

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

Today, I welcome the opening of the legislative session with the same optimism I had as a freshman senator from Washington County nearly two decades ago.

I come before you to report on the state of the state, to reflect on the work we've done and to share a vision and priorities for our future.

As elected officials, it's our duty to distinguish what must be done from what we might like to do, and to work together, pulling in the same direction, to make a difference for those we serve.

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We meet at a time in our nation's history when too many elected officials, on both sides, are choosing confrontation and partisan politics over collaboration and progress. Polarization—the “us versus them”—is our nation's greatest threat. It's weakening our country and the very foundation on which it was built.

That's why, in state houses and town halls across America, it's up to us to show that people from different backgrounds, with different points of view, can unite around our core values and our common humanity. It's up to us to prove that listening to, and learning from, each other is far more constructive. And it's up to us to seek consensus where it can be found and compromise where it cannot.

Now, we all know there will be times when we have to agree to disagree—and that's ok. But when it happens, let's assume the best of each other and turn our energy to the areas where a path forward remains.

This, my fellow Vermonters, is how we rise above partisanship, how we reject polarization, how we work toward something bigger than ourselves and how we—all of us in this room—can best lead our nation forward.

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I have enormous faith in our ability to achieve meaningful results and my administration is ready to work with each of you in order to do so. Unfortunately, time is not on our side. Because while good things are happening and progress is being made, too many of our counties, communities and families remain at a critical crossroad.

The fact is, where we are as a state, and where we go from here, is in the hands of every Vermonter.

It's in the weathered hands of the dairy farmer and construction worker, and the reassuring hands of the first responder and emergency room nurse. It's in the determined hands of our entrepreneurs, and the persistent hands of our teachers, coaches and mentors. It's in the compassionate hands of family and friends, and the helping hands of our neighbors.

The state of the state, our values and identity, are guided by—but have never been defined by—what happens in this building. It's the people of Vermont, doing all they can to lift each other up, who will shape our future. They define who we are and all we can be.

World-class innovators like Dr. Marjorie Meyer at the UVM Medical Center, who is a leader in the treatment of women with opioid dependence during pregnancy. Entrepreneurs like Kyle Clark, whose company, BETA Technologies, is building electric aircraft which will lead to a significant reduction in global carbon emissions. Or the volunteer firefighters in Ludlow, who spent their Thanksgiving Day cooking dinner for a mother and her three children whose stove caught fire that morning.

And Gloria Powers from Glover, who provided a home for nearly 400 foster children over 25 years and, at age 72, is still giving back, volunteering at the local senior center. And young Justin Sears from Colchester, who wanted to do something nice for the kids at his school this holiday season and raised over \$1,000 to buy his classmates' lunch. Then there's Cecelia Hunt from Fair Haven, who, for nearly 40 years, donated so much of her time to everything from blood drives to foodbanks and town committees. She's made such an impact that her community reached out to let me know how much she means to them. And by the way, when my staff called her, she wouldn't accept credit for 40 years—she said it's only been 36.

Friends, Cecelia and Dr. Meyer, Gloria and Justin, and members of the Ludlow Fire Department and BETA Technologies are here with us today.

These people and thousands more—those we hear about and those we don't—remind us that we are all part of something bigger, and that it's in our pursuit of purpose and in service to others that we find the best of ourselves, our communities, our state and our nation.

So, even as we face major challenges, these Vermonters show that in the hands of our people, doing all they can every day, the state of the state is strong.

Inside this building, our job as public servants is to do all we can to ease their burden and build on their strength by setting clear priorities and turning good ideas into results.

And here's my biggest concern: Today in Vermont, there are about 55,000 fewer people under the age of 45 and 44,000 more over the age of 65 than there were in the year 2000. For years, we had more deaths than births, and have seen more people move out of Vermont than in.

And the impact is not the same in every community. We have to acknowledge the real and growing economic disparity from region to region.

Think about this: Of the five towns that have seen the most growth in recent years, four of them are in Chittenden County. And in the past 12 years, only three counties have added workers. The other 11 have lost a total of about 18,000. That's more than the population of nearly every town or city in Vermont. Of the 180 legislators in this room, 106 of you come from counties that have lost workers.

And that's not the only area where we see disparity. From county to county, there's a huge gap between median home values, median household income, average wage and so much more.

Because of all of this, across the state, we're feeling the negative impacts in everything from our homes, schools and colleges to our hospitals and nursing homes.

If we don't break this cycle, our institutions, including state and local government, won't be able to afford what they currently do, or what they would like to do in the future, because costs will continue to rise much faster than our tax base can sustain.

