

Phil Scott Governor

Campaign for Vermont's Candidates' Forum

The Vermont State Budget:

1. Context: Joint Fiscal Office data from fiscal 2011 through 2016 shows state spending from state funds (general, transportation, special, tobacco, health care, and fish and wildlife) grew at near 5 percent annually, from \$1.87 billion to \$2.39 billion. This annual growth rate far exceeds those of Vermont's Gross State Product (1.8 percent), population growth (6/10ths of one percent) and the Consumer Price Index (1.55 percent), for example, for the time frame. Further, state spending in the 2017 "as passed" budget is up 3 percent or \$71.4 million pre-budget adjustment. For fiscal 2016, the budget adjustment increased spending by \$25.8 million over the "as passed" budget. These gaps between state spending and the underlying economy have been closed with numerous tax and fee increases during the above time period.

Question: In just six months should you win election you must submit to the legislature a fiscal 2017 Budget Adjustment and fiscal 2018 Budget. To balance these budgets, do you expect your submissions will require net new revenues and if so, in what programmatic areas? If new revenues are necessary, to what revenue sources would you likely turn? Further, given the bottom of the last recession was seven years ago, do you believe Vermont is fiscally positioned to weather the next recession without major cutbacks in state programs and/or tax increases?

Answer: Budgets are about setting priorities. As Governor, my priority will be to help Vermonters get ahead and keep more of what they earn. I talk with many folks who are at a breaking point; they simply cannot afford to live in Vermont and provide their children with an equal or better quality of life then they grew up with.

Most Vermonters I speak with have no capacity to pay higher taxes. Marginal income taxes and property taxes are near the highest in the nation. Retailers in eastern Vermont already suffer because they have to compete with no-tax New Hampshire. State fees jumped again in 2016. Candidates who believe "new revenues are necessary" are out-of-touch with the challenges facing working families in Vermont.

A disciplined approach to budgeting has been missing in Montpelier since 2011, the year one party took control of the House, Senate, and Executive branch. As Governor, I will restore balance and common sense to our State finances. I 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.

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2. Context: No organization is perfectly efficient including our state government.

Question: Using fiscal 2016 as a baseline inclusive of the \$2.39 billion in state dollar spending, the \$1.25 billion in net education fund spending and the \$1.99 billion in federal fund spending, what do you think is a reasonable financial goal for achieving savings in the state budget which can then be reallocated either to maintain or increase services or returned to taxpayers? In which specific areas of state government do you think the greatest opportunities exist for such savings?

Answer: Allowing the State budget to outpace Vermonters' ability to pay is what started the crisis of affordability. Holding budget growth to less than the rate of growth in the economy and wages in the previous year is the right strategy for ensuring state government stays within taxpayers' ability to pay. 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 1 percent this year, growth in the budget I propose for the next fiscal year will be limited to no more than 1 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 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.

In addition, at its core, state government is trying to manage 21st century challenges using 20th century tools. It's like trying to send emails with your old flip phone -- it's profoundly inefficient. Vermont desperately needs an upgrade. As Governor, I have a plan to modernize state government starting on Day One of my term when I will create a Government Modernization and Efficiency Team (GMET) to:

- Empower a team of experts to implement agency efficiency audits, strengthen data-driven planning, and implement a digital government strategy focused on our citizens, and issue recommendations with the first 100 days to improve operations;
- Implement proven IT project management to restore faith in the State's ability to manage projects that are critical to the State's transition to a digital organization; and

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- Establish annual innovation savings targets that will spur creativity and focus every agency and department to set priorities between the vast web of competing government initiatives. Trimming one cent for every dollar we currently spend could generate as much as \$55 million in savings.

3. Context: As of June 30, 2015 the unfunded actuarial accrued liabilities of the state employee pension fund, the state employees' retirement benefit fund, the teachers' retirement pension fund and the teachers' post retirement benefit fund were \$542.6 million, \$1.093 billion, \$1.175 billion and \$1.003 billion respectively. As of June 30, 2010 the funding ratios for the state employees and teachers' pension funds were 81.2 percent and 66.5 percent respectively, falling to 75.1 percent and 58.6 percent respectively as of June 30, 2015.

Question: What ideas do you currently hold to reverse these declining financial trends in the state employees' and teachers' retirement and benefit funds?

Answer: Like most Vermonters, I believe that providing a reasonable retirement plan to public servants is part of being a good employer. However, the State is facing the same challenge as many other public employers: defined benefits plans, established decades ago, have been chronically underfunded by legislatures and previous administrations and have also failed to evolve with changing market conditions.

