

Madam Speaker, Mr. President, Mr. Chief Justice, Members of the General Assembly, Honored Guests, and fellow Vermonters.

I am truly thankful for the opportunity to continue to serve as governor.

And after a few long years, it is good to be back in the people’s house, where Vermonters have come together from across the state in our darkest times and finest hours to solve problems for their communities and help their neighbors.

So today, I am especially grateful we are here, in this building, together.

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In 1974, after 34 years in office, Senator George Aiken decided to retire from the United States Senate. He had earned a reputation as a staunch defender of our state and added Vermont’s voice to the national conversation. So, his shoes seemed difficult to fill.

But that fall, we put the responsibility on the shoulders of a 34-year-old state’s attorney. And the rest, as they say, is history.

In the time since, Patrick Leahy has worked with nine presidents, and as Pro Tem of the Senate, he was third in line to the presidency. He introduced 1,768 bills and cast 17,374 votes, the second most in Senate history.

Not bad for a kid from Washington County.

He carved out a legacy that will benefit generations of Vermonters to come. And that’s because he always served with an eye on what’s best for the state he represented.

Senator Leahy could not be here today, but I know he and Marcelle are listening. So, please join me in showing them our thanks and gratitude for so many years of service and a job well done.

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This session, we should take a page out of Senator Leahy’s playbook by always working with an eye on what’s best for the communities we represent.

Just look at how he used the Small State Minimum to prevent states with larger populations and larger congressional delegations from taking the lion’s share of federal funds. About half of you represent towns of less than a thousand. So, you are up against the same challenge when compared to our biggest cities.

What better way to honor Senator Leahy’s legacy than to deliver for your small communities the way he has delivered for our small state.

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In November, my team and I set out before dawn to visit all 14 counties in a single day. I have done this six times before. It is a reminder of why I love our state and why I do this work.

Seeing every county in a day – well over 500 miles – puts things in perspective. At every stop and the drive in between, you see, Vermont: independence and community; struggle and resilience; progress and opportunity.

It also becomes very clear that the distance between Burlington and Rutland, Manchester and Readsboro, Middlebury and Craftsbury, St. Albans and Richford, can be measured in more than just miles.

Consider the data. Whether it’s housing burden, income, property value, poverty levels, labor force, or access to broadband – it’s clear some places are consistently doing better than others.

And when you are driving 500 miles in one day, you see this data reflects real communities. In an instant, the view goes from vibrant downtowns, healthy neighborhoods and bustling offices, to tarped rooves, abandoned homes and shuttered businesses.

My friends, it is up to us to close this gap.

Now, it’s not about turning Canaan into Burlington. And no offense to Burlington, but I’m not sure anyone in Canaan wants that. What towns like Canaan or Dover or Montgomery need from us are more tools, and the flexibility to be more vibrant and dynamic.

The work done in this building is felt differently across counties and communities because they all have different assets and attributes – and sometimes not enough of either.

That’s why “one-size” rarely fits all.

This session, if we pay more attention to the individual needs of each community, we can close the gap between regions to give all our towns and villages a brighter future.

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Just imagine what it could look like:

A future where workers and families from Newport to Newfane have equal access to education, childcare, afterschool programs, quality healthcare, good jobs, and decent affordable housing.

Where vibrant communities include “mom and pop” stores, restaurants and taverns and broadband, which some of us in New England might call “*wicked-fast*.”

Where our largest cities and our smallest towns have safe welcoming neighborhoods, healthy downtowns, and reliable and resilient infrastructure.

A reality where the costs of living and tax burden don’t grow faster than paychecks, so families keep more of what they earn, move up, and enjoy the quality of life they’ve worked so hard for.

A better, brighter future in every county, every community and every home.

And it is within our reach.

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This isn’t just high-flying rhetoric and here’s why:

Before the pandemic, we shored up our foundation by passing responsible budgets and focused on longstanding challenges, like workforce and housing. This work – and the course we have set – has put us in an incredible

position to make the most of this once-in-a-lifetime opportunity offered by historic federal aid and record state surpluses.

