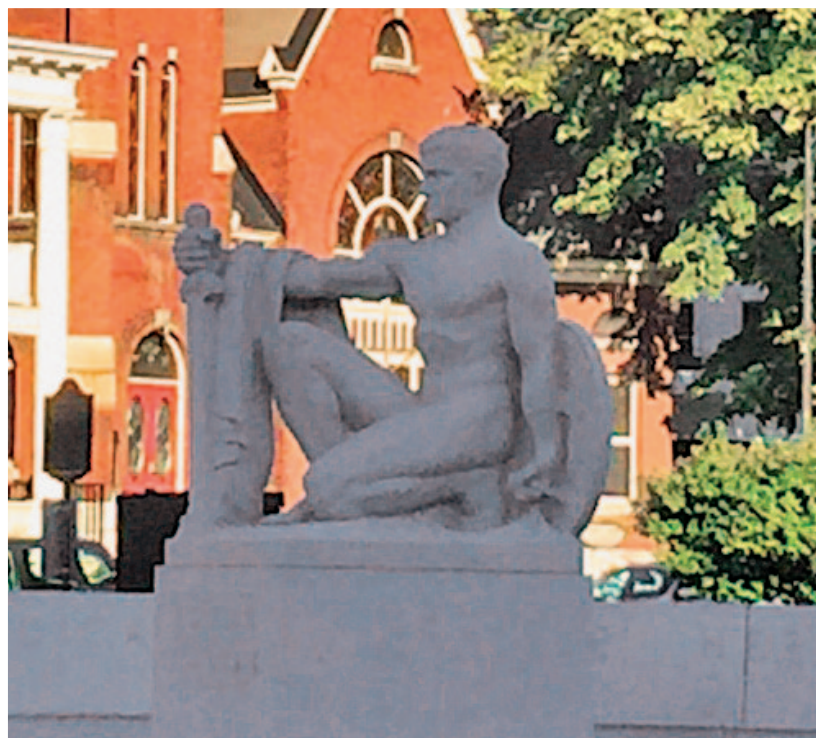




PROGRESS • AFFORDABILITY • OPPORTUNITY

PHIL SCOTT'S COMPREHENSIVE BLUEPRINT FOR ECONOMIC GROWTH



*Restoring Vermont's Fiscal Fundamentals, Strengthening the Economy
& Making Vermont More Affordable for Families and Businesses*



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To Vermonters,

My entire administration will set clear and achievable economic goals, stay focused on the fundamentals, and prioritize areas where we have a regional, national and international edge. Most importantly, we will not overpromise and we will always follow through.

To guide this effort, I've laid out this new 12-part Economic Growth Plan. Combined with my Government Modernization, Truth in Budgeting and Fiscal Responsibility, Transportation Priorities and Opiate Action plans (included in this document for your reference), these proposals form the foundation for the Phil Scott Administration's approach to strengthening the economy, making Vermont more affordable and addressing our state's top public health and safety priorities.

Altogether, these plans include more than 50 specific ideas, initiatives and proposals and represent the most comprehensive blueprint presented by a candidate for Governor.

While there are many initiatives and ideas contained in this plan, some key pillars of my comprehensive approach include:

- Protecting jobs and retaining current employers;
- Expanding our workforce and workforce training opportunities;
- Revitalizing our county economic centers, expanding innovation hubs and designating high-tech zones;
- Putting healthcare reform back on track;
- Increasing the availability of good homes working families can afford;
- Advancing pro-growth, pro-jobs tax policy;
- Modernizing state government; and
- Insisting that state spending does not grow faster than the economy or your wages.

I know, however, that no one person, or political party, has a monopoly on good ideas. I'm always looking for input and ideas on how to make Vermont stronger and more affordable.



As more Vermonters join our coalition to make the economy and affordability Montpelier's top priorities – and while I'm serving as Governor – I will consider all proposals for growing our economy and reducing the cost of living and doing business. And I will work with anyone, in any party, who shares these priorities.

If you have an idea – or feedback on the proposals I've offered here – please email me at Phil@PhilScott.org

Working together, I know we can move Vermont's economy forward and help families get ahead. Thank you for taking time to consider my proposals, and I hope to earn your vote in November.

Sincerely,

Phil



PROTECTING JOBS AND RETAINING EMPLOYERS

First, we will tend to Vermont's most important economic resources – the employers who are already here – while we also will work hard to attract new investment. To do this we must ensure these job creators can be competitive in the regional, national and global markets. Here are my strategies for job retention and growth from Vermont employers:

Encourage – I will *encourage* and support all employers. We will help companies that create good jobs by making state government more efficient and productive; reducing barriers to job creation, like streamlining permitting processes with no predictable timeline; and addressing the cost of living and doing business. State government must be an economic and regulatory ally to private sector innovation and business growth.

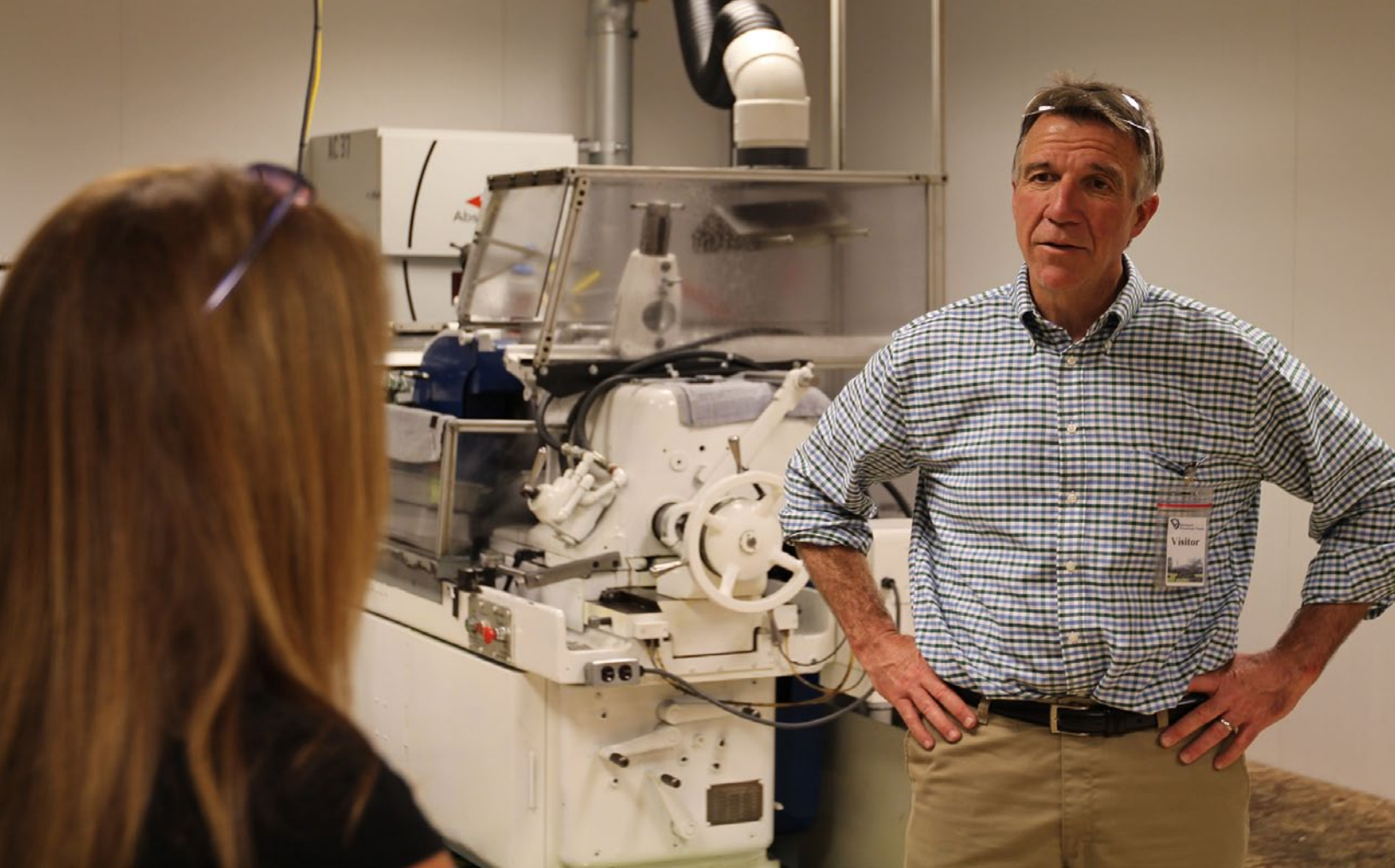
Respect – I will make sure all those who invest in Vermont's economy know state government *respects* the investment they are making and the risks they are taking. That means delivering the same level of service, with similar or better efficiency that is expected from the private sector. The actions of my administration will reflect an understanding that the success of Vermont business equals more opportunity for citizens, revenue growth for the state budget and lower tax burdens for taxpayers. Every agency and department will be ordered to make economic growth and affordability its top priorities.

Protect – I will work hard to *protect* every job and every company in every sector. When I'm Governor, my administration will resist the recent trend in which legislators choose winners and losers, and play political favorites. Instead, I will build a support system for all employers working to invest in Vermont and in Vermonters. Job creators will enjoy more predictability and more consistent and coordinated service. And I will demand that everyone in state government recognize that we must work with, not against, those expanding businesses that employ Vermonters and generate tax revenue.

Promote – We will aggressively *promote* the export of products and services from Vermont companies to neighboring states and provinces. For example, Vermont leads in the specialty food and beverage industries, and we need to help those brands reach new markets outside of our state. Doing so promotes employment opportunities and, more importantly, imports dollars to Vermont. We can apply the same promotional strategy to manufacturing and technology services and other firms. We can do this by revitalizing our marketing efforts and expanding them to more industries. If it requires changing statutes so more legitimate Vermont companies can leverage the “Made in Vermont” and “Vermont product” designations, then I will work with the Legislature to make sure that happens.

Communicate – Healthy and respectful working relationships are as important in economic development as they are in government. That’s why I will require the Vermont Agency of Commerce and Community Development, the Department of Economic Development and Regional Development Corporations to conduct a broader coordinated Employer Visitation Program outside our state. This is an important recruitment resource to cultivate. Executives and business owners of regional, national, and multinational companies visit Vermont every year and are a valuable asset we should tap into. The Agency will be required to report to me on a quarterly basis on the status, needs and concerns of each contacted employer and when appropriate, I will participate in these discussions directly.





INVESTING IN & EXPANDING OUR WORKFORCE

Vermont's workforce is our most important economic asset and it is shrinking at an unsustainable rate.

We face a significant challenge with our demographics: Vermont is getting older and workers are retiring or leaving the state faster than new working age Vermonters are moving in. And while we have a great opportunity to leverage experience, this reality also means we have a diminishing number of working-age Vermonters to fill the jobs that enable businesses to grow.

