

My fellow Vermonters: Good evening.

I'm honored to speak with you tonight, to have earned your trust through challenging times and to serve as Governor of the state I love.

The past year has been tough on all of us. We've faced a global pandemic that's tested us in ways we never imagined. We've confronted racial injustice in America that's been ignored for far too long. We've seen the worst of our politics and from our politicians. There is no greater example than the rioters at the U.S. Capitol yesterday. As I said, it was a shocking attack on our democracy and make no mistake: President Trump is responsible for fanning these flames.

All this comes at a time when our country feels more polarized, more divided, than I can ever remember. But in Vermont and across the country, voters came out in record numbers and sent a clear message, calling for moderation and unity and for leaders to treat everyone with dignity and respect, to work with anyone of any party to best serve all Americans.

The challenges we face demand the very best of all of us, that we rise above the partisanship and division, the pettiness and political games, to commit to the tough work ahead, to get through this crisis safer and stronger, and to do it together.

Since last winter, our lives have been shaped by a crisis that's forced us to stay away from people and places we love, and has tragically taken the lives of over 350,000 Americans and 155 Vermonters.

About a year ago, we began hearing about a new illness in China. We watched as it spread throughout Asia and moved into Europe, overcrowding hospitals with heartbreaking results. And by the end of January, COVID-19 arrived in the U.S., first on the West Coast, then in New York and Massachusetts.

I was at a Norwich hockey game on March 7 when I learned of our first case in Vermont. I got up from my seat, headed into the office and never looked back.

In less than a week, I declared a State of Emergency, limiting gatherings and visitors to nursing homes and hospitals. We followed that by sending students and office workers home, closing childcare centers, gyms, salons, and—just before St. Patrick's Day—bars and restaurants. Within a week, Vermonters were asked to stay home to stay safe.

Just 18 days after our first case, across America and around the globe, life stood still.

But as families hunkered down in their homes, emergency responders, healthcare providers, private citizens and hundreds of public servants worked together to understand the threat and built the foundation of a response that would lead the nation.

In Washington, our congressional delegation—led by Senator Leahy, who I spoke with multiple times a week—worked across party lines to secure emergency funding.

In the largest mobilization of resources the state has ever seen, we created testing systems, expanded contact tracing, secured critical supplies and medical equipment, built data collection and forecasting

tools and so much more—always learning, adapting and breaking down barriers to get things done as quickly and as effectively as we could.

It's been 306 days since that first case. Every choice we've made since has been difficult. But every step of the way, they've been guided by the best possible science and data and a team of talented Vermonters whose job placed them at the center of our response, working day and night to protect their neighbors through this historic storm.

Teammates like the Vermont National Guard, who transformed hockey rinks and civic centers into medical surge sites, built a sophisticated field hospital at the fairgrounds in Essex and provided the medical staff for it, and then sent the detailed construction plans around the country for others to replicate. They distributed over three million meals to families in need, ran logistics for the National Stockpile, administered tens of thousands of tests and became contact tracers. All of this while transitioning to the F-35 and preparing for multiple deployments.

They join thousands of others on the frontline, each with an unwavering commitment to help others, whose skill has proven to be a tremendous asset for our state and set an incredible example for our nation. I'm honored to serve by their side.

That stubborn sense of duty is in the heart of every Vermonter, deep rooted in who we are.

We see it in doctors, nurses and first responders working around the clock to treat and comfort those affected and protect those who aren't, all while learning—in real time—more and more about this virus; in childcare providers who've stepped up since the early days of the crisis to support parents working on the frontline; and in grocery and hardware store clerks, keeping customers safe and shelves stocked while farmers, manufacturers, truckers and delivery drivers kept supply chains open.

We see it in students who transitioned to remote learning, sacrificing music and theater, sports and proms and the chance to be with their friends; in school staff and bus drivers, delivering meals to families in need; and teachers learning to educate online then stepping up to get kids back into classrooms.

We see it in drive-by birthday parties, drive-in graduations and drive-through holiday toy collections; in shopping for a neighbor; teaching a nursing home resident how to Zoom to connect with family; making a point to order take out, buy local and put up holiday lights; or simply with a homemade sign thanking essential workers and praying for their safety.

