

Governor Philip B. Scott
State of the State Address
Wednesday, January 5, 2022

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

It is our tradition at the opening of the legislative session to come together and chart our course for the work ahead.

Whether in times of peace or war, prosperity or depression, those who came before us felt the same hope and optimism we share today, ready to do the work to take on new problems and solve those that have eluded us for years.

It is a day I have been a part of many times. I have delivered, presided over, or sat through 21 of these addresses. And I have always felt that on this day, with all of us together, anything is possible.

In this moment, we get to decide where we will focus over the coming months, which challenges we'll work on and those we'll set aside to do what is best for our fellow Vermonters.

It has been almost two years since we were last together in one room. I know your decision to legislate remotely was a difficult one, but it was the right one, for now. And it proves that our government – through great adversity – can and will move forward.

But I think most agree remote legislating doesn't have the same energy and emotion, comradery, cooperation, and occasional conflict that are essential for good policy making.

And it's left many feeling a bit nostalgic for the chance to see friends, even those we don't always agree with; for the ideas that come up in cafeteria conversations and go on to become bills and then laws; and for the privilege to be recognized on the floor, to represent your district, to make your case, and to know that the voice of your constituents has been heard.

Friends, we will get through this and be back together soon. But for now, I know we will find a way to take on our challenges, to see them through, and to make a difference for those we serve.

There is no doubt the last 21 months have been difficult. But if we are willing to make the most of the silver linings, there is much to be gained.

Thanks to the work of our Congressional Delegation – especially Senator Leahy – we've received billions in federal aid. And with that aid, we came together to fund significant needs.

We rolled up our sleeves to achieve the highest vaccination rates in the country and then kept them rolled up, went to work, and passed historic investments in housing, broadband, climate change, water and sewer, and economic recovery – dedicating over \$600 million to transform communities, large and small, across the state.

I am pleased to report that nearly half of this funding has already been approved for release, with public servants in just about every agency moving projects forward every day. And that is on top of the more than \$500 million we spent on infrastructure through our typical funding sources.

These investments will help reverse decades of economic inequity in every single county.

This has put us on a new path, creating more opportunities for the future than most of us thought possible just a few short years ago.

For these reasons, I can report to you today that the State of the State is strong.

And we are growing stronger every day, so that every new generation in every county and every community is healthier, better educated, and more secure and prosperous than those who came before.

To get there, we must be clear about the challenges we face, the problems we must solve, and the people and places that need our help most.

Continuing to navigate out of this pandemic *remains* one of those issues. We know the next several weeks are going to be incredibly challenging across the country, and we'll be focused on this issue. But for today, let's focus on the future.

Because we have to learn to manage life with this virus and cannot let it derail us from addressing our most fundamental challenges: Our desperate need for more people in our communities and more workers to fill the tens of thousands of jobs available in Vermont today.

In January 2020, when the new virus was just a fleeting mention on the nightly news, I stood before you and shared my biggest concern: That for years our working-age population and the number of kids in our schools had been shrinking unsustainably, creating deep economic inequity between the northwestern part of our state and everywhere else.

I reported at the time that only three counties had added workers while the other 11 had lost them. Today, all 14 have lost workers, even Chittenden. And Windsor, Windham, Caledonia, Bennington, Essex and Rutland are down 15% or more since their peak. Statewide, we have seen our workforce decrease by nearly 30,000 since 2010.

It's clear that while the pandemic didn't create this problem, it has made it much, much worse.

The hardest part of addressing our workforce shortage is that it is so intertwined with other big challenges, from affordability and education to our economy and recovery. Each problem makes the others harder to solve, creating a vicious cycle that's been difficult to break.

Specifically, I believe our high cost of living has contributed to a declining workforce and stunted our growth. As we lose Vermonters who cannot afford to live, do business, or even retire here, that burden – from taxes and utility rates to healthcare and education costs – falls on fewer and fewer of us, making life even less affordable.

With fewer working families comes fewer kids in our schools. But lower enrollment hasn't meant lower costs and from district to district, kids are not offered the same opportunities, like foreign languages, AP courses, or electives. And with fewer school offerings, it is hard to attract families, workers, and jobs to those communities.

Fewer workers *and* fewer students mean our businesses struggle to fill the jobs they need to survive, deepening the economic divide from region to region.

And for years, state budgets and policies failed to adapt to this reality.

But here's the good news: This is the moment we've been waiting for and working towards.

We've been making headway on these issues for the last five years, putting ourselves in a position to reverse our workforce trends, revitalize every county in our state, and secure the future we've envisioned:

One where Vermonters can find a good job, a good school, and an affordable home in each of our 14 counties and 251 cities, towns, and villages. Where kids in the smallest communities have as many opportunities as kids in the largest. Where young families can afford to enjoy all our state has to offer. And where a strong economy generates the tax revenue to easily serve all people, protect the vulnerable, and invest in the things we care about most.

