

Journal
of the
JOINT ASSEMBLY
Adjourned Session
2010

**JOURNAL OF THE JOINT ASSEMBLY
OF THE
STATE OF VERMONT
ADJOURNED SESSION, 2010**

IN JOINT ASSEMBLY, JANUARY 7, 2010

2:00 P.M.

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

By Senator Shumlin,

J.R.S. 36. Joint resolution to provide for a Joint Assembly to receive the State-of-the-State message from the Governor.

Resolved by the Senate and House of Representatives:

That the two Houses meet in Joint Assembly on Thursday, January 7, 2010, at two o'clock in the afternoon to receive the State-of-the-State message from the Governor.

Presiding Officer

Honorable Brian E. Dubie, President of the Senate, in the Chair.

Clerk

David A. Gibson, Secretary of the Senate, Clerk.

Committee Appointed

Senator Peter E. Shumlin of Windham District moved that a Committee of three Senators and three Representatives be appointed by the Chair to wait upon His Excellency, the Governor, and inform him that the Joint Assembly was now convened for the purpose of receiving his State-of-the-State message.

Which was agreed to.

The Chair appointed as members of such Committee:

Senator M. Jane Kitchel, of Caledonia District
Senator Philip B. Scott, of Washington District
Senator Jeanette K. White, of Windham District
Representative Patti Komline, of Dorset
Representative Floyd W. Nease, of Johnson
Representative Sandy Haas, of Rochester

The Committee performed the duty assigned to it and appeared within the Joint Assembly accompanied by His Excellency, Governor James H. Douglas, who delivered the following message:

Governor's State-of-the-State Message

“Mr. President, Mr. Speaker, members of the General Assembly, distinguished guests, my fellow Vermonters:

“Before I begin today, I want to acknowledge the loss of two dedicated public servants, Representative Ira Trombley and Representative Rick Hube. Our thoughts are with their families and we are grateful for their contributions to our state.

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“Each morning the people of our state awake with a simple hope: to build a better future for themselves, their families and the generations that will follow. Throughout our history, Vermonters have mustered the strength to meet each day with the wisdom, ingenuity, and tireless work ethic of our Yankee forebearers.

“From towns, villages and cities, they've elected representatives to bring that same focus to the People's House. It is here where we carry forth our proud tradition of self-government – always striving to forge a state, nation and world better than before.

“Today, that work is far from done. In these uncertain times, we must transform our public and economic framework by redesigning how we deliver state services and refocusing efforts to create jobs and ensure economic security for Vermonters. Out of necessity and because it is the right thing to do, we must act now to write the next chapter in the proud history of Vermont.

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“As we gather to embark on this work, let us keep in mind our friends and neighbors serving in Iraq and Afghanistan, and those preparing to leave. Our service men and women are asked to defend self-government and individual freedom in a part of the world where there is too little of both. Their efforts contribute to a noble legacy forged by Vermonters from the Battle of Bennington to Cedar Creek, from the beaches of Normandy to the streets of Baghdad. These brave men and women embody the best of the Vermont spirit and their sacrifice inspires us all.

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“I’ve seen, time and again, the will of Vermonters to change, reform and make better this great state. I’ve seen what can be accomplished when we work together, putting the public good before self interest. Indeed, the last decade has been full of such accomplishments.

“When it comes to keeping our neighborhoods safe, there will always be more to do, but our shared commitment gives me confidence that we will be ever vigilant. I’m proud that we have worked together to send a clear message to sexual predators that they will be prosecuted and severely punished in Vermont. And while illicit drugs still destroy too many young lives, the DETER program has increased our efforts with better education, prevention, treatment and rehabilitation for those who suffer from addiction, as well as strengthened enforcement against drug dealers.

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“Vermont’s commitment to our natural resources is unwavering. The Clean and Clear Action Plan is a model for how government, citizen groups, farmers and others can work together to reduce pollution in our waterways. We’ve led on climate change by partnering with other northeastern states in the Regional Greenhouse Gas Initiative. And we were the first state to join California in adopting more stringent standards for automobile emissions, ultimately forcing the federal government to follow our lead. Our environmental leadership is a source of pride that sets us apart and gives us a leg-up in the green economy.