The memories that stand out the most aren't the tough calls, praise or criticism. It's the image of Vermonters coming together to support one another, to care for each other, to light the way out of darkness.

So many have stepped up to slow the spread of the virus, protect our healthcare system and our vulnerable, and to give us the time and support needed to build a response that Dr. Fauci said "should be the model for the country."

As Governor, I thank each of you for doing your part. I know it's been difficult, frustrating and at times felt impossible. It's important to know the actions you took, sacrifices you made, and your decision to listen to the experts and the science, saved lives. You are saving lives. But we need to keep looking forward, stay focused and committed, because our work is far from over.

As I've said from the start, by working together, we can come out of this stronger than we went in. To do so, we must remember many of the challenges we had before the pandemic are still with us.

For too long, Montpelier has taken a one-size-fits-all approach, asking more of working Vermonters and employers while the economic foundation of most counties slowly eroded, and the burden of rising costs and higher taxes and fees has pushed too many down the economic ladder.

Growing economic inequality and the crisis of affordability facing families and businesses are why I got into politics in the first place. Before that, I didn't have a political bone in my body. But instead of just complaining about what Montpelier was doing, I decided to step up and be part of the solution. Since then, I've learned it's not as easy as I thought—everything isn't black and white, solutions are rarely simple, and budgeting can be difficult because you have to choose between many good things.

Over my time in public service—even though I've always served in the minority—I've worked hard to give a voice to the counties, small towns and villages that have struggled for decades. They need our attention because their employers have downsized, closed or left for a more affordable place to do business. Their population has shrunk and the number of kids in their schools has gotten smaller and smaller, all while the area around Burlington continued to grow.

In the three years before COVID-19, we were slowing these trends and leveling the economic playing field because we focused on the fiscal fundamentals. That work put us in a better position to weather this storm. In fact, our economy was stronger and rainy day funds were full. We were on course to end the fiscal year with historically low unemployment and potentially the largest budget surplus in Vermont's history. Because I refused to let state spending grow faster than a working Vermonter's paycheck, we were finally helping families keep more of what they earned.

But the pandemic has put the spotlight back on our most fundamental challenges.

With schools moving between remote and in-person learning, we see the difference in quality that exists from school to school and region to region.

State colleges struggling to survive have now hit a breaking point that will hurt the small towns they call home.

With small businesses closing their doors and tens of thousands still out of work, we see the real economic inequity from county to county and the need to help workers learn new skills for available jobs.

And with all of this, we see the urgency to build a more diverse and resilient economy and make Vermont more affordable for families and businesses.

Despite all the hardship this virus has brought, it has given us some opportunities, and even some of the tools needed, to help shape our future.

As a result of our efforts, we've secured our place as the safest, healthiest state in America. We've made smart investments with relief funds, like strengthening childcare and afterschool programs, developing housing that more families can afford and expanding broadband. We've shown you can work side by side with businesses, as allies, to prioritize both public health and the economy. And we've proven government can be nimble and act quickly to take on big challenges by breaking down silos and outdated bureaucracy to deliver more effective government.

But perhaps the most powerful lesson is the reminder that Vermonters working together can do incredibly hard things and solve seemingly impossible problems by using the commonsense ingrained in each of us.

The challenge facing those of us in Montpelier is to learn from these lessons, accept that old answers are not the solutions we need for the future and take full advantage of the opportunity before us. And we can't put this work off because there will be a point not so long from now when this pandemic is just a bad memory, where the temptation to do things the way we've always done them will be strong because it's easy.

It's happened before, like after the Great Recession and Tropical Storm Irene, where we got a lot done without getting tied up in red tape or politics. But when the economy improved for some, and as homes, roads and bridges were repaired, we soon went back to our old ways, leaving the creativity that led to better government and better outcomes behind.

My fellow Vermonters, we cannot let this happen again. If we do, the systemic problems we faced before COVID-19—where politics and economic policies favor one region over another; an education system where your ZIP Code determines your opportunities; unsustainable increases in property taxes and healthcare costs; and more—will be there waiting for us, bigger and deeper than before.