The most immediate and meaningful step to curb the State's growing liability is to offer new State employees and teachers a defined contribution plan (similar to a 401k). In a defined contribution plan, the State matches employee contributions up to a certain amount, which will help to limit the State's liability over time and provide the employee with tax-preferred retirement fund.

For existing State employees and teachers, the State must honor the agreements it has already made. I do not think it is fair to ask employees to renegotiate the terms of employment agreements that were made years ago.

Finally, in recent years, poor returns and high fees have contributed to the unfunded liability. The State retirement system should look closely at how it invests its funds. Many public pensions are moving away from high-cost fund management, where so called Wall Street experts promise unattainable returns and charge exorbitant fees, to more stable, lower-cost index funds.

Act 46 and Property Taxes

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1. Context: In January of this year the legislature's education consultant delivered their report entitled Using the Evidence-Based Method to Identify Adequate Spending Levels for Vermont Schools. The Report cost close to \$300,000. The consultant concluded the following:

"Using data for school year 2014-15, the Vermont EB model estimates an adequate funding level of \$1.56 billion or some \$163.9 million (approximately 10%) less than Vermont school districts spent for PK-12 education that year."

Since 2011, education property taxes, net of income sensitivity, have risen by \$121 million to \$1.039 billion despite a decline in the student count of 3,791.

Question: Do you think Act 46 is the policy and legislative initiative that will finally provide real property tax relief? If not, what further proposals might you present to the legislature upon your inauguration?

Answer: Creating real education reform and providing meaningful property tax relief will require a dramatic rethinking of our education system in Vermont. Nearly two decades of trying to fix the failed experiment known as Act 60 has created a complex knot of laws and regulation that will need more than a single piece of legislation to unwind.

Vermonters have been begging for property tax release for nearly two decades dating back to Act 60, but the legislature has failed to make real progress. Act 46, however, could prove to be the beginning of an incredibly important discussion. While it is far from perfect, we are seeing local communities having the tough conversations about how to lower costs AND increase quality. Their conclusions, in many cases, is that we must reduce overhead and operating costs so that we can afford to provide our children the educational experiences they need to succeed in the 21st Century. It is important to note that these discussions -- and these decisions -- are occurring at the local level.

As I note further below, Act 46 can be improved. The law created an opportunity for positive change, but is falling far short of the real cost containment solution that Vermonters are demanding. As Governor, I will propose letting communities keep what they save from mergers, and other efficiencies, returning the savings to local taxpayers or local schools -- whichever their voters choose -- instead of sending it back to Montpelier. This will provide additional incentive for meaningful reforms to lower costs and improve quality.

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2. Context: The Education Fund was created as part of Act 60 in 1997. Yet, despite the fact that school districts, not the state, negotiate and sign teachers' contracts which then drive the cost of pension benefits, it is the general fund and not the education fund which covers teachers' pension benefit costs. In 2012 the general fund contribution was \$51.7 million, then rising at a 14.2 percent annually rate to \$101 million 2017. As a point of comparison, the entire 2017 general fund contribution to higher education is \$84 million, inclusive of a mere \$700 thousand increase over fiscal 2016.

Question: In order to align the teachers' retirement and benefit costs with those who actually negotiate and determine such benefits, could you support transferring the state's current general fund pension and benefit contributions to the Education Fund and as well transfer to the Education Fund the responsibility for covering future costs in this area?

Answer: In a perfect world, the cost of teachers' retirement would be connected directly to teachers' contracts, which drive retirement cost. As it stands, teachers' retirement is squeezing important general fund programs (Medicaid, health care, public safety) without a tool to curb its growth.

A practical approach would be to phase teachers' retirement costs to the education fund in concert with a series of pension reforms to curb unfunded liabilities. That said, this cannot be accomplished overnight without significant reform to state employee and teacher pensions, and a Legislature committed to returning general fund money to taxpayers in the form of lower taxes. The nightmare scenario is that we simply push an unfunded pension monster onto the property tax and allow the Legislature to spend the unallocated funds -- that's exactly the wrong approach and the type of policy that has created Vermont's growing crisis of affordability.