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“That Vermont is the healthiest state comes as no surprise. It’s in our nature to be active, enjoy our outdoors, and eat healthy. We’ve taken our message to young Vermonters with our Fit and Healthy Kids program, to working Vermonters with our Worksite Wellness programs and to older Vermonters with my Commission on Healthy Aging. And we’ve achieved groundbreaking health reforms with our innovative Blueprint for Health, the Global Commitment waiver and Catamount Health. In just two years, we have seen our uninsured rate drop by 25 percent. And with the Blueprint, we’re beginning to bend the curve on costs. By combining coordinated care, health information technology and payment system reform, we are eliminating duplicative, unnecessary services and creating a more efficient and effective health care system.

“These common sense approaches are not only being emulated in Washington; they are delivering real results here at home. Rhonda Rose of St. Johnsbury is a Blueprint for Health success story. Rhonda’s chronic illness was a significant challenge, draining her bank account, as well as drawing heavily on state resources. Her local community health team stepped in and

made a full assessment, taking the necessary actions to get her health back on track and prevent expensive emergency room visits. Not only has Rhonda's health improved, but she's been able to go back to work and is enjoying life again. I'm very pleased that Rhonda can join us in the balcony today.

"As we look to make programs and services better and more affordable, we need only to look to these achievements, particularly in health care, as a beacon for the kind of positive change that's possible when we work together toward a common goal. In that spirit we must partner again.

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"Our successes are threatened by massive budget shortfalls, unfunded liabilities and a broken system of education funding. Working families have been battered by recession and employers weakened by state policies that are barriers to job creation.

"The trajectory of the Vermont economy for the next decade will be shaped by our decisions this year. If we are content to limp out of this recession, hobbled by flat job growth, we can choose to recycle old ideas and hope for a different outcome. But if we want to spring out of this recession – strong and nimble – we must have the heart to reform, the wisdom to act and the courage to stand against those who will say it cannot be done.

"Mere "recovery" is not enough for Vermonters who have persevered through this long season of decline. We must strive for a healthy and growing economy, prepared to compete with states next door and countries around the world. Prepared to compete – and win.

"These times demand new thinking – they demand bold action – and they demand it now.

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"A balanced and responsible budget is at the core of getting our state on track. Make no mistake: there will be many unenviable choices among worthy priorities. The solutions required to close the gap will invariably draw objection and complaint. Although we will consider constructive alternatives, this is not the time nor the place for the reflexive defense of the status quo.

"If we put off hard decisions for yet another year, we will be left with a cumulative deficit of a half billion dollars over the next three years – our worst choice, by far.

"Two days ago, we took an important step in the right direction when I was joined by legislative leaders to announce the results of our collaborative effort to find sustainable savings.

“Representatives Obuchowski and Sweaney, Senator Snelling and my Administration worked together on a plan that will save \$38 million in the General Fund next year – resulting in millions more in savings down the road. This is the type of break from business-as-usual that is essential for our success. By setting this agreement in law by the end of this month, we can move forward with greater certainty on the tougher budget challenges ahead.

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“Access to our courts and the timely resolution of cases is one of the fundamental obligations of state government. Ensuring that Vermont’s judicial system is financially sustainable is of utmost importance. In the past year, the Judiciary has pitched in to help meet our fiscal challenges. While furloughs and occasional Court closings were necessary, they are not acceptable long-term solutions.

“The recommendations of the Commission on Judicial Operations provide a blueprint for a stronger and more affordable system of justice. I know some ideas are controversial; some changes depart from long-held traditions; and the necessary rebalancing will affect certain districts and constituencies. But like all of our decisions this year, narrow interests must take a backseat to the broader public interest. The General Assembly must give these recommendations due consideration, finding in them, as I have, a path forward.

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“These are just two steps in the process of building a balanced, responsible and sustainable budget. The spending plan I will present on January 19th will be informed by these and other efforts underway to address our \$150 million General Fund shortfall.