In the last six years alone, the state of Vermont lost nearly 16,000 workers³ from its workforce. This amounts to a loss of about \$750 million in potential wages⁴.

As the workforce grows smaller, the tax burden increases for those who choose to remain in Vermont. Plus one party rule has resulted in more than \$700 million in new taxes and fees over the same period⁵ – that's about \$4,500 of added costs onto a household of four!

³ <http://www.philscott.org/wp-content/uploads/2016/06/Workforce-Divide.png>

⁴ http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_07_1YR_GCT1901.US13PR&prodType=table Shows median household income in Vermont in 2007 was just under \$50,000. (16,000 workers)(\$50,000/year) = approximately \$750 million in lost wages http://www.bls.gov/oes/current/oes_vt.htm#00-0000 shows mean annual wage of just over \$46,000. (16,000 workers)(\$46,000/year)=\$736 million in lost wages.

⁵ http://www.leg.state.vt.us/jfo/appropriations/fy_2014/FY09-FY14%20Appropriations.pdf http://www.leg.state.vt.us/jfo/appropriations/fy_2017/5_year_appropriations__FY12-FY17%2005-16.pdf

This continuing and worrisome trend – *the Crisis of Affordability* – has been placing extraordinary and unsustainable pressure on families and businesses, and further weakening our economy⁶.

When you couple a stagnant population and workforce losses with a low unemployment rate (currently hovering around 3.1 percent ⁷), you see that the labor supply cannot meet demand. Employers in Vermont frequently have ten or twenty vacancies they could fill tomorrow, if they could find the right people with the right skills for the job.

To reverse this unsustainable downward cycle and get our economy growing again, we must first recognize it is a Vermont problem that can be solved with coordinated, statewide action. The actions I propose include:

Support Innovation in the Public Education System: Our education system is on sound footing with generally good outcomes, but in order to meet the demands of the 21st century global economy – and grow our economy – we must align the size of our school systems with the number of students they serve and the ability of taxpayers to foot the bill. Doing so is a pre-requisite to making our education system more affordable, more innovative and more nimble. The stronger our education system, the more appealing our state will be to employers and working families – the very people we need to recruit to strengthen our economy. That’s why I support early introduction to work and believe hands-on apprenticeships, trades training and internships should be core to the educational experience of every child. We should invest in technical and trade education to trigger interest in the STEM fields and make sure our workforce is trained for jobs in demand. In addition, I will continue to support dual enrollment opportunities that allow high school students to participate in college courses, career readiness courses and the type of hands-on technical education that got me interested in the construction trades. Lastly, revitalizing Vermont’s education system requires a continued commitment to expanding choices for students and parents. One of the strongest recruitment incentives we could offer young, professional families is the nation’s most innovative education system, with the most choices. With all of this in mind, I will be introducing a more comprehensive education quality plan as this campaign proceeds and will make education quality and affordability a cornerstone of Vermont’s economic growth strategy.

Retain More College Graduates: Roughly 10,000⁸ students graduate from Vermont colleges and universities every year. These are people who were clearly drawn to our state, we need to offer more, such as good jobs and affordable housing, to encourage them to stay. The fact that we haven’t measured this retention rate in the past indicates keeping college graduates in Vermont has not been as high an economic development priority for previous administrations as I believe it should be.

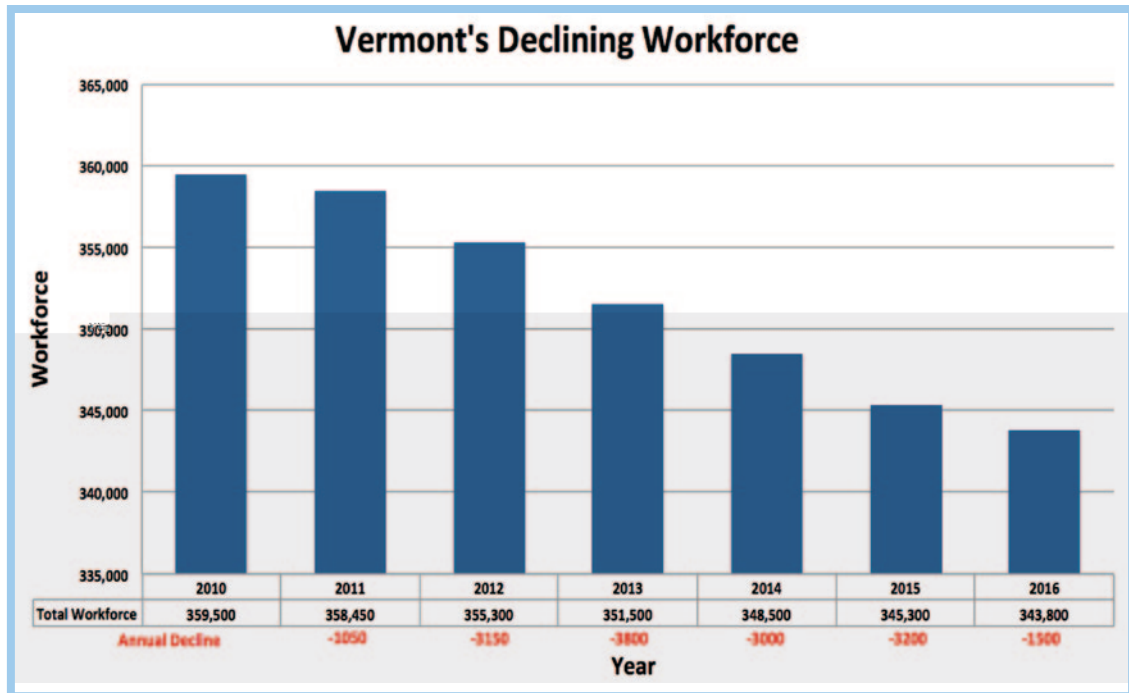
Vermont’s Colleges and University: My administration will work with private sector employers, Vermont’s colleges and University, the Workforce Development Board, chambers of commerce and Regional Development Corporations to create additional opportunities that give every student graduating from college in Vermont the opportunity to start a career and build a family right here. Our goal will be to develop a system that retains at least 50 percent of each year’s graduating class and a process to measure our retention of college students so we can benchmark progress.

Invest in Skilled Workers: I will propose reinvesting in the Vermont Training Program and Vermont Workforce Education and Training Program. This funding should be used primarily for the development, education, training and retraining of Vermonters for jobs in industries in which there are good paying jobs available throughout the state, like advanced manufacturing, technology, energy and food products sectors. I will also convene a group of expert stakeholders from across the state, tasked with recommending ways to strengthen, and where necessary, rethink the public-private partnerships we need to cultivate the next generation of workers. And I will evaluate using a portion of the state’s annual share of the revenues from each VEGI award and other potential funding sources to incrementally increase our investment in workforce development, without weakening

⁶ As an affirming data point, in July 2008 there were 338,250 employed Vermonters (not be confused with the total number of eligible workers) vs. only 335,050 in July 2016. Thus, Vermont has yet to recover to the pre-recession level of employment even though the bottom of the recession was 7 years ago. Both the labor force (workers) and those actually employed are experiencing a negative trend; and the unemployment rate appears artificially low.

⁷ <http://www.vtlmi.info/press.pdf>

⁸ Vermont Higher Education Council Fall 2014 Enrollment Report



existing job creation incentives or raising taxes.⁹

Rapid Redeployment Workshops for Working Vermonters: Vermont HiTec has created training templates for several similar programs across other industry sectors, such as medical billing, machinists and transcriptionists, and has a record of placing a very high percentage of program participants. Vermont Manufacturing Extension Center (VMEC) is Vermont’s leading LEAN manufacturing and production specialist. Based on these qualifications, I will ask Vermont HiTec and VMEC to continue to seek additional opportunities to collaborate on a training template for advanced manufacturing and information technology that will give Vermonters access to training and education that will allow them to move into good jobs that require hands-on technical and mechanical experience and knowledge.

Eliminate the ‘Benefits Cliff’, Increase Independence and Reduce Reliance on Taxpayer Funded Social Programs: Vermont’s “benefits cliff” prevents too many Vermonters from entering the workforce, and becoming economically independent, because they fear losing healthcare, childcare or other welfare benefits their family needs. In reality, individuals earning \$9.60 to \$18.03 per hour with one or more children in their household lose financial ground (and benefits) when accepting a higher wage¹⁰. The net effect is that many individuals who would like to work more and earn more – and be independent from government programs – are trapped in Vermont’s regressive social safety net. As a matter of principle, our public policy should be based on the notion that someone is better off, and able to move toward self-reliance, with a wage increase. State programs should be restructured to make this happen. We have many workers staying home, and rationally so, because of the benefits cliff, thus making our unemployment rate seem low and making it harder for employers to find workers. As Governor, I will direct the Agency of Administration and the Agency of Human Services to present a plan to the Legislature that eliminates Vermont’s regressive and economically damaging benefits cliff in my first 100 days in office. This is essential to expanding our workforce, helping more Vermonters achieve economic independence and containing the cost of our generous social welfare programs¹¹.

⁹ Until 2015 the State was netting about \$2,000,000 per year from the VEGI program. But since 2015, the program has had few applicants and awards so tax revenue generated by the program has declined. Employers who might do capital expansions (facilities and equipment) and significant new job growth have not been applying. This parallels federal job creation statistics that indicate there have been very few expansions and very few new jobs added statewide that we believe is related to uncertainty and unpredictability in the political system and dissatisfaction with the costs of doing business and taxes and fees in Vermont. This revenue stream for workforce development will therefore require that Vermont state government first restore its economic fundamentals and be a more predictable partner.

¹⁰ <http://www.leg.state.vt.us/jfo/reports/Memo%20Minimum%20Wage%20031314.pdf>

¹¹ See also: <http://vtdigger.org/2016/04/06/tom-pelham-the-benefits-cliff-is-bad-for-everyone/>



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**USA
PATRIOT ACT**
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In accordance with Section 305 of the USA Patriot Act, applicants for new accounts are required to provide current picture identification that verifies identity including name, address and other identifying information.

In some cases, identification will be requested for current account holders if original documentation was not obtained with the opening of the account. In all cases, protection of our customers' identity and confidentiality is our pledge to you.

We proudly support all efforts to protect and maintain the security of our customers and our country.

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• CUS
• GENE

Returning from an
overseas trip?
Exchange your
leftover currency
here.
Ask us
for more
details.

Returning from an
overseas trip?
Exchange your leftover
currency here.
Ask us
for more
details.

INFORMATION

AFFORDABLE & ACCESSIBLE HEALTHCARE

As your Governor, I will work to put health care reform back on track with the goal of making health care more affordable and accessible for every Vermonter and every business. That means setting aside ideologically and politically motivated crusades and, instead, work together to craft a system that is more efficient and innovative, and provides affordable care for everyone. Laws requiring people and businesses to buy insurance coverage they can't afford, in a system they cannot navigate isn't the affordable healthcare system Vermont needs.