3. Context: Many believed, including legislators voting favorably, that the Act 46 initiatives to consolidate school districts would allow choice districts to merge with their neighbors and still retain choice for their students. Subsequent to the passage of the law, the State Board of Education, relying on an untested legal opinion of their attorney that such mergers are not constitutional, has adopted the policy that choice districts cannot merge with operating districts when common grade levels are in play unless the choice option is abandoned. In the last session, the legislature refused to allow an amendment to Act 46 to clarify this matter though other lawyers have opined that the Board's attorney's opinion stands on weak legal ground.

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Question: Should school choice districts be able to merge with operating districts and still retain choice? Will you support a change to the State Board of Education policy now inhibiting this?

Answer: Act 46 is imperfect and requires improvement, and is falling far short of the cost containment and property tax solution Vermonters are looking for, but it has created the opportunity to positive change and should be improved, not scrapped. As Governor, I will work with the Legislature to allow districts with school choice to preserve it in the event of a consolidation. I also believe we should find ways to let communities keep what they save from mergers, and other efficiencies, returning the savings to local taxpayers or local schools – whichever their voters choose – instead of sending it back to Montpelier. Finally, on the broader issue of school choice, I believe parents should not be forced to keep their children in a school that is not meeting their child's needs. School choice should be afforded to every parent and student in every school in every corner of Vermont. I will vigorously support legislation that would clarify Act 46 and, further, make school choice an option for all Vermont families.

Health Care

1. Context: The transitions in Vermont under Obama Care and Act 48 have been marked by massive cost overruns, failed technology projects, no-bid contracts and mismanaged eligibility determinations, to name a few of the pitfalls. Yet, Vermont has achieved near 97 percent insured coverage during this period, up from 93 percent pre-Obama Care and Act 48 and among the best in the nation. Some Vermonters say stay the course to 100% universal coverage as a top priority with the focus on the Green Mountain Care Board, the establishment of large Accountable Care Organizations and an All-payer funding system. Others say Vermont needs to first fix the operational flaws in the current system before venturing further into the uncharted waters of the further rollout of Act 48.

Question: What is your view of this duality and where can Vermonters expect your focus to be with regard to health care reform during your first year as Governor?

Answer: The first order of business should be to establish an exchange that works and at this juncture, that means transitioning away from Vermont Health Connect.

When I go around the state and talk to everyday Vermonters, they tell me that it's important to them to have access to high-quality healthcare that is affordable and allows them flexibility to choose their doctors. Beyond that, they

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do not care what it is called. Therefore, my goals for health care will be to: a) lower the cost of care for those already insured; b) allow Vermonters to get high quality care from the doctor and hospital of their choice; and c) continue to provide the opportunity for more affordable insurance choices to the remaining Vermonters who are unable to purchase coverage under existing plans.

In the last six years, we have made good progress to cover uninsured Vermonters, but it's come at the expense of working families and businesses who are seeing premiums rise and taxes increase to supplement the growing cost of government-sponsored programs. Middle income Vermonters are getting squeezed and, as Governor, I will work to make sure health care savings are reflected in lower insurance rates, and not simply gobbled up as part of an ever-expanding health care system.

Vermont Health Connect is a failed experiment. We should not be forcing Vermonters into a system that doesn't work. Vermont must fix the health exchange quickly or find a new platform that works. We cannot keep throwing good money after bad.

Finally, we must continue to strengthen the relationship between doctor and patient to keep Vermonters healthy. Leveraging innovative approaches like CSAs for low-income families, the RiseVT program in St. Albans, transitional care nursing in Bennington, and others, will allow us to improve outcomes and lower the cost of care at the same time.

2. Context: Vermont is an aging population, second oldest in the nation. Many Vermonters and their employers have contributed tens of thousands in Medicare taxes to the Medicare system since the inception of the Medicare tax in 1966. Generally, those now eligible for Medicare are happy with it.

Question: Do you support redirecting the Medicare benefits of Vermont's seniors into the proposed all-payer system and if so, how does this benefit Vermont's seniors over the services they now enjoy?

Answer: As Governor, protecting Medicare will be an essential priority and I will collaborate with Governor's from other states to make sure we do that. The federal government has signaled that they would like 90% of Medicare payments to be tied to value-based metrics by 2018. The All-Payer model intrigues me because it will meet this federal guideline and expand Medicare services, including access to telemedicine, which I think is crucial to bending the cost curve. That being said, I think there are a number of question marks around the All-Payer Model and merits careful study at this point.