I am more optimistic than I have ever been that this future is within our grasp. But we have got to work together, so we do not squander this once-in-a-life time opportunity to truly transform our state.

Five years ago, I said, "when you are in a hole, stop digging." My friends, today I am happy to report: We are out of that hole, and we are sitting on a pile of bricks, mortar, lumber, and steel.

So, let's grab hold, and start building.

Now we know this will not be easy. It is going to take all of us committing to this goal and pulling in the same direction.

And I want to acknowledge up front that I will not have all the answers. Many solutions will come from local communities and legislative committees.

You can expect proposals on my end to be geared towards workforce. Because whether it is training and recruitment, childcare, tax policy, housing, healthcare, infrastructure, or climate change, we must reverse our workforce trends.

And just so we are clear, for any legislation to have my support, it cannot make this problem worse.

If we look at everything through this lens, if we have the discipline to stay focused and don't get distracted by the antics of an election year, I have no doubt we can succeed far beyond the incremental steps of a typical session and make significant, lasting, transformative leaps forward.

So, let's start with the people already here and do more to connect them with great jobs.

First, our internship, returnship, and apprenticeship programs have been incredibly successful, not only giving workers job experience, but also building ties to local employers. To improve on this work, the Department of Labor assists employers to fill and manage internships statewide and we'll invest more to help cover interns' wages.

And let's not forget about retired Vermonters who want to go back to work and have a lot to offer. I look forward to working with Representative Marcotte and the House Commerce Committee on this issue and may others.

Next, let's put a greater focus on trades training. And here's why:

We all know we need more nurses and healthcare workers. And as I previewed with Senator Sanders and Senator Balint earlier this week, I will propose investments in this area. But if we don't have enough CDL drivers, mechanics and technicians, hospital staff won't get to work; there will be issues getting the life-saving equipment and supplies we need; and we will see fewer EMTs available to get patients to emergency rooms. If we don't have enough carpenters, plumbers and electricians, or heating, ventilation, air handling and refrigeration techs, there are fewer to construct and maintain the facilities in our healthcare system or build homes for the workers we are trying to attract.

If we make smart changes to current policy, we can open the door to Career and Technical Education, giving kids multiple paths to a lucrative career and filling these crucial jobs.

But more importantly, we need to do more to encourage students to pursue these programs. And I can say from my own personal experience, it is not easy to choose the CTE track, even when it is your passion.

For far too long, we have not done enough to point students toward these great opportunities to build a real future for themselves. It is time we end the stigma around CTE. Because the fact is, many of the smartest, most successful people I know are in the trades.

So, let's all recognize that it is just as important, valuable, and impressive to become an electrician, welder or EMT as it is to go to Stanford, Dartmouth or Harvard.

Our strategy to grow the workforce cannot just be about training, it must be about meeting the needs of families. That's why my workforce proposals also include things like housing, affordability, and jobs.

Twice over the last five years, we have passed the largest investments in housing in the state's history.

Last year, we focused heavily on permanent housing for homeless Vermonters. As a result, we have built about 800 new affordable units with another 800 under development. And we have helped over 1,300 struggling families transition out of homelessness, giving them the dignity and security of permanent homes to regain their independence.

And to help with heating costs and reduce emissions, we are working to deploy the \$20 million in weatherization funds passed last year.

This is important but it is not enough, and it does not get at the heart of our problem: the lack of decent, affordable homes for middle income families.

Without it, workers we have can't afford to move up and the workers we want can't afford to move in.

We must recognize housing policy *is* workforce policy. If you will work with me in budget adjustment to allocate \$80 million more, we can show we are fully committed to this cause. And in the budget I will present in two weeks, you can expect to see another \$100 million – because it's time get serious about putting the benefits of a good home and a good investment within the reach of every Vermonter.

Housing is not the only area that remains unaffordable. Our fiscal discipline over the last five years – including multiple budgets that did not raise taxes or fees – narrowed the gap between the increasing costs of state government and growth in paychecks.

But the fact is, Vermont is still ranked near the top of the list when it comes to tax burden and cost of living. So, we should do our part to keep the costs of government policies from rising faster than peoples' wages. Because when these costs rise faster, we are pushing people down the economic ladder. But when take-home pay is growing faster than these costs, we are helping people move up.

So, I will put forward a balanced and progressive tax relief package with a focus on those who need it, like retirees, middle income families and young workers.

We all want to see Vermonters take home more in their paychecks and for every family to have some breathing room once their bills are paid. If we work together, we can make this happen this session.

We know we need more workers, and that also means we need to keep the good jobs we have and add more of them.