Here is my plan to restore Vermont's focus on creating affordable, accessible healthcare choices for every Vermonter:

Move to a Health Insurance Exchange that Works: Vermont has spent \$200 million on Vermont Health Connect. Alternatively, New Hampshire spent \$16 million to set up a state version of the federal exchange¹². The exchange works in New Hampshire (where there are much more affordable options); the experiment continues to fail in Vermont.

Every program run by state government has to be held accountable for achieving results. A service cannot be defined as successful simply because it is based on a well-intentioned idea. It has to work, and it has to earn the trust of those who use it.

Vermont Health Connect has failed these tests – not just once, but over and over again. We don't always have to be different. It's more important to deliver a solution that is efficient and works well than to build a system from scratch and experiment with Vermonter's health care coverage. In the case of health insurance, there is strength – and savings – in being part of a larger group.

It's time to move to the federal exchange or to a multi-state exchange that works and offers Vermonters more affordable health insurance choices. This transition could save Vermont millions of dollars in maintenance and operational costs each year.

Eliminate the Small-Business Mandate: I will also propose eliminating the mandate that forces small businesses into the exchange. This mandate has cost Vermont jobs and put a small local chamber of commerce out of business¹³. It needs to be repealed and we need to give small businesses and their employees better and more affordable choices.

Be Honest About the Scope of the Challenge: Here's the truth: Our frustration with Vermont Health Connect – and my commitment to transitioning to a system that works – will not change the fact that we cannot just halt the program until we have a viable solution in place. Approximately 30,000 Vermonters rely on the insurance products in Vermont's exchange. We owe it to them, and to taxpayers, to get this transition right. That's why candidates for office shouldn't mislead Vermonters by suggesting that their problems with Vermont Health Connect – or with the cost of health insurance – will be solved by another quick fix to this complex challenge. Unfortunately, it's going to take time to undo the damage that has been done and get healthcare reform back on track. And we know that taxing more and spending more isn't the way to make healthcare more affordable.

Get Comprehensive Health Care Reform Back on Track: Fixing the exchange is only one part of the challenge we face with health care costs. More work is needed to make health care affordable and accessible for every Vermonter. To get reform back on track we must:

- Set a clear, results-focused goal to give every Vermonter affordable health care choices.
- Fully implement, and enforce, the law requiring price transparency in Vermont's healthcare system. This will enable Vermonters to make better and more informed choices about their care.

¹² HHS: <http://www.hhs.gov/healthcare/facts-and-features/state-by-state/how-aca-is-working-for-new-hampshire/index.html>

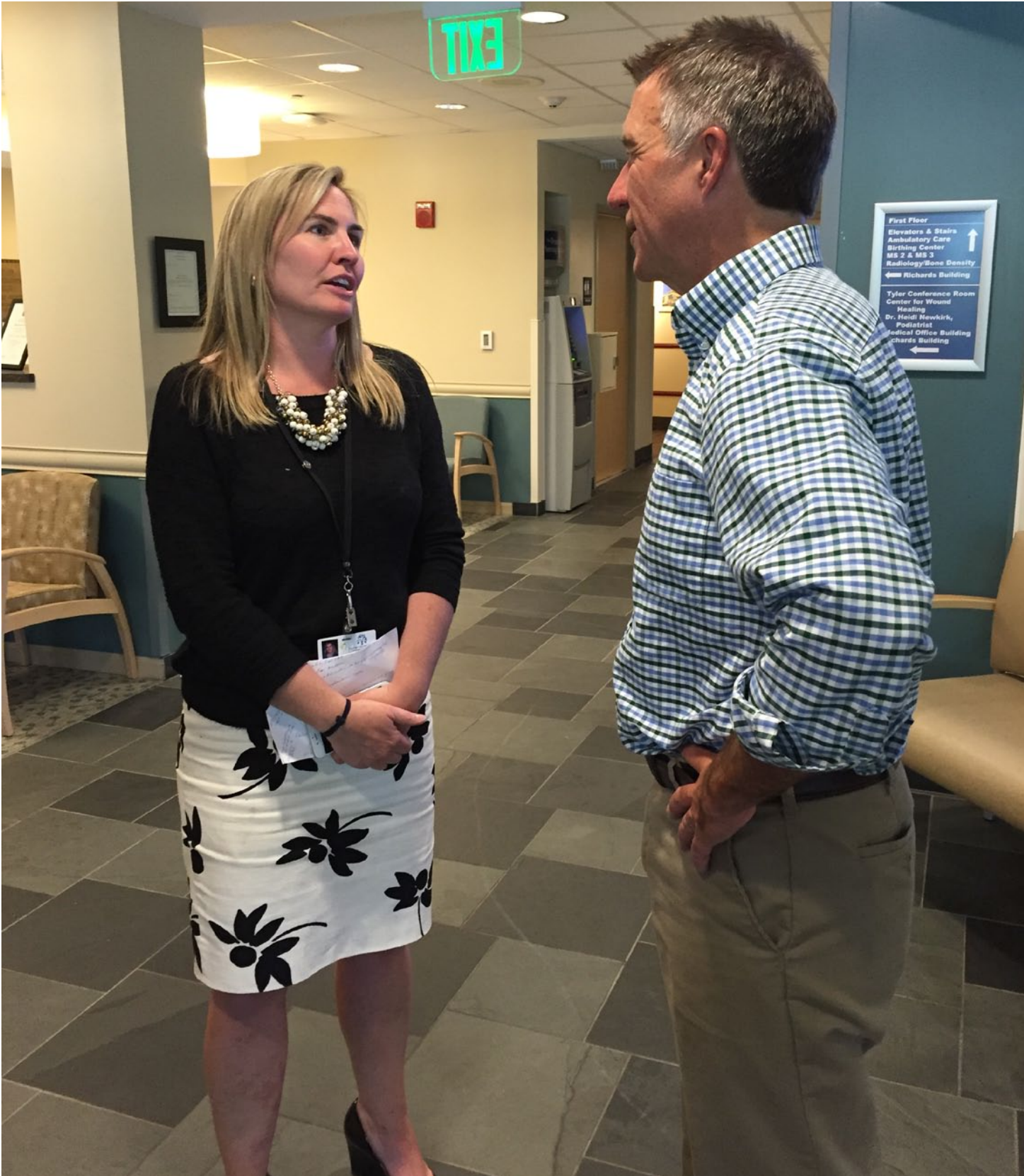
¹³ http://www.benningtonbanner.com/localnews/ci_29657080/manchester-and-mountains-regional-chamber-commerce-close

- Urge the federal government to amend the federal Affordable Care Act to allow Vermonters to purchase insurance across state lines, while maintaining our commitment to consumer protections and parity.
- Work with the Green Mountain Care Board to expedite a logical transition to a payment system that fairly compensates providers for treatment that emphasizes quality and outcomes, not just the amount of care they deliver.
- Coordinate with Vermont’s insurers and small businesses to reform our insurance marketplace so there are products that better reward Vermonters for personal responsibility, wellness and healthy choices.
- Eliminate the legal necessity for providers to practice “defensive medicine” that increases costs on patients.

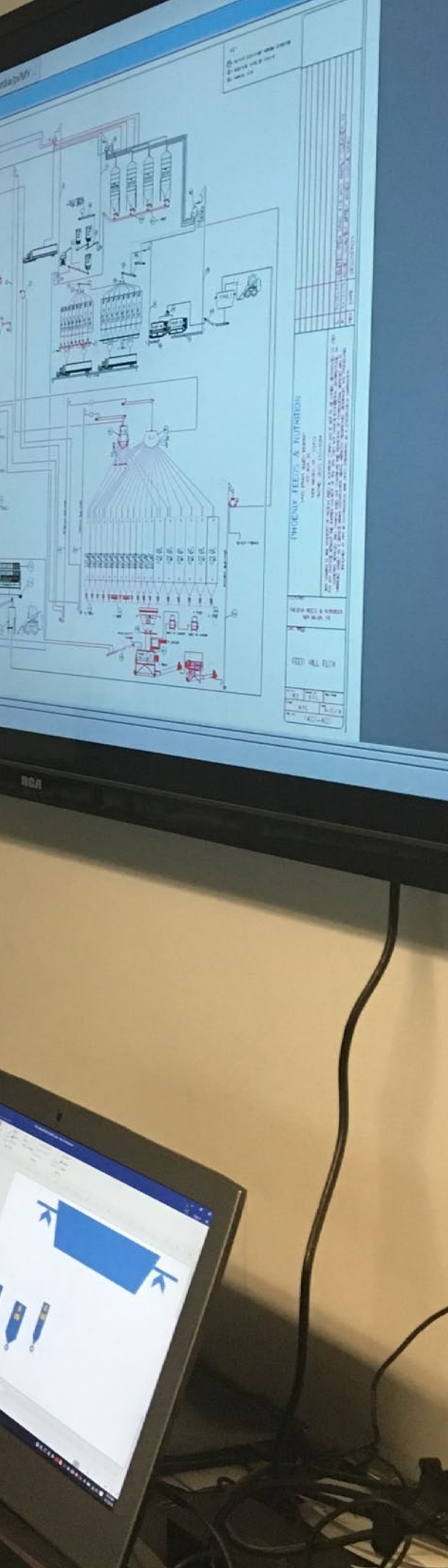
Get Medicaid & Long-Term Care Costs Under Control: Medicaid eligibility changes made by the legislature caused an unexpected increase in costs associated with this program. This is not a fluke; rather it’s illustrative of how irresponsible budgeting has become the norm in Montpelier. To address these rising costs, we must:

- **Reduce Administrative Costs** – Administrative costs for the Medicaid program have grown significantly¹⁴ in the last six years. In FY2011 administrative costs were about \$57 million. Today they’re well over \$189 million¹⁵. As Governor, part of my comprehensive government modernization plan will charge my cabinet and the Government Modernization and Efficiency Taskforce – created in the modernization plan – with determining how to reduce the cost of red tape and administration to the FY2011 levels. This measure alone could save as much as \$60 million in state tax dollars, plus \$40 million in federal tax dollars.
- **Understand the Cost of our Policies & Streamline Benefit Administration** – State government needs to look closely at the full cost of human services policies. Many Medicaid recipients also receive LIHEAP (heating) assistance, transportation services, food stamps, etc. Better intra-agency coordination and simplification of benefit administration could reduce human service costs across the board. This reform, also known as “the common view of the client” requires integration of the benefit silos within the Agency of Human Services and a new integrated benefit management system to replace the outdated ACCESS technology implemented in 1983. This integration would allow frontline social workers to work more efficiently and creatively with their clients in crafting benefit packages that speed the client’s transition to independence. It would also allow the state to better manage the total cost of the combined benefit streams. And it would give the client the opportunity to see exactly what services they are eligible for and how much it costs taxpayers.
- **Fight for a Federal Safety Net**

Retain and Recruit the Best Medical Professionals: It's not just rhetoric to say doctors are leaving the state – it's a fact. While everyone feels the same pressure of Vermont's high costs of living, there are also recruitment and retention challenges unique to the healthcare sector. I will work with hospitals, the Vermont Medical Society, nurses and other provider groups to understand why many positions go unfilled, why doctors are leaving and how we reverse this trend. Clearly, there was fallout from single-payer, but we need to ensure that Vermonters have access to the highest quality care, and that starts with the highest quality providers.