“With 40 percent of the total state budget spent in human services, many of the tough choices we must make will affect this system. Service providers will be asked to find efficiencies. Some beneficiaries will have to accept reductions in order to preserve benefits for the most vulnerable. Still some programs and grants will be significantly reduced or eliminated. But we will lessen these impacts by redesigning how we deliver services. To assure that Vermont’s safety net is sound even in the most challenging economic times, we must reform.

“Our redesigned system will be easy to navigate, with a single point of entry and flexible options, catering to individual needs. We will work with service providers to ease their administrative burden. Our focus will be on outcomes for Vermonters – providing a clear and direct path back to health, employment and independence. Success will be measured not by how much

we give, but by how well we help Vermonters move from assistance to self-sufficiency.

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“While our budget deficits are daunting, we must always keep in mind that they are a symptom – not the cause – of the everyday challenges of the people of our state. Last year, Vermonters median household income fell by nearly \$1,900 from the year before. Our workforce shed more than 10,000 jobs since October 2008. And Vermont’s population is among the slowest growing in the nation, with more people leaving the Green Mountain State than moving in.

“These numbers tell a sobering story. If we want to keep the jobs we have, if we want to get our small businesses to succeed in a global economy, if we want to attract rather than turn away people and potential companies, then we need to focus on the fundamentals.

“Employers of all sizes, in all sectors, have made clear what they need to restart the engine of our prosperity: lower taxes; universal broadband and wireless; reliable, affordable energy; a well-trained workforce; and an education system that is top-notch without being top-dollar.

“A Vermonter who is employed doesn’t need an unemployment check; a Vermonter earning a good wage doesn’t need state assistance to help pay the bills; and a young Vermonter with a stable job can put down roots and strengthen a community. That’s why I call on lawmakers to join me in putting the economic success of Vermonters first.

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“The single most consequential action we can take to encourage a healthy economy is to address the crushing weight of Vermont’s tax burden. Time and again, employers tell me that our heavy taxation is stifling job creation, making it more difficult to retain our next generation. Increasing taxes, yet again, would only hasten our disturbing demographic and employment trends.

“To spur job growth, we need to take steps to roll back last year’s key tax increases, encourage growing companies with proven incentives and shore up the unemployment insurance trust fund with a responsible, balanced approach.

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“As you might remember, I opposed the income and estate tax increases passed by this Assembly last year. Those changes have swelled the ranks of Vermonters who are looking at other states – like New Hampshire or Florida – for their new, permanent residences.

“For those who are quick to say “good riddance,” think again. When we lose a long-time Vermonter to another state, we lose the community involvement, we lose the charitable giving, and we lose those deep roots that give Vermont its unique character – not to mention the tax revenue.

“While my first choice would be to unwind all of the increases at once, that is not feasible in the face of our current condition. Instead, we must address the critical components most detrimental to job creation as soon as possible and commit to buy back all of the increases – plus make additional tax cuts when the economy improves.

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“Governor Dick Snelling’s plan to respond to the recession of the early 1990’s was invoked many times last year to justify tax increases. But one key element of that plan – one that made it palatable at the time – was omitted. I ask the Legislature to, this year, honor the second critical part of the Snelling plan and enact a sunset for its tax hikes, while continuing to lock down the income tax rates. This action will send a clear signal to Vermonters and businesses that we are listening to their concerns and working to meet their needs.

“Further, the estate tax was increased last year to collect a greater portion of assets from deceased Vermonters. This change is particularly unfair to farmers whose assets are not easily mobile. It is a punitive tax that discourages farmers and small business owners from passing along their life’s work to sons and daughters. And, in the long run, it will have a tangible, detrimental effect on our revenues, as individuals change their residency to another state. I ask legislators to join me in rolling back this tax increase.

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“Until we lower our overall tax rates to competitive levels, we need programs like the Vermont Employment Growth Incentive as part of our economic development tool kit. Since 2007, this employment program has authorized incentives for nearly 2,000 new jobs, and saved more than 2,000 existing jobs that might have been lost if employers chose to relocate out of state. The program has helped employers of all shapes and sizes, from small firms such as Vermont Timber Frames of Bennington, to medium-sized employers like SB Electronics in Barre, to large companies like Green Mountain Coffee Roasters. As long as our tax burden remains high, I propose eliminating the VEGI cap to keep pace with the growing demand from potential employers.

