

Mr. President, Madam Speaker, Mr. Chief Justice, Members of the General Assembly, distinguished guests and fellow Vermonters:

I want to begin by thanking the people of Vermont for the opportunity to serve as Governor, and for their trust and support as we carry out the work ahead. It is the greatest honor of my life.

I also want to thank my wife, Diana, my two daughters, Erica and Rachael, my mom and my entire family for their support and love—I couldn't do this without you.

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This is the second time I've had the privilege of addressing you as we open the biennial session.

Each time, we've gone about our work against the backdrop of a national political environment that's brought out the worst in the public process.

Unfortunately, this still exists today, as too many value political points over policy solutions.

Social media still overflows with negativity and hate, and politics as a whole still seems to divide us more than it brings us together.

I truly believe that in Vermont, we can set a standard that others across the nation can aspire to, and elected officials can look to, as a better way—the right way—to go about the work of the people.

And when the work gets difficult, when tensions build—which they will—when divisions seem too deep to overcome, when we need to be reminded that there's still good in the world—look no further than the people of Vermont.

We saw the good in the people of Swanton who sheltered and fed their neighbors as flood waters forced them from their homes in the depths of winter.

The good lives in the young girls and boys who were inspired when they saw Montpelier native Amanda Pelkey take the ice half-way around the world in South Korea. When she was born, hockey was a game for boys. Twenty-five years later, we welcomed Amanda home, an Olympic gold medalist.

The good is in the pride hundreds of us felt, on a cold day in November, to celebrate the return of Ceres, the goddess of agriculture, and the incredible work of two Vermont artists, Jerry Williams and Chris Miller, whose craftsmanship will stand for generations on top of this beautiful building.

The good is in Sara Byers, the owner of Leonardo's Pizza in Burlington, giving those in recovery the opportunity to get back to work, knowing full well the road may be rough, but believing in the person—and the journey—and seeing past the stigma of addiction.

The good is found in the Perry family, whose combined 120 years of dedication and service in the Navy was recognized at a shipyard in Groton, Connecticut as the USS Vermont was christened.

Four sons, three grandsons and a granddaughter-in-law, all following in the footsteps of the former Representative from Richford, Captain Al Perry.

We saw the good in two political opponents running for the House in Lamoille County, Lucy Rogers and Zac Mayo, a Democrat and a Republican debating the issues then sitting together to play a musical duet, proving to the nation there is a better way.

Every day, we see the good in our servicemen and women and our first responders, our teachers and nurses, in our coaches, scout leaders, mentors and all those who serve others without expectation of praise, and often too little recognition.

The good is in this chamber.

It's here because it lives in each and every one of our communities. The places we come from and the people we go home to.

It's in our schools and churches, our businesses and farms, our forests, trails and town halls.

The good, the courage to show a better path, is the same courage that allowed those who came before us to persevere through harsh winters, to carve our way of life from granite mountains and rocky hillside pastures.

The good is in our hearts, it's in our minds and it's who we've always been. Today, more than ever, it's who America needs us to be. And to meet the challenges ahead, to best serve Vermonters, it's who we have to be.

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Our focus must remain on those we're working for and what we're working towards.

To do that, we must face the economic realities that exist across the state, in all 251 towns, cities and villages, and the impact our policies have on each of them.

We must look for common ground instead of highlighting or exploiting our differences, view consensus and compromise not as a weakness, but as a strength.

And if we can, our work, our actions and our results will inspire a renewed faith in government and give hope to every community.

Together, we can work toward a more prosperous future for our state and her people. Where families in every town are moving up the economic ladder with a good-paying job and a way of life they can afford.

Where all kids get a quality education, with the same opportunity, to achieve their full potential. And where we do all we can to provide for our neighbors who need us most, when they need us most.

An affordable Vermont, with opportunity and economic growth, with great schools in every corner of the state and policies that benefit all Vermonters. This can be our legacy.

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We can achieve this vision, but it requires us to recognize and overcome the obstacles in our way.

I know some may be tired of hearing me talk about our demographics—or have given up and believe there's nothing we can do to change them—while others may not feel a sense of urgency, because their own community hasn't been impacted as dramatically as others.

But you don't have to take my word for it: just ask Moody's, who recently downgraded our bond rating, in part, due to our lack of population growth, resulting in fewer working-age Vermonters.

These facts and this problem can no longer be ignored.

Just take our labor force as an example.

Since 2009, our labor force has declined by about 15,000.

15,000 fewer people working or looking for work.

15,000 fewer Vermonters available for jobs we know businesses are trying to fill right now.

