

**Governor Scott Inaugural Address
January 5, 2017**

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

It was in this chamber in the winter of 1991, when a 34-year-old from Windham County first rose and swore his oath to become the Member from Putney. He would soon rise to the Senate... then to lead it... and from there build a body of work that would make him Vermont's 81st Governor.

Governor Peter Shumlin led our state through the flood waters of Tropical Storm Irene. He led our nation to recognize the magnitude of an addiction crisis that still threatens the very fabric of our communities.

And like so many before him, he championed Vermont and her people each and every day he served.

Thank you, Governor Shumlin, on behalf of all Vermonters, for your years of service to our state.

Today, as prescribed by the constitution, and carried out by the will of the people, our government moves forward.

This transition comes at a time when the political divide, across the country, feels as deep, and as personal as it ever has...A time when uncertainty and anxiety cloud our view of the future. And a time when many have lost confidence in government's ability to solve the real, and diverse problems facing so many.

Those of us in this Chamber, have a great responsibility to uphold a long and proud tradition.

From our struggle for independence, to a war that would save the union, from the fight to end slavery... to extending civil rights... Vermont has led the way.

This time shall be no different.

As Governor, I will do everything I can, to protect all citizens, and safeguard the human rights of all people. Together, we can once more prove the unwavering spirit of liberty embodied in every Vermonter, is alive and well. We stand ready to defend freedom whenever and wherever it's threatened.

At this very moment, hundreds of members of the Vermont National Guard are in distant lands defending these very liberties.

To those who are now deployed, on behalf of all Vermonters: we thank you, we're proud of you and we impatiently await your safe and successful return.

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In their absence, we must ensure their families have the support and feel the gratitude we all share for their sacrifice. We know this is a difficult time, but we're here to help in any way we can.

We're joined today by many members of the armed forces, including:

Major General Steven Cray
Brigadier General Craig Campbell
Brigadier General Joel Clark
Command Sergeant Major Toby Quick
Command Master Sergeant Robert Letourneau
Major Zachariah Fike
and Second Lieutenant Candice McClure.

I want to ask them, and anyone who serves – or has served – to please rise, and be recognized.

Many have shared the sacrifice made by our service men and women. My father, Howard Scott, born in the small Vermont town of Washington...a truck driver by trade...was called to serve in World War II and the D-Day invasion of Normandy. During his service, he was severely injured when his tank hit a land mine and he spent the next two years recovering at Walter Reed hospital in Washington, DC. Returning to Vermont as a double amputee, he met my mom and they went on to have three boys.

He passed away from those injuries when I was 11. My mom suddenly became a single parent. It wasn't an easy time for her, or us. But thanks to her courage, our family, friends, and a community that united around us, we found the strength to move forward.

I have never forgotten my father or the lessons he taught me. My family is proud to honor his memory... as the American flag that draped his casket... flies in front of the State House today.

Those lessons of strength and perseverance, and the power of community we felt during that time, is exactly what makes Vermont so special. Governor Deane Davis once said, Vermonters have "a strong sense of duty to their neighbors...passed on from generation to generation."

I've benefited from that sense of duty -- from neighbors helping neighbors – first hand. And I'll always remember what it meant to me and my family.

My mom, Marian, is here today, joined by my wife Diana, my daughters Erica and Rachael, and many friends and family. I want to thank all of you for your support over the years. I would not be here without you.

Growing up a few miles from here, in Barre, I never pictured myself standing at this podium as your Governor. Not even 16 years ago, when I first entered this building as a Senator from Washington County.

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As a public servant, I've had the privilege to speak with thousands of Vermonters. You have shared your stories... both the good and the bad. We've talked about your struggle to make ends meet, as costs and taxes rise, and good paying jobs are fewer and fewer.

To all Vermonters, I want you to know: I hear you, loud and clear.

I will be your voice, as we work for real change and real results. Together, we will build a strong and vibrant Vermont that our children, and their children, will be proud to call home.

During the campaign, I heard your call for balance, commonsense, and a centrist governing philosophy. A government that sets clear -- and achievable -- goals. One that is honest about the scope of the challenge and is not afraid to face it head on. One that puts working families like yours first, and is willing to do things differently, to produce better results for you.

I worked for more than thirty years in construction. And what I learned was the best feedback always came from those who were in the trenches.

State Government should be no different. I believe that our frontline employees, who directly engage with Vermonters every day, have valuable knowledge about what's working, and what needs improvement. That's why I am calling for every process, every procedure, every system, every government mandate to be looked at through a new lens....*theirs*.

Doing things the way we've always done them and hoping for a different result, will not bring about the change we need. My Administration will not approach our challenges from the top down... but from the bottom up. I will establish a culture that ensures our focus is always on you: helping you keep more of what you earn, creating better opportunities for your children, and building a future where you can retire with financial security.

