

# Journal of the Joint Assembly

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IN JOINT ASSEMBLY, January 23, 2024

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. 34.** 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 Tuesday, January 23, 2024, 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 Richard J. McCormack, of Windsor 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, Members of the General Assembly, and fellow Vermonters.

“Earlier this month, I reported on the state of the state, laying out three priorities: affordability, public safety, and at the center of it all, housing.

“Solutions for these issues are within our reach, especially with the historic infrastructure investments we've committed to. If we address them head on, we'll restore the working class, refill our schools, and revitalize communities and neighborhoods in every county.

“But I also understand the realities of a supermajority, which means you don't have to listen, or even consider, my priorities or objections.

“But I bet many of you do hear, and maybe even share, some of my concerns. More importantly, I'm pretty sure the majority of our constituents certainly do.

“So let's put them first by doing the hard work to *fix* – not *just fund* – the problems they face, put party labels aside, and listen to each other so we help our communities, just like the Vermonters I highlighted in the State of the State helped theirs.

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“This work, especially when it comes to affordability, starts with the budget I'm presenting, which totals \$8.6 billion across all funds: \$353 million for transportation, \$2.4 billion for education, and \$2.3 billion in the General Fund.

“Now, I want to talk a little more about the 3.57% growth in the General Fund, because regardless of what you might think or hear, it's *not* arbitrary. I didn't just pick it out of a hat. It is what we can do within available revenue, without new or higher taxes and fees.

“I'm sure it's no surprise to you, given the growing burden they already face, I don't support asking Vermonters to pay more. To me, it *does matter* how much money we have. Because every penny we spend comes out of the pockets of the people who live, work and invest in Vermont.

“And we hear from them all the time, with stories of desperation and fear. The very people I know many of you are trying to help, who want to do their part, but they're being crushed by the burden of property taxes, or the higher rents that come with it. As well as by increased fees, just to renew a license

and register a vehicle. Or the looming payroll tax and the unknown of higher fuel and electricity costs – not to mention inflation.

“I truly believe most of us want to help people – it’s who we are. But burdening them with more taxes, fees and other costs, is not the way to do it. Especially when they have less expensive options.

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“So instead of taking the easy route, we dug deep to fund existing work and priorities, all within available resources.

“And despite the recent upgrade in revenue, this is still going to be a tough budget year. And here’s why:

“Historic federal aid, and the spending power it gave us, has dried up. But we still had to fund last year’s 13% budget growth, which – as you know – I vetoed and you overrode.

“We had unexpected obligations, like FEMA match, and \$9.5 million for the first of three payments negotiated by the Attorney General to settle the EB-5 scandal of 2015.

“We as a state are also impacted by inflation, rising costs, and other increased pressures. Nearly all the additional revenue is needed just to sustain our core services and programs. This includes a total of \$24.7 million for our existing hotel/motel program; around \$23 million for last year’s extra staffing, incentives and overtime costs due to workforce challenges; \$31.7 million for employee salaries and benefits, which is \$10 million more than last year; \$2.7 million to fill deficits in E911 and Fire Safety; and \$5 million for another bridge payment to keep Vermont State University going.

“And this year’s payment for pensions increased to over \$485 million. As a reminder, we’ve put almost \$2 billion into it over the last 5 years, and the experts say we’re still about \$4.7 billion shy of fully funding them.

“Some of this is for critical needs and services, but a lot of it is because we didn’t get ahead of the problem early enough. So now, the added money doesn’t necessarily bring better outcomes or more services, it just keeps us afloat.

“In my State of the State, I said we needed to learn the lessons of the past, and these are some of them. When we spend beyond our means, it catches up to us, and ultimately with taxpayers. And when we fail to address the fundamentals of decades-old problems, they get worse, making it harder to find money to catch up.

“Before the pandemic we saw that disciplined budgeting, without higher taxes, resulted in organic revenue increases, which is the real and lasting economic growth we need to support more public investments. And with post-pandemic federal aid, we’ve shown that smart, strategic investments can put us in a better position to grow and provide resilience in leaner times.

“This budget does both. It aligns with our fiscal reality and prioritizes the fundamentals. And it makes smart new investments, which along with our policy proposals, will build on our resiliency and help communities recover, not just from the flood, but in response to each of our top challenges.

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“We know affordability isn’t just about taxes and fees, so let’s talk about health care.

“In the past, we’ve acted to support dental care, home health, and more. This year let’s stabilize rates for nursing homes and rehabilitation centers with a \$4.2 million increase, which secures another \$4.7 million from the feds, so we are not reliant on emergency funding year after year.