15,000 fewer potential income tax payers.

These losses have been felt across the state but have had the greatest impact outside of Chittenden County.

Since their peak employment, Washington and Franklin Counties have seen a labor force decline of about two percent. By the same measure, Addison and Orange have seen a reduction of nearly five percent, and Grand Isle and Orleans have lost around six. Bennington, Lamoille and Windham have seen their labor force shrink by 10 percent. In Windsor: 12; Caledonia: 13; Rutland: 14. And in Essex, it's down by almost 20 percent.

This demographic reality is perhaps most apparent in our schools—it's like the canary in the mineshaft.

In our public schools, we're now educating about 30,000 fewer K-12 students than we were in 1997—that's an average loss of three students a day for over 20 years. And that trend continues.

There's not a single county that hasn't been affected. Since 2004—which wasn't all that long ago—Franklin County's enrollment has shrunk by 3.5 percent—and is doing the best by far. Chittenden, Lamoille and Orange counties have seen declines of 12 percent. Enrollment has dropped by over 16 in Caledonia County, 17 percent in Orleans and nearly 19 in Washington. In Bennington and Grand Isle, it's declined by 21 percent; in Windham: 23. Three counties—Addison, Rutland and Windsor—have lost a quarter of their students in 14 years. And in Essex, they're educating 42 percent fewer kids.

These declines are eroding quality and opportunity for our children. And this is happening on our watch.

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These trends not only mean fewer in our workforce and schools, but fewer customers at businesses, ratepayers for utilities, fewer available for our volunteer fire departments and others who support the needs of our communities.

And fewer to share the costs of state government, with ongoing needs in areas like transportation, building maintenance, public safety and human services.

But there are other needs as well.

We have a moral obligation to protect our seniors and kids and treat those impacted by mental illness or addiction.

We're committed to restoring and protecting our lakes and rivers, which will cost Vermonters nearly \$1 billion over the next 20 years.

And we must keep the promises we made to our state employees and teachers to pay their pensions and healthcare costs in full.

The debt we owe today is over \$4 billion and the annual payment to catch up continues to grow by tens of millions each year. But let's be clear: A deal's a deal.

Each of these commitments are important, but our stagnant population is threatening every service we deliver, every program we administer and every investment we hope to make.

Even the most optimistic among us must recognize what this means.

Without a different approach or major change in circumstances, our current revenues won't support our obligations, our wants or even our needs.

On the campaign trail, a Burlington business owner told me, "We don't need more taxes—we need more taxpayers."

The solution is really that simple, but the path to a better outcome requires our best ideas, our best work and the courage to make real change.

That's what we signed up for and what's expected of each of us.

Vermonters elected me, and many of you, to ensure we don't ask them to shoulder any more of the tax burden.

They're doing their part. It's time for us to do ours.

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Despite these challenges, we have so much to offer and so much to be hopeful for.

We're one of the safest, healthiest states in the country. We have a good education system, which I believe we can make the very best, and we have a culture and lifestyle that is second to none.

These things offer a great quality of life, which is among the best recruitment tools we could ask for.

This is all positive, but we know it's not enough.

So, this session, let's focus on strengthening those assets to keep and attract more working families, with an eye on reversing our population trends.

Let's grow the economy to support jobs and organic growth, expand our tax base and ease the burden on hard-working Vermonters, because if we want people to both move here and stay, we must make it more affordable.

This is how we rise above the challenges ahead of us, improve the lives of Vermonters and chart a new course for our future.

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First, let's work to reinforce the things that make Vermont such a great place to live: The health of our citizens and environment and the strength and safety of our communities.

Vermont has one of the lowest uninsured rates in the nation. We rank among the top states for the health of our women and children, the number of mental health providers and physical activity. We're also among the best in the country with low instances of violent crime, obesity and infant mortality.

Many of you in this room, as well as our predecessors, have contributed to this success.

But Vermonters still struggle with the high cost of insurance, especially those in our state marketplace.

That's why I'll propose health insurance reforms focused on increasing affordability for Vermonters and, specifically, young people, as we work to retain and attract more of them.

And during the campaign, I talked about a voluntary paid family leave plan, balancing the value of this benefit with Vermonters' ability to pay. In the coming weeks, I'll roll out that concept. I truly believe an opt-in approach puts us on a path to the goal that we all share without raising a new tax.

We can also build on our work to protect our environment, communities and kids.

We rank high when it comes to air quality, but we can do more to lower emissions in our state, so I'll propose using settlement funds to help more Vermonters purchase electric vehicles.