3. Context: Under the State's push for health care reform, Vermont's health care system is becoming more concentrated with fewer but larger and more powerful players. Health care providers are being steered into a couple of "accountable care organizations" under the roofs of UVM Medical and Dartmouth Hitchcock. The Green Mountain Care Board has been established to regulate hospital budgets and approve rate increases. VtDigger reports in May 2016 that Vermont's two exchange health insurers, BC/BS and MVP, have requested approval from the Green Mountain Care Board for 8.2 and 8.8 percent rate increases respectively. These requests are on top of approved increases for 2015 and 2016 of 7.7 and 5.9 percent for BC/BS and 10.9 and 2.4 percent for MVP.

Question: Should Vermonters worry that the State's reform measures are creating concentrated relationships among a handful of large institutions that are becoming "too big to fail", which will ultimately place the financial interests of these institutions over health care affordability and service choices for Vermonters?

Answer: I am proud of the care that our state's doctors, nurses, and other health care providers give to Vermonters. From independent providers to our academic medical center, the quality of health care in Vermont is generally strong and getting stronger.

As Governor, I will always fight for the patient first. Vermonters will continue to receive high quality care when we, as a state, keep patients firmly in the center of the health care universe. We can never let our health care institutions become like the Wall Street firms when their greed ignorance threatened to bankrupt our nation.

To their credit, Vermont health care providers have been remained active and engaged even when the current administration's reform initiatives were cratering. Many of the most promising health care innovations in Vermont have come from hospitals, doctors, and nurses – not from policy zealots inside of State bureaucracies. As Governor, I will help providers foster those health care innovations and support smart investments, while keeping them accountable for providing quality care at a price Vermonters can afford.

Ethics in State Government

Context: The ethics bill, S.184, as originally introduced by Senator Pollina and prompted by Campaign for Vermont had teeth. It created a code of ethics for legislators and executive branch officials and created a fully staffed ethics

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commission to investigate and adjudicate violations of this code. The bill had strong support and no opposition. However, S.184 as passed out of the Senate Government Operations Committee is what Senator Pollina himself described as “a shadow of its former self.” In the end, after two years of deliberations, S.184 went nowhere.

Yet, during this biennium period, issues of sexual misconduct, unseemly real estate agreements, campaign contributions from EB-5 developers, no-bid contracts by the executive branch, and revolving door employment between government and private entities, among others, occurred.

During deliberations on S.184, the following aspects were considered:

- Should governors and legislators be required to publicly disclose sources of income and other financial interests?
- Should legislators and executive branch employees be prohibited for a transitioning time period from accepting private sector employment with businesses they regulated?
- Should Vermont establish an ethics commission, independent of both the executive and legislative branches, to investigate allegations of ethical misconduct?

Question: As Governor, what would your position be on these aspects of S.184 profiled above?

Answer: As Vermonters, we can be proud that our government has strong transparency and accountability standards for its business practices and has been free of the corruption common in other states. However, our strong record does not excuse us from continued vigilance against unethical conduct.

There is never an excuse for criminal or unethical actions. However, all the laws in the world will not stop some people bent on bad behavior. Could the entire federal system – with its strict laws, extensive regulations, and expansive bureaucracies – stop Wall Street’s mortgage meltdown?

In Vermont, we need to find the right balance between stopping bad behavior and creating a brand new bureaucracy that has marginal value. Full-time, elected state officials and legislative leaders should be subject to a full public financial disclosure. Part-time legislators should have a public disclosure commensurate with their ability to influence laws and regulation. All State employees – elected or hired – should be required to sign Code of Conduct that requires conflict of interest disclosures. State employees should not be allowed to directly lobby or

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influence the agency or department where they worked for one year. In all cases, we need to stiffen the penalties for violating these regulations.

Energy Policy:

1. **Context:** The most recent federal Energy Information Administration profile of Vermont's energy consumption (June 16, 2016) shows that Vermont has the lowest consumption of petroleum fuels among the 50 states at 15.9 million barrels, equaling 2/10ths of one percent of the nation's total. Of this total, 21.5 percent is consumed by the residential sector for heating and 58.3 percent for transportation purposes. Of total national carbon dioxide emissions, Vermont is the source of only 1/10th of one percent. In 2013, Vermont's per capita emission of carbon dioxide was third lowest in the nation and trending even lower.

Question: Does our state government's emphasis on the construction of large wind and solar projects make practical sense, especially when the Renewable Energy Credits for such projects are mostly sold? In your administration, what will be the three key energy policy goals and what changes, if any, would you recommend to the Comprehensive Energy Plan (CEP) to address those goals?