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“These tax proposals are a critical step in our efforts to restore employer confidence and send a message that Vermont is ready to compete for jobs. Unfortunately, the cumulative effect of these changes will still not equal the inevitable increase in unemployment taxes. That is why we must act this year to make our unemployment insurance trust fund solvent. A modest reduction in benefits coupled with phased-in increases in the taxable wage base is the prudent course to getting this fund back on solid footing.

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“There are additional investments in economic development that we can make now. I renew my call to use nearly \$9 million from the federal stimulus act for job creation. This money will help train workers, provide access to capital for small businesses and farms, promote tourism and enhance our telecommunications infrastructure. Employers have told us what they need – now is the time for us to listen and act.

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“When a company comes to our state with 50, 30 or even 15 new jobs, we trip over ourselves to welcome them. When a valued employer is looking to expand or move elsewhere, we work feverishly to keep them here. We have such a company: one that employs hundreds of Vermonters at good wages; makes hundreds of thousands of dollars in charitable donations; and pays millions in taxes every year. Yet, some are eager to shut it down.

“The decision about Vermont Yankee is central to our economic future and to maintaining a green energy portfolio. And it’s a decision that should be left to the federal and state regulators – away from the political fray.

“For the hundreds of Vermonters employed at Vermont Yankee and many more who benefit from its economic impacts; for the thousands of Vermonters whose jobs depend on our competitive electric rates; and for a stable, clean energy future, this Legislature should vote to let the Public Service Board decide the case for re-licensing.

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“Communications and energy factor into nearly every major decision an employer makes. In the post-recession economy, the two will be inextricably linked and for Vermont to compete globally, we must have the best of both working seamlessly together. Whether it is information technology, manufacturing, farming, education, or health care, a strong communications and energy infrastructure is critical to the Vermont economy.

“Fortunately, we start this new decade from a solid foundation built through years of hard work, planning and foresight. In 2007, the Legislature joined me in setting forth a very ambitious goal: universal broadband and wireless in every part of the state this year. The e-State initiative was – and remains – one of the most forward-looking, statewide telecommunications plans in the nation. Although the recession has slowed our efforts, we have made tremendous progress.

“Thanks to our head start, Vermont has been well positioned to take advantage of the opportunities provided by the American Recovery and Reinvestment Act – ARRA. While other states asked for planning funds, Vermont sought and won major federal grants for technology implementation. With nearly \$70 million in ARRA funds, plus an additional \$120 million in investment by Vermont utilities, we are building a high-capacity, fiber-optic backbone that enables next generation innovations to take root and grow in our state.

“Part of this backbone is our Smart Grid – a breakthrough in energy conservation. The Smart Grid will help families save on electric bills by knowing the best time to use appliances. Businesses will cut costs by choosing to operate equipment when it is least expensive. And Vermonters will be prepared to take advantage of new technologies – such as electric cars – to cut emissions and clean our air.

“From this high-speed backbone, we are working with telecommunications providers to build out our “middle mile” connection points into schools and libraries across the state.

“The final stop for Vermont’s high-speed network is in every home and workplace. This is where it gets complicated for a state that is comprised of steep rugged hills and winding dirt roads. There are some places you can’t get to from here – and, frankly, I don’t want to change that.

“But for families and businesses that want to get connected and are still not served by high-speed internet, I propose a “Backroads Broadband” program to spur local providers to build last mile connections. For two years, the Vermont Telecommunications Authority will delay the cost of a high-speed internet connection into the home or office. For the providers, this means a guaranteed return for a limited window and a great incentive to run the final stretch of line to every customer. This is not an ongoing program for either customers or providers – it is a use it or lose it deal that will speed us toward meeting our e-State goal of universal coverage.

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“For employers and employees alike, the attraction of a state wired from stem to stern is powerful. Businesses of all sizes can be connected at every hour to clients around the world. Small footprint firms can be close to our lakes and mountains without sacrificing sales. Telecommuting options multiply for everyone.

“Within state government, the investments in a wired future will be pivotal in our efforts to deliver high quality services more affordably.