And my budget will propose a long-term funding source for our water quality initiatives, using existing revenues and a new delivery model to put this money to work on the ground.

This fall, we learned from the Department of Health that some students may be exposed to lead in drinking water in our schools. Here's an area we agree on, so let's act quickly to protect our kids.

In order to do that, my budget will invest in lead testing at schools statewide. And, if you'll work with me in budget adjustment, we'll have every school tested within a year.

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Second, we'll continue to transform our education system, going from good to the very best in the country, supporting and educating every child from cradle to career.

Many of us here today have heard countless debates about education but far too often it's been about something other than the kids themselves. From tax payers to teachers, the fate of buildings and debt, old districts and new districts and rates and rebates.

This has created a fear of change that's handcuffed us to the status quo and distracted from the single most important purpose of our schools: educating our kids.

We must have the courage to make the conversation about giving every child the best possible chance at a good future. And the truth is: not all of them are getting equal opportunities.

Here is just one example of what students are facing:

Now, I want to be clear: these are real middle schools in Vermont, but I'm going to call them School A and School B.

Students at each are taught language arts, math, science and social studies.

But School A has advanced math like Algebra I. School B does not.

School A has 20 sections of art. School B has one.

School A offers multiple French classes. School B doesn't have any foreign languages.

School A has band, chorus, music, health education, industrial arts and family and consumer sciences. School B doesn't offer a single one of these.

You might be surprised to hear that these aren't schools from opposite ends of the state. These two middle schools feed into the very same high school.

This is not an isolated case: It's happening across Vermont, so we must continue to address the inequality that exists.

I've heard you and believe me: I recognize that change of this magnitude takes time.

But in the near term, I believe the best opportunity for progress is in early care and learning—to give all kids, regardless of their background, a strong foundation.

We've taken important steps. Let's build on it this year by working together to give every child an equal chance at success.

Last fall, I identified a new revenue source to put toward these initiatives, which I'll detail in my budget address.

If we can work together on a high-quality child care system that's affordable and accessible—along with a stronger education system—we could set Vermont apart from other states as an education destination for families.

We can, and will, debate on policy—and that's ok—but let's focus on the merits of our ideas. Let's not resort to scare tactics. Let's roll up our sleeves and make change that gives all our kids an equal shot at success, that puts their interests above special interests, and builds them—hands down—the best cradle-to-career education system in the country.

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Next, we must ensure businesses can stay competitive with those in other states around our region. Because we can put all the best ideas on the table to attract young people and support working families, but if we don't have jobs, none of it will matter.

Act 250 was created nearly 50 years ago to address a rapidly growing state. At that time, there wasn't the regulatory oversight to deal with the population expansion brought on by the baby boom and the interstate highway system.

But those circumstances no longer exist.

That's why I'll propose reforms to modernize Act 250 in a way that expands growth in our struggling downtowns while continuing to protect the environment.

We can and must do both.

This proposal builds on work we did together last term to modernize regulation and support the development of affordable housing in our downtowns and growth centers. This year, we can do even more to build stronger communities by updating Act 250 and encourage more compact development while preserving our working lands and rural character.

We also know that broadband is crucial to parts of the state that are currently under-served or, in some cases, not connected at all.

I'm sure most realize this isn't the cure-all to our economic challenges, but as we seek to attract more people to live and work in Vermont, we must continue to expand access. This session, I'll put forward a package of reforms, and my budget will include investments, to do just that.

As I travel the state, I see places struggling to survive, many a shadow of what they used to be. We've reached a point where too many are not growing—they're shrinking.

Whether you're here from Readsboro or Alburgh, Island Pond, Richford, Springfield, Newport or any one of the proud communities that helped write Vermont's economic history but now face tough times, know this: I'm eager to work with each of you to develop policies to revitalize all 14 counties and to ensure that hope and opportunity exists not only in Burlington, but in Brattleboro, Bennington, Berkshire, Barton and all 251 towns across our state.

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Finally, we need to do a better job leveraging our assets, the things that make Vermont a great place to visit, work and live.

Consider this: In 2017, the top towns for millennial home buyers were not New York City, Boston or San Francisco. They were Williston, North Dakota, Athens, Ohio and Aberdeen, South Dakota.

Millennials appear willing to put affordability and quality of life over the conveniences and attractions of our biggest cities when buying a home.

I believe Vermont can offer what they're looking for, and in many instances, we already do.

The work we did last term in the areas of housing, education, downtown development and workforce training, while striving to make Vermont more affordable, were positive steps forward.



But we must do more.

We know availability of affordable housing is a huge barrier to recruiting young workers—I hear it every day from employees and employers.