Answer: 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.

Vermont is a national leader with its efforts to lead the transition away from dependence on foreign oil and other fossil fuels, but we still generate less of our own energy than any other state. Given the instability in the world today, energy self-sufficiency is an important goal. 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. I believe solar projects supported by the local community and sited near existing infrastructure must play a part. I do not support further industrialization our ridgelines with wind turbines. And I believe battery technology, hydrogen energy and other innovations will evolve rapidly in the years ahead and Vermont must be positioned to benefit from these new technologies.

Energy efficiency – across electric, thermal, and transportation – is a critical part of meeting our energy goals. We must promote policies to look at buildings as a

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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.

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.

2. Question: Do you agree neighbors of industrial wind projects in Vermont have legitimate grievances regarding turbine noise, aesthetic and environmental impacts, and loss of peaceful use and enjoyment of their properties? If so, what would you do to ensure their property rights are protected?

Answer: I'm proud to support Vermont long tradition of protecting property rights. But every new project, whether public or private, comes new impacts, and we must always seek the balance between responsible progress and protecting both Vermont's scenic beauty and health of our families. Generally speaking, Vermont's regulatory and judicial bodies find that balance, but I do believe local communities should be given more deference in the siting of energy projects. Vermont's system is far from perfect, but it is leaps and bounds ahead of other states where haphazard development runs amuck.

While I strongly support renewable power, I'm mindful of the lasting impact of wind power on Vermont's ridgelines. I do not support the continued widespread industrialization of our mountain tops. It is not a sustainable approach to Vermont's renewable energy future. We need to focus our attention on enhancing efficiency efforts and building smaller scale renewables, particularly solar, coupled with energy storage as the more scalable and sustainable initiatives.

3. Question: How will you insure that the benefits of Vermont's energy transformation policy flow to ordinary Vermonters and their communities and are not disproportionately captured by developers and utilities? What measures would you recommend that give the distribution of these benefits transparency in the eyes of Vermonters? Should taxpayer and ratepayer subsidies, for example, that subsidize energy projects become a component of the state's Tax Expenditure Report similar to those profiled for the Vermont Economic Growth Incentive (VEGI) program?

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Answer: Energy experts tell me that within the next 10-20 years, the technology will exist for each home and building to be its own mini-utility. This will be a revolution in how we generate and consume energy with the benefits naturally flowing to individual consumers and communities. Many call this “Utility 2.0,” its implications will reshape Vermont’s energy landscape and it has the potential to put much more of the economic value of energy into the hands of individual consumers.

Energy transformation is not without a cost, however, and the capital offered by utilities and developers is a critical component of this transition. In some states, utilities and private developers are throwing up roadblocks to any project that threatens the traditional energy model. However, in Vermont, by leveraging State programs, utilities and developers are making it easier for customers to take control of their energy destiny. As Governor, I will continue to push regulators, utilities, and developers to maximize benefits -- with an emphasis on lower costs and more choices -- directly to the customers.

To make this work, the State must continue to tweak programs to keep them in balance with market conditions and cultivate an energy economy that prioritizes cost and reliability while recognizing the importance of more competition to inspiring innovation. As noted above, it’s unlikely that we’d be enjoying the benefits of our wireless, smart-phone enabled technology if we had to rely on the landline monopolies alone to get us there.

The State’s energy regulation must continue to evolve with the changing technology. Traditional approaches to setting rates will be challenged as customers choose to disconnect from the grid. To stay ahead of this dynamic industry, my Administration will focus attention on growing an energy economy that will favor innovative approaches to energy innovation, as well as attracting the sector’s good paying jobs.

Context: The CEP establishes a goal of weatherizing 80,000 of the state’s homes by 2020. This particular goal looks increasingly out of reach. In fact, the primary focus of Efficiency Vermont is electric consumption rather than reductions in fossil fuel consumption. Vermont’s weatherization programs are not strong and broadly available, but buried in the Agency of Human Service and require an income test. Further, we lack statewide on-bill financing for energy efficiency and we are not using existing smart meter systems to their fullest extent to aggressively advance efficiency and conservation.

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Question: What will you do to prioritize reduced fossil fuel consumption and change current delivery mechanisms, financing systems, and policies to allow us to reach a variety of efficiency goals including, but not limited to, weatherization of more than 80,000 homes within the next five years?