“With each new connection, the network’s potential grows for applications both public and private – helping Vermonters succeed from the office to the classroom.

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“The ever-growing burden of property taxes threatens the financial security of Vermonters and the potential of our employers. Getting a handle on this cost is essential to our economic future.

“In the last decade, total net education property taxes have nearly doubled from just over \$450 million to \$900 million today. And that \$900 million accounts for only two-thirds of what Vermonters actually pay to support education. Almost half of income taxes, a third of sales taxes and a third of the purchase and use tax go to pay the total bill.

“Containing costs is the only way to halt the climb of property tax bills and make our state affordable for families and businesses. That is why I continue to fight so hard to put the brakes on spending and to reform our broken funding system. In recent years, I called for caps on education spending, but we took only a small step in containing costs with the two-vote approach. Last year, I renewed my call to cap school spending as part of another push for comprehensive reform.

“Another year has passed: ideas have been offered; groups have met; studies of studies have been studied again; but little has been done. Despite the recession and near zero inflation, school budgets are still projected to rise by two percent next year. Property taxes are slated to increase by \$59 million. And for the first time since the enactment of Act 60, the statewide property tax rate will increase – by two cents – to cover ever-increasing costs, with an additional 20 cent jump over the following two years – pushing residential rates 26 percent higher than today. These facts paint a disturbing picture of a future burdened by increasing property taxes – suppressing job creation and homeownership.

“Meaningful reform must address each of the three core drivers that push property taxes higher year after year. Foremost, we need to cut costs and bring

spending in line with reasonable standards. We must modernize our antiquated education bureaucracy. And we must be prepared to disentangle the twisted funding system born with Act 60. We can and must change, reform and improve education funding and, indeed, education in Vermont.

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“Since 1997, school staffing levels have increased by 23 percent, while our student population has decreased by 11.5 percent. The number of teacher’s aides has gone up 43 percent. The number of support staff has gone up 48 percent. For every four fewer students a new teacher, teacher’s aide or staff person was hired. There are 11 students for every teacher – the lowest ratio in the country – and a staggering five students for every adult in our schools. With personnel costs accounting for 80 percent of total school spending, it’s no wonder that our K-12 system is among the most expensive in the nation at \$14,000 per student per year.

“In most organizations, if your customer base is shrinking, you make adjustments to stay within budget and, at a minimum, you stop hiring. Although some will be quick to scold that “education is not a business,” neither is Medicaid or public safety or environmental conservation. But in each of these areas, if we ignore the basics of prudent financial management, we imperil the services that we provide. Until labor costs in our schools are brought under control, taxpayers can expect their bills to grow every year and the onus of the property tax will continue to threaten a healthy economy.

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“I appreciate the difficulty of reducing personnel costs. Over the past two years, the State has taken necessary – and sometimes painful – steps to find labor savings through vacancies, retirements, and, when all else failed, layoffs. I am grateful to state employees who last week ratified, by a wide margin, a new contract that is in the public’s interest. A three percent wage reduction frozen for two years is a meaningful and important contribution to the greater challenges that face Vermont.

“To date, we have not seen similar agreements between teachers and school boards. In fact, teachers’ salaries have continued to rise during this recession. If teachers’ contracts mirrored the recent state employee contract, there would be no need to raise property tax rates in 2011.

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“Current staffing and compensation levels cannot be maintained as the student count continues to decline. If we simply move from our current 11 to 1 student/teacher ratio to 13 to 1, we would still have one of the lowest ratios in

the country, while saving as much as \$100 million. If we want to make education costs sustainable, we must return balance to classrooms.

“I propose that over four years we bring our statewide student/teacher ratio to affordable levels. By leveraging the retirement bubble among teachers, we would be able to achieve significant savings through attrition alone – without any disruption in the classroom. This is not an early retirement incentive, but a mechanism to fill only one vacancy for every two retirements. Based on our experience in state government, this approach is sensible, achievable and much preferable to the alternative.

“To further rein in the massive growth in labor costs, I propose requiring that new teachers’ contracts establish a minimum 20 percent share for health insurance costs. State employees and many others in both the private and public sