

# Journal of the Joint Assembly

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IN JOINT ASSEMBLY, January 20, 2023

1:00 P.M.

The Senate and House of Representatives met in the Hall of the House of Representatives pursuant to a joint resolution which was read by the Clerk and is as follows:

**J.R.S. 5.** Joint resolution to provide for a Joint Assembly to hear the budget message of the Governor.

*Resolved by the Senate and House of Representatives:*

That the two Houses meet in Joint Assembly on Friday, January 20, 2023, at one o'clock in the afternoon to receive the budget message of the Governor.

## **Presiding Officer**

Honorable David E. Zuckerman, President of the Senate, in the Chair.

## **Clerk**

John H. Bloomer, Jr., Secretary of the Senate, Clerk.

## **Committee Appointed**

Senator Philip E. Baruth of Chittenden-Central District moved that a Committee of three Senators and three Representatives be appointed by the Chair to wait upon His Excellency, the Governor of the State of Vermont, to inform him that the Joint Assembly is now convened and to escort the Governor to the Chamber to deliver his budget message.

Which was agreed to.

The Chair appointed as members of the Committee:

Senator M. Jane Kitchel, of Caledonia District  
Senator Ann E. Cummings, of Washington District  
Senator Andrew J. Perchlik, of Washington District  
Representative Diane M. Lanpher, of Vergennes  
Representative Emilie K. Kornheiser, of Brattleboro  
Representative Patrick M. Brennan, of Colchester

The Committee performed the duty assigned to it and appeared within the Joint Assembly accompanied by His Excellency, Governor Philip B. Scott, who delivered the following message.

### **Governor's Budget Message**

“Mr. President, Madam Speaker, Mr. Pro Tem, members of the General Assembly, and fellow Vermonters:

“Two weeks ago, I asked that we focus on the fundamentals in order to seize upon the once-in-a-lifetime opportunity we have before us.

“I asked you to consider the outcomes and costs of every decision we make on the families and places that need our help most. And to prioritize communities – your communities – that have been left behind for far too long.

“We’ve seen incredible revenue growth over the last two years because the economy has been supercharged by the sheer volume of federal funds. But we know that’s only temporary. So, it’s critical we act now to close the distance between regions and families.

“We can give every town the chance to catch up, act on their vision, and importantly, help them follow through to restore their vitality, reclaim their character, and renew their identity.

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“Because of the extraordinary moment we are in, this is undoubtedly the most significant budget I have presented in my time as Governor.

“It’s also the biggest and most complex.

“So let’s get right to it and talk numbers.

“Across all funds, this is an \$8.4 billion budget, with \$2.3 billion in the General Fund; \$2.1 billion in the Education Fund; and \$335 million in the Transportation Fund.

“And as we do every year, we’ve fully funded our pension and retirement obligations, which this year took \$444 million.

“Then there’s the Capital Bill, which funds State infrastructure, totaling \$108 million of borrowed money over the next two years. At a time when interest rates are high and we have one-time dollars, it’s important we’re careful about what we put on the credit card.

“Another thing to keep in mind: we’re still making our way through the billion dollars in ARPA funds allocated over the last two years for broadband; water, sewer and stormwater; climate change; housing, and economic revitalization.

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“But we know these windfalls won’t last forever, which is why we were thoughtful, deliberate, and very disciplined when we put together this year’s budget.

“We’ve been over, and over, and over these decisions. In fact, I made some changes as recently as yesterday – because I want to be sure we get the best return from every dollar.

“As a result, the budget I present today, invests significant resources into our shared priorities.

“It also reflects a firm commitment to using surplus funds, and the majority of growth in the base budget, for one-time expenses, one-time initiatives, and seeding new ideas. Because if we allow the base budget to grow with temporary and unsustainable revenue, we will create a cliff when these stimulus dollars go away – putting us on a path that eventually leads to deep and painful cuts.

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“My friends, it is essential for all of us to recognize that every decision we make is one Vermonters will live with long after all this one-time money is gone.

“We’ve taken a lot of time to make sure this budget is *investing*, rather than just *spending* – in areas that will put us in a much stronger economic and fiscal position to generate more dollars in the future.

“Over my life, I’ve found that spending money is actually pretty easy. But investing it to get the best return is much more difficult.

