

Governor Scott: Good morning. It's great to be here to sign the Fiscal Year 2020 budget.

I'm pleased to have Treasurer Pearce, members of the Appropriations Committees, and members of my Cabinet here with me as well.

In January, I presented a balanced budget that proposed investments and reforms to expand the economy and state revenues by reversing Vermont's demographic trends, increasing the number of Vermonters working, supporting growth in downtowns and villages across the state and investing in the things that make Vermont a great place to live, work and visit.

I pledged to work together with the Legislature on ideas to help all 251 communities in Vermont grow, as well as work with them to modernize state government and manage our operational costs and financial obligations so we're not adding to the tax burden.

The budget I'll sign today is a good, fiscally responsible budget, which funds many of the legislature's priorities as well as initiatives I proposed. And it does all this while keeping new spending to a level Vermonters can afford.

I want to thank Senator Kitchel, Representative Toll and their colleagues in the Senate and House for working with me and my team to build a budget that works for Vermonters.

As every household knows, budgeting is about making choices. We must balance our many needs with our ability to pay; what we want, with what we need. The budget in front of me finds the right balance between investing in priorities and maintaining fiscal discipline. For example, General Fund spending grows at about 3 percent, which is in-line with growth in the economy and Vermonters' wages.

It tackles our demographic crisis by building on my proposals to retain and re-train workers and attract new families to Vermont.

It moves us closer to a cradle-to-career education system by adding about \$6 million more for childcare, and about \$3 million more for higher education. I'm particularly proud that in just 2.5 years, we've increased our funding for childcare by nearly 30 percent.

It also provides additional pay to frontline mental health providers, establishes a dedicated funding source for clean water that fills in the final gap without raising taxes, and so much more.

There's a lot to be proud of in this budget, and with Treasurer Pearce here with us, I thought I would highlight a few of the financial steps we took with her assistance and leadership to improve our fiscal fundamentals and put us on a more sustainable financial path.

We made an extra \$2.4 million base appropriation to the retired teachers' healthcare fund, and any FY20 surplus over \$20 million will also be directed to that fund.

With changes made in budget adjustment, we've devoted half the FY19 surplus to the retired state employees' healthcare fund – another example of making extra payments now to avoid larger payments in the future. This is good financial management for taxpayers and good for the future of Vermont.

Those who follow our budget closely understand that funding our long-term liabilities is eating up a larger and larger share of new revenue. This year, over 40 percent of general fund revenue growth went to these liabilities. That's why the steps we took this year to address some of our debt are so valuable.

Together, we've also built up our reserves to help weather an economic downturn that's bound to happen – something Representative Toll has helped draw attention to. Reserves provide confidence that government services and programs will continue without disruption during tougher times. So, not only does this budget meet statutory reserve requirements, it also dedicates a substantial portion of the FY19 surplus to the "Rainy Day" reserve.

Knowing the time and energy Treasurer Pearce has devoted to these issues – including the clean water funding I mentioned – I'm pleased to have her here with us today. Thank you, Beth.

Looking ahead, the hard work of closing annual budget gaps will continue. This reality is exactly why I've put an emphasis on growing our workforce and economy – because as a Burlington business owner told me: "we need more taxpayers, not more taxes."

Together, we must look for ways to rethink how we do the work of state government so we can continue to deliver the services Vermonters need while investing in economic growth and other shared priorities. To do so, we must "think outside the box," which is exactly what I've asked my Cabinet to do, as we begin looking at budgeting in FY21 and beyond.

Again, I'm pleased to be here to sign a budget that moves us in the right direction.

Thank you again to all the legislators who had a hand in crafting this bill.

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