Answer: Over the past 20 years, Vermont has had good success in our efforts around lowering electricity usage through energy efficiency. However, going forward, the state must adopt an “all-energy” approach to efficiency that spans electric, thermal, and transportation sectors. Rather than mandating legislated or regulated approaches to delivery and financial systems or building new state bureaucracies, State law should provide flexibility to utilities and private providers to partner with existing organizations to those extend services, e.g., using banks and credit unions to develop on-bill financing programs. We must also explore letting consumers keep the money they pay to support the state’s energy efficiency in exchange for energy efficiency and weatherization investments.

Strategic Planning

Context: The executive and legislative branches of government have not benefited from any formal, data-driven strategic planning since the Snelling Administration. As a result, initiatives from both branches are frequently reactive to past events or failures rather than to predictable changes and trends. “We govern over the stern,” as is often stated.

1. Question: Would you support a cost-efficient State Strategic Planning resource comprised of volunteer non-partisan professionals: economists, demographers, technologists, environmental scientists and other experts to provide context and data to support improved decision-making in both branches of government?

Answer: While I support better long-term planning within state government, I am reluctant to empower a new bureaucracy – even if staffed with volunteers. Rather, I would both hire new employees and train current employees with the skills to support data-driven decision-making. This is a core competency for any modern organization and we need to make it part of state government’s DNA.

More to the point, we need to modernize, and where necessary, restructure government by streamlining services for Vermonters to improve their experience. As the state’s disastrous and expensive experience with Vermont Health Connect has taught, we need to have far better project management protocols in place. Today, you must go to three different departments to register

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a business; you cannot track state expenditures or reliably conduct most business with the state online; and no one can view all of the services for which they are eligible on a single website. Have you ever wondered why? It's because our state government functions on outdated systems that no longer meet the everyday needs and expectations of twenty-first century citizens. These same systems make it very difficult for managers to identify waste, fraud or abuse and opportunities to eliminate redundancies and achieve lower costs. Worse, each year, the cost of administering these old systems including costly updates grows faster than the state economy.

Here is my plan for modernizing state government:

On the first day I am Governor, I will sign an executive order creating the Government Modernization & Efficiency Team (GMET). GMET will be lead by the state's Chief Information Officer and include Vermont's leading IT, telecommunications, accounting, and management and system-change professionals. The responsibility of the team will be to implement agency efficiency audits, strengthen strategic IT planning, implement a digital government strategy focused on our citizens, and identify opportunities to:

- Increase operational efficiency;
- Consolidate, streamline and/or automate services;
- Account for the true cost of IT projects;
- Eliminate waste;
- Prevent fraud and abuse; and
- Establish clearly defined metrics that measure results and can be used in outcomes-based-budgeting process.

The team will establish its own work plan; have the access and authority of external auditors; and produce its recommendations on a rolling basis, with all final recommendations made on or before, July 1, 2017. The Secretary of Administration will ensure the team has adequate staffing (without the creation of new paid positions), and it will report directly to me.

In reality, state government has not managed IT projects well. The state-run healthcare exchange and court records system are only two examples. The state is projected to spend over \$125 – \$175 million annually for IT projects going forward. My administration will ensure enterprise wide visibility into IT projects as well as governance over IT investments. We can not continue without coordination and prioritization of IT Projects and that's why I will not allow any project to proceed without CIO approval, evaluation of risk and mitigation strategies, a trained project manager with project stopping authority, and a cost benefit analysis. We cannot afford anymore IT project failures. More importantly, we will employ experienced IT professionals, and wherever possible, contractors will be required to have performance-based contracts.

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In addition to the limits we would impose on budget growth, our goal will be to reduce the current operational cost of every agency and department by one cent for every dollar currently spent, in my first year in office. This could generate as much as **\$55 million in savings..**

2. Question: Where do you stand on a four-year leadership term for both branches and an extended budget planning cycle with an eye towards supporting a more strategic and less reactive approach to governing and the making of law?

Answer: The fact that the Legislature and the Administration have failed to have a longer view on budget planning has been a major oversight during the last six years. I have proposed a two-year budgeting cycle and limiting budget increases to the growth of the economy or inflation-adjusted wages from the previous year. 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 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. As Governor, I'll work closely with the Legislature to establish clear priorities so we can get that the most critical and impactful legislative work done in 90-days. You can view my full proposal [HERE](#).

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 [HERE](#).

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While there are some benefits to a two-year term for Governor, a four-year term is more conducive to tackling very challenging issues that require careful analysis, planning, and execution; I do not support extending legislative terms beyond two years.