You elected me to make this change, and I will not let you down.

To this General Assembly... although we come from different communities and backgrounds, I believe we share a commitment to a more prosperous future for all Vermonters. But, we must acknowledge that our demographic and workforce challenges are affecting our ability to achieve that vision.

From 2000 to 2010 the number of 25-45 year olds in Vermont decreased by 30,000...That's enough people to fill this chamber 60 times over. That is our working class... the folks who buy homes, have children in school, pay taxes and drive our economy.

This is compounded by our shrinking workforce. Since 2010, we've lost 16,000 workers... and that downward trend continues. We are losing 2,300 more every year, which means -- by tomorrow -- we'll have 6 fewer workers than we have today.

Those losses shrink our tax base and deter businesses from opening here, making Vermont less and less affordable for those who remain. It's a complex problem and it will not be solved overnight. But we *literally* cannot afford to ignore this issue anymore.

We must have a laser-focus on attracting and retaining working age people... If we do, we can rebuild our workforce... We can provide our businesses with the talented workers they need to thrive... And we can grow revenue organically – rather than raising taxes and fees – giving us the resources to deliver better services, better outcomes, and invest in a better future.

Over sixty years ago, Tom Watson's love for Vermont's skiing and our beautiful mountains, inspired IBM to build a facility in Essex Junction, instantly changing our economic landscape. As we watched jobs disappear from the woolen mills, the quarries, and the railroad... IBM and companies like it, offered a new generation the opportunity to work -- and for many -- rise from poverty to the middle class.

This story illustrates the power Vermont's recreation and beauty can have as a recruiting mechanism – and I believe it still exists. But it also highlights that a shift in our business climate has discouraged entrepreneurs from taking advantage of our quality of life to start and grow businesses.

That has to change.

I know future economic development will look very different than it did in 1957. But we must develop a network of small-to-midsize businesses that will grow into the next IBM, My Web Grocer, or GW Plastics.

Going forward, we will mirror our strong support of larger employers with our efforts for small business. Fostering job creation and recruiting entrepreneurs will create a more resilient economy.

Within the next decade, we can achieve this vision -- and more.

But we must set a clear direction and commit ourselves to attaining real results. Today, I will sign an Executive Order, which directs every State agency and department to focus on three strategic priorities:

- strengthening the economy;
- making Vermont more affordable;
- And protecting the most vulnerable.

These goals will drive every initiative we undertake.

I'll also establish a Government Modernization and Efficiency Team, which will lead this charge toward a more effective and productive state government. It will work to maximize the efforts of our employees and the impact of state services.

I imagine, a system where we give state employees the tools to identify and resolve problems. A system where we focus on outcomes over process, and customers over practice. Where we work together – across all branches, agencies, and departments – to put Vermonters first. And by holding ourselves accountable, we will restore their faith and trust in government.

To achieve this vision, we need to focus on four major policy areas.

First, we will continue to combat the opiate epidemic, with the urgency we would any other health crisis.

Second, we're going to revitalize our approach to economic development.

Third, we must transform our education system.

Finally, we have to build sustainable budgets that enable us to achieve these goals.

The opiate crisis is one of the most significant challenges we face. It shows no bias towards the rich or poor, young or old, urban or rural. This epidemic touches nearly every Vermont family. And for too long, it has stolen the lives of those suffering from addiction, and any sense of peace from those of us who love them.

With compassion, perseverance, and the strength of all Vermonters, we will continue to lead the nation in addressing this challenge; reducing stigma; and shedding light onto the darkness of addiction.

With enhanced treatment, better prevention, and stricter enforcement, we can continue our efforts to turn the tide. We will break down barriers, allowing models for success and lessons-learned to flow freely from agency to agency... and community to community.

That's why I'll establish a Director of Drug Abuse Prevention, an Opioid Coordination Council and – this year – will convene a State Convention on Drug Abuse Prevention.

This battle, continues to be one of the great challenges of our time. How we react and how we choose to respond to it, will be remembered long after our service has ended... It's important that those who fill this Chamber in the future - and the families whose lives have been forever scarred by addiction - know we did everything we could to end it.

We must focus on creating more economic opportunity for all Vermonters. My administration will work to significantly reshape our approach to economic development, tying it more directly to our workforce expansion efforts.

I will present the details of this effort in the coming days. It will be a significant realignment of our economic development tools.

When talking with employers across the state, they shared two of their biggest obstacles to growth... First: a lack of qualified workers... And second: that the cost and quality of housing, impacts their ability to recruit talent.

Our economic development efforts will focus on solutions to these problems. We will invest in programs designed to train Vermonters with the skills needed for the jobs we currently have. And we will set specific housing targets and find ways to expand availability of good homes for working families and young professionals.

The Vermont brand is a powerful force for our tourism industry, and we should use it to its full potential. As we focus on growing our economy, we can show the world we are more than a place to visit. Vermont is a place to live, raise a family, and do business.