“I also know there is no one big idea, no quick fix, to the challenges we face.

“It’s really about focusing on the fundamentals and following through on what we started. This approach will be far more impactful than any flashy new initiative to grab headlines.

“So I’m asking each of you – but especially those not on the appropriations committees – to take the time to understand this budget, and ask questions about what it does for the cities and towns you represent.

“If we do this right, we will lift your communities up and give them a brighter future – where families aren’t struggling to make ends meet, and schools are once again full of healthy kids; where employers are creating – and filling – good jobs; and where there are good homes people can afford in safe, healthy neighborhoods and vibrant downtowns.

“This is too important to let slip through our fingers, so we must not squander this opportunity.

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“Perhaps the most valuable thing we could do with this year’s surplus is make sure we get every single penny of the federal funding available to us in the next few years.

“Now, I know it’s hard to keep up with all the federal programs, like ARPA, ESSER, GEER, CRF, IIJA, IRA and more.

“That’s because this is the biggest infusion of federal dollars since the New Deal of the 1930s.

“And we have *even more* opportunities as the result of new money on the table through the Infrastructure Investment and Jobs Act (IIJA), and other federal programs.

“From roads and bridges to clean water, wastewater, pollution control and broadband, we can fund infrastructure projects that are essential to revitalize communities in every region.

“But to draw down this money, we must be able to pay our state share. So, my budget commits \$150 million to take full advantage of these federal programs.

“Now, I understand committing today’s dollars to match future federal funding may not be appealing, so let me explain why investing it now, is the best strategy:

“First, for every one of these state dollars, we get at least four federal dollars back. I think our Treasurer would agree, that’s a pretty good return on investment.

“Second, if we can’t fund it in the future, we will lose out on critical infrastructure funds, or have to cut state programs to find the match.

“Third, this is an investment that will inject money and jobs into the economy for the next several years, which we’ll need to sustain state revenue and continue to invest in our priorities.

“Finally, and importantly, this is about real projects in your communities.

“It means roads – like Route 78 in Swanton, Route 2 between Cabot and Danville, Route 5 in Brattleboro, and 22A through Benson – will get rebuilt with wider shoulders for all users and improvements to address water quality. And clean water projects will move forward in Bethel, Northfield, Springfield, Craftsbury and Rutland.

“The bottom line is, there are many projects that have been on the books for decades, and we’ve been handed the opportunity to move them forward, now.

“So as you go through your process, keep in mind, I feel *very* strongly about this strategy.

“In order to strengthen communities for generations to come, we need to make this commitment this year.

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“To help make sure the billions in federal money we’ve received is benefiting more regions, we’re using data to identify towns and villages that don’t have the tools to go after state funding, and have missed out because of it. Places like Halifax, Reading, West Fairlee, Sutton, Rupert, Montgomery, Alburgh, and many more – they all need our help to level the playing field.

“With \$3 million I’ve included in Budget Adjustment, we can help these towns, and many others, identify projects, apply for funds, and help see it through when funding is secured.

“And we can do more in this budget to help smaller towns, and more rural parts of the state with \$3 million to put the final touches on the Lamoille Valley Rail Trail; add \$3 million in one-time funding to Working Lands; and dedicate \$10 million to strengthen agriculture by increasing processing capacity.

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“To drive more growth and vitality in every region, let’s stay focused on attracting more employers in more sectors.

“That’s why we’ve worked to strengthen relationships across Canada, especially in Quebec, where we established a business office in Montreal last year.

“We’ve already brought 13 new businesses here and have many more looking for locations to do the same. But we sometimes lose out because we don’t have the facilities they need. And with our permitting process, it would just take too long to build.

“I propose we learn from a model that’s worked in places like St. Albans and invest \$10 million to help local partners – like regional development corporations – build facilities in the regions that need them most.

“And we can treat RDCs and downtown organizations like the real partners they are, with an increase in their base budgets – because they are vital to our work to strengthen communities.

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“Three years ago, we worked together to dedicate millions in state funds to clean up old contaminated industrial sites. Since then, we’ve funded dozens of projects to turn Brownfields into valuable assets, like housing in Hartford and Rockingham, a new small business in Weathersfield, and a new dental office in Newbury. So, my budget puts another \$12.5 million toward this work.

