

State of the State Address

Governor Peter Shumlin

January 5, 2012

Mr. President, Mr. Speaker, Mr. Chief Justice, Members of the General Assembly, distinguished guests, fellow Vermonters:

Thank you. It's been such a privilege to serve as Vermont's governor over the past year. Our partnership of community, courage, and common purpose that has empowered us through the unprecedented challenges dumped upon us by Mother Nature, combined with our willingness to make the tough choices necessary to grow jobs and economic opportunities for all Vermonters, has made us stronger.

I want to recognize a few of the thousands of Vermonters who have made us so proud in the last year, and serve as symbols of Vermont at its best.

We are so grateful to the dedicated women and men of our armed forces, whose service both overseas and during the Irene recovery has been exemplary. Please join me in honoring our Vermont troops, led by Gen. Michael Dubie.

The magnitude of devastation from Tropical Storm Irene astounded General Dubie and me as we landed in community after community in the days after the storm. I knew that we needed effective, experienced leaders to help us cut through bureaucracy and rebuild at breakneck speed as we raced winter weather. I am so grateful to our Irene Recovery Officer Neale Lunderville, who took a leave from his job to join our team in Vermont's time of need. Neale, all Vermonters join me in thanking you for your selfless service to the state you love.

This has been an especially tough year for Vermont's local government leaders. I want to acknowledge four of our storm-tested, hard-working mayors: Thom Lauzon, Barre; Marty Manahan, St. Albans; Chris Louras, Rutland; Mary Hooper, Montpelier: please stand so we can acknowledge your service to Vermont.

I also want to acknowledge an outstanding legal mind and a pioneer in civil rights who made history this year by joining the Vermont Supreme Court.

Justice Robinson, thank you for your service to justice in Vermont.

Today I report to you on the state of the greatest state in the nation, one that has demonstrated over the course of the past year what it means to be united as one community to overcome tragedy. In the wake of a deep recession, two spring storms, and a tropical storm that devastated our infrastructure and exacted an unimaginable toll on the lives of thousands of Vermonters, I can tell you without reservation or exaggeration: the state of our state is strong. Vermont strong!

From Halifax to Hartford, Wilmington to Waterbury, Roxbury to Richmond, the hundreds of individual actions of bravery and courage in the days and months after Irene will be forever etched in my memory. I want to share one of them.

Rutland Mayor Chris Louras, who like most local leaders was working long days without sleep after Irene, called me every few hours with progress updates on the unfolding tragedy – the search for Mike Garofano and his son, who went missing during the storm. With Route 4 nothing but a streambed in sections where roadway once ran, I came in by National Guard helicopter to join Mayor Louras and give son Tommy Garofano a bear hug from all Vermonters.

Tommy's dad, Mike Sr., grew up in Rutland and went to work for the city for over 30 years, rising to become the manager of the water plant, a job to which he dedicated his life. Mike and his wife Sally had two sons – Mike Jr., known also as Little Mike, and Tommy; Mike also had a son Robby. Robby lost his life in a tragic accident in 2010, and Little Mike and Tommy's tight bond with their mom and dad helped them all in the face of such adversity.

On the evening of Irene, with Mendon Brook raging, Mike and Little Mike braved through the storm to the water plant to check on the inlet valve that Mike had closed the previous day to make sure polluted water would not enter the city's reservoir. It was a risk, but they were determined to protect Rutland's water supply. With Mendon Brook carving craters where solid soil once stood, the banks gave way, sweeping them both away. Mike's body was retrieved the next day, but the search for Little Mike went on for weeks.

While Sally was comforted by family and friends, Tommy heroically joined the search and rescue effort, digging through mountains of debris looking for his brother.

Today on behalf of our state, we honor two Vermont heroes, Michael Garofano and Michael Garofano, Jr. with a promise that we will never forget. Joining us in the chamber are Sally and Tommy Garofano.

To Sally and Tommy -- and the families of the six other Vermonters who lost their lives as a result of Tropical Storm Irene -- our admiration and support will never cease. Thank you.

