of Young Professionals, which is made up of dedicated volunteers. This group meets with me to discuss current issues affecting our state.

In May, we will conduct the first Governor's Summit on Young Talent to connect our youth with top business and labor leaders. By harnessing the talent already inside our borders, we have a greater chance to bring back home those who yearn to live, work and play in our beautiful state.

We also need to continue to evaluate our PROMISE scholarship program. Last year, we took the necessary measures to ensure the program's viability, but I am asking for every PROMISE graduate to make us a promise that you will do everything possible to stay in West Virginia.

We can battle job loss by retooling our workforce and by investing in our community and technical colleges. More than 90 new programs have been implemented the past three years and last fall, community college enrollment increased more than 16 percent.

Adult student enrollment increased more than 25 percent. Many of those students are dislocated workers upgrading their skills.

Enrollment in allied health programs, which are high-demand occupations critically needed in West Virginia, increased almost 25 percent the past three years. We must continue to transform our economy into one that is innovation-driven, technology-based, and piloted by a highly skilled West Virginia workforce.

Bucks for Brains is creating great results at WVU, Marshall and other universities. As a result of our \$50 million endowment, we are attracting private investors, and together West Virginia is moving to the top in research and development.

The number of students majoring in science, technology, engineering and math continues to rise. We have more faculty and we're attracting world-class researchers to West Virginia.

Our colleges and universities are more prepared than ever to take us to the next level, but our children have to get to college first. The statistics are eye-opening.

Amazingly, the United States and Germany are the only western democracies in which parents are more likely to have earned a college degree than their children. And in West Virginia, for every 100 ninth graders in school today, statistics tell us only 16 will graduate from college.

And, while enrollment in public colleges and universities is higher than ever, our graduation rates are very disappointing. Our greatest challenge is to make sure those who start college will finish.

Learning additional skills beyond high school is more critical than ever for West Virginians. That is why I am asking all of our technical and four-year colleges and universities to freeze their tuition rates for the coming school year.

As we grow into new technologies and business sectors, we must still support the traditional industries that have helped build our state and make this nation great.

West Virginia will play an increasingly important role in our nation's energy future.

West Virginia ranks second in the nation in exporting electricity, and most of our coal and natural gas is sent out of state.

2009 was a tough year for coal. Despite the fact that half of our nation's electricity is generated by coal, and that our national economy depends on this abundant, reliable and affordable energy, some want to villainize this resource that helped us win two world wars and built the greatest country in the world.

We must continue to stand up for our coal miners and their families! We are not asking for a handout. All we're asking for is the permission to work!

We are reaching new and better ways to use our coal. There is a balance to be had between our economy and our environment and West Virginia is leading the way in finding that balance.

Our alternative and renewable energy portfolio requires one-fourth of the energy used in our state to come from alternative or renewable energy sources by the year 2025. A progressive law such as this is already paying off.

We have more than 1,000 megawatts of wind power in service or in development – that’s enough to power more than 250,000 homes! And we have the third-largest wind capacity of any eastern state.

The world’s first successful carbon capture and sequestration project is at AEP’s Mountaineer Power Plant in Mason County, and an advanced pilot project is capturing CO2 at the Dow Chemical plant in South Charleston.

These pilot projects will lead the way for implementation of this technology at coal-fired power plants around the world.

Plans are moving ahead on a coal-to-liquids project in Mingo County that will use state-of-the-art cleaner coal technology. Through this technology, West Virginia coal will be our primary energy source as we make the transition to the fuels of the future.

We are advancing wood and coal co-firing plants as part of our energy mix and virtually all of our state’s hydropower capacity is being used. And, with new ways to recover massive natural gas reserves from the Marcellus Shale, we are poised to power our nation for the next century.

Last year, we also passed a post-mining land use bill that requires surface mine operators to have a plan for how the land they want to mine will be restored. Those plans include highways, industrial parks, schools, recreation facilities, farms and other renewable and alternative energy projects.

This law is about creating more jobs.

We are not only a leader in energy; we are also a leader in adventure! Last February, we found out the Boy Scouts were looking for a new home.

Not only did the Scouts choose West Virginia for one of their high-adventure bases, they chose us as the centerpiece for the next 100 years of Scouting in America. The Summit: Bechtel Family National Scout Reserve at the New River Gorge will be the permanent site of the National Scout Jamboree and a premier destination for Scouts and their families from around the world.

It gives us an unprecedented opportunity to showcase West Virginia to business leaders and tourists, as well. The Scouts are investing hundreds of millions of dollars and will create more than 1,000 permanent and part-time jobs.

I truly believe this can be a game changer for the State of West Virginia.

The Scouts exemplify the values we West Virginians hold so dear – leadership, strength, teamwork, skills and respect for the environment.

From our Development Office to the local Scout Councils and the people of southern West Virginia, who all worked tirelessly to make this dream a reality. I want to personally thank you, and we all owe them a round of applause.

Welcome home, Boy Scouts.

In addition to teaching our youth the values and skills important to a successful life, we continue our battle against illegal drug use, which is one of the worst blights on our communities. When I became governor, we began dedicating additional funding and resources to combat the drug problem.