“This is a win for the environment, a win for the economy, and a win for our state coffers in the future.

“If you’ll work with me on all these investments – from basic infrastructure to new and revitalized buildings and stronger downtowns – we can give more places an opportunity to restore their vitality and close the gap between regions.

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“This also means keeping our communities and families in mind as we address climate change.

“The fact is, 70% of Vermonters rely on fossil fuels to heat their homes. To change this, we need to help people through this transition, not punish them.

“We must also answer some tough questions, which I get asked all the time, like: Can our electrical grid handle the load needed for a cleaner and more affordable energy future? How will we make sure people stay warm, or charge their vehicles, when – not if – the power goes out? And most importantly, how do we make sure lower and moderate-income families can afford the switch?

“Now, there *are* solutions to these questions, and I share the sense of urgency here. But we’ve got to get this right.

“Doing this strategically – with the understanding we can’t hurt the very people we’re trying to help – will ultimately get us where we all want to go faster and with much less conflict.

“So my budget dedicates funding to our Climate Office to develop a real plan, outlining exactly what work needs to be done, on what timeline, and at what cost. And we’ll bring this plan back to you, so everyone can see the details.

“Because as is the case for any project, like roads, bridges and buildings, the Legislature has an *obligation* to debate and vote on these specifics, in bill form, and then send it to the governor for action.

“Real plans get real results, so let’s join together to do what we’ve done with transportation projects, capital projects and clean water – and do this work right.

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“It’s important to know, there are some meaningful steps we are taking right now while we do the more detailed planning.

“We’re currently investing nearly a quarter billion dollars of ARPA money to reduce emissions and increase resiliency.

“On top of this, we’re receiving new funding through the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, so we can weatherize *more* homes and provide *more* incentives to purchase electric vehicles, appliances and cleaner home heating options.

“And my budget invests \$5 million, adding to the \$8.5 million Senator Leahy secured, for a Clean Heat Homes initiative, which combines the work to weatherize homes, install clean heat systems, and make electrical upgrades. This approach will be easier and reach more people than our current programs.

“We can continue to take big steps forward to reduce emissions, in a way that brings more Vermonters into this effort and makes sure all our communities are benefitting. This is the only way to achieve our goals and make a difference.

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“There’s no question, in order to have strong communities, we have to stay focused on health and safety.

“On top of our work during the pandemic, more is needed to stabilize our healthcare system. The workforce shortage and our demographics means we see older, sicker patients, with fewer providers to care for them. So, while we work on the underlying fundamentals, I propose another \$10 million in one-time stabilization.

“We also need to make sure those who can leave the hospital, but still need care as they recover, have support from home health agencies. To help them do that, we should eliminate their provider tax – freeing up about \$6 million for these home health agencies, which is especially important due to recent federal cuts to Medicare rates.

“Next, let’s help more vulnerable Vermonters access critical dental services.

“Today, it’s next to impossible for many Medicaid patients to get dental care because Medicaid only pays 50% of the commercial rate. This makes it very difficult to sustain a dental office in communities with a high percentage of these patients.

“Access to dental services, for both adults and kids, reduces chronic disease and has other positive impacts on physical and mental health, self-esteem, and even on the ability to get a good job.

“So let’s help these families, by increasing the Medicaid rate to 75% of the commercial rate.

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“As we continue to address substance abuse and addiction, we’re following through on last year’s historic commitment to prevention work; putting more money toward life-saving measures like Narcan; and funding work to bring treatment and residential beds back online.

“And because we see a tremendous overlap between substance abuse and mental health, I propose \$9.2 million to fund a two-year pilot that helps primary care doctors better address both; and does so in a way that supports kids and families in more areas of the state.

“As I said two weeks ago, we have a lot of ground to make up in our mental health system.

“If you’ll work with me in BAA, we can add up to a dozen youth mental health beds, which will get kids in crisis the help they need, and reduce pressure on emergency departments.

“In this year’s budget, we can also expand mental health treatment in the Northeast Kingdom, which currently has no local option except the emergency department. So, let’s support the launch of a psychiatric urgent care to help fill a gap in this region, as we work to do the same across the state.

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“All of this intersects with public safety challenges.