My friends, this is what a demographic crisis looks like. In too many places, and in the lives of too many Vermonters, I see and feel the emotional and financial toll of policies built for a few areas in the state that can afford them when the rest of the state cannot. Businesses, families, entire communities doing their absolute best to balance budgets and meet their needs with fewer options, fewer people and higher costs than they had last year, and the year before that, and the year before that.

Sustainable, economic growth has become too hard and too rare in too many areas. It's hurting people. It's regressive. It's creating regional inequity. And it's by far the biggest and most immediate challenge to our state and the ability of government to help shape the future.

We must act now to give the people of Newport and St. Johnsbury, Hartford and Springfield, Brattleboro, Bennington, Rutland, Randolph and every other regional economic center—and the towns around them—the tools they need to survive, to grow and to thrive with the self-determination and dignity they each deserve.

If we're willing to focus on doing the work—on caring more about the details than we do the talking points; if we can build consensus and trust and avoid national political agendas deliberately designed to divide us; if we focus on the fundamentals of a better, more modern government, a stronger fiscal foundation and policy that's truly equitable, then our businesses and economy will grow, putting more kids in our schools and broadening our tax base, making our communities stronger and more resilient than ever before.

That's why I had an open mind when Senator Sirotkin and the Senate Economic Development Committee had an idea that's paid off. They said remote workers can work from anywhere, so let's give them an incentive to work and live here in Vermont. Since then, we've received worldwide attention, more than \$7 million in free advertising, thousands of inquiries and relocated 371 people to 68 communities across 13 counties.

Now, we've received our share of criticism as well. Folks who said, "You know, I've been living here and dealing with high costs my entire life. Where's my check?" And I get it—they're absolutely right. We urgently need to make Vermont more affordable for everyone across the state.

But this program does help them because bringing more people here helps reduce the tax burden on the rest of us. Here are the facts:

For a one-time investment of \$500,000, based on Vermont's average household income of about \$75,000, we project a return on this investment of over \$1 million of tax revenue each year. And this is a

conservative projection, because it doesn't account for the higher-than-average income of these new Vermonters and the added benefit that comes along with more people buying goods and services from local businesses.

We know this isn't the only answer, but this program is a small step towards growing our way out of the demographic crisis facing our state and the affordability crisis facing our families.

And this isn't all we're doing. At the same time, we're strengthening training, internship and apprenticeship programs for Vermonters. We established a first-in-the-nation approach to make it easier for veterans to transition to civilian careers. And we're helping those in recovery or with other barriers to employment find and keep good jobs.

This year, in partnership with Secretary Condos, let's further reduce hurdles and costs for licensed professionals so we can bring more of them into the workforce. And my budget will include additional investments in training, with an emphasis on the trades, and more incentives for young adults and working-age families to stay or move here.

It's also important to remember that over the last three years, we've taken steps to help Vermonters keep more of what they earn. This includes removing the tax on social security for low- and moderate-income Vermonters, lowering income tax rates across the board, significantly reducing the land gains tax, bringing the estate tax more in line with our neighbors and more.

But this is not enough. Overall tax and fee burden is still growing far too fast, especially property taxes, and you can expect additional targeted tax relief in my budget. Because, ultimately, we need to help people in all parts of the state move up the economic ladder, and the best way to do this is to level the economic playing field and make Vermont more affordable for all families and every business.

We've also expanded our view of education, because building the best education system in the nation is one of the greatest economic development tools we could ask for. Rather than just thinking K-12, we've broadened our focus from cradle to career.

Together, we've increased state funding for child care by about \$10 million and invested \$5 million more in higher ed. And we've added nearly \$1.5 million for career and trades training.

But here too we must move more quickly. The disparity from school to school, and district to district, is a growing problem. It's unfair to taxpayers, and fundamentally unfair to our kids for their educational opportunities to be determined by where they live.

We need to be honest. Costs are rising, yet opportunities for too many kids are declining in too many parts of the state. And so is student performance in areas like reading and math. Reversing this trend has been the driving force behind each of my education proposals. And this year, my budget will once again increase investment in the cradle-to-career continuum.

We'll also support the work of the Agency of Education to improve performance, and—if you're ready—I'm still willing to have a discussion on how to direct more of our current spending to our kids instead of letting it be consumed by the growing inefficiency of an outdated system.

In addition, I propose to you today that we begin creating a universal afterschool network that ensures every child has access to enrichment opportunities outside of current classroom time, and to align the students' day with the length of the workday. A few thoughts on this:

First, it's based on a successful model from Iceland focused on preventing drug use as well as improving academic and social outcomes. And the evidence is clear: Kids who participate in afterschool activities and programs do better in school and in life than kids who don't.

Second, a universal program expands choices for every kid—it doesn't limit them. And it would be voluntary. Those who currently go home to their families, or participate in drama, music, sports, debate, or older kids who choose to work could all continue to do so.