“And we’ll continue to move away from fee-for-service. The Centers for Medicare and Medicaid Services are advancing a national model on health care reform, called AHEAD, which builds upon the innovation of states, specifically citing Vermont’s All-Payer ACO model. Like our approach, it includes Medicare, Medicaid and commercial insurance, using a “global payment” instead of paying for each service, increasing investment in primary care, and emphasizing collaboration amongst providers.

“We know we’ve had our challenges, but we are moving in the right direction, and we can work with the Biden Administration to do more. So, my budget includes \$3.9 million to transition to these new tools to improve patient outcomes, increase health equity, and slow the growth in costs for Vermonters.

“While this is important work, job number one for addressing affordability and sustainability is to bring more working families to our state. Remember those three numbers I shared in the State of the State? 14, 28 and 48? 14,000 fewer kids, 28,000 fewer in their prime working age, and 48,000 more over the age of 65. Those numbers make a big difference, whether it’s healthcare, education, or overall costs to our systems.

“Until we address demographics, we will continue to struggle.

“While we fix these fundamentals, we’ll need to constantly look for ways to contain costs and improve outcomes.

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“That includes education, where taxpayers could see their property tax bills rise by an estimated 17.3%.

“Vermonters can’t afford this increase. And when you consider it comes with stagnant or declining enrollment, and troubling test scores, none of us should be okay with it.

“But we have to be honest, it is not something we can simply buy down, or take from another pocket. Because getting it to 2% as some of you have suggested, would take about \$213 million.

“So, we need to work with school boards, administrators, parents, and teachers, because the reality is, changes need to be made before budgets pass.

“At a minimum, we need to address the factors that fuel these increases year after year, even if it won’t reduce costs this year. I truly believe if we’d acted on any of the proposals I put forward in 2017, or 2018, or 2019, we’d be better off today.

“As I said, I’m willing to discuss any of those past ideas, from rightsizing schools and classrooms to better addressing healthcare and retirement costs to property tax caps and adjustments, or more. And maybe we need to revisit – and undo – some of the things we have done that added to school pressures. Or rethink the funding formula.

“But I’m not naïve. Without a willing partner, I’m sure any proposal I put on the table will be used to drive divisive attacks and headline clicks, and we won’t get anything done.

“To be clear, I’m here, ready to work on these ideas, or any of yours, whenever you are, to contain costs and improve outcomes. So for those who understand the challenges at hand, who recognize this is not a political issue, it’s a people issue, and agree the trajectory we’re on is not sustainable or good for our kids, let’s work together.

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“And it’s not just about cost containment, because there are opportunities to better serve students within existing resources.

“National and state tests show less than half of our third and fourth graders are reading at grade level. And the results are similar when it comes to math. So we’re proposing new strategies and more tools to improve reading levels, strengthen training, and refocus on proven techniques to help teachers and students.

“We can also make real progress on Career and Technical Education.

“For years, I’ve been proud to stand here and talk about my own trades education. CTE is a good way to give kids hands-on experience, a deeper set of skills, and multiple paths to a great career. But we can’t do that if kids have to wait until high school before choosing one path or the other, without ever having been exposed to the possibility of a career in the trades.

“So let’s get to them earlier and show them the opportunities. If we fund CTE centers directly, we can put an end to the competition between sending schools and tech centers for students and tuition dollars. We can eliminate the barriers keeping kids out of programs because their center happens to be full. And we can show students the variety of careers and skills available by making sure everyone, regardless of track, has the chance to explore tech courses and real career opportunities.

“There’s no doubt we need more tradespeople, more construction and healthcare workers, auto and aviation techs, IT professionals, and more, just to keep all the things we count on going.

“We also know a large number of students graduate from high school and don’t pursue further training. With CTE, we can set them on a better path with jobs waiting and local businesses willing to hire them on the spot.

“We’re already working with many of you on literacy and CTE and I truly appreciate the collaboration. Because we owe it to our kids to give them the tools they need to succeed in the future.

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“A nation-leading cradle-to-career education system is essential to keeping and attracting more working families and revitalizing communities throughout the state. So is making sure we solidify our place as the safest state in the country.

“Let’s start with something you don’t hear too often in this building: I may have been wrong. I’ve supported, and signed, some of the very legislation I’ll ask you to change today.

“I agree people deserve second chances, and maybe even third or fourth, especially when it comes to mistakes made as a young adult or when struggling with addiction.

“But I wish I had better anticipated the challenge of implementing laws to raise the age of criminal accountability. Because we weren’t ready. We put the policy idea ahead of the fundamentals, the real work of actually helping our youth.