That is why I will propose expanding the Capital Investment Grant program, which we created with \$10 million last year, but we received applications for six times that amount. This program is helping employers, like childcare and senior centers, museums, theaters and agricultural businesses, enhance their facilities and keep good jobs and services here – so let's do more.

We are also continuing our work to attract new businesses from Canada with the help of our new business recruitment office in Montreal.

And let's also help our most cutting-edge employers, like Northern Reliability and Beta Technologies, become global leaders to grow our tech and climate sectors right here in Vermont.

As I have said many times, if we build the strongest Cradle to Career education system in the country, it will be one of the best economic development tools we could ask for.

And this means looking beyond a preK-12 system.

We have worked together to increase the State's investment in childcare by over 30% since I took office. To build on that, I will propose changes to our Childcare Financial Assistance program to increase access to quality care and learning.

And alongside this focus, two years ago at my request, we started down a path toward universal afterschool and summer programs. Last year we joined Senator Sanders, schools and private partners to take some big leaps forward. Through our Summer Matters initiative, we added 30,000 more summer camp slots and about 240 more weeks of programming. And we will do it again because we should be offering these opportunities to young Vermonters, year-round.

This initiative came at a time when our kids desperately needed to reconnect with friends, get outside and just have fun.

Because we must acknowledge that many of the difficult decisions we made to keep people safe before vaccines, while necessary at the time, had negative effects. These are the real-life consequences we must consider when thinking about returning to restrictive pandemic measures.

Just look at our hospitals, where many patients are sicker and getting admitted because of deferred care. Or our mental health system, where demand for crisis services has never been higher.

And when it comes to our kids, who lost out on months of full in-person instruction, not to mention music, drama, sports, field trips, dances and all those normal interactions we took for granted, this pandemic has taken a significant toll.

The strain was far too much for some, sending them to the ER for mental health needs. And while it was less severe for others, the grief was still felt.

Last spring, I heard directly from students about the impact of hybrid learning. A 13-year-old from Fair Haven put it best: She said, “Not being able to enjoy school and socialize with friends has made a lot of us feel lonely and down.” And she asked me to “bring back some enjoyable activities so students will look forward to going to school.”

From academics to extra curriculars, we have a lot of ground to make up. So, the Agency of Education, Department of Mental Health and schools are putting \$285 million in recovery dollars to work to address social, emotional and educational gaps.

I know teachers, parents, school nurses and administrators are working harder than ever to make up for these losses, all while dealing with high case counts. I thank every single one of them. I know it is not easy, but it is so much better for students to be back in school.

Please know, we are in this together and for the sake of our kids, we must keep moving forward.

As I said, they are not the only ones impacted by the State of Emergency, which is why we need to remember that COVID-19 is not our only serious public health challenge, and we cannot continue to address just one, at the expense of the others.

Our mental health system is facing serious stress and it is not uncommon for emergency departments to have many people in mental health crisis, as they await treatment. Which is why we will continue to increase the number of mental health beds throughout the state.

And I'll ask you to expand our mobile crisis pilot and suicide prevention model to make sure when our friends and family, neighbors and co-workers need us most, we have the tools to help.

And while we did our best to support those struggling with addiction during the pandemic, the data is clear: It was not enough. So, my budget will expand prevention, treatment and recovery efforts.

Supporting those dealing with substance misuse and addiction has been a priority and a commitment we have all shared for nearly a decade. No matter what other challenges come our way, we cannot weaken our efforts to reduce the number of Vermonters struggling with drugs and alcohol, the number of families it touches, and the lives it claims.

This work not only keeps people healthier, but it also makes communities safer.

As we modernize law enforcement policy, we cannot forget that police and other first responders are essential to public safety. And this is another area where we have a significant labor shortage.

The work we are doing to continuously improve fair and impartial policing is necessary and important. And much of it is being led by our state and local officers themselves. We have also taken meaningful steps like universal body cameras, new training and a statewide Use of Force policy.

There will always be more to do, but we must account for what is already being done and make sure we continue to have the tools and the people to serve and protect our communities.

Law enforcement, human service and healthcare workers cannot do it alone, so let's recognize that safe communities start with strong communities.

Investments in infrastructure, like water and sewer, broadband and climate change resiliency will help increase economic equity and strengthen our communities from region to region.

This is exactly why the American Rescue Plan Act (ARPA) investments we made last year were so important. For example, with the wastewater funding going to Westford, the town can move forward on new housing and bring small businesses to its town center, a plan that has been 16-years in the making. We are also working to help Montgomery with its plans for a similar project that will also bring jobs and housing. And with our investments in broadband, we will bring fiber to people, who for far too long, have had little or no access to this service. But only a portion of the \$1 billion proposal I presented was funded, so this year we will ask for the rest of it.