With pandemic recovery funds, we are investing in fundamentals like broadband, water, sewer and stormwater systems, climate change resiliency, housing and economic revitalization.

In St. Johnsbury, this means cleaning up brownfields and fixing up vacant rental units for more housing, and water projects to improve health and support economic growth.

Around Brattleboro, this means adding space for small businesses, expanding healthcare services, and converting college dorms into homes for refugee families.

We have hundreds of projects underway in all 14 counties and they are making a difference. But it’s important we follow through to achieve the brighter future I just described.

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Look at the opportunity we have along the almost-completed Lamoille Valley Rail Trail.

What was just an idea for an unused rail bed has become a substantial, and still untapped, recreational asset. Extending over 93 miles – the longest in New England – it could bring new energy to 18 communities in five counties. From Swanton to St. J, every town along the route has an opportunity to welcome trail users to their country store, brewery, restaurant, lodging, and that new small business that, today, is just a dream.

But here’s the thing, the rec path itself is not the answer – it’s just an entryway. An opening to explore the towns, villages, and businesses along the way. And cutting the ribbon on the last section of construction doesn’t come close to finishing the work.

It’s our job to make sure they have all the tools they need to draw those visitors in, keep them coming back and convince some of them to stay.

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Take Wolcott for example.

A few years ago, my team was in Lamoille County for Capital for a Day. We met at the town office and heard some locals wanted to open a coffee shop as part of their vision to take full advantage of the rail trail, if it ever got done.

Now most of us might take the opening of a coffee shop for granted. How hard could it be?

But we learned it’s tough to put one in Wolcott. And that’s because our well-meaning wastewater regulations make it complicated. And municipal systems, like they have in larger communities, are too expensive.

Now, I’m not saying we should roll back regulations. But we should use the opportunity we have, right now, to help towns like Wolcott build infrastructure they could never afford on their own, and solve problems that have stifled their economic progress for far too long.

The basics, like water, sewer and stormwater, housing, and high-speed internet – those are the sparks that ignite revitalization. But we need to follow through to give more communities what they need, so those sparks don’t burn out.

That’s why my Budget Adjustment, which we will introduce tomorrow, includes funding to help level the playing field for underserved regions. So rather than wait until the end of the session, we can build on our efforts to strengthen Vermont right now.

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This work is important because stronger, more economically secure communities lead to healthier, safer families.

As we know, we have spent hundreds of millions of dollars to stabilize healthcare through the pandemic. And the challenges we had before, still exist. From workforce shortages to increased demand due to an aging population. And now, we are dealing with inflation.

All of this has led to higher costs, which is a reality we must face.

Another is, 12 years after Tropical Storm Irene, we still have not finished rebuilding our mental health system. This has led to fewer options for patients. And too often they end up in emergency departments, which are not equipped to care for them, despite the nurses and doctors doing their very best to help. It’s a reminder of what happens when we lose focus on the fundamentals and don’t finish what we start.

We have important work to do across the entire system to better integrate mental and physical health. But I know, if we make these goals a priority and work together in good faith, we can deliver better access and higher quality at a cost Vermonters can afford.

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And to restore progress that was halted by the pandemic in a number of areas, we need a shared, community-based approach.

We have the knowledge and have laid the foundation to do it. Vermont set the standard for treating the opioid epidemic as a public health crisis. And now, we’re building on it with lessons learned from our nation-leading pandemic response to address overdoses, suicides, homelessness, crime rates and more.

This approach means agencies and departments are working as one team, shoulder to shoulder with local leaders, federal partners, and community organizations. And using real-time data to focus on the people and neighborhoods that need our attention most.

We are prioritizing prevention, giving kids a healthier start through home visiting and partnering with pediatricians, so we can identify risks earlier and prevent problems down the road. And we’re doing more with our mobile mental health response when those problems do arise.