“Like many other areas, we moved too far and too fast into a policy experiment. And we didn’t plan for, or build, the system needed to address extreme cases, or have the workforce to support it. We focused so much on our well-intentioned goals that we didn’t think through all the possible consequences. Like what adding older, more violent youth to DCF caseloads would do. Or how traffickers would exploit young adults to run their deadliest drugs and expand their markets in Vermont.

“I’ll admit the same for bail reform, which I signed because I agreed with the goals. But again, there were negative consequences because we limited a valuable tool. And on top of that, conditions of release aren’t effective, which makes it harder to prevent people from harming their neighbors and communities, over and over and over.

“For example, in the matter of a year, two murders in St. Johnsbury involved multiple people out on conditions of release. One of them had seven criminal charges pending. But they were all free and involved in these homicides.

“On at least four different occasions, a woman in Franklin County was arrested for narcotic sales and released on conditions. So instead of being in jail, she continued selling crack and fentanyl. By the way, she was also involved in a homicide in Leicester, all because she wasn’t held accountable.

“A man in Rutland had 35 – yes, 35 – criminal charges pending in state court, and 18 earlier cases of 'failing to appear.' He continued to roam free until he was picked up for stealing a firearm, and finally a federal court had the good sense to detain him, pointing to his state record.

“All these policies were well intentioned, but we must be honest: Some of the changes we’ve made are harming our communities. And you don’t have to take it from me.

“Just talk to some of the police chiefs you see up in the balcony from Bennington, Essex, Rutland, and Springfield.

“Or Brattleboro Police Chief Norma Hardy, who spoke with my team, noting she believes reforms were well-intentioned, but given what she’s seeing on the frontlines, asked, 'at what point do you decide things have to change?'

“Or small business owners in Middlebury, who made clear you can have empathy for the factors that drive people to crime, and still want that crime to stop.

“Or Dr. Levine, who works every day to improve public health and address the tragic loss of life to overdose, but also shares the concerns of law

enforcement that our policies and lack of accountability leave us vulnerable to major drug traffickers who see Vermont as, quote, “a destination state.”

“We’ve spent months talking to members of your communities, local police and selectboards, judges, states’ attorneys, and health professionals to build our reform package.

“It includes repealing 2018 bail changes and increasing accountability for those who violate conditions of release. I’ll ask you to adjust the “Raise the Age” thresholds to make sure we have the systems and tools in place before we take the next step. I’ll also ask you to add to the list of violent crimes which allow prosecution of a juvenile to start in criminal court, and move to a system of universal sealing, rather than expunging records, so we give people a second chance, but also hold repeat offenders accountable. And we need to continue talking about a secure facility for those who are mentally ill and a danger to the community, and a process to restore competency when possible – building on our previous collaboration.

“I also propose updates to our drug laws to account for the rise in deadlier and more addictive drug combinations, which are being injected into our communities by dealers and gangs, controlled by international cartels. And when a death results from their lethal products, we should hold dealers accountable.

“It’s time we started thinking about addressing this crime and violence as *harm reduction*.

“We already have some agreement in this area, so let’s make sure our laws are not doing more harm than good.

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“At the same time, we know issues like addiction and mental health are intertwined and are often at the root of why people commit some of these crimes in the first place.

“And despite the trends we’re seeing, Vermont remains a leader in addressing the opioid epidemic, and addiction overall. I know other places have taken what some would call ‘bold action,’ but in many cases, their trends have gotten worse.

“Our hub and spoke model, and focus on prevention, treatment, recovery, and enforcement, is still effective. But we know fentanyl, and now Xylazine, have changed the game. So, I agree, we need to do more. And we are.

“The Department of Health and community partners are expanding treatment and recovery services, adding satellite treatment hubs, using outreach workers to find those in need at shelters, homeless encampments,



community spaces and social service agencies, and putting recovery coaches in emergency departments and correctional facilities. And to reduce overdose deaths, we've significantly expanded Narcan distribution and increased access to tools that test drugs for fentanyl and Xylazine.

"We can build on this with \$4.9 million in opioid settlement funds available this year. With it, we should expand staff and hours of operation in three or more existing hubs, while also finally opening one in Bennington. And support re-entry and recovery center work for those leaving Corrections, as well providing medical care and wrap-around services. With another \$1 million, we can make sure people don't lose out on the chance to recover, simply because they relapsed. And we can help others in recovery with the housing they need. Prevention is still our best solution to this challenge, so we should dedicate \$1.4 million to expand our school-based prevention services.