Instead, let's use the tools we've gained to attract more people, more investment and more jobs to all areas of Vermont. Let's finally build the best, most flexible education system in the country, from cradle to career. And let's use this new capacity and knowledge—the lessons of a nimble, effective government—to strengthen our programs and get better results while facing significant budget challenges.

The road ahead offers us an incredible opportunity to set the state back on a path where every county can have a vibrant, resilient economy; where every community and every family has the tools needed to be economically secure; and where every new generation has a better chance than the one that came before.

As we recover from an emergency that has touched all of us, we must support policy that serves all 14 counties, all 251 towns and every single Vermonter.

Now, we have to be honest: Even with help from Washington, we are going to have to make some difficult choices and do more with less. We know we won't be able to do everything we want, but rest assured we will meet our commitments to Vermonters.

With all of this in mind, experts across state government, as well as community, non-profit and business leaders, have been working on plans that address immediate needs and long-standing challenges. Drawing on their ideas, the policies and budget I'll present to the Legislature will focus on weathering the remaining storm and laying a foundation to rebuild our economy. At the heart of each proposal will be a goal to level the playing field for every corner of our state, from Alburgh to Vernon, Canaan to Pownal and everywhere in between.

Of course, we can't accomplish any of this if we don't help our businesses survive over the next few months. We all know without strong employers, we won't have the jobs that generate the tax revenue needed to help the vulnerable, fund schools, pave roads and pay for priorities like climate change and clean water.

For years, employers have faced rising costs, higher taxes and increased regulation, and now a devastating economic downturn.

We have to remember that most businesses are small and owned by our neighbors. They're often the first to sponsor the local little league or community fundraiser, and too many of them have seen their life's work and life savings evaporate through no fault of their own.

That's why we devoted about a quarter of the \$1.2 billion we received in COVID relief funds to help these businesses survive, and millions more will be available in the next aid package—but that still may not be enough.

So, we must help employers in other responsible ways, like reducing—not increasing—the cost of unemployment insurance without impacting benefits to the unemployed. And surely we can't add to the burden with a payroll tax on them or their workers.

In addition, from Bellows Falls to Montgomery, we can jumpstart investments and important projects with new tools and commonsense improvement of regulations.

One of those tools, Tax Increment Financing (known as TIFs), allows towns to keep a portion of their state tax dollars to fund projects that spur private investment, add housing and attract new jobs and development. Now, keep in mind, without TIFs, these projects would not have been built. Right now, TIFs are only available to our larger cities but if lawmakers will work with us, we can make this available to smaller towns in every region.

I'll also propose we modernize Act 250 to eliminate duplication and reduce costs, making it easier to revitalize downtowns and village centers in places like Newport, Springfield and Rutland. These changes will expand outdoor recreation and local food systems, using our rural character to grow the economy without weakening environmental standards.

And I'll invest more for the revitalization of homes, helping low- and moderate-income Vermonters save money and reduce emissions that contribute to climate change.

Supporting economic growth, strong communities and new housing, especially in the areas that need them most, will help us retain and recruit more families and workers. Over the last 10 months, many who grew up here and left for college, work or a new experience out in the world have returned home to be close to their families and raise their kids. We've also seen people move here from other states to work remotely or for a new job, looking for a safe, healthy place to live—away from the crowds and concrete of America's cities.

This is a real opportunity because we know our demographics have been our Achilles' heel. With an aging population and shrinking workforce, we just don't have the people we need. Think of it this way: We need more taxpayers, not more taxes.

To address this, my budget will invest in more tools to recruit and retain working families because there's nothing more important to revitalizing our economy or ensuring we have the revenue needed to support things we care about than growing our workforce.

Now, recovering from this pandemic and fully restarting our economy won't be possible until all our kids are safely back in the classroom. We know that's where they learn best and how important it is for their social and mental health. That's why I was pleased to hear President-elect Biden say he supports reopening the nation's schools and hopes to accomplish this within the first 100 days of his administration. Here again, I believe Vermont can lead the way.