Third, it supports working parents by reducing the logistical and financial burden of afterschool care.

Finally, we're not recreating the wheel, but we are creating more equity. Many schools already have afterschool options through organizations like the YMCA and others, but it's far from universal.

There are a lot of details to consider on an issue like this. And I fully recognize that as we put the many challenges of Act 46 behind us, one size will not fit all. That's why I've asked Education Committee Chairs Representative Webb and Senator Baruth to give this idea some genuine consideration. It's my hope we can work together to deliver a plan by the end of the year that puts us on a path toward universal afterschool programs without raising property tax rates.

We also have a continued need for more housing working Vermonters can afford.

In 2017, you joined me in passing a \$37 million housing bond which is leveraging another \$170 million in other funding, making it the single largest investment in workforce housing the state has ever seen. Since then, nearly 400 homes have been completed, another 175 more are being built and about 200 will be underway soon. With almost 800 new units, we've far exceeded our expectations, and it's already generated \$158 million in construction activity with more to come.

And it's not just the housing bond, because alongside additional initiatives, more than 2,000 residential building permits were issued in 2018—the most in over a decade.

But because of the economic imbalance from region to region, I still hear about the difficulty of finding an affordable place to live. That's why my budget will include a package to revitalize existing homes and build more of them, targeted to the places that need it most. This is an area where we've found common ground and I look forward to working with you on these proposals and your ideas as well.

I also appreciate the sense of urgency Speaker Johnson and others have placed on modernizing Act 250, which is necessary to build on this progress. The balanced approach we're working on would enable concentrated development where people want to live and work. And, when paired with my proposed investments in housing and economic development, will support more vibrant, walkable and livable downtowns and villages which, as the Speaker has said, supports economic growth and is a critical piece of our work to combat climate change.

For these reasons, I'm optimistic that important updates to Act 250, to better meet the needs of Vermonters, can be made this session.

We know about half of the emissions that contribute to climate change come from transportation. That's why we've also worked together to make it more affordable to purchase electric vehicles.

This is something I'm really excited about. As you may have heard, I'm a bit of a car guy. In fact, I'm probably the only governor who has a CDL and an inspection license. So, when I see Ford coming out with a 450-horsepower electric Mustang—which will do 0-60 in about 3.3 seconds with zero emissions—followed up by an electric F-150; and Jeep building a hybrid Wrangler; and Amazon's plans to purchase 100,000 electric vans; and then you see Harley Davidson offering a line of electric motorcycles called LiveWire—when you see all this, it's clear this transition is happening right before our eyes. We're on the verge of big advances in terms of technology as well as competition. We need to be part of it, to benefit our environment and economy.

And I'm pleased to report we're making progress. In addition to the privately funded charging stations being installed across the state, we've invested over \$1 million in charging equipment. And with investments through the Volkswagen settlement, we expect to nearly triple the number of state funded charging stations by the end of 2020.

And to help make EVs more affordable for low- and moderate-income Vermonters, we provided \$1 million in purchasing incentives. Utilities, auto dealers, many employers, municipalities and individuals have all stepped up, alongside state government. As a result, we've seen a 160% increase in the number of EVs on our roads since 2016. But we know this is not enough, so we're not stopping here.

As part of the all-fuels efficiency conversation before the Public Utilities Commission, we're asking that a portion of energy efficiency charges be directed to transportation electrification. We're also using Volkswagen settlement funds and federal grants to purchase more electric school and public transit buses. As we look even further ahead, I strongly believe it's incentives, not penalties, which will help us transition more quickly.

I hear from Vermonters across the state, like those traveling long distances for work out of necessity, not choice, and others, like our seniors living on fixed incomes, who struggle to fill their gas tanks and heat their homes. I simply cannot support proposals that will make things more expensive for them.

Instead, my budget will propose more incentives and a greater focus on affordable, clean energy as well as expanding our battery and renewable energy storage sectors and the jobs they can create. And I'll propose giving small co-ops and municipal utilities more flexibility in order to innovate.

From clean energy to our 20-year, \$1 billion commitment to clean water projects, we've shown protecting our environment can be done in ways that also strengthen the economy without making Vermont less affordable for families and businesses.

We're also strengthening the health and safety of our communities.

We took significant steps over the last year to protect kids: passing legislation to address the vaping epidemic and to ensure drinking water at every school and child care center will be tested for lead. And this work will continue.

Beyond our schools, many of you, alongside the Agency of Human Services, have worked diligently to improve our mental health system. This includes adding inpatient capacity, which is critical to getting people the care they need, when they need it. The budget I'll submit will expand this work and focus on prevention, early intervention and community level response.

Now, I know we're all concerned about the Brattleboro Retreat. This private institution has been around for nearly 200 years. It employs about 700 people, making it one of the region's most important employers since Vermont Yankee was closed.