"In the General Fund, we're increasing investment in mental health with \$1 million to follow through on opening a youth inpatient facility in Bennington. And as the result of our successful pilot, which put 12 mental health workers in our State Police barracks, this budget makes those permanent, and adds eight more.

"We are also aligning our tools and teammates from Public Safety, Human Services, Labor, Commerce, and Digital Services through a Public Safety Enhancement Team. Along with local partners, they are identifying specific community hotspots to interrupt the trends and better serve our most vulnerable.

"By connecting our teams on the frontlines, we can improve safety and health, linking people to services when they're most likely to take advantage. For example, in Springfield, Turning Point Recovery Center and the Fire Department are working together for the first time. And in Bennington, they've put a social worker in their local police department, connected EMS and recovery coaches, and trained outreach workers to identify and intervene in domestic violence situations.

"Having a multipronged approach is what will turn the tide.

"Because the reality is, that's what it takes. Hard work, every day, across many partners.

"There is no easy answer, as much as we all want to stop the pain and loss.

"If we want to do more, let's do more with proven solutions, so we can reverse our overdose trends; provide people treatment and recovery, helping them rejoin their communities and families; and prevent more of our kids from ever entering this harmful cycle in the first place.

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“To really get ahead of these issues, and so many others, we need to give more families and young people the security and stability of a good home in a vibrant neighborhood.

“Most of us agree we need to act on our housing crisis. State and federal data, and VHFA analysis, show there is a significant gap in every county. And our experience with historic spending, and decades of anecdotes and case studies from homebuilders, including trusted non-profits, show it’s too expensive, too slow, and too complicated to close this gap.

“But we have an opportunity to change this, with tripartisan bills in both the House and Senate.

“First, let’s spark more investment in our smaller, more disadvantaged areas by supporting the tax proposals in H.719. This will turn abandoned or rundown properties back into good homes for low- and middle-income working families. It will brighten up neighborhoods that need it most and give everyday Vermonters the opportunity to invest in improving their community. And we should increase the Downtown and Village Center Tax Credits to \$5 million.

“Next, with more common sense changes to local zoning, and especially Act 250 jurisdiction and triggers, we can see more homes where we have the infrastructure to support them.

“Act 250 was supposed to prevent sprawl. So to limit housing density in the places we want it, and then force a homebuilder to move five miles away to build more, is counterintuitive. That seems to *encourage* sprawl and makes individual projects more expensive with fewer units. It just doesn’t make sense to me.

“Neither does an appeals system that allows a small number of people to stop a project the vast majority want, and can also be used to exclude people from neighborhoods.

“The common sense changes in H.719 and a similar version in the Senate will make a real difference.

“So will the \$6 million I’m proposing for VHIP to get more units online quickly and affordably, as well as \$4 million for Healthy Homes, and \$2 million for the Mobile Home Improvement and Repair program to help keep people housed. We’ll also fund VHCB with nearly \$24 million, add \$7.1 million to grow shelter capacity, and a new base budget initiative for permanent supportive housing for homeless families.

“Without real change to jumpstart reinvestment, we will continue to see talented young professionals decline jobs because they can’t find a decent, affordable home. Seniors forced to stay in a house that’s too large for them to maintain, instead of something smaller and more affordable nearby, and then we’ll lose the working families who could have called that larger home their own. And our smaller, more rural communities will further erode, with more properties falling into disrepair.

“You see, our communities and all those looking for, or struggling to afford, a decent home – they don’t have the lobbyists, the money, or the time to push back on the campaigns we’ve already started to see, to keep you from taking action.

“So those everyday Vermonters need us to represent *them*, over the special interests. They need us to withstand the pressure, make the right choices and have the courage to act, so they too can afford a home, and a life, here in our beautiful state.

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“Here’s the important part: All this hard work – from making Vermont more affordable and improving our healthcare and education systems, to maintaining our reputation as the safest state in the nation and housing that meets the needs and budgets of working families – this is how we keep and attract the people we need to reverse our demographic trends, revitalize our communities, and restore economic equity and opportunity in every corner of our state.

“And while I haven’t detailed this today, this budget includes ongoing investment for workforce, as well as economic and community development, which also support these goals.

“It’s these fundamentals that help us do all the things we need to do, to have welcoming, strong communities, invest in the social issues we care about, and support the people of our state so they can all lead healthy, safe, and independent lives, full of opportunity.

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“By investing to address our core challenges, rather than just spending, we’ll get a better return now and into the future.

“And we’re seeing that with ARPA dollars, which continue to pump money into the economy, generating the revenue that’s supporting budget growth and more investment in communities.