But we need to be honest: We have a lot of work to do to help every child recover from the learning opportunities that were lost. So, I've asked the Agency of Education, the Department of Health—working closely with school districts, teachers and pediatricians—to develop a plan to safely get every child in every district back into the classroom full-time before the end of the school year, and hopefully sometime in April. The fact is: We have some of the best conditions in the world to begin this work. For our children and their future, we must reestablish full in-person instruction, routines and relationships as soon as possible.

Looking further ahead, we need to do more to give every child access to an equal education. Despite the nearly \$2 billion we spend educating 83,000 students, we know there are drastic differences from district to district and not all kids get off to the same start. To me, this is the most glaring example of inequity that exists in our state and it cuts directly across regional, economic and racial lines. We must fix this, and we should start by making sure all kids have a solid foundation. That's why I've made investing in childcare a top priority.

Since I came to office, we've added about \$10 million to programs that help lower-income families pay for childcare and early education—an increase of more than 30%. Throughout the emergency, we've made sure providers stayed open so families had somewhere to turn when they went back to work. We created regional hubs to support parents while schools operated remotely. And in total, we've invested over \$40 million in COVID relief funds for childcare—efforts that earned national recognition.

Adding to this, my budget will propose a property tax exemption for licensed preschool programs.

Now, while these investments are important, there are also improvements we can make in state government to get better results. That's why I'm proposing to organize all the state's child development work within the Agency of Education. This move will break down another unnecessary bureaucratic silo. It will finally unite the state's experts on childcare, preschool, K-12 and technical education, which is long overdue. And it will give us a clear picture of the impact of these investments to deliver better, more coordinated service for our kids, parents, childcare centers and taxpayers. And our providers should know: We'll respect the role of private centers and preschools.

We can also strengthen every kid's foundation with a stronger focus on literacy. So, we'll ask districts to put plans in place that help us measure and improve in this important area of learning. And finally, I'll ask the Legislature to consider how to use the lessons of remote learning to give school districts, students and families more educational choices, like the option of a foreign language or a computer coding class taught from a classroom in another part of the state.

Here's the bottom line: I believe we have a moral imperative to transform our education system to ensure every student has the same chance to succeed and equal opportunities. It could be more comprehensive and more nimble with more choices and better outcomes for every student from cradle to career. To achieve this, we need the courage to rethink how we're delivering education, because with the money we spend today, all our kids could have more opportunities. As we move forward, this must be our goal.

Let's also continue our efforts to make healthcare more affordable.

In the near term, we'll stabilize a healthcare system that's front and center in the fight against COVID-19.

And it appears Vermonters have spent much less on healthcare over the last year than expected, which means you may have paid more than was needed. We experienced something similar with auto insurance, returning about \$24 million to Vermonters because people were driving less. Already, Vermont's largest dental insurer, along with some smaller carriers, have filed plans to return about \$3 million to Vermonters.

For this reason, I've directed the Department of Financial Regulation to review health insurance premiums and rates for 2020, report back to me by March 1, and determine where rebates are appropriate. My team believes this could result in \$10 million or more in additional rebates.

Of course, we also need to contain healthcare costs in the long run. With that in mind, I believe it's time to set a cap on annual increases and continue moving to a system where we pay for quality, not just

quantity—and do so in a way that prioritizes prevention on the part of the patient as well as the provider. These are the goals of the All-Payer Model, which you might have heard about over the last three years.

In addition, this year I'll propose more improvements to our mental health system and renew our focus on strengthening drug education, prevention and treatment programs.

Tonight, I've mentioned some of the proposals I'll bring to the Legislature this year. We'll present more ideas when I deliver my budget in two weeks, and I encourage everyone to learn more about this work and be part of the process.

I also want to acknowledge there will be ideas from me the Legislature may not accept. As well, I may not agree with some of their ideas, especially if they increase the burden on workers and employers.