As Mayor Louras and I gave what comfort we could to Tommy on that day at Mendon Brook, something else happened that characterizes Vermont strong. With Route 4 shut down, and community after community isolated islands where roads and bridges once served, brothers John and Doug Casella had an idea. Doug said, "Governor, you get the Department of Motor Vehicles to lift the ban on hauling heavy equipment across what's left of our roads and get us permission to retrieve some of the rock and gravel that Irene washed from our roads into our streams, and we'll partner with other private contractors like Belden Company, Markowski Excavating, Mosher Excavating, Wilk Paving, the Agency of Transportation and the National Guard. We can have Route 4 open in three weeks."

As soon as I got high enough in the chopper to actually have cell service in Vermont, I called Secretary Searles, Secretary Markowitz and Commissioner Rob Ide, and within hours, our team applied Doug's request, not just to Rutland, but to the whole state of Vermont. And guess what? Nine days later, Route 9 from Brattleboro to Bennington: Open. 18 days later, Route 4 from Woodstock to Rutland: Open. And today, all the roads destroyed by Irene: open!

Team Casella, Belden, Wilk, Mosher, Markowski are here today, and I would ask you to please stand. You represent the many Vermont construction companies who, along with AOT, the Vermont National Guard and Guard troops from around the country rebuilt us Vermont Strong, and Vermont honors you today.

In this public/private partnership, with winter looming, we did it right, with Vermont ingenuity, fiscal prudence, and common sense. We rebuilt, for 35

cents on the dollar, bringing total estimated damage down to \$250 million for state roads and infrastructure, and \$140 million for town roads. Thanks to the skill of the best Congressional delegation in America, Senator Leahy, Senator Sanders and Congressman Welch, the Leahy amendment became law, ensuring that Vermont will get the federal aid we need in our time of need, reducing our projected cost to the General Fund to under \$30 million. Please join me in recognizing the great work of Senator Patrick Leahy, Senator Bernie Sanders, and Congressman Peter Welch as well as our partners at FEMA.

There are two Irene lessons that we must seize from our experience over the past four months.

The first lesson is clear: if after Irene we can rebuild over 500 miles of damaged roads and 34 bridges in four months for a fraction of normal cost, with dwindling federal funds in our future, we must apply those lessons to maintaining and rebuilding Vermont's aging transportation infrastructure from this point forward. We will build faster, smarter, and more economically.

Instead of having state workers bunkered in their individual agencies, processing paper, we broke down the silos, forming a partnership between AOT, ANR, private contractors, and municipalities. Contracting procedures were modified; access to stone and gravel was expedited; dangerous debris was removed from brooks and streams as engineers worked together with environmental experts to get the job done. Projects that pre-Irene would have taken years got done in months; environmental quality was preserved, taxpayer dollars were saved; and roads and bridges were built to withstand the assault of extreme weather that looms even larger in our future.

The second lesson comes from the remarkable tenacity of the hundreds of small businesses that were drowned in water and mud, putting hard working Vermonters out of work overnight. A year ago at this podium, I pledged the following: My jobs agenda will expand the ability of emerging entrepreneurs and businesses to get access to capital when they need it most.

When Lt. Gov. Phil Scott and I traveled the state together, reaching out to the hundreds of small businesses shuttered by triple storms, our message to

job creators was clear: We stand by you, we stand with you, and the state of Vermont will do its part in helping you get back on your feet.

Partnering with the Vermont Economic Development Authority, we created an emergency low interest loan program that, with minimal bureaucracy and maximum effectiveness, got credit of up to \$100,000 to crippled job creators within days. More than 340 businesses and farms were granted loans, totaling \$15.3 million. With liquidity, Vermont ingenuity and hard work, miracle after miracle happened as business after business reopened.

- Bartleby's Bookstore in Wilmington: Open
- Leader Home Center in Brattleboro: Open
- Simon Pierce in Windsor: Open
- The Red Wagon Toy Company in Woodstock: Open
- Winhall Market in Bondville: Open
- Sunrise General Store in Bridgewater Corners: Open
- Wall-Goldfinger in Northfield: Open
- Nelson Hardware in Barre: Open
- The Rochester Café: Open
- American Flatbread in Waitsfield: Open
- Positive Pie in Montpelier: Open

And the list goes on and on. The lesson for Vermont government in helping to grow jobs in Vermont is simple: Getting credit to entrepreneurs when they need it most grows prosperity and grows jobs. In fact, there is nothing standing in the way of Vermont's job creators that cannot be made right by a partnership with state government that is built on a foundation of common sense, trust, and expedited risk credit for businesses when others won't lend.