There is no better way to grow our economy, and create more opportunity, than through our schools.

We spend 1.6 billion annually on K through 12 education -- about 19,000 dollars per student, which is one of the highest in the country. However, we're not yet an education destination for young families.

If we want a system that draws people to Vermont, we can't be paralyzed by fear of change... and we have been.

How else can we justify spending so little on early education -- and higher education -- while we spend 25 percent of our entire state budget on the K through 12 system?

Investment in early education is a proven approach to reducing special education and health care costs. And our level of support for state colleges and universities ranks one of the lowest in the nation.

That's why we must rethink our entire education spectrum. Everything from early childhood education and graduate school to tech programs, workforce training and adult learning. We can revitalize the entire system, so we no longer have to accept rising taxes and compromises in the quality of our children's education.

I ask everyone to overcome this fear of change. We must be bold, together.

I'm challenging our school boards to envision a world where you can focus your time on improving the quality of a school, instead of worrying about budgets, and tax rates you don't control.

I'm challenging our superintendents to think creatively about how to optimize resources. And, principals to imagine a system that lets you focus on fostering excellence, instead of worrying about building management.

I'm challenging our teachers to think of a world where you are free to teach to the child, not the test; you are promoted on merit instead of seniority; and there is never a cap on what you can earn.

And, I'm challenging our early educators and higher education community to be passionate, positive advocates for change.

We all understand this system was formed over many decades... The pace of reform may feel slow... But, we can't stop pushing. If we are innovative, and are willing to change... we can have the best education system in the country - and perhaps one of the best in the world - with what we already spend. If you don't share this goal - if you don't believe we can achieve this - you are holding us back, at a time when we must all press forward.

To deliver on the goals I've outlined today, it is imperative we restore fiscal responsibility to the budget.

As I have throughout my entire career, I will continue to be honest about the scope of our challenges, about what things cost, and about the risks ahead... And when things do not go as hoped, I'll say so...because Vermonters expect this type of leadership.

In three weeks, I'll present my budget to this Legislature and it will support my ideas to strengthen the economy and make Vermont more affordable, while continuing to protect the most vulnerable.

But in the current environment, this is no easy task.

Here's an honest view of what we're facing: Despite modest economic growth, state revenues are flat and costs are increasing faster than we can pay. Between federal funding changes, statutory liabilities, and caseload pressures in human services and health care, we face a budget gap of at least \$70 million this year.

We must also meet our moral obligations, which includes, providing access to health care... protecting our environment and waterways... and ensuring all our citizens have safe, clean drinking water.

There's no question, the change in Washington creates a level of uncertainty, but we have a strong team in place to respond. Here at home, our goal is to make healthcare more affordable and accessible for every Vermonter, and every business. As I'll detail in my budget address, we will work to give all Vermonters easy, reliable access and affordable options.

Ensuring the health of our citizens also means making certain their drinking water is safe. I will continue to fight for those in Bennington County, impacted by the PFOA contamination. And I want them to know: I stand with you. I will ensure that your community is made whole, and all Vermonters are better protected.

We will also commit to the clean water goals we set in Act 64, and adhere to the standards we outlined with our federal partners. There are many approaches we can take to clean our affected waterways. I

am confident we can work together, within our existing resources, hand-in-hand with the agricultural community and municipalities.

We will uphold our obligations, but we will not fill this gap by raising taxes and fees. Vermonters do not have the capacity to pay more.

Instead, my Administration will establish more sustainable budgeting policies, which address fundamental cost drivers across state government. We will modernize and rethink government to find efficiencies, and budget more strategically. And we will make necessary investments to grow our workforce and our economy.

We cannot continue passing budgets that grow faster than the economy or wages of working Vermonters. I will set clear limits that reflect the changes working families see in their own finances. I will not support, or carry out, experiments at taxpayers' expense.... And I will only sign a budget that meets these standards.

This process will be difficult, but we are in this together. Vermonters *need* us to pass budgets that help them get ahead.

It is the greatest honor of my life to stand before you today. And I do so with an understanding of the challenges we face, and those who sent us here to solve them.

I also understand, there will be difficult times ahead. I know we're not always going to agree, and – even when we do – change may not always come as fast as we'd hope. But we must always treat others the way we want to be treated. It's a rule I've followed in life, politics, business, and racing.

And, we must press on.

Consider the motto of Vermont's Mountain Battalion: "Ascend to Victory."

If we can rise above the politics of division and partisanship.

If we can rise above the tired ways of the past – accepting reality, but never settling for it.

If we're willing to set higher expectations for state government, raise our standards for success, and continue to reach for common ground, then perhaps we too, can ascend towards a victorious and prosperous future for our "brave little state of Vermont." Thank you for this incredible privilege.

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