REVITALIZE COUNTY ECONOMIC CENTERS

While Vermont has seen some limited economic growth, the reality is that growth is primarily concentrated in Chittenden County and the I-89 and Route 7 corridors around Burlington. For real growth, it is essential that we give every region of the state an equal opportunity to grow and prosper. Revitalizing our county economic centers is a key step to expanding that growth. Some of my ideas for doing so include:

Make Vermont a Supply Chain Hub: I will direct the Agency of Commerce and Community Development (ACCD) to conduct detailed supply chain research to inform a strategy that encourages companies that supply regional business to relocate here. This process could start with Agency outreach to our regional business anchors to collaborate with their suppliers and find economic efficiencies through proximity. Shortening the supply chain helps reduce costs, and allows for limited, niche recruiting for businesses that already have partners and connections to Vermont and the northeast region.

Strengthen Our Relationship with Quebec: Economically, we have a lot in common with our northern neighbors. Vermont has a \$2 billion dollar aerospace and aviation industry, which coupled with the \$13.8 billion dollar industry in Quebec, offers a common interest around which we can start to collaborate.¹⁷ Efforts in the past have sought to establish a Vermont-Quebec aerospace trade corridor. We should reestablish and prioritize that effort, while also expanding the concept to our other shared industries. Pursuing these opportunities will require a strong relationship between our state government and the Quebec premier, which I will make a priority in the Governor's office.

Triple the Number of Innovation Centers: The Vermont Center for Emerging Technology (VCET) and privately funded innovation centers like The Loft in Rutland are inspiring economic innovation in Vermont by serving as entrepreneurial incubators and providing co-working space. Similarly, a co-working space called The Lightning Jar recently opened in Bennington in space donated by Vermont State Employees Credit Union (VSECU) and with support from VCET. These innovation centers are proving affordable working space, business and entrepreneurial coaching, and seed capital options are models for homegrown success. We should expand this approach to more maker spaces for the trades and work to make sure existing centers are fully utilized. Using VCET and other privately funded centers as a model, my administration will work to establish innovation centers and maker spaces – with an emphasis on private funding and investment – in the Northeast Kingdom, and Franklin, Lamoille, Orange, Rutland, Windsor and Windham counties.

¹⁷ Source: Vermont Chamber of Commerce

Establish Designated High-Tech Outposts: Vermont is a great place for high-tech “pods” or “outposts” in underdeveloped downtowns. I will bring attention to micro-business and business “outposts” to demonstrate that, just as Vermont has excelled as home to the world’s best microbreweries, it can be home to a more diverse range of new technology companies.

Make Vermont a Hotspot for Crowdfunding Capital Investment: We have a surplus of great ideas and many innovators in Vermont and we should capitalize on the potential of those ideas by expanding access to private funding for new businesses and products. I want to see Vermont as the safest, highest-quality home for “crowdfunding” capital, similar to our recognition for the highly successful and welcoming captive insurance industry. To provide investors (including small investors who want to support good ideas) more confidence to join together to invest in new technologies and grow and create companies here in Vermont, I will direct the Department of Financial Regulation to simplify the regulatory system for crowdfunding systems and make it easier to navigate – and more affordable – than any other state. The Department has been recognized for its earlier leadership in this area, but it is time to make it far easier to utilize and consistent with the demands of the 21st Century marketplace so Vermont can promote it.





AGGRESSIVE & REALISTIC TELECOMMUNICATIONS & BROADBAND PLAN

For the last decade, politicians have been promising Vermonters that state grants, subsidies and other programs would make high-speed broadband Internet service available to everyone in Vermont.¹⁸

These promises have taken many forms, including federal tax money for wireless broadband, higher federal and state Universal Service Fund taxes (paid by Vermonters on their phone bills), and taxpayer-backed municipal and government-owned providers like Burlington Telecom and EC Fiber. Additionally, policy leaders have encouraged providers to build out broadband in rural areas, often as part of their regulatory oversight.

While we've made significant progress in expanding broadband coverage and cell service throughout Vermont, the goal of broadband coverage to every last rural mile remains elusive. Based on past experience, it can cost as much as \$5,000¹⁹ per household to bring universal broadband to all Vermonters. The Public Service Department has stated there are 30,000²⁰ households yet to be sufficiently covered – costing about \$100 million in total.

As my administration brings state spending in line with real economic growth – giving families a chance to get ahead – the level of new funding required for additional broadband deployment is unlikely to be available, and I will not support tax increases on already overtaxed families and businesses.

I understand the frustration of Vermonters who are lacking these services. However, as Governor, I will prioritize spending on areas that grow the economy and make Vermont more affordable, and I will not overpromise on projects that don't meet that standard. Rather than funding further broadband expansion through taxes and fees, we're going to deploy existing federal and state funds as effectively as possible and work to persuade providers to continue to build out to rural areas more rapidly.

¹⁸ <http://vtdigger.org/2013/11/20/shumlin-celebrates-broadband-progress-though-target-missed/>

¹⁹ <http://vtdigger.org/2016/05/27/vermont-regulator-calls-lack-of-universal-fiber-vexing/>

²⁰ <http://vtdigger.org/2016/04/20/laura-sibilia-we-cant-leave-30000-vermonters-behind/>

More importantly, my administration will focus on improving the investment climate for private sector broadband providers, who will ultimately bring broadband service to Vermonters that are not currently being served. Specifically, I will recommend the following actions:

Eliminate the Sales Tax on Investments in Network Equipment: Currently, Vermont charges sales tax when communications providers invest in network equipment for expansions and upgrades of broadband networks. This tax increases the cost of investment and diverts scarce investment dollars²¹ from telecommunications infrastructure to the state general fund. We currently do not tax farmers and manufacturers when they purchase equipment – we should adopt the same policy for communications providers.

Extend and Make Permanent the Current “248a” Process for Siting Communications Infrastructure: Wireless companies will soon be able to provide broadband coverage to many Vermonters where it is cost prohibitive to bring wires or fiber to the home. The wireless industry is currently developing 5th Generation (“5G”) networks²² that will deliver Internet speeds significantly faster than today’s 4G speeds and at speeds that exceed the fastest cable modem service available today²³. The ability to site wireless infrastructure under a streamlined and predictable process – one that meets the relevant criteria of Act 250 and which gives substantial deference to input from cities and towns – is important to ensure that wireless providers continue to invest in the latest technologies here in Vermont.

Maintain the 2 Percent Cap on the Universal Service Fund Fee (USF) and Reprioritize Existing Funding: Vermont’s 2 percent USF fee on customer phone bills is in addition to the state’s 6 percent sales tax and the federal USF surcharge. The state USF, which raises between \$5-6 million dollars²⁴ per year, funds the lifeline program for low income Vermonters, relay service for the hearing impaired, the E911 program, and, if there is money left over, the Department of Public Service’s “Connectivity Initiative” grant program and the High Cost Support Subsidy Program for landline phone companies. While I don’t support further increasing the taxes and fees paid by Vermonters on their phone bills, I will pledge to prioritize use of these funds for broadband build out. Over the last several years the legislature has raided the USF for other purposes—such raids will stop under my administration.



21 +/- \$1,000,000/year

22 <http://www.latimes.com/business/la-fi-5g-wireless-fcc-20160714-snap-story.html>

23 https://www.metis2020.com/wp-content/uploads/deliverables/METIS_project_presentation_public.pdf

24 <http://publicservice.vermont.gov/sites/dps/files/documents/Telecom/USF/Vermont%20Universal.pdf>



PRO-JOBS TAX POLICIES

Vermont is a high tax state²⁵. This is not a surprise to any taxpayer and I'm going to work to reduce the tax burden on working families and businesses by prioritizing economic growth; getting state spending in line with growth in the economy and wages; and making state government more efficient.

In the near term, we need to institute a more transparent and balanced tax policy and control spending so our budget never grows faster than the economy or wages. My administration will propose using Vermont's tax code strategically to generate economic growth. By simplifying tax laws and being the national leader in government accounting transparency with spending benchmarked to specific outcomes, we can create a more welcoming and predictable environment for job creators.

Get Serious About Lowering Tax Rates: As we make state government more efficient, I will propose reinvesting a portion of the savings in lowering the personal and business tax burden across the board, eliminating the tax on Social Security benefits and in targeted tax relief for workers and entrepreneurs that we need to sustain long-term growth. My goal will be to lower personal and corporate income tax rates incrementally as spending becomes sustainable and the economy grows, with the ultimate objective of moving Vermont's tax rates – and overall state tax burden – toward the national average²⁶.

Create a More Welcoming Environment for Retirees and Veterans: To make Vermont a more welcoming environment for working-class retirees and veterans, I will also propose phasing out the tax on Social Security benefits paid by retirees over age 65²⁷ and the tax on military retirement benefits²⁸.

Restore the Full Research & Development (R&D) Tax Credit: Research and Development Tax Credits were reduced by the Legislature in 2014²⁹. This credit is a great tool for encouraging innovation and investment in advanced manufacturing and other high-tech businesses, and is a business incentive on which we compete with other states. As Governor, I will restore it, allowing qualifying businesses to deduct the cost of nearly one-third of designated research and development costs. This will result in modest tax expenditures, but make us more competitive in the national economy.

²⁵ <http://www.kiplinger.com/slideshow/taxes/T054-S003-least-tax-friendly-states-in-us/index.html>

²⁶ According to independent expert analysis using data collected from the Tax Policy Center, at 11.3%, Vermont currently has the third highest combined property tax, individual income tax and sales and gross receipts tax burden as a percentage of income. The national mean is 8.5884 percent. For summary and methodology see also: <https://wallethub.com/edu/states-with-highest-lowest-tax-burden/20494/>

²⁷ Only 13 states currently tax social security and other pension income.

²⁸ Approximate revenue impact of \$5M/annually.

²⁹ <http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Finance/Bills/S.138/Witness%20Testimony/W~Sara%20Teachout~Research%20and%20Development%20Tax%20Credit~4-27-2015.pdf>

Establish a Real Angel Investor Tax Credit: These tax credits encourage investors to invest in local companies and local entrepreneurs by reducing the risk. I will propose a 60 percent tax credit for the cash equity they provide to qualified Vermont companies.