But here's what I can promise you: I will listen, look for opportunities to work together and rise above the partisanship that will get in the way of our recovery. My only ask is they do the same, because that's the type of government you deserve. This doesn't mean we'll agree on everything, but it does mean we can treat each other with civility and respect and set a good example for our kids.

Now, these are obviously not normal times. For as long as anyone can remember, every two years, it's been our tradition for governors to be sworn in and deliver an address at the State House with all the pomp and circumstance that comes with the opening of a new legislative session. Instead, I speak to you tonight, not in the State House, but from a small auditorium in my office building. This is a stark reminder that none of the priorities outlined tonight or any proposal the Legislature puts forward will be more important to our recovery than our effort to end the pandemic.

And I know the question we all have is when will we get back to normal? When can we safely get together with our friends and family? Go to the movies, birthday parties, fairs and weddings? When can we stop worrying about things like the distance between us, if people are wearing masks or the uncomfortable conversation with someone who just doesn't believe the science? When will this nightmare be over? And how do we get there as soon as possible, with the fewest lives lost and the strongest economy?

I think about this every single day. And I'll be honest: While the end of this crisis can't come soon enough, we don't know *exactly* when it will be. But we can see light at the end of the tunnel, and it gets brighter every day.

We've already vaccinated about 20,000 people, and at the rate the federal government is currently sending doses, we believe that number will be about 120,000 by the end of the winter, including all who are at the greatest risk of death. As vaccinations increase, we hope to see fatalities decrease and daily case counts stabilize. This should allow us to reduce restrictions and work our way back to where we can safely gather, travel without quarantine and more.

It's our hope that sometime this summer—possibly earlier—we'll reach the point where life will begin to feel normal again. But a lot depends on how many doses of vaccine the federal government makes available and how many Vermonters choose to get vaccinated.

Until then, it's up to each of us to continue doing all we can to prevent the spread of the virus. The fact is, we have some tough sledding ahead and it may be a difficult winter. I know how hard this is and how hard it's been, but I know we can get through it if we stick together.

I'd like to close tonight with a bit of history. In late September 1918, Vermont Governor Graham received an urgent request for help from Lieutenant Governor Calvin Coolidge of Massachusetts. They were under attack from the Spanish flu, which had moved from Boston Harbor into the city and was spreading in every direction. As infections multiplied and hospitals were overwhelmed, they were in desperate need of doctors and nurses to help care for the sick. But by the time the message reached Vermont, outbreaks across our own state meant we had already put into service anyone with even the slightest bit of medical training.

That virus moved north up the rail lines and quickly advanced into Rutland, White River, St. Johnsbury, Burlington, St. Albans and then to Barre, where it settled into the quarries, granite sheds and tenement houses, eventually infecting more than 40,000 statewide and killing nearly 2,000 Vermonters.

As World War I carried on in Europe; as the speed of modern life accelerated and technology brought us closer than we'd ever been before; 18 years after the turn of the century, no one was ready for that global pandemic or the challenges that came with it. Not a small, rural state like ours or a large, cutting-edge place like Massachusetts. No one was ready.

But on October 3, the day before the state would issue an order closing churches, theaters, schools, public meeting places and gatherings, Governor Graham urged Vermonters to give "their services and all attention" to stop the sweeping spread of the Spanish flu. He asked them to care for one another, protect those called to fight overseas, preserve this place for those who'd return and honor the ones who never would. He described what Vermonters faced as "an opportunity for practical patriotism in our own communities."

Tonight, we face that same challenge, our own opportunity for practical patriotism. To rise above what's shallow and superficial. To ignore those who seek to divide us. To stand together, to protect Vermonters at the greatest risk and to honor the memory of those we couldn't.

As the speed of modern life continues to accelerate; as technology brings us closer than we've ever been before; 21 years after the turn of the century, no one was ready for this pandemic either or the struggle and sacrifice it brought with it.

But as Vermonters have each and every time history has demanded, we rise. With that stubborn sense of duty and concern for one another, we rise to meet this challenge and seize the opportunities ahead.

My fellow Vermonters, we will get through this. We'll have scars to show and stories to tell but that will only make us stronger. And once more, together, we will rise.

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