Together, we made the state’s largest-ever investment in substance abuse prevention, which is being deployed as we speak. It’s helping community partners give students meaningful things to do – like afterschool programs, clubs, sports and jobs – where they build healthy relationships, explore opportunities and feel valued.

They are also critical to our treatment and recovery efforts, connecting people to services, sharing life-saving resources, and supporting families who desperately need our help.

These are proven initiatives, which is why I’ll propose we build on them and do more to prevent the destruction these deadly drugs are causing in too many towns, too many cities, and in too many of our homes.

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And while we focus on root causes, law enforcement and accountability must also be part of this discussion. And I believe it has to include a sincere look at well-intentioned reforms that are having unintended consequences.

Whether that’s expunging records that could lead to a violent offender getting a gun; policy that has made youth the target of drug traffickers; or divisive rhetoric that makes it difficult to retain and recruit good public servants.

With a more unified approach to health and safety on the ground, we can divert more people off the path to drugs and crime, and solidify our position as the safest, healthiest state to live and raise a family.

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Addressing climate change is part of this work as well.

This is an area where we share goals but may disagree on how to get there. Still, we’ve proven we can work together, devoting nearly a quarter-billion-dollars over the last two years. This is funding good work to reduce emissions, revitalize old homes, lower energy bills, improve health, and protect communities from flooding.

Our weatherization investments are improving thousands of homes for those who could not afford to do it on their own. And it has helped low-income families each save, on average, over 200 gallons of fuel or propane every year. But we know people are still hurting and when you consider kerosene, which many families have to use to heat their homes because they have outside, aboveground tanks, is over \$6 a gallon, these savings add up.

We are also helping homeowners and municipalities convert to energy-saving technologies, efficient renewable systems, and storage capacity to meet the growing demand.

When it comes to transportation emissions, we started laying the groundwork long before COVID, investing Volkswagen settlement funds to expand charging infrastructure and making EV purchases more affordable.

We are electrifying our state fleet, converting to electric buses for public transportation, and testing electric loaders, excavators and law enforcement vehicles.

We currently have the most public EV charging ports per capita, and we have five times as many EVs on the road as we did when I came to office.

Some of you were here three years ago, when I stood at this podium and talked about how excited I was to see Ford announcing the new EV Mustang and working on an all-electric F-150 truck. I saw it as a gamechanger, a way to introduce EVs to more people, including those who need heavy duty vehicles for work and everyday life.

Just over a thousand days later, I’m riding in one of those F-150 Lightning’s every single day. Though as you might imagine, I’d rather be driving myself.

But it has been valuable for me to experience this and has opened my eyes to issues we need to address to help transition to this new world. For example, when traveling around the state, I get to see different levels of chargers with some faster than others, as well as how many we have and where they are.

On one trip, we had planned to power up in Brattleboro. But the only charger fast enough to keep us on schedule had a line of cars waiting, which would have made me late for a few meetings. As Governor, I have State Police security, so I got another ride and was on my way. But others don't have that luxury.

Now to be clear, I still believe EVs are the right way to go. But we have to recognize that many are hesitant because it needs to be easier, more convenient and more affordable to make the switch.

We have made great strides, but we need to make sure we are investing in the fastest chargers available. And with all the new EVs and electric heating and cooling systems coming online, we have some serious work to do to make sure our electric grid can accommodate it.

So, let's continue to build the foundation that will make it possible and practical for Vermonters to make this transition, so we can meet our climate goals.

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And we need to do the same when it comes to housing.

We have invested almost a half a billion dollars in this area over the last two years, and we are seeing some progress. But we won't be able to make the most of this opportunity if we don't address the decades-old regulations that are holding us back.

These were put in place at a time when Vermont was growing at a record pace and the spike in development raised legitimate concerns about preserving farmland and our small-town character. But now, those regulations are making it more difficult to renovate and modernize housing stock we desperately need. Worse yet, some restrict the ability to build homes that fit the needs of more diverse, or lower income families.