Just making the investments is not enough because it remains difficult and expensive to build here in Vermont. So, let's continue expanding tax credits for our downtowns. And let's add more tools to revitalize vacant, and once vibrant properties, including some of our shuttered campuses like Green Mountain College in Poultney and old industrial sites like Jones & Lamson in Springfield.

There are many ways to strengthen our communities and we *finally* have the funds to do this work.

But we must ensure our regulatory system does not become the bottleneck that holds us back. So, I will once again ask you to bring our 51-year-old land use law into the 21st century. Given the time constraints on the federal money and the need to move quickly to truly make the most of this incredible moment, the time to modernize Act 250 is now.

This is what can be achieved this session: Major additions to our education system that make it the best in the nation. Good jobs and an affordable cost of living, so families can prosper. And safe and healthy communities with thriving town centers that – along with our incredible natural resources – offer the best quality of life in the nation.

This benefits the people here now *and* gives us the workforce recruitment tools we need.

But we can't rely on that alone. We have to tell our story. We have to make sure people know all we have done to make Vermont such a great place for families and workers, and we have to make it easy for them to move here.

So, I will again propose a comprehensive relocation package that makes the best use of marketing dollars to identify and directly reach people who have past ties to or current interest in Vermont, like young adults who moved away after graduation or those who enjoy the outdoors.

In addition, my budget will support the Senate's worker relocation incentive program – with some changes – to bring in more families who contribute to our communities, schools and economy.

And let's finally eliminate the tax on military pensions because if we want members of the military – after a 20-year career – to join our workforce, we must be able to compete with the 47 other states that have already greatly reduced or removed this burden.

In the past, we have worked with Secretary of State Condos to improve our licensing laws, becoming one of the first states to give credit for experience gained in the military, accepting more credentials from other states, and speeding the process for licensed alcohol and drug counselors. This is putting more skilled professionals to work, so let's further modernize these laws.

And when bringing in more people, we should go beyond our borders to welcome more refugees – especially the Afghan allies who served alongside our servicemen and women in the Global War on Terror. Because the truth is, we need them. And more importantly, welcoming refugees is the compassionate thing to do; it is the right thing to do; and it is the American thing to do.

There is no doubt we face significant challenges and fixing one is dependent on fixing several others. But we now have the resources to make a big difference and that is *exactly* why this is such a unique moment in our history.

Late last year, our nation lost a great American. General Colin Powell devoted his entire life to our country. He fought for freedom and democracy, liberty and equality, even though – because of the color of his skin – those ideals weren't always equally applied to him.

With a thoughtful and honest approach, he viewed the world from the center and always looked both ways before making decisions.

General Powell believed, "There is no end to the good you can do if you don't care who gets the credit."

I guess that's why he never ran for office.

But *we* did. And the way I see it, there is one thing that could pull this incredible opportunity out of our reach, and that is election year politics.

So, let's remember the work done here and across state government, is not about us.

It's not about how many votes we get, how many followers and likes we have on social media or how many times our name is in the news. It's not about checking things off a national political agenda, or proposing policies to raise money, earn endorsements, or to have better answers for all those special interest questionnaires.

It's just not about us.

It's about the workers who want to know they will still have a job as we continue to manage COVID, like the waitress in Burlington who told us she was worried about her paycheck, and her kids, if they get shut down again.

The high school senior who is not planning on going to college but has talent for a trade that could lead to a lucrative career or a business of their own.

The communities like Sheldon and Orleans that depend on the local plant for jobs and economic activity.

The kids like that 13-year-old Fair Haven student and thousands like her who need us now more than ever and are relying on us to leave them a healthy planet.

It's about the people of Vermont. We are here for them.

Because the fact is there is no amount of money, infrastructure projects, or government policy that can rebuild and grow our communities without people. The volunteers in the fire department and on the planning commission. Those who step up to coach and train, mentor and inspire our kids. Neighbors willing to drive someone to pick up groceries, to visit a loved one, or to get their booster.

Our success through the pandemic and the opportunity in front of us is thanks to the hundreds of thousands of Vermonters who stepped up. But there is more work to do, and it is going to take all of us, recognizing that this moment is one of service.

So, for those still looking for a way to give back, this is your time. Help out at a place like Jenna's House in Johnson or Josh's House in Colchester – both started by parents who experienced incredible loss but transformed their grief into good, helping others and saving lives. Join a school board or become a substitute teacher. Sign up and train to be an LNA to start on the path towards your dream of a career in healthcare. Volunteer at the senior center, take that extra step to welcome a refugee family to your town or simply call a friend who may be struggling through hard times.

It's the little things, along with the big, that will make certain we meet this moment.

We have a big job ahead of us, but a brighter future is within our grasp:

The best education system in the country; resilient kids and thriving families; clean water, and a healthier planet; strong communities with good jobs, affordable homes, and vibrant downtowns in every corner of our state.

Friends, this is all within our grasp. We just need to reach out – together – and take hold.

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