

REMARKS OF GOVERNOR BOB MCDONNELL - VIRGINIA
U.S. HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE
HEARING ON “THE STATE OF THE AMERICAN WORKFORCE”
WASHINGTON, D.C.

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Good afternoon, Mr. Chairman. Thank you for the kind invitation to join you all this morning to talk about the state of the American Workforce.

Over 400 years ago, the Commonwealth of Virginia began as an international business venture – and we have a strong and proven track record of success. While over the past few years the economy unfortunately slowed down in Virginia, as it did nationally, the fervor and passion of the entrepreneurial spirit continues to remain strong in the people across the Commonwealth from Chincoteague on the Eastern Shore to the Cumberland Gap in the far southwest.

When I took office just over a year ago, we set out to create a Commonwealth of Opportunity. We are the northernmost “Right to Work” state, we have a pro-business environment that fosters economic growth with low taxes and reduce regulations. We have a strong, diverse workforce prepared to meet the needs of businesses today. We have been recognized nationally as one of the best states in which to do business. While still unacceptably high with an unemployment rate of 6.7 percent, and over 280,000 Virginians out of work, we do have the 9th lowest unemployment rate in the nation.

We have put forth bold initiatives to get our economy moving again. I firmly believe it is the entrepreneur who makes businesses grow and prosper – not the government. Because of our trust in the men and women to determine the course of their business destiny – we have announced 128 new projects, over \$2.2 billion in new investment and over 11,673 new jobs. Since last February 55,400 net new jobs have been created in the Commonwealth, the fourth highest number in the nation- trailing only Texas, Pennsylvania and California

Our accomplishments include the announcement that Northrop Grumman will move their headquarters from California to Virginia and Microsoft's announcement that they would make the largest investment in Southern Virginia history, opening a \$500 million state of the art data center in Mecklenburg County.

We are committed to simultaneously attracting new employers while also strengthening our workforce – and I have recently announced my “Top Jobs for the 21st Century” initiative that will enable our higher education institutions to issue an additional 100,000 degrees over the next 15 years, making Virginia one of the most highly educated states in the nation. Our initiative also places a greater emphasis on the high demand science, technology, engineering and math subjects through the formation of a public-private partnership that will engage the business and professional community in leveraging best practices for K-12 and higher education.

We are encouraged by the growth we have seen – slow and steady as it may be – and the steps we are taking to ramp up that growth are working, but there still remains a lot of work to do. However, no matter what pro-free market and job-creation steps we take in Virginia, we cannot avoid the fact that what happens here in Washington can cancel much of it out and make our work that much more difficult.

As you know, our small businesses are the backbone of our economy. Our small businesses continue to struggle – and when they are able to rebound we will all be on a more prosperous path. According to a study just released by the by the National Federation of Independent Businesses, the largest problem currently confronting small businesses nationwide is weak sales, followed by taxes and government regulations.

A recent Heritage Foundation analysis reported federal agencies issued 43 new major rules increasing regulatory burdens in Fiscal Year 2010. The total costs of these rules – as estimated by the regulators – exceeded \$26.5 billion. That's the highest single-year cost recorded since 1981, the first year for which records are available. These increased burdens will stunt operations – especially for small businesses.

We can see the negative impact of excessive federal regulations throughout our Commonwealth. For example, the total cost of implementation of the Environmental Protection Agency's mandated Chesapeake Bay Total Maximum Daily Load and the associated Watershed Implementation Plan for Virginia agriculture will be up to \$2.5 billion. The Health Care Reform passed last year will increase the number of Medicaid enrollees in Virginia from 270,000 to 425,000, at a cost of \$2 billion by the year 2022. Our business owners are concerned about how they are going to comply with the increased costs to provide insurance to their employees.

I am concerned – especially as the Governor of a Right to Work state – about the December announcement of the National Labor Relations Board announcing its intention to publish in the Federal Register a proposed rule requiring almost all private sector employers to post in the workplace a notice to employees outlining their rights under the National Labor Relations Act. The poster entitled, “Employee Rights” lists seven bullet points that state employees have the right to organize, form or join a labor union and repetitively state they have the right to negotiate their wages, benefits and working conditions with their employer. This is counterproductive and detrimental to the message we are trying to send in Virginia.

Just last week President Obama announced what he called “A 21st Century regulatory system,” in which his Executive Branch agencies would seek “affordable, less intrusive means to achieve the same ends-giving careful consideration to benefits and costs.” He issued an executive order “Improving Regulation and Regulatory Review” – instructing agencies to begin a retrospective analysis of their existing regulations – and we hope to see burdensome regulations actually repealed as a result.

Mr. Chairman, members of the Committee, I applaud you for bringing this panel together today to talk about this paramount issue: “The State of the American Workforce.” In Virginia we are working to keep taxes low, and regulation and litigation to a minimum in order to free our entrepreneurs and job creators to grow their businesses and create the private sector jobs our citizens need. We hope this Committee and this Congress will move aggressively and quickly to remove the obstacles that hinder job growth in our great Commonwealth and nation.

Thank you and I look forward to your questions.