Restore Film Production Tax Credits: Vermont repealed the commercial film production tax credit and the non-resident commercial film tax credit in 2011. In contrast, our neighbor Massachusetts has a much more competitive tax climate for movie productions and is benefiting from it, including from the production of films that are supposed to be set in Vermont. I will propose restoring this tax credit to revitalize Vermont's appeal as a location to film and produce movies and television shows.

Encourage Investment of Private Capital: In 2009 the Legislature eliminated the 40 percent exclusion for capital gains, and replaced it with a \$2,500 cap.³⁰ This has proven to have a negative effect, discouraging growth and investment, and pushing Vermonters with investment income to other states. As Governor, I will propose restoring the 40 percent exclusion for capital gains to encourage more investment and more savings, and thereby greater prosperity for Vermonters and long-term growth in our economy.





AFFORDABLE HOUSING

When most policy-makers talk about “affordable housing,” they’re referring to programs where the state subsidizes the cost of housing for low-income families. These programs play an important role in helping families advance up the economic ladder. However, as Governor I will define this area more broadly and work to make housing more affordable for Vermonters at all income levels. This is a particularly important strategy for retaining and attracting young working families who make “just a little too much” to qualify for state assistance and middle-income families who struggle to find an affordable home that meets their needs. We need to improve the state’s housing. To encourage developers to build more universally affordable housing, I will:

Set Aggressive Workforce Housing Goals: According to the Statewide Housing Needs Assessment, many Vermonters are paying a disproportionately large percentage of their income to live here ³¹. While we have healthy subsidies to low-income Vermonters, we do not offer similar support for middle-income working families who also find housing unaffordable. My administration will set aggressive goals for the construction and redevelopment of middle-income housing options.

Create a New Vermont Neighborhood Designation to Encourage Housing Development: As Governor, I will direct the Agency of Commerce and Community Development to work with housing stakeholders, builders and developers to construct a pilot project for workforce housing. Representative Fred Baser has recognized the need to develop housing that is affordable to the middle class first and has promoted this idea. This proposal creates a neighborhood designation as a regulatory mechanism to allow for funding, prioritization and building.

Encourage Redevelopment of Existing Housing: Throughout Vermont there are many beautiful, older homes for sale, that are simply in need of modest updates and improvements. However, like in so many other areas, Vermont’s high tax rates discourage small-scale, local investors from purchasing these homes to remodel and “flip” back onto the market. To encourage the improvement of our existing housing stock, I will direct the Vermont Department of Taxes to evaluate ways to reduce the taxes paid by small investors (classified as people who own and flip a small number of houses each year) to make it more inviting to purchase, develop and resell existing homes. To take advantage of this tax credit, renovated houses would be required to meet designated energy efficiency standards.

31 <http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20General/Housing/W~Jennifer%20Hollar~Statewide%20Housing%20Needs%20Assessment~1-22-2015.pdf>



RESPONSIBLE REGULATORY REFORM

I'm proud of our state's history of environmental stewardship. Vermont is what it is today, in part, because we value clean air and water, and traditional industries like forest products and agriculture. But it is critical to find a balance between these values and the need to grow the economy.

I want to be very clear: My reforms will not change the environmental protection standards or criteria that are in place today. Instead, they will improve regulatory processes and make reaching a decision in environmental permitting deliberations more efficient and predictable.

Establish Reasonable Timelines: Vermont's regulatory process for many Section 248 and Act 250³² cases takes too long, discouraging new proposals and adding substantial costs to those that do move ahead. To ensure we're reaching "yes" or "no" decisions efficiently, I will work with the Vermont Manufacturing Extension Center (VMEC) to streamline Vermont's major permit processes. I will direct the Agency of Natural Resources, and other stakeholders to work with VMEC to identify bottlenecks in the process and develop strategies for faster permit resolutions. Our goals will be to reduce major permit applications to a maximum period of three (3) months; and minor licensing and permitting to no more than four (4) weeks. Such reforms would encourage investment by providing applicants more certainty on the time and money it will take to get an answer, so they can plan accordingly.

Require Act 250 Permit Specialists to Serve as Pro-Growth Guides: I will modify the duties and title of the permit specialists that currently exist in each Act 250 region³³ to connect their role in the process directly to the outcome of the project. Each Act 250 application will be assigned a permit specialist who will help the client navigate the entire system. This specialist will be responsible for frequent communication with the client and ensuring the client understands each step of the process.

³² <http://digital.vpr.net/post/hermitage-club-says-act-250-delaying-project#stream/0>

³³ <http://dec.vermont.gov/sites/dec/files/aboutus/documents/permitbro.pdf>



CLEAN & AFFORDABLE ENERGY FOR FAMILIES AND BUSINESSES

The energy industry is one of the most dynamic sectors in the world today. We are rapidly moving from a “hub and spoke” model of centralized energy generation dependent on fossil fuels to a network approach of local renewable generation with local consumption. It can be like the difference between early landline and mainframe computing and our modern wireless and smartphone-enabled world. These developments can have tremendous economic benefits if they are consumer and market-driven.

We must produce more energy to help to reduce the rising costs of living and doing business in Vermont. Vermont can become more energy independent – and help communities who choose to host energy infrastructure as part of their local economic development strategy – through the use of cleaner and more affordable energy.

It is important to note that, according to the federal Energy Information Agency, Vermont ranks best among the 50 states in per capita CO2 emissions. Vermonters comprise only 1/10th of one percent of our Nation’s total CO2 emissions. As Governor, I will continue to support Vermont’s vigorous renewable goals, but will ensure that we do so in ways that prioritize affordability and that safety and reliability are not compromised.

Further, while we have some of the lowest energy costs in the region, Vermont currently has some of the highest residential, commercial and industrial power costs in the country³⁴. These costs make us less competitive in the national and global marketplace and contribute to the crisis of affordability facing many families and local businesses. Though low-cost renewable power from Quebec should remain on the table, we currently purchase more power, on a percentage basis, from outside our borders than any other state. These are just a few reasons I see an opportunity to both grow the economy and advance our environmental goals with affordable, locally generated power, as long as it is affordably priced and well-sited with support from the host community. Here are my proposals:

34 "Vermont has expensive electricity prices (29 percent above the national average). Like most of the states in the Northeast, Vermont's electricity prices are among the highest in the country." <http://instituteforenergyresearch.org/media/state-regs/pdf/Vermont.pdf>

Strengthen Siting Requirements and Respect Community Planning: A community’s opinion of an energy project should carry significant weight in the regulatory process. I will direct the Department of Public Service to respect the will of communities in all proceedings before the Public Service Board. With this in mind, the Legislature should clarify, in meaningful ways, how much input and influence local communities can have in the state regulatory process.

Support Well-Sited Solar & Innovative Renewable Technology: I support solar power and believe that strong siting requirements that respect both the landowners who would like to develop solar energy on their property and the input of local governments are important. Mandatory, fully funded decommissioning plans would also improve the process. To be clear, while solar is not appropriate everywhere or at every scale, I believe there are opportunities to continue to expand our solar energy portfolio and produce clean power, close to existing transmission, at costs that are below current rates.

I do not support further industrialization of our ridgelines with wind turbines. And I believe further improvement and efficiency in solar cells, battery technology, hydrogen energy and other innovations will evolve rapidly in the years ahead. Vermont must be positioned to benefit from these improved technologies, including working to be the host of innovative manufacturers in this sector. Finally, I want to ensure that we are exploring all of our options in Vermont. In addition to solar, hydro, biomass, and small-scale wind, we should find new opportunities to produce renewable bio-gas from wastewater and food waste, as well as use energy storage and promote electric vehicles to leverage low-cost, off-peak power and reduce emissions from transportation.

Support & Reward Energy Efficiency: Energy efficiency – across electric, thermal, and transportation – is a critical part of meeting our energy goals. We must promote policies that look at buildings as a complete package: how can we lower the overall energy consumption in a building, add renewable generation, and look at our transportation footprint, in such a way that we are driving toward zero net energy development? As a contractor myself, I know we can do a better job of reducing our energy footprint in buildings both new and old.

To enhance accountability in existing programs, we will propose a comprehensive review of the state’s energy efficiency utility to be sure the money we’re asking all ratepayers -- residents and business owners -- to pay into the utility is producing an optimal return on the investment³⁵. We will also propose that any existing commercial or industrial customer who has obtained a LEED certification for their use of electric energy be exempted from the efficiency charge on that particular building.

Expand Access to Natural Gas: Finally, Vermont should continue to responsibly and affordably expand the choice of cleaner natural gas for heat to more homes and businesses. This is a choice that many other states offer employers and a particularly important consideration for manufacturing jobs. It is no coincidence that some of our strongest job growth³⁶ has been in a region of the state where they have had natural gas for about 50 years. If it remains economically and environmentally beneficial to extend this choice to more Vermonters and employers in other parts of the state, we should support it.



35 <http://psb.vermont.gov/sites/psb/files/EEU/EEUFundAudit/2013/NEEF%202013%20Financial%20Statement%20Audit.pdf>

36 <http://www.vtmi.info/profile2015.pdf>



AGGRESSIVELY MARKET VERMONT

We need to more aggressively promote Vermont as the nation's premier destination for tourism and recreation, and as an investment and business-friendly state.

For years, Vermont's travel and tourism industry has done an excellent job marketing our state as a tourism destination. We are fortunate to have consistently seen strong tourism. Similarly, many Vermont companies have leveraged and invested in this effort to expand the market for their products. For these reasons, Vermont is known around the world for beautiful views, world-class recreation, maple syrup, cheese and now beer.

We can use this strong affinity for Vermont to encourage the 80 million visitors that are within a day's drive of our state to think about making Vermont a place to live, work and build a business. Many businesses are tuned into the recreation and quality of life concerns of their customers and employees, and Vermont has a lot to offer these firms. This is about more than tourism; it is a valuable recruitment tool for companies and employees.

The State's recently completed Economic Development Marketing Plan³⁷ was one result of the Vermont Economy Pitch session³⁸ I co-hosted in Montpelier in January of 2015. The plan has many good ideas that I intend to pursue when Governor, starting with the following:

Expand Public-Private Marketing Partnerships:

I will direct the Agency of Commerce and Community Development (ACCD) to seek marketing and messaging partnership opportunities with the companies who rely heavily on Vermont's state brand to market their products.

³⁷ <http://accd.vermont.gov/sites/accd/files/Documents/business/Vermont-Economic-Development-Marketing-PLAN1.pdf>

³⁸ <http://vtdigger.org/2014/12/30/phil-scott-lawmakers-launch-economy-pitch-first-day-legislative-session/>
See also: <http://www.rutlandyoungprofessionals.org/news/T/M/D/Y-5>

Convert Today's Visitors to Tomorrow's Vermonters: To aid in both our economic and workforce expansion goals, we have to convert today's visitors -- and anyone with a love of Vermont -- to tomorrow's Vermonters. To this end, I will task ACCD with developing a refreshed marketing campaign that leverages available jobs, improvements in Vermont's economic environment, strong education system, safe communities and quality of life to convert visitors to full-time Vermonters.