Vermont's response to Irene perfectly illustrates the strong state of our state. Perhaps the greatest lesson that we can take from the challenge of the previous four months is that despite Irene's devastation, despite our heartbreak and pain, we are bound by common purpose.

We are also bound by tragic loss. To the hundreds of Vermonters who so much – lost their house, lost their belongings, lost the land that their homes rested on or the land they tilled, we stand with you in the long recovery that lies ahead, to help you close the gap between your hopes and dreams that were washed away and the paltry \$30,200 maximum reimbursement

afforded you by our federal government. While we know that we can never make you whole, our resolve as your neighbors and friends to continue to help you rebuild your lives remains as strong as ever.

We are so grateful to everyone who has stepped up and contributed, from the students at Moretown Elementary School who passed a jar in class to the countless church groups, non-profits and private companies who have contributed millions of dollars. Vermont musicians like Phish and Grace Potter held concerts that raised well over \$1 million, and Tony Pomerleau, who just recently pledged a very generous \$1 million to the Vermont Disaster Relief Fund. At a youthful 92, Tony is here today. Tony, we thank you for your generosity.

Vermonters have been so generous, but we have many miles to travel before we rest and many dollars to raise before we sleep. In that spirit, we are pleased to introduce our new Vermont Strong license plates, which can be purchased at vtstrong.vermont.gov. If you purchase this plate for the front of your vehicle, the proceeds will go to the Vermont Disaster Relief Fund to help those who need us.

I could devote this entire speech to our recovery, because I do believe that Tropical Storm Irene represents a defining moment in Vermont's history. But now is our moment to apply that same courage, strength and ingenuity to our most pressing need: growing jobs and prosperity for all Vermonters.

Having witnessed what Vermont can do together, I have never been more optimistic about our ability to keep getting tough things done to help us grow jobs in 2012.

If we can rebuild destroyed roads and bridges in less than four months, we can meet my promise of connecting every corner of Vermont to high speed Internet and vastly improved cell service by the end of 2013. In the past year, we have connected 7500 locations, and installed 1600 miles of fiber in our ongoing effort to connect Vermont. We are going to keep our promise of closing Vermont's connectivity gap and we are going to grow jobs as we connect.

If we can rebuild our transportation infrastructure at 35 cents on the dollar,

we can lead the nation in arresting the skyrocketing cost of health care that is hurting job growth and picking the pockets of our struggling middle class.

If we can reopen hundreds of flooded businesses in 14 weeks, we can transform Vermont into the innovative education leader, where from early childhood to higher education to continuing education, we train employees for the prosperous jobs of our future. In my budget address next week, in addition to addressing the challenges and opportunities of replacing our state hospital and state office complex, I will propose significant state investments in higher education and dual enrollment, all aimed at making Vermont students even more competitive and creating opportunities for employers to recruit the employees they are now seeking.

If we can turn the lights back on in just three days for over 70,000 utility customers, thanks to the heroic work of our utilities, we can create jobs by harnessing the sun, wind, water, forests and fields to produce community-generated renewable power. We have made progress this past year, but we need to keep building. This session, I will propose requiring an affordable and achievable Renewable Energy Portfolio standard that sets a goal to obtain 75 percent renewable electricity in 20 years. I will also recommend that Vermont build on our Standard Offer program so that we can build faster.

If we can reconnect hundreds of miles of washed out dirt roads in just days so that milk trucks can get to our dairy farmers who had to dump milk during the storm, we can create jobs by fueling the renaissance in locally grown Vermont food. This year we will continue to focus on farm to plate, farm to fork, buy local, and farmer's markets, while addressing the challenge of producing enough Vermont-grown milk to meet the needs of our value-added dairy companies.

If we can build partnerships between state and municipal governments to keep our citizens safe and secure, we can work together to address two of the most serious problems we face: winning the war on recidivism, and stemming the epidemic abuse of prescription drugs, particularly opiates, that is driving crime and destroying the lives of too many of our neighbors.

Next week, I will also propose changes to our Prescription Drug Monitoring System. Access to the system by law enforcement needs to recognize an individual's right to privacy while giving law enforcement the tools they

need to track down abusive access so we can fight our prescription drug epidemic. This growing problem is so frightening because while FDA-approved prescription opiates are easy to get, many are just as addicting and dangerous as street heroin and crack cocaine.