“Violent, mentally ill adults need both treatment and a secure setting. But if they don’t meet specific federal criteria, they can’t stay in the State Psychiatric Hospital. So, my Administration has identified beds to help address the gap, without impacting the budget. And in the Capital Bill, we’re funding work to plan for a new facility to do the same for violent youth.

“We can also invest in law enforcement and victims’ services with almost \$2 million to fund the Criminal Justice Council’s work to improve training curriculum; and also to add resources to train officers on Fair and Impartial Policing and stabilize support for victims of violent crime.

“I also propose \$1.3 million to fill a perennial funding gap for E911 due to fewer landlines in Vermont. But this may be part of a larger conversation we need to have about dispatch, because we find ourselves in the same



intersection we've been stalled at for decades. So, we need to ask ourselves two basic questions before going much further: Should we provide a statewide system that all communities use? And if so, will we ask all communities to pay their share, or do we fund it all with state funds? That's really the crux of the issue, the sticking point has always been about who pays and who doesn't. So only after we answer those basic questions, can we develop a plan for the future.

"To reduce violence and drug activity in a lasting way, I've dedicated \$10 million to help communities unify the work of local public safety and human services teams on the ground. We're developing this model in Bennington right now, and we expect to see good results, so we need to be prepared to swiftly replicate it across the state. If we get this right, this could be a powerful way to help all communities turn a critical corner.

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"Our public safety work always includes attention to root causes, which is why so many of our investments are focused on prevention and economic security. And this includes housing.

"That's why we'll continue with our comprehensive plan to address homelessness. We've already dedicated more than \$400 million for emergency housing, shelter beds, temporary rental assistance and paying down back rent. My budget funds another \$26 million in one-time dollars this year and sustains General Assistance housing.

"But these programs are meant to be transitional, and a bridge to housing security. They weren't the long-term solution before the pandemic and won't be the solution after.

"We need to step up our efforts to provide permanent homes for these families, and others across the spectrum.

"One way to do it is through VHIP (the Vermont Housing Improvement Program), which – on its own – has already helped us move 300 families out of homelessness. And because it improves existing buildings, it revitalizes neighborhoods *and* has helped us increase the number of units at about one-tenth the cost of other investments. So, let's continue this work, with \$20 million through BAA and this budget.

"Our Healthy Homes initiative is another tool for improving the quality of older stock, and the health of Vermonters. So, we'll dedicate an additional \$10 million to make sure families – primarily in mobile home parks – have clean drinking water and functional wastewater systems.

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“As we continue to focus the vast majority of these funds on affordable units for low-income families, including \$21.5 million to VHCB this year, we can’t forget those with middle-incomes are also struggling to find a home they can afford.

“Last year, we worked together on a new approach. But it’s far from enough, especially in communities where housing quality has decreased, along with a decline in employers, jobs, workers and students.

“So this year, let’s put another \$20 million toward “missing middle” to start a revolving loan fund, providing low-interest loans to help bridge the gap in order to make it possible to create more middle income rental units.

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“There is no doubt we need to invest more in this area. But it’s not just about the money. Even with the hundreds of millions of dollars we’ve spent over the last several years, we still need to add thousands of homes to meet the demand.

“So the smallest housing investment in this budget – \$500,000 – may be the most important, because it will help municipalities make updates to zoning laws that *I hope* we pass this session.

“As I said two weeks ago, if we want to see these investments turn into actual homes at the speed and quantity we need, we must make regulatory reform a priority.

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“Since I came to office, we have nearly doubled our state investment in childcare subsidies and helped sustain the system throughout the pandemic.

“It’s clear we agree, investing in kids to give them a strong foundation is a priority.

“But these investments haven’t solved the problem when it comes to making sure all families can find childcare.

“That’s why this budget makes an additional and ongoing commitment of \$56 million – for a total of nearly \$120 million a year – to expand access to, and affordability of, childcare.

“Using existing, sustainable revenue growth – not a new tax – this funding would achieve three important goals:

“First, we can increase equity for families in regions with fewer providers available. Currently, regardless of income, a family gets less money if there is

not a specific type of childcare center in their area. These subsidies should be about the needs of the family, so let's fix this.