ACCD will propose a budget, define aggressive and measurable goals, and establish milestones to measure the effectiveness of this effort. They will present this proposal to me and to the Legislature and, if approved, they will report regularly on the results of this outreach. To encourage statewide participation in this effort, ACCD will also encourage participation by private sector employers across all segments of the economy. This is too important to be just another run-of-the-mill marketing campaign. It has to be bigger, more collaborative and more authentic than anything our state has done to-date.

To jump start the discussion in schools, around water coolers and at dining room tables, I will also task ACCD with administering an in-state competition, open to Vermonters of all ages and experiences, for the development of a creative marketing concept--a core theme--that would form the basis of this marketing campaign. I will work with state agencies and the Legislature to offer the winner of the competition a compelling reward, such as their choice of a one-time \$1,000 tax credit or a lifetime hunting and fishing license and state park day-use passes.





THE BOTTOM LINE

Throughout my career as a small-business owner and public servant, I've had the honor of meeting with thousands of Vermonters. I listen carefully to the challenges they face and their ideas for making Vermont stronger and more affordable for all of us. This approach – listening, learning and leading – is how I will restore our focus on the fundamentals of a strong economy, get real and lasting results and rebuild Vermonters' faith in government.

As the only candidate for Governor who knows what it's like to live paycheck-to-paycheck while raising a family and growing a small business here, I understand the challenges we face and know how serious this election is to you and to our state. There is nothing more important to our future than making economic growth and affordability Montpelier's top priorities – and that is why I am running for Governor.

As a matter of principle, I believe in personal liberty and responsibility; a government that is by your side, not on your back; and a fair and free market economy. I believe in upholding public safety and the rule of law; protecting the environment; and giving our children the best educational opportunities we can offer. And I believe in treating everyone with dignity; respecting all points of view; and honoring the moral obligation we have to care for the vulnerable.

These are the things I stand for – my core principles – and the values I will bring to the very challenging job of serving as Vermont's next Governor. And despite what you will hear from the other party, I am also a pro-choice Republican, I voted for marriage equality and I believe everyone is entitled to equal pay based on equal experience, performance and work.

The real issues in this campaign are that state spending and the costs of living are growing too quickly, and our economy is growing too slowly. Over six years of one-party rule, growth in the state budget and taxes have outpaced growth in wages. And, a shrinking workforce makes the problem worse. As I point out in this plan, we've lost nearly 2,500 workers per year since

2010. As the number of workers decreases, the tax burden on those who remain increases. This crisis of affordability is further compounded by public policy that adds to the costs of living here.

Here's the bottom line: The foundation we rely on to provide job opportunities and an affordable, but still high-quality life for our families is eroding. I am running for Governor to stop that erosion and rebuild our economic foundation.

There are common-sense steps we can take immediately. For example, we must have truth in budgeting and real fiscal responsibility. That is why, to help you keep more of what you earn, I will only propose – or sign – state budgets that grow less than wages and the economy in the previous year. I am the only candidate in this race who will make that commitment to you.

I will also propose shifting to a 24-month budget cycle to impose more discipline and planning on state spending. And, I will focus on making state government more efficient by modernizing our outdated IT systems. In fact, I believe we can reduce the operational cost of every agency and department by one cent for every dollar currently spent, in my first year in office. Saving one penny on the dollar generates about \$55 million in savings. And I will soon launch the most comprehensive economic growth plan of any of the candidates for Governor .

Making Vermont more affordable, growing the economy and keeping and creating jobs must be the top priorities of our next Governor. A healthier economy -- energized by a stable cost of living, a declining tax burden and a steady hand at the helm of state government -- is the best way to invest in our future.

I hope this plan demonstrates my Vermont values, and provides you with a thorough blueprint of my clear priorities for moving Vermont forward.



Addendum #1

TRUTH IN BUDGETING & REAL FISCAL RESPONSIBILITY

BUDGET POLICY

It's time for a Governor who is honest about what things cost, what Vermonters can afford and the need to reform outdated, inefficient and expensive systems within state government.

A Phil Scott administration will:

- Stay laser-focused on the economic and fiscal fundamentals;
- Set clear standards and limits that help Vermonters get ahead, instead of causing them to fall further behind; and
- Not support, or carry out, experiments at taxpayers' expense.

I will constantly challenge my administration to rethink state government and find ways to make agencies, departments, programs and services more efficient and more productive.

Our goal will be to guarantee every dollar is invested in programs that produce measurable results and to reform or eliminate those that do not.

I will ensure that state government lives within its means, just like working families and small businesses have to do.

Here's my plan:

Establish Economic Growth & Affordability as the TOP Priorities

We need to strengthen our economy and make Vermont more affordable. These goals will be my top priorities and will guide my approach to state budgeting.

I believe the very best and most responsible way to balance the state budget is to generate tax revenue organically, by expanding the economy and increasing the size of our workforce.

Expanding the economy requires focused, fiscally disciplined leadership that sets the right priorities. When it comes to the state budget, that means understanding that we have to make both tough choices and smart investments, and that the state budget must be viewed as a tool for economic growth, not as a device for spending.

Set Limits That Help Families Get Ahead

I believe every state budget should help families get ahead and keep more of what they earn. I will not allow the state budget to grow more than wages or the economy did in the previous year. This will end the practice of funding new spending on the backs of taxpayers.

This is my central, guiding budgetary principle so I want to be clear: A Phil Scott administration will never propose – and I will never sign – an annual state budget that grows more than the economy or inflation-adjusted wages did in the prior year.

For example, if the economy only grows at 2 percent this year, growth in the budget I propose for the next fiscal year will be limited to less than 2 percent. If the economy and wages are flat, then the following year's budget will be level-funded or reduced. If the economy contracts, state government will have to find more efficiencies and further reduce costs and spending.

Other candidates have suggested we should limit state budget growth to 2 percent each year, or have no limits at all. An arbitrary 2 percent limit, for example, is an inadequate solution for years when economic growth and inflation-adjusted wage growth do not reach 2 percent. The unfortunate reality is that those years have been very common.

Those candidates who will not commit to limiting spending growth are effectively preserving the state government's ability to spend beyond taxpayers' means. This undisciplined approach to budgeting is why Vermont families face a crisis of affordability in the first place.

Enough is enough. It's time to restore fiscal discipline in state government.

Require a 90-Day Annual Session

I believe in a truly citizen Legislature with Vermonters from all walks of life participating and offering their perspectives. Unfortunately, the long and unpredictable length of the sessions discourages everyday folks from running. A 90-day session would set clear parameters that would encourage more working Vermonters to run and to serve.

In addition to encouraging more Vermonters to serve, this commonsense approach will help get us back on track with legislative sessions that are intensive and disciplined about addressing key fiscal and operational needs.

As Governor, I'll work closely with the Legislature to establish clear priorities so we can get the most critical and impactful legislative work done in 90-days. You can view my full proposal at <http://www.philscott.org/press-release/phil-scott-announces-new-legislative-budget-initiatives/>.

Establish a 2-Year Budget Cycle

I will also shift the state from its current 12-month budget to a 24-month budget cycle, and propose the Legislature join me in making it law. Requiring the state to build and manage to a 2-year budget would impose more fiscal discipline on spending, strengthen long-term planning and give us the foundation we need to modernize government in ways that lower operational costs. Biennial budgeting can also reduce the time and costs of the budgeting process itself. You can view my full proposal at <http://www.philscott.org/press-release/phil-scott-announces-new-legislative-budget-initiatives/>.

Prioritize Investments in People

In the last six years, we've lost nearly 16,000 workers from our workforce, representing about \$750 million in potential wages. As the workforce gets smaller, the tax burden gets larger for those who remain. This trend is putting increased pressure on families and businesses, further weakening our economy. **It is an unsustainable downward economic cycle that we must reverse** in order to stabilize the state budget and be better positioned to invest in pro-growth initiatives.

The budget is a key tool for reversing our declining workforce, but there are additional tools we can and should use. In the coming weeks I will detail my workforce training and education plans - including preK-12 education quality and property tax reform - to further expand and strengthen our workforce.

To build a qualified, competitive workforce we have to start investing in our youth. This means providing affordable and high quality educational opportunities – from early childhood, to technical and construction trades training, higher education and beyond..

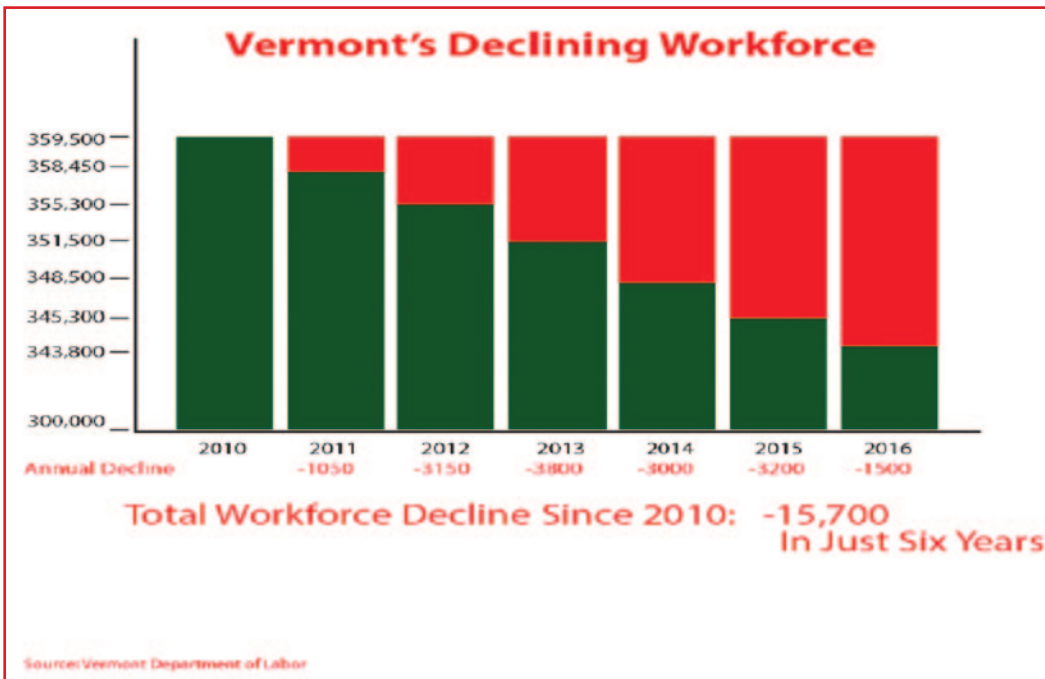
Wherever feasible, I will prioritize spending in the following pro-growth areas:

- Technical Education, Trades Training;
- Workforce Retention, Growth & Development; and
- Infrastructure.