Since taking office a year ago, I have visited countless businesses throughout the state, and met with small business owners, from Bo Muller-Moore who had a simple idea to put the phrase “Eat More Kale” on t-shirts and now works 14 hour days to fill orders from across the country, to Briar and Adam Alpert of BioTek, a global leader in medical applications technology. I am so optimistic about our jobs future, and every day I see evidence of Vermont’s entrepreneurial success.

But we have a lot more work to do. Too many Vermonters continue to struggle to make ends meet for themselves and their families.

But to those who say that Vermont is a bad place to do business, that our bold policies for job growth aren’t getting results, that our optimism about Vermont’s jobs future is not matched by progress, I ask you to consider these facts: our unemployment rate at the peak of the recession was 7.3 percent; today it is among the lowest in America at 5.3 percent. Chittenden County right now enjoys the fourth lowest unemployment rate in America. Over the past year, new jobs in Vermont grew by 62 percent over the prior year, more than any other state in the nation. Vermont ranked second in a recent study of how well states use tax breaks and economic development subsidies to actually create jobs.

If you don’t believe the data, I invite you to join me on the road, reaching out to some of Vermont’s job creators. Here are a few I have visited this year.

In Newport, Bill Stenger of Jay Peak is working on several projects in Orleans County in addition to the world class four-season resort at Jay. Bill and his partners have brought Anc/Bio, a portable dialysis and cell therapy firm from South Korea to Newport. That project, along with four other new projects, represent a \$350 million investment and will produce 3,000 direct and indirect jobs in the heart of the Northeast Kingdom.

In Rutland, GE continues to expand one of the largest GE manufacturing plant of jet engines in the nation for both commercial and military aircraft.

In Castleton, Hubbardton Forge is on track to meet its goal of doubling its sales in five years.

In Barre, SB Electronics is up and running, with capacity to produce parts for 100,000 plug-in hybrid vehicles within three years.

In Essex, Green Mountain Coffee Roasters is building a new plant that will employ hundreds of additional Vermonters and help fuel the exceptional growth of one of Vermont's most successful companies.

Next door in Essex Junction, IBM continues to innovate and create the jobs of the future. Vermont's IBM plant is thriving and adding jobs, and is now one of the world's largest producers of semiconductor technology, employing 6,000 people.

In Arlington, Mack Molding continues to hire and expand.

In Vergennes, Goodrich is hiring.

In Essex Junction, Revision Eyewear is thriving and has developed a new combat helmet that, if adopted by the U.S. military, will allow them to vastly expand manufacturing in Vermont.

In Newport, Louis Garneau will be building new facilities to expand manufacturing jobs.

From the Massachusetts line to the Canadian border, companies that opened this year include Commonwealth Yogurt in Brattleboro, Farmstead Cheese in Woodstock, Swan Valley Cheese in Swanton, and many other small value-added agricultural businesses are growing their customer base, creating jobs, and adding vitality to a dairy industry that is poised for revitalization.

My administration and I commit ourselves every day to attracting entrepreneurs and growing jobs, one job at a time, as we slowly but surely grow our way out of the most painful recession in our nation's history.

Let me say one more word about staying competitive and creating jobs. Our tax policy has a direct impact on our jobs future. You may have heard me say this before: Vermont's problem is not that our taxes are not high enough; it is that our taxes are too high.

I am a proud and strong supporter of Vermont's progressive income tax structure – the most progressive in the country, where unlike the federal government, we require our wealthiest citizens to pay their fair share of income tax. But, we cannot correct the tax failures of Washington from the State House in Montpelier, and we must be always mindful that every day, we compete with our neighboring states for jobs. Therefore, I remain determined not to increase broad-based taxes on Vermonters as we begin to see signs of modest economic growth.

Looking back on the last year, we have so much to be thankful for, and so many opportunities ahead.

As we enter this new year, partisanship continues to paralyze our democracy in Washington, DC. At a time when many of America's cities and communities beyond Vermont's borders often seem more divided than united, our little state has distinguished itself. Indeed, there is nothing wrong with America that could not be made right by the ingenuity and caring spirit of the people of the state of Vermont. By continuing to set aside what divides us and finding common ground to unite us, we will rebuild our state while making the bold decisions that will lead to continued job growth and a bright future for Vermont.

Let's get back to work. Thank you.