They are threatening the vitality of the very places they were intended to protect.

They empower very small groups of residents to stand in the way of projects – not because of a legitimate environmental threat, but because they simply don't want it in their backyard.

For example, a project to build over a hundred units in Middlebury has local support and fits the town plan. But because of the size of the town, it is not exempt from Act 250 – and a single opponent could derail it. This is a much needed, well-planned project in Addison county's economic center and the type of targeted development we should all support.

Then there is the homeless shelter in Hartford that is being held up with the help of local zoning laws.

And in Castleton, a proposed senior living project has been denied approval under its current plan because local zoning requires a kitchen in every unit. But the plan includes memory care units without kitchens. This project would let older Vermonters stay in the community they love, and free up their larger homes for young families. It would also create desperately needed skilled nursing beds, and give practical training for the nursing students right next door. It's literally a win, win, win. But now, because it won't work without the memory care units, it's future is in question.

Here's the bottom line: the failure to update a system that was meant to curtail development is contributing to the housing crisis we face today.

I know a number of you are working to change this. For any legislators who ran on housing as a priority, I hope you join us at the table. Because in order to make the most of the hundreds of millions of dollars we've invested

and build homes as quickly and affordably as we can, we need smart regulations that reflect the realities of today, and we need them this session.

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Pairing decent affordable housing with the best education system in the country is a critical way for us to revitalize every region.

With these tools, we can attract more who want to live, work and raise families in the healthiest and safest state in the country with the very best opportunities for their kids, from cradle to career.

Now, I know how that sounds. It’s a big goal.

But part of what makes me so confident is that we could do it with the \$2 billion we spend today to educate about 80,000 kids.

This year, I’ll once again propose continued expansion in childcare and pre-K programs. As we recover from the pandemic, let’s do more to reverse learning loss, support quality standards, and strengthen the social and emotional health of students and staff. We will build on our work with Senator Sanders by devoting federal funds to afterschool and summer programs with a focus on trades training. And we’ll help schools expand computer science, like cybersecurity and coding, and support scholarships in areas with critical workforce shortages.

From pre-school to afterschool, tech ed and trades training to adult education, we must continue our work to build a more flexible system – one that gives every child – regardless of where they live – more choices and better outcomes.

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As we think about all our priorities, we must address the impacts of inflation.

There’s no denying people are facing tremendous cost pressures. Just over the last year, energy costs are up 13%. Car repairs by almost 12%. And basic food costs are up across the board with chicken, milk, cheese and potatoes all increasing 13% or more. Just a dozen eggs or a box of cereal can easily cost over five dollars.

So, I want to be clear: this isn’t the time to increase the burden on anyone. And we certainly can’t ask lower- and middle-income families to cover the costs for their wealthier neighbors.

We must find ways to achieve our shared goals without adding taxes and fees because this only increases the cost of living.

That’s one reason my Administration followed through to create a voluntary paid family and medical leave program.

Now, I know some of you don’t think this goes far enough and feel Vermonters can afford another tax. But by doing this without a payroll tax on workers, we are not forcing those who don’t need it, and can’t afford it, to pay for someone who can.

And importantly, we’re getting it done. Next year, employers will be able to give this benefit to their workers with flexibility to cover the costs and customize a plan.

We will be able to see for ourselves how well it works, how much it costs, and who needs our help to level the playing field. We’ll learn from it, improve it, and get us all where we want to go faster, with less political conflict, and without putting it on overburdened workers.

It’s good, smart and thoughtful governing, and it’s the type of balanced approach we need to consider across the board.

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That includes our effort to increase the number of workers and reverse our demographics.

Long before the pandemic, this was our biggest challenge. But the last two years put the number of people leaving the workforce on steroids.

In 2019, we were moving in the right direction, but still had about 3,300 fewer workers than we did in 2009. Unfortunately, our most recent data shows a gap of 22,500. That’s right. The gap is nearly seven times what it was in 2019.