“The same is true of the money we dedicated to the State’s match for federal IJA funds, which gets us at least four dollars from the Feds, for every dollar we put in.

“We’ve already moved forward with dozens of water improvement projects in places like Castleton, Brighton, Shaftsbury, and Bethel. As well as transportation projects in Lyndon, Granville, Fairfield and more.

“These are communities that don’t always get the support they need but are benefiting now.

“So let’s make sure we follow through with the match money we set aside to fund infrastructure projects that will eliminate sewer overflows and remove lead, as well as bridges in places like Bradford, Elmore, Searsburg, Springfield, Westminster, Worcester, and many, many others.

“These initiatives make Vermonters safer and healthier and support the economic growth we desperately need in so many of our rural communities.

“Now, I want to make sure you hear what I’m saying: Walking back from this strategy would be a huge mistake.

“Because these smart investments will serve the communities we’re here to represent and make our state budget more resilient to future ups and downs, helping us weather both financial and literal storms bound to come our way.

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“And we will see the same kind of results as we help communities mitigate the impacts of future floods and build resiliency that benefits the whole state.

“That’s why our BAA proposal includes \$36 million for State and some of the municipal match money, which will secure the hundreds of millions of dollars available through FEMA to repair the damage done to our public infrastructure. It also transfers back the \$20 million we used for BEGAP, which helped over 500 businesses, non-profits and apartment owners make repairs to open their doors, bringing back employees and customers and returning renters to their homes.

“My budget also includes \$12.5 million, getting us half of the match needed, to secure \$75 million in FEMA Hazard Mitigation funds, giving us a total of \$100 million dollars for this work. This funding will support buyouts and floodplain restoration projects to better protect homes and communities, like we did with Melrose Terrace in West Brattleboro and Water Street in Northfield. And it will fund infrastructure upgrades like the overflow culvert in Brandon, which has helped a downtown devastated by Irene withstand the storms that followed.

“While often necessary, we know the negative impact buyouts can have, including on municipal budgets and the Education Fund. So, I propose a Disaster Resilient Investment initiative, which will offer a TIF-like approach to recovery and resiliency projects, to keep or add properties to the grand list.

“Many towns along the Winooski, Lamoille and West rivers, and the tributaries extending to them, continue to suffer damage with every major storm. So, this budget funds a study of the Winooski watershed to build out storage capacity and protect the communities throughout the river basin. And we are working with partners on similar strategies in these other regions.

“And it’s important we get our long-term resiliency policy right. That’s why my team is partnering with Treasurer Pieciak to look ahead, beyond our current work, to build a truly comprehensive strategy. We should align it with the Climate Action Plan because these issues go hand in hand, and a strategic project-by-project approach is the best way to make progress on both. Look no further than our Clean Water plan. By doing the work to assess total need, we planned projects based on impact and then found existing funding to implement. And we’re showing measurable progress toward repairing and protecting our water ways.

“So let’s learn from that and do the hard work, so we’re not just spending, but investing; and we don’t just make promises, we make real progress.

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“That’s really the case I’m trying to make across the board.

“I don’t think there will be a lot of disagreement about what’s in this budget. The disagreement will lie in what’s not in it. But pretending we can fund everything isn’t realistic.

“We have to be honest, just pushing more and more money at problems and needs, hasn’t always equaled progress. Not in education, pensions, state colleges, housing, homelessness, and other areas where we’ve funded, but have not fixed, the problem.

“I believe there is a better way.

“A middle majority of this Legislature can help Vermont find the sweet spot, where we do the hard policy work and invest in the things that help people, without pushing them further behind, or making it too expensive for young workers to get started here, and without forcing our anchor employers out of state, or “Main Street” mom and pops out of business.

“You see, I’m not even asking you to cross the aisle, which I’ve done for over twenty years. I’m just asking you to meet me in the middle.

“And to set a new standard that lives up to the example Vermonters show us every day. Because when they see us in action, they wonder why we don’t follow their lead.

“There are so many things we can achieve, so many shared goals we can reach, if we take the time to get it right, focus on the fundamentals, and follow through – making steady progress at a pace Vermonters can afford.

“We can work towards that vision of vibrant neighborhoods, full of families breathing life back into communities; healthy and safe kids filling classrooms and reaching their fullest potential; great jobs with solid employers; entrepreneurs from all walks of life; and a thriving, growing economy that gives Vermonters the security and opportunity they deserve, for all they do, and all they invest.

“I know we can get there. And I’ve never been more energized to help Vermonters and communities turn catastrophe into opportunity, once more.”

#### **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