Last term, we worked together to create more housing Vermonters can afford. Let's build on that progress by focusing on existing stock and rental units.

My budget will propose a package focused on growing the housing supply by revitalizing properties and investing in existing neighborhoods.

These are steps in the right direction, but it's not enough to simply offer things that appeal to young people and working families. We must do a better job telling our story and use it to aggressively recruit new Vermonters.

Even if you believe Vermont is perfect, it's clear we aren't doing enough to persuade people to move and stay here.

Last year, thanks to innovative thinking from the Legislature, we launched a program offering incentives to remote workers who moved here.

Just passing this law gained international media attention, and as a result, nearly 3,000 people inquired about the program.

This showed us a couple of things. First, publicity works. And second, people do have an interest in moving here but sometimes just need a reason to take that first step.

That's why my budget will again propose a labor force expansion package that targets those likely to move and a regional sales team approach to close the deal.

I hope you'll join me in supporting this effort, because investing to grow our workforce is one of the single most important things we can do for our economy and to reduce the tax burden on those here now.

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This fall, I visited employees at Eden Ciders in West Charleston. My team heard they've had success recruiting young workers to relocate here and we wanted to learn more.

I asked them why they chose Vermont. Most said they liked the sense of community we offer. Many also thought it was a good place to raise a family, while some came for outdoor recreation.

While there, someone shared that Precision Composites in Lyndonville wasn't having any trouble filling positions—even engineers.

Now, that got my attention. Because just the week before, I was at Collins Aerospace in Vergennes and they said they were looking to hire 25 engineers but were struggling to do so.

What was the secret in the Northeast Kingdom? They put a “help wanted” ad in a mountain biking magazine.

The point is we know people want to come here. We just need to identify and reach those who do.

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Collectively, we have a lot of good ideas, so let’s act on them together.

Let’s build the best education system in the country and nurture a business climate that keeps and creates good jobs, so we can better compete with other states.

Let’s think creatively about attracting more workers and families so we have the revenue to better serve the Vermonters already here.

Let’s support policies and make investments that will work towards these goals and do so without digging further into the pockets of Vermonters.

Because to build the future we want for our kids and their kids, we must ensure Vermont’s affordable.

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While our challenges are great, when we work together, we can do great things.

Over the last two years our record speaks for itself.

To improve efficiency and better serve Vermonters, we merged the Departments of Liquor and Lottery, a long-standing goal for some legislators in this room.

And we did the same in creating the Agency of Digital Services, which has saved taxpayers about \$4 million since its creation.

With your leadership, we supported foster parents and crime victims, strengthened consumer protections and are working to make prescription drugs more affordable.

We modernized our licensing laws to expand the pool of drug treatment professionals and make it easier for members of the military to enter the civilian workforce.

When actions in Washington put access to healthcare in jeopardy, Speaker Johnson, Senator Ashe, Republican party leaders from both houses and I stood with Senators Leahy and Sanders and

Congressman Welch to protect Medicaid funding. Where else but Vermont would you see such a politically-diverse group joining together to defend access to healthcare?

And for two years we didn't raise a single tax or fee in the General Fund. We also held statewide residential property tax rates level, while fully funding school budgets passed by local voters.

We removed the tax on social security for low- and middle-income Vermonters and worked to revitalize downtowns and villages throughout the state.

We made the single largest investment in housing the state has ever seen, as well as a 70 percent increase in clean water funding and opened a treatment center in St. Albans that helped eliminate long waitlists statewide, allowing more Vermonters to start on a path to recovery.

We did all this, and so much more, by working together.

It wasn't always easy or comfortable, but hard work—good work—is rarely either of these things.

And we need more of it because the solutions we seek—in the political environment in which history has placed us—requires that above all else, we focus on what it means to be true public servants.

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When announcing his retirement in 2005, Senator Jim Jeffords said, "In no other job do you have both the freedom and the obligation to solve problems and help people on a daily basis."

Solve problems and help people.

A simple concept and an important reminder of why we're here.

As partisanship and division have eroded the trust many have in our democracy; as conflict captures headlines far more often than the good work we've done to strengthen Vermont; and as reports of our disagreements overshadow all we agree on and the progress we've made working together—let's solve problems and help people.

That's our job. It's our responsibility.

It's what our neighbors who elected us expect. It's what the challenges we're here to confront demand of us. And most importantly, it's what Vermonters deserve.

As we open this new biennium, with the hope and promise of a new year, let's commit to this work; put aside our differences to work together, to come together. To solve problems and help people each and every day.

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