There is no one solution. That’s why we must look at every proposal and understand if, and how, it will increase the number of people working in Vermont or help bring new Vermonters here. It’s about staying focused and having the commitment to chip away at this problem.

This is what we have been doing with investments in tech centers, expanding internships and apprenticeships, and building adult training programs that help people learn new skills for better paying jobs. The budget I’ll present in two weeks will continue to invest in our workforce.

But we can’t just train our way out of this. It’s not as simple as just getting the unemployed back to work, because there are currently about three job openings for every one unemployed Vermonter.

Everything I’ve talked about today – from making Vermont more affordable, building more housing, creating the best education system in the country, and ensuring safe, clean, healthy communities – all these things are necessary to keep and attract more people.

And more people means more workers, more homeowners, more students in our schools, more volunteers in our communities, more customers for small businesses, and importantly, more taxpayers, so we don’t need to raise taxes.

So, let’s continue to make this a priority this session because it’s the key to being able to invest in all the things we need and want, and to giving every region of the state more opportunity to grow and prosper.

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I’d like to wrap up by going back to the 14-county tour.

We stopped in Island Pond and there was a guy putting up Christmas lights at the American Legion. He stopped what he was doing and came over to talk. As he came closer, it became clear he wasn’t happy, in fact I’d say he was pretty angry, and he had a lot to say.

He went on to tell me that we – all of us here – are crushing him. That Montpelier could care less about what they did to folks like him, in places like Island Pond.

Now, I tried not to argue with him. He’s a Vermonter. I’m the Governor. And this is America. He has every right to give me a piece of his mind, and it’s my job to listen.

But what struck me – and stuck with me – is that the problems he described, and the pain they caused, are the same things I see. In a lot of ways, he was right. Despite our best intentions, his community has fallen behind.

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The distance between regions, the gap in opportunity, has been growing for decades.

Springfield is a good example. Only 40 or so years ago, it was a worldwide leader in manufacturing with thousands of great jobs and the highest per capita income in the state. It’s a similar story for Barre, Bellows Falls, Bennington, St. Johnsbury, Rutland and Newport.

There are many places that – not that long ago – were economic engines for their region. But as the economy has changed and evolved, we haven’t done enough to help them adapt.

This work takes more than a bumper sticker and good intentions. Because governing is never as simple as a slogan, or the headline tries to make it.

The good news is, we can help turn these places around.

But we have to remember the decisions we make in this building have real-life consequences on people who don’t show up at fundraisers. Who don’t have the time to call, write, tweet or testify in the State House – because they are too busy working, trying to make ends meet, and raise their family.

But they still expect us to look out for them. And when we don’t, they lose faith and trust in government.

What we learned through Irene and COVID, is that when we put politics aside, when we focus on the people who need our help most, when we work together to solve problems – we can get the results that make a difference.

And I’m telling you, the challenges that people face in all these struggling communities are just as urgent as any pandemic or any flood.

If you don’t think so, talk to the members of the Rural Caucus.

Or let’s go visit the American Legion in Island Pond or the Village School in Irasburg. Or other places like Athens, Corinth, Danby, Isle La Motte, Roxbury, Sheffield, Westmore or Woodford – and many more like them, who need us to hear what they’re saying and work together to make real change.

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My fellow Vermonters: these are big challenges.

But we find ourselves at a rare moment in history, with one-time money that those who came before us could only dream of, to tackle issues we have faced for decades.

This is truly a once-in-a-lifetime opportunity. And the only thing that could stand in its way is us.

So, let’s not squander it.

This year, we can shorten the distance between reality and opportunity; give every community the chance to catch up; to act on a vision for their future and help them see it through; to attract new people and new jobs; put more kids in their schools; restore their downtowns; reclaim their character; and renew their identity.

In this moment, we have a chance to transform *what is* into *what can be*; and the only way we can do it, is together.

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