But age and size don't make it immune to the same demographic challenges others around the state are facing. And just like the rest of us, it too needs to adapt. This healthcare provider is simply too critical for us to let fail, especially without an alternative. This would have a devastating impact on our mental health system and the region's economy.

We all have a stake here. Just last year, we invested \$4.5 million out of the capital bill. That, combined with rate increases, totaled an additional \$16 million. And that's on top of tens of millions in Medicaid funding. That's why I've directed my administration to work with you to do everything we can responsibly do to help the Retreat, just as we're doing everything we can to help Springfield Hospital.

I'll also propose a package of criminal justice reforms that we've shared with members of the committees of jurisdiction. We'll look at little things that make a big difference, like waiving license reinstatement fees for suspended drivers and better supporting inmates transitioning to the workforce.

And it will also include some bigger changes, like tough mandatory minimums for human trafficking and a provision to address the loophole that has allowed violent, mentally ill offenders to go free. As we continue to create a more effective criminal justice system, we must remember that justice for victims and accountability for criminals must be top priorities.

I'm grateful for this opportunity to address our biggest challenges, report on some of our progress and outline a few of my proposals. There's always much more happening than can be covered in one speech, or even two. And I look forward to all our discussions in the days and weeks ahead.

Over the next few months, the way we go about our work will not only determine the results we're able to deliver but also the strength of our institutions, the faith Vermonters have in us and the example we set for our kids.

We must acknowledge the trying times we live in. The pressure from political parties and special interest groups to "fall in line" and "stay on message" weighs heavily on some. Honest efforts and thoughtful ideas from good people are too often mischaracterized, misrepresented and belittled. And all of this is intended to divide us and bully us into an "us versus them" mentality.

In this environment, the solutions to serious problems in our state and in our country don't always come fast enough. And to those of us who care more about progress than we do about political power, that can be very frustrating, even discouraging.

So, when those moments come, I think of the people who inspire me to be part of something bigger, of what they've endured with courage and resolve, and how they show that in the face of incredible adversity, we're all capable of great things.

People like my Dad.

I think of what he went through during his two years at Walter Reed, and how hard he worked every day just to live as normal a life as he could, how much he accomplished and how much I admire him.

I think about the soldiers with him in France after D-Day, all they went through, how long and horrific those days must have been, and how that generation of Americans stepped up to protect democracy for their generation and those of us who followed.

Recently, I've thought a lot about Travis Roy, who I heard speak last month. His talent was recognized at a young age. Hockey was his life and he was destined for the NHL. 24 years ago, he played exactly 11 seconds for Boston University before going headfirst into the boards and then instantly found himself unable to move from the neck down. Travis has spent every moment since ensuring those 11 seconds defined an opportunity, not a tragedy.

As a result, he's changed the way his sport is taught. Through his efforts at places like "Little Fenway" in Essex, he's raised millions for spinal cord research and adaptive equipment. He's shared his story and found his purpose in helping others find theirs. Travis says, "There are times... when we choose our challenges, and other times when our challenges simply choose us. It is what we do in the face of those challenges that defines who we are."

Dawn and Greg Tatro from Lamoille County didn't choose their challenge this past year, when they lost their daughter, Jenna, to a fatal overdose. She was only 26. But through their tremendous loss and the haze of unthinkable grief, they get up every day to help others overcome this deadly disease.

They're leading a multi-county effort through their organization, Jenna's Promise. They've created Jenna's House, a community hub for treatment. They've purchased a café to employ those in recovery. They're providing financial assistance for housing, transportation and so much more. They've found purpose from loss, helping others to heal.

Friends, the Tatro family is here with us today. And World War II veterans from my Dad's post in our hometown of Barre, Dr. Joe Aja, Robert Campo and George Shirlock, as well as Vermont World War II POWs, Clyde Cassidy and Richard Hamilton.

Please join me in recognizing and thanking them.

They're here to remind us that when our common cause is bigger than politics, there is no challenge we cannot overcome.

When I think of these people, and others like them, I'm just as motivated—just as eager—to solve problems and help people, as that hopeful freshman senator from Washington county all those years back.

So, today, inspired by those we serve and humbled by the responsibilities they've given us, we begin the work of the 2020 legislative session.

Our challenges are clear: Can we work together? Can we be guided by our shared principles and common values? Can we reclaim the middle, where partisanship can't survive, where we strive for consensus and celebrate compromise?

My fellow Vermonters, the answer to these questions and the solutions we seek, the course we hope to set and the change we need to make, is in our hands.

If our sense of service and duty is strong; if our commitment to our neighbors is unwavering; and if we remember that we are all part of something bigger than ourselves, then the state of the state, our future and our people will be stronger than ever before.

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