Job growth is the best way to generate the revenue state government needs to fund essential services, protect the vulnerable and invest in our future. Expanding our high-skill, knowledge-based economy, while promoting our quality of life, requires stronger and more stable financial, tax and regulatory foundations.

Currently, these fundamental economic elements are unstable, and are obstacles to growth and job creation. The result is the growing tax burden, shrinking workforce, weak revenue growth and anemic job creation Vermont is currently experiencing.

Vermont's economy will grow when we are committed to fiscal discipline that encourages entrepreneurial investment and prioritizes education and training and core infrastructure.



Addendum #2

A PLAN FOR GOVERNMENT MODERNIZATION

EFFICIENCY THROUGH INNOVATION

I will report quarterly on the progress each agency and department is making on this effort until we reach our goal. I will also set new efficiency goals each year I am in office, because state government should constantly be rethinking its systems and improving them in ways that make them less costly and more productive.

Require a Citizen-Centric Management Culture

As Governor, I will guarantee that customer service – citizen service – is a priority. And I will hold my team accountable for delivering on that promise.

In order to grow the economy and make Vermont more affordable, state government must be more efficient and productive. To achieve this objective, the Phil Scott Administration will institute a change in management strategy and culture.

My appointees will be required to manage programs based on defined outcomes, not just available funding. I will support investing in programs that can demonstrate measurable results, and will reform or eliminate programs that fail to do so.

There is simply no acceptable reason why an elderly woman inquiring about a tax issue should receive a post-it note, no resolution response and no name of a state employee to follow up with. That is completely unacceptable. Likewise, there is no reason in this day and age why a little country store in small town Vermont has to be regulated by more than a half-dozen different agencies and departments of state government.

When a Vermonter contacts the Department of Taxes, Vermont Health Connect, the Agency of Natural Resources, or any other division, department or agency, with a question or concern about a specific issue their inquiry will not only be taken seriously, but that Vermonter will understand completely that state government is there to serve them.

Empower Frontline State Employees with Focused Leadership that Listens

As Governor, I will appoint management officials who share my commitment to listening and learning from frontline staff and who possess demonstrated expertise in significant operational improvements. As noted above, I will also expect agencies and departments to continuously rethink and reform operations and logistics to make processes more efficient and productive. I will also simplify the process for rewarding state employees who find ways to make substantial financial savings.

Addendum #3

TRANSPORTATION PRIORITIES

STRENGTHENING THE LINK BETWEEN ECONOMIC GROWTH & INFRASTRUCTURE

As Governor, I will prioritize spending in pro-growth areas such as technical education, workforce development and infrastructure. If we can get more value out of every transportation dollar Vermont spends – and operate our state transportation agency and system as efficiently as possible – it will increase our ability to compete economically and improve the safety and comfort of our roads and bridges. Investments in transportation infrastructure enhance commerce, facilitate tourism and travel, and foster small business growth. This in turn helps to further job creation and additional economic activity. This focus on the economy and affordability, and understanding the role infrastructure plays, is essential to generating the resources we need to care for the vulnerable, protect the environment and invest in our future. Here are my priorities:

Oppose Additional Transportation Taxes & the Carbon Tax

Too many Vermonters are struggling under the burden of Vermont's crisis of affordability and I firmly believe we cannot raise taxes. That's why I will not support any new transportation taxes or the carbon tax. Vermont is already setting a national example for encouraging more fuel-efficient transportation, green building practices, energy conservation, and renewable energy. We will continue to be a leader in environmental stewardship. I believe, however, that we must do a better job of balancing environmental leadership with the economic priorities we have for Vermont and with the urgent need to reverse the crisis of affordability.

Vermonters cannot afford higher cost gasoline or home heating fuels. A carbon tax would also increase the cost of living across the board – from fuel, to groceries and a cord of wood – the cost of everything would go up. Discussion of a new tax that could add as much as 88-cents to a gallon of gasoline is not a way to grow the economy, help Vermonters save money, or encourage business growth. To make Vermont more affordable for families and businesses we must focus on the fiscal fundamentals, make state government more efficient, and prioritize economic expansion without new taxes.

Oppose Additional Debt for Transportation

Several candidates have suggested that Vermont should borrow more money and increase our long-term debt for transportation projects. As Governor, I will not support this strategy. We have to live within our means. Additional borrowing would drive up our state debt and create perverse incentives for the Legislature to use the state's credit to spend even more beyond our means. I will not allow Montpelier to use credit to sidestep the fiscal and operational issues we must deal with in order to get our transportation system, and our entire state budget on a sustainable and affordable path.

Encourage Innovation in Transportation with Pro-Growth Tax Policies

Instead of raising taxes on working families and employers, my administration will encourage research and development and private investment in advanced technologies. Expanding the supply of alternative and renewable fuels and vehicles can play an important part in expanding our economy. But we will not achieve these innovations, or others, through higher taxes and more mandates on working families. The way to achieve innovation in transportation and other sectors is to build a predictable policy and regulatory environment that invites private investment and job creation. That's why, among other pro-growth tax policies, I will propose:

- Restoring the Full Research & Development (R&D) Tax Credit – The Research and Development Tax Credit was reduced by the Legislature in 2014³⁹. This credit is a great tool for encouraging innovation and investment in transportation innovation, advanced manufacturing and other high-tech businesses. It is also a business incentive on which we compete with other states. As Governor, I will restore it and qualifying businesses will be able to deduct the cost of nearly one-third of designated research and development costs. This is an example of how collecting less in taxes can make us more competitive in the national economy and help focus our economy on innovations.
- Establishing a Real Angel Investor Tax Credit – These tax credits encourage investors to invest in local companies and local entrepreneurs by reducing the risk. I will propose a 60 percent tax credit for the cash equity they provide to qualified Vermont companies and work with the Legislature to target these incentives toward innovations in transportation, energy and manufacturing.

³⁹ <http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Finance/Bills/S.138/Witness%20Testimony/W~Sara%20Teachout~Research%20and%20Development%20Tax%20Credit~4-27-2015.pdf>

Protect the Transportation Fund & Improve Efficiency

During my time in the Vermont Senate, I worked with Governor Jim Douglas to ensure that dollars allocated for transportation actually went to transportation projects. Before we started our work, up to \$50 million was raided from the Transportation Fund for non-transportation spending each year. It's one of the reasons our roads and bridges were deteriorating faster than our ability to repair them. It is also one of the issues that drove me into public service in the first place. We worked together with legislators from both sides of the aisle, to put a stop to that practice. As Governor, I will ensure that transportation revenues are used only for their intended purposes: to invest in our transportation infrastructure and to maintain the safety and integrity of Vermont's roads and bridges. In addition, every penny of transportation funding will be spent wisely. We will reduce enhancements and non-essential features on projects to extend our ability to get more work done at the best value possible.

Advocate for Federal Reforms & Flexibility

I recall an East Montpelier meeting focused on a difficult intersection and whether they should install a roundabout or a signal crossing. There are many factors for determining the best practice for each of these intersections – safety, traffic load, and community needs, pedestrians, bikeways, etc. But the conversation focused on money, not practicality or safety. At that time, the federal government would support 100 percent of a signal crossing but only 80 percent of a roundabout. I called then-Senator Jim Jeffords and encouraged him to add a sentence to the Transportation Bill that created equality among these options. After much discussion and urging – and with the leadership of Senator Jeffords – this became federal law. I'm proud that communities can now make safety decisions based on the needs of the community, not just the funding available. This has led to roundabout construction in multiple Vermont communities (most recently Waterbury) that has resulted in far less costly local traffic solutions.

As Governor, I will work with other Governors from around the country to encourage Congress to address our Nation's transportation challenges on a national level. The reality is that our national transportation system faces many challenges. Construction costs are driven up by inefficient bureaucratic systems and planning; design and permitting timelines that often last for years; and use of the system is growing faster than the Nation's capacity to maintain it. And the reality is that increasing fuel economy and the proliferation of hybrid and electric vehicles are creating greater imbalance and inequality in raising the resources needed to maintain America's transportation system. I will join with other Governors to hold the federal government accountable for making the federal Department of Transportation more efficient and nimble and for identifying innovative and fair financing of our national transportation network.

Update the Long-Term Vision for Transportation

Economic growth and job creation are strengthened by a predictable and forward-looking transportation strategy. As Governor, my vision for transportation infrastructure takes a long-term perspective focused on fostering a network that promotes commerce, tourism, road safety, environmental conservation, vehicle innovation, and economic growth. Rather than waiting until roads are in need of significant repairs, my administration will target early intervention and prioritize preventative maintenance.

I will task the Agency of Transportation with updating its long-range plan so that it is built on these priorities. This plan has not been updated since 2009. An updated plan – that engages all of the transportation agency's key stakeholders and the Legislature – would allow us to thoroughly reevaluate how to better utilize our transportation spending to reduce costs, promote growth and reduce environmental impacts.

We also have to grapple with the fact that only about one-third of the VTrans budget will go to construction this year. To get more money into roads and bridges we need to get costs out of the management system. As part of my broader Government Modernization Initiative, my administration will focus on knocking down silos in the Agency, that many employees tell me still exist, so that different programs communicate and coordinate more efficiently toward a common goal of reducing costs and pushing more funding from overhead costs into actual construction.

We need to better understand, for example, why it costs us more than both New Hampshire and Maine to maintain our roads in the winter. We also need to address the unpredictable regulatory timelines that slow both VTrans and private sector projects. The benefits of innovation and flexibility must be implemented agency-wide. It's not good enough to point to the Accelerated Bridge Program (which started with discussion I led in the Senate Transportation Committee) or other isolated examples of nimble and efficient operations. To maximize the utility of the transportation fund, this approach has to be applied across the entire agency, and across state government. By streamlining operations, reducing administrative barriers, updating the Agency's long-range plan and utilizing a preventive-funding focus we will be better positioned to ensure every transportation dollar travels further, and reduce the need for more costly repairs later on down the road.

Addendum #4

RESTORING FAITH & TRUST IN GOVERNMENT

In order to make Vermont more affordable and to grow the state's economy, we must have a full-time leader that Vermonters, lawmakers and state employees can trust.

Damage has been done in the last six years and trust in government has been eroded. Without faith or trust in our public institutions, Vermont lacks the crucial foundation it needs to move forward and ensure a secure and prosperous future.

Here is my plan for restoring that faith and trust in state government:

1. Put public service first – Public servants must be accountable to the people at all times. My administration will change the way government interacts with everyone it serves and will always require professional discipline and respect.

2. Focus on the fundamentals and always follow through - We need to make certain our programs are current, our systems are sound and our service is high quality. To strengthen the economy, make Vermont more affordable and improve state government, we need a steady and focused leader at the helm. That is what I am prepared to deliver and why I'm running for Governor .