We are seeing results.

In 2008, the Bureau of Criminal Investigations unit alone took more than \$13 million in drugs off the streets, up from 910,000 dollars just a few years before. Felony drug arrests nearly tripled from 2004 to 2008.

Last July, we announced Operation Eviction, which pools state resources with county and city agencies to get drugs out of our communities. And we are taking it to the next level.

We have a simple message to all drug dealers in West Virginia: Get out of our state now, while you still can.

We are not just going after the dealers themselves; we are going after the places where they operate. Vacant and rundown properties harbor illegal activity, and they also lessen the appeal of our towns and lower the value of homes and buildings that are maintained by responsible property owners.

That's why I'm introducing legislation that will allow our cities to collect fees from absentee owners for vacant properties they don't keep up. It will encourage residents and businesses to take pride in their communities and help spruce up our cities.

Unfortunately, after a damaging fire, some property owners take their fire insurance money and run, leaving the city with a dangerous, abandoned building they cannot afford to demolish. We are joining our cities and the Insurance Federation on a bill that gives more flexibility to clean up buildings damaged beyond repair by fire, by allowing the cities to place a lien on fire insurance policies.

Like most states, West Virginia is facing a dramatically increasing prison population we simply cannot sustain. Last year, I established the Commission on Prison Overcrowding to provide recommendations on how we can address this problem.

The state Supreme Court has also studied this issue, and an interim report of its commission reached many of the same conclusions. Over the years, we've done a good job of locking criminals up, but a poor job of rehabilitating non-violent offenders and helping them become productive citizens.

We are always going to be tough on crime, but we must adopt a different approach or we will have an insurmountable problem.

Tonight I am introducing a bill that will streamline our parole system and use our prisons to keep violent offenders where they belong - locked up. This accelerated parole system has been tested in other states and is one part of an overall plan to free up our prison resources.

This program would only be open to non-violent offenders and those convicted of crimes that do not involve a child. Following through on the commission's other recommendations, we are renovating the Jackie Withrow Hospital in Beckley to expand the work-release programs. And, we will be working with West Virginia State University for the combined purpose of expanding our work-release program and renovating the former Rehabilitation Center in Institute. We look forward to creating new opportunities for the university, its faculty, staff and students.

By using existing state facilities, we're addressing the overcrowding problem, saving money and creating opportunities. These issues will not be fixed overnight, however, by working closely with the Legislature and corrections officials, we will find the best way to solve these problems once and for all.

We are not being soft on crime - we are being smart on crime.

Our single-largest budget item is education. Our challenges in education are greater than ever. But success begins in the classroom.

Our 2010 West Virginia Teacher of the Year, Gretchen Shaffer, teaches math at Morgantown High School. Gretchen created an after-school ACT/SAT prep class that has helped many students increase their scores enough to qualify for PROMISE scholarships.

She exemplifies the commitment of our educators who put children first and find innovative ways to help them succeed. Gretchen, will you please stand and be recognized.

I also want to acknowledge Toyota Motors and Mountain State Blue Cross Blue Shield for their continued support of our Teacher of the Year program.

President Obama and Secretary of Education Arne Duncan said our nation has fallen behind in education and job skills. Shockingly, the United States is now the only industrialized country where young people today are less likely to earn a diploma than their parents.

If we are to remain a world leader, and if we want West Virginia and other states to break the cycle of poverty, we must not be afraid to make the changes that are needed to succeed!

More than 40 billion stimulus dollars will be available for states and schools to lay the foundation for a generation of education reform. And \$5 billion will be set aside for new ways to produce results in our classrooms. It's known as Race to the Top.

We have applied for the first round of funding, based on our present education system.

If West Virginia is not awarded the first round of Race to the Top funding, I will call this Legislature in to a special session on education to make the changes needed to win the second round of funding, which will be awarded in June.

Let me assure you I will always push for the bold changes that will allow us to succeed nationally and globally!

That is why I will reintroduce a proposal of immediate importance to our children's education. Our current law requires students to attend school for 180 days a year, but let's face the facts: This is not happening. That is why I am asking you to pass a bill that guarantees that every county is able to comply with this law and provide 180 days of instruction.

And we must pass this, because it is that important. No excuses, we owe it to our children.

We also owe a lot to our seniors, which I affectionately refer to as our experienced citizens, who share so much with our children. Since 2005 we have dedicated an additional \$26 million to Senior Services -- the highest amount in our state's history.

Most importantly, I have been committed to giving them the tools they need to maintain a healthy, happy and independent lifestyle. We have provided 35 brand new food delivery trucks to county senior services agencies and we will reach our goal to equip every county this year.

Last year, the Bureau of Senior Services helped more than 120,000 seniors, providing nutrition, transportation, job training, and in-home care, as well as respite for those with Alzheimer's Disease.

We also signed the Silver Alert Bill, which helps locate missing seniors by quickly notifying emergency responders.

And as our nation continues to debate health care reform, it's important to note West Virginia is a leader in health care coverage for children. Last January, the West Virginia Children's Health Insurance Program, known as CHIP, increased its income limit to 250 percent of the federal poverty level.