“Second, we've made huge progress to help expand access to afterschool. And I want to thank Senator Sanders for his partnership. But some of these programs aren't eligible for our subsidy, keeping them out of reach for many families. So, I once again propose to change this, and this budget includes the funding to do just that.

“Third, we can expand our childcare subsidy to cover families at 400% of the federal poverty level, giving *thousands* more kids the early care and learning they need.

“Now I know this proposal will get resistance from some, because they want a new tax to pay for it.

“But remember the debate around clean water funding? I made the case we could pay for it with existing resources. Instead, some suggested a whole host of taxes: on gas, soda, coffee, haircuts, auto repairs, rental cars, parking, prescription drugs, storage units, and even snowmaking equipment. And others said we should increase the rooms and meals tax, the property transfer tax, and motor vehicle fees. And the list goes on.

“But after all that, we actually found we *could* do it with existing resources.

“And we can do the same here, to help many more families with childcare; open afterschool programs to kids in need; and make sure families who need help get it – regardless of where they live.

“Importantly, it puts us well on our way to the comprehensive system we agree should be built. And it achieves all this without asking families with less to pay for families with more.

“Similar to paid family and medical leave, we can show it's possible to fund priorities, without raising taxes.

“With this approach, we'll do so much more for our kids, families and communities, with greater impact now, and for years to come.

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“This investment in childcare – done in a way that makes Vermont more affordable, not less – plays a role in growing our workforce.

“But as I've said, there is no single solution to our workforce shortage. So my budget also dedicates new funding to help us educate, train, retain, and recruit more workers.

“When I came to office, the State was investing \$25 million a year to the Vermont State College system. From the start, I proposed increases, and you’ve championed many as well. Fast forward to today, and with the \$2.5 million more I’m proposing, our annual investment could grow to \$48 million.

“The State Colleges are important to our regional economies, so they need to be financially sound. And to be candid, some of the decisions they’ve made, and will need to make, will be tough to swallow. But they’re adjusting to the realities of today, and are better positioned than ever, to prepare our future workforce. So, to help them finish this transition, I’ll also dedicate an additional \$9 million in one-time bridge funding, and \$10 million for transitional infrastructure.

“And with another \$10 million, we can launch a two-year pilot that reduces CCV tuition by 50% for those programs targeted to the specific fields we know are in demand, including childcare and education, accounting, IT, engineering and more.

“To sum it all up, I’m proposing \$78.2 million across all funds to our State Colleges.

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“We should also continue to support UVM’s Upskill Vermont Scholarship, and free tuition through VSAC’s 802 Opportunity program, with a total of \$6.4 million this year to give low-income Vermonters free courses, helping them gain new skills for good jobs.

“Last year, we worked together to create a scholarship program to help make trades education more affordable, opening new career opportunities for students and adults in every county. It’s been successful, so we should make this \$1 million investment ongoing.

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“At this point, most of us realize we need workers in every sector. But I continue to believe we have to focus on the trades.

“Without tradespeople, we can’t keep the lights on, or the water running. We can’t keep the roads, or the vehicles on them, safe. We can’t build the houses or businesses we need, maintain our hospitals or schools, or keep up with our climate mitigation projects. Without them, we really can’t do much.

“I remember being a kid at Spaulding. As you might imagine, I was a gear head. I loved working with my hands to create and build things. It helped me understand how things work, or why they don’t. I had a knack for it and really enjoyed it, and still do.

“But I also remember how it felt being caught between two worlds, one taking me on the traditional path to college, and the other was literally building that path instead of just envisioning it.

“I’d take my college prep classes in the morning, and then head off to the vocational center in the afternoon. At that time, the vocational program was typically for those kids who, “weren’t going to make it” on what was considered “the normal path.” There was a deafening stigma attached, and I was stuck right between those two worlds, with neither group of kids understanding why I was with them. I guess that may have been the start of me being a centrist.

“We knew then, and we know today, that looking at these students as just “shop kids” couldn’t be further from the truth.

“And if you don’t believe me, I can introduce you to lots of electricians, plumbers and contractors who’d be happy to talk to you about how rewarding, and lucrative, it is. I think most of us have recognized just how smart they are when we needed them on a weekend to bail us out of a jam, with an electrical problem, a water heater leak, or a sewer pipe failure.

“I believe everyone is born with a gift. Sometimes you just need to explore long enough to find it.

“And who knows, maybe someday in the future, another one of those “shop kids” will become governor.

“Everyone, from teachers and guidance counselors to parents and policy makers, needs to make a *real* effort to end the stigma around CTE and trades training. Because these are great careers, that present endless possibilities for smart, talented, and hardworking kids.

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“We can also do more outside our education system to increase the number of workers.

“We should continue helping employers train future workers with another \$1 million through our internship program.

“Let’s also invest \$5 million in the Vermont Training Program to meet the increased demand from companies across the state, and to bring more federal CHIPS and Science Act dollars to Vermont, supporting President Biden’s goal to grow semiconductor jobs.

“And I propose we continue investing in recruitment tools that help attract more people, like our relocated worker program.

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“But if we really want to keep and attract workers, we need to make it more affordable to live, work and retire here.

“That’s why I propose a \$17 million tax relief package that starts by asking you, once again, to fully eliminate the tax on military pensions.

“Veterans are some of the best trained and motivated workers available. It’s long past time to make it possible for them to start second careers *here*, and not in one of the 38 other states that don’t tax military pensions like we do.

“We can also expand our social security tax exemption for seniors, and the Earned Income Tax Credit – a highly effective anti-poverty tool – to put more money in the pockets of hard-working, low-income families.

“And we should join the 29 other states that offer their business owners a federal tax cut without reducing state revenue by a single penny.

“Here’s the bottom line: if we want to make a bigger dent in our workforce shortage, we need to keep and attract more people to our state.

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“Part of this effort also includes making Vermont more welcoming and inclusive. So my budget commits over \$4 million to help refugees, immigrants and new Americans settle into our communities.

“And I want to take a minute to talk about the importance of immigration.

“From the Scottish that settled farms in the Kingdom, to the French Canadians who came south into St. Albans to work on the railroad. From the Italians in Barre who helped build the granite industry, and the Polish in West Rutland that filled the quarries and factories, to the Bosnians, Somalis and Congolese who fled war, violence and oppression in search of a new life in Burlington and Winooski – a city whose name reminds us of our Indigenous population.

“We are a state, and a nation, of immigrants.

“President Reagan said, “Other countries may seek to compete with us; but in one vital area, as a beacon of freedom and opportunity that draws the people of the world, no country on earth comes close. This, I believe, is one of the most important sources of American greatness.”

“Today, that source of greatness is broken, with real challenges on both sides of the argument. And that’s part of the problem – it’s an argument. It’s not a conversation. It’s just two sides talking over one another, with nobody listening, and no compromise in sight, and both sides setting themselves up for the next election.

“So once more, Vermont can lead the way.

“With compassion and courage, we can do our part to welcome those bold or desperate enough to leave their lives, and all they’ve ever known, behind to travel thousands of miles just to live the American dream.

“There’s nothing more American than this, and the fact is, we need them. We need their diversity and culture, their ingenuity and labor, their hope and optimism.

“So, let’s do our part here in this “brave little state” to fulfill our nation’s promise and once more, light the way to that shining city on a hill.

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“This budget is thoughtful, deliberate, disciplined, and carefully built to make the most of the historic resources available to us.

“It’s focused on investing, not just spending, to get the best results and grow revenue, so we can move families and communities ahead.

“It prioritizes the regions and people who need our help most, to deliver an increasingly healthy and vibrant economy in each of your communities.

“It funds work to lift Vermonters up with the dignity of a good job and stable housing and letting them keep more of what they earn.

“The choices we make this session, right or wrong, will have tremendous consequences on our state long into the future. So, let’s make the right decisions, not just the easy ones.

“Because there are moments in history – rare opportunities – to have a truly historic impact for those we serve.

“My fellow Vermonters, that moment is here. That moment is real. And it’s our duty to meet it, together.”

### **Dissolution**

The Governor, having completed the delivery of his message, was escorted from the Hall by the committee appointed by the Chair.

The purpose for which the Joint Assembly was convened having been accomplished, the Chair then declared the Joint Assembly dissolved.

JOHN H. BLOOMER, JR.  
Secretary of the Senate  
Clerk of the Joint Assembly