3. Be honest with the people about the scope of our challenges - There will be difficult decisions ahead as we address failed fiscal policies, Vermont Health Connect and the other challenges in front of us. We must be honest in our assessment of those challenges. It will take both innovation and common sense to get back on track. Restoring faith and trust in government requires an administration willing to move beyond sound bites and slogans as a means of justifying hasty policy decisions or political goals.

4. Provide balance, work towards consensus, lead with action - The best ideas are born when a dynamic range of views are considered. Further, in a three-party political environment, the discipline needed to achieve compromise and get things done also results in better policy because the ideas are more thoroughly vetted with a larger portion of stakeholders invested in the outcome. One-party rule has stifled debate and excluded leaders from collaboration. To restore faith and trust in government, we need to restore equilibrium in Montpelier and allow more voices – especially those of working Vermonters – to be heard.

5. Rebuild transparency & accountability - Transparency and accountability have eroded under current executive leadership. Despite promises of greater transparency, more Vermonters feel they are not being given the full story on critical matters. My administration will reinstate these pillars of good government.

To start, I will require the Department of Finance and Management to provide quarterly online updates in the following areas:

- The schedule and budget status of all modernization and IT initiatives;
- All expenditures by state government sorted by fund, agency and department;
- A full list of contract bidders and vendors, including the amount and purpose of the contract awarded;
- The total number of full-time and temporary state employees, including a searchable salary database; and
- Progress toward my goal of reducing the operational cost of every agency and department by one cent for every dollar currently spent.

We can no longer afford disengaged leadership, expensive policy experiments and misguided proposals. We need a Governor who listens to the people, sets deliberate priorities and, above all, delivers measurable results.

I will be a leader who will restore faith and trust in state government.

Addendum #5

ADDRESSING VERMONT'S OPIATE EPIDEMIC

Virtually every family in our state has been affected by the opiate crisis. I've seen the impact of addiction in my own extended family. No one is immune, and we all have a part to play in the solution. There is clearly a correlation between addiction to opiates, and crime, poverty and uncertainty in our neighborhoods; and it is negatively impacting our quality of life.

It isn't just a city problem, or a young-people problem, or a low-income problem, or a Vermont problem – it's a problem for all people, in all communities, at all income levels, all across our nation. While this is an area that the current administration deserves credit for their focus and work, we have much more to do. We must continue to prioritize prevention, treatment and enforcement.

The data of opiate addiction in Vermont tell the story of a population introduced to highly addictive effects of opioids through prescription painkillers, once very readily available, frequently in the back of many medicine cabinets. Once that accessible supply dwindled – chemical reformulation made them more difficult to process for illegal consumption and the street price increased – Vermonters with opioid addictions turned to cheaper and more abundant heroin. According to law enforcement, dealers continue to move vast quantities of South American heroin northward into New England and our communities.

Unfortunately, there is no single answer to this crisis. We won't end this crisis in Vermont, or anywhere else in the country, with a single-pronged approach. I have framed the strategy we should take as a three-legged stool: education/prevention, enforcement, and treatment.

We must also redouble our commitment to prevention. Here is the approach I would take to help address this serious and difficult issue:

EDUCATION/PREVENTION

Expand Community Commitment & Take Individual Responsibility

First, our effort must be community-based. We must acknowledge that one size does not fit all. Building strong neighborhoods and changing the environmental and societal factors – lack of job opportunities, unstable households, domestic violence, for example – that allow drug markets to flourish, must be at the center of our strategy. And if we're serious about addressing this challenge – if we're serious about preventing drug abuse before it begins – we all have to accept individual responsibility in our homes and communities. It's not feasible, or effective, to rely on state social service agencies or law enforcement to solve this problem. Every Vermonter has a part to play at home and in our schools, community groups and churches. In my administration, every state agency will be directed to respond immediately to the drug abuse prevention, treatment and enforcement needs of a community.

Rutland, Vermont's Project VISION, is a good example of a comprehensive community-based approach to tackling addiction. At regular hour-long meetings, city leaders, business owners, residents, treatment providers and law enforcement officials collaborate on solutions. Police share real-time crime data and use it to target neighborhoods for additional patrols and citizen engagement. Municipal officials are working to turn vacant buildings into revitalized housing and create new public parks. A prevention and awareness subcommittee builds community awareness and support for expanded treatment options. They've also launched programs, like one to help pregnant women with opiate addiction by getting them into treatment and learning the skills -- such as budgeting and parenting classes -- that support long-term recovery.

Since Project VISION's inception, burglaries have dropped 60 percent in Rutland, while thefts, including shoplifting, are down 45 percent. What is most impressive, and instructive, about this program is that local leaders – not state agencies – are driving change at the neighborhood level. Project VISION has taken the issue out of traditional "silos" and brought everyone to the same table to come up with local solutions that are clearly having a positive impact.

Establish a Director of Drug Abuse Prevention Policy in the Office of the Governor

This issue requires a leader, in the Office of the Governor, who has the authority to move state agencies to implement change and better meet the needs of communities. The new Director of Drug Policy will be a senior-level position, reporting directly to the Governor. This position will also be responsible for ensuring the best available academic research is applied to our strategies and that decisions are driven by measurable outcomes and data.

Opioid Coordination Council

On the first day of my administration, I will issue an executive order creating the Opioid Coordination Council (OCC). The Council's primary mission will be to eliminate red tape and ensure full interagency and intra-agency coordination between state and local governments and facilitate implementation of opiate addiction prevention, treatment and enforcement action plans in communities throughout the state. The OCC will work in coordination with the existing Governor's Substance Abuse Council, but will be focused exclusively on strengthening Vermont's response to the opiate crisis.

This Council will be tasked with replicating Project VISION's success at a statewide level. I will look to the Council to, among other actions: recommend best practices for communities; propose legislation to strengthen our statewide approach and adapt to the changing nature of the problem; and coordinate with federal agencies and officials as well as those from other surrounding states.

The OCC will be co-chaired by a mayor, the Commissioner of Public Safety and the Secretary of Human Services. Additional members will include:

- Commissioner of Health;
- Two (2) members appointed by the Vermont League of Cities and Towns;
- Two (2) substance abuse prevention and treatment professionals;

- One (1) designee of the Vermont Association of Mental Health;
- One (1) member of the designated community action agencies;
- One (1) designee of the Vermont Association of Hospitals and Health Systems;
- One (1) designee of the Vermont Sheriffs Association; and
- One (1) designee of the Vermont Association of Chiefs of Police.

The OCC will be required to meet monthly and report personally to the Governor on a quarterly basis. A member of the Governor's senior staff -- the designated Director of Drug Policy -- will support, coordinate and monitor the progress of the OCC on a day-to-day basis.

Hold Annual Statewide Summit on Drug Abuse Prevention

Vermonters are a resilient people. We will tackle this latest crisis the same way we have dealt with every crisis in our state -- person by person, town by town, steadily, doggedly and with compassion for our neighbors. But this isn't something that can be solved in Montpelier, by policy makers. Which is why one of my first acts as Governor will be to convene an annual Summit on Drug Abuse Prevention. I want to hear reports on our progress and suggestions for solutions from Vermonters -- from individuals who have struggled with addiction and are now in recovery; from local law enforcement and local government; from doctors and nurses, teachers and counselors; from family members; from businesses -- from everyone who has been touched by the scourge of addiction and everyone who wants to join in the fight for a brighter future for all of us.

Require Digital Prescriptions

To reduce fraud, Vermont should require doctors to send prescriptions directly to pharmacies digitally, rather than handing a patient a hand-written note. Handwritten prescriptions on pads are much easier to forge or duplicate. I will also work with Vermont's healthcare providers to address overprescribing of addictive painkillers.

Fight for Updated Federal Drug Disposal Rules

States have been waiting for years for the current federal administration to release new regulations on disposal of unused drugs. At the moment, there are no rules governing where or how unused drugs can be disposed of. Law enforcement, pharmacies, and others have been waiting for action and asking for help. We have to allow creative disposal solutions to be put in place to reduce the illegal diversion of prescription drugs. As Governor, I will call on the new President to release those regulations and speed up this process.

ENFORCEMENT

Give Law Enforcement More Flexibility

My administration will encourage communities to provide law enforcement with additional tools. For example, the Gloucester, MA police department has a program that gives police the flexibility to refer people to treatment instead of sending them to jail for petty crimes motivated by a drug addiction. Communities across the country, including Montpelier, are having success with this approach. It recognizes the importance of getting someone into treatment at a moment of clarity, when they believe they've "hit bottom." For many, that bottom comes when they've been arrested. But, if we make someone wait until they've completed a jail sentence, chances are they will have gone back to their old habit by then -- if only to stave off physical withdrawal symptoms. For this model to work for Vermont, however, we need to expand treatment options and eliminate waiting lists.

TREATMENT

Expand Treatment Options & Licensed Counselors

Being placed on a waiting list for treatment can be a death sentence for people with an addiction. While we focus on reducing demand with prevention and education, my administration will also continue to address reasons our waiting lists for treatment are too long. There are currently not enough facilities to meet the needs of Vermont's population, and not enough certified counselors to staff these facilities. Staff turnover in the addiction treatment field is huge -- a reflection of how challenging the work is. My budgets will prioritize expanded treatment options. We will also work closely with treatment professionals to develop tools for increasing the number of licensed professionals and reducing employee churn in this important segment of our healthcare system. Make no mistake, reducing churn and increasing the number of licensed counselors is no easy task. Nevertheless, we must remain focused on this important piece of the puzzle. To this end, before I am sworn into office, I will meet with each of Vermont's hospitals, treatment centers and designated agencies to determine how we can further assist them in recruitment and retention and make a specific proposal to the Legislature in January.

Monitor Expansion of Medication-Assisted Treatment Programs

Expanding treatment options will also require continued action at the federal level. A proposed rules change will allow doctors to supervise more patients on medication-assisted-treatment (MAT) programs and was scheduled to go into effect on August 8, 2016. Buprenorphine or suboxone, which stop withdrawals and cravings for opioids, can play a role for many patients in getting and keeping them medically stable enough to complete treatment and begin recovery. Currently, a doctor can only supervise 100 MAT patients in their practice and the federal government has rightly increased that cap to 275 patients to reduce barriers to treatment. Since such treatment is often the foundation for long-term rehabilitation for substance use disorder, it is important for Vermont to communicate to our federal partners when we need flexibility. As Governor, I will monitor this change to make sure it is implemented properly and encourage the U.S. Congress to continue to assist states in combatting the opiate crisis.

Support Long-Term Treatment

Insurance companies have recognized that short-term detox, when not followed by a long-term treatment plan, is very rarely effective in preventing relapse after the patient leaves the treatment facility. I'm encouraged to see more insurers paying for longer-term treatment programs. I'm also encouraged to see more providers making use of technology in order to deliver the same close one-on-one supervision that comes with expensive inpatient programs, on an outpatient basis. My administration will continue to support these best practices.



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