This program has served 118,000 children since it began. Including this and private insurance, we are covering almost every child in West Virginia.

We have joined with local businesses, food suppliers, volunteers and the Department of Education to include more freshly prepared local foods on the school menus in Cabell County. This initiative began through the efforts of Chef Jamie Oliver. If this program works, it will become a model for the rest of West Virginia and the entire nation.

Beginning in October, the West Virginia Women, Infants and Children program -- or WIC -- started providing fresh fruits and vegetables to qualifying families each month. WIC helps our infants and children eat properly, and it improves access to health care. Children up to age five are eligible and 70 percent of all infants born in West Virginia can use this vital program. WIC also is distributing more than 155,000 free books that teach our children about the joys of physical activity and eating healthful foods.

Last year, we added seven additional counties to the Department of Education and the Arts' Imagination Library. This program, started by Dolly Parton, provides free books to children from birth until their fifth birthday.

The Imagination Library will soon expand into 14 northern counties, adding more than 23,000 eligible children by August. Some 46 percent of our children live in low-income homes where parents struggle to provide for their families.

Sadly, poverty often persists through generation upon generation. This cycle is difficult to break. Parents without additional education and skill sets often struggle to earn enough to support their families, and cannot provide these educational opportunities to their children.

The best way to improve the chances for lifelong success of children who live in poverty is to ensure they have the same education opportunities as other children. In West Virginia, 49 percent of low-income fourth graders read below grade level, and research shows that children who score below grade-level at this age are unlikely to ever catch up.

This creates a lifelong deficit that is rarely overcome. Last year, we passed the 3rd and 8th grade screening bill that provides additional resources to help students who are not meeting the standards at these critical grade levels.

But we must do more.

For more than 75 years, Save the Children has helped kids thrive by improving their health, education and economic opportunities. They are working in more than 150 communities across the country to help lessen the impact of poverty on children.

With our support, Save the Children will help our most needy kids acquire the skills they need to succeed and build a lifelong love of learning, so I am directing \$1 million to their efforts in our rural counties. It will provide another tool to give our children the chance they deserve.

This program was brought to the First Lady's attention by one of our state's most-recognized citizens. She's a mother of two young daughters who truly cares about her home state, and she is a national ambassador for early childhood education. She presents a positive image of West Virginia wherever she goes and is always proud to tell her millions of fans where she grew up.

Her dedication to children has taken her to the halls of Congress and brought her back home to build support for these important initiatives.

Tonight, I'm pleased she has joined us here to highlight this important message.

I'd like for West Virginia's own Jennifer Garner to please stand and be recognized. Thank you, Jennifer, for introducing this valuable program to West Virginia.

We look forward to working with Save the Children to help move our state and our nation forward. Jennifer is joined tonight by Mark Shriver, a tireless advocate for kids and managing director of U.S. programs for Save the Children. Mark, would you please stand so that we can thank you also.

Above all, our children should always be our top priority. President Kennedy once said, "Children are the world's most valuable resource and its best hope for the future."

Sadly, if you could see what our State Police see every day, you'd be more concerned than ever about the dangers our children are facing. On any given day, 300 West Virginia children – including infants and toddlers – are sexually abused. 1,000 computers each month in West Virginia possess or distribute child pornography. This is an international problem that is stealing the innocence from our children. An innocence that can never be replaced.

I am committed to making West Virginia a leader in fighting this most horrible type of crime.

Since September 2006 the Child Protection Unit, with only 6 State Troopers, has arrested nearly 1300 offenders. This is clearly not enough.

To better target predators and concentrate our efforts, the State Police consolidated and formed the Crimes Against Children Unit. This new unit covers the entire state.

But they're not the only ones in this fight. They join the West Virginia Department of Health and Human Resources Child Protective Services, as well as multi-disciplinary teams from across the state.

There is nothing I will do as governor, or you will do as a lawmaker, that is more important. We must devote more funding and resources today to these efforts.

Next week in this chamber, I will join state and local police, child protection agencies and groups who are leading the charge against these crimes in a video presentation to our Legislature that I'm sure will shock you – as it did me.

The video illustrates the urgent need to take action. Right now, I am asking the Legislature to fund six additional troopers and support staff for the Crimes Against Children Unit.

This will be a huge step toward creating a safer environment for our children.

We will not stand by and lose another child to a predator!

West Virginia's most famous author, Pearl S. Buck, summed up the importance of children best when she wrote, "If our American way of life fails the child, it fails us all."

When I was first inaugurated and in every year since I have been governor, I have spoken about the five promises we should keep to every child. At the heart of those promises is the principle that every child should have a safe place and a healthy start.

Many of the bold initiatives I have discussed tonight are tailored for our youngest citizens, because they have no voice and they deserve the opportunity to succeed. We must be their voice, and it is our responsibility to provide that opportunity.

We are all in this together, and we must continue to work together to ensure our children are healthy, happy and, most importantly, loved.

For our children and grandchildren to grow up and be productive adults, they must have a strong start.

We must do our part now to make a positive impact on their future because West Virginia's future depends on it.

Thank you. God bless you. And may God continue to save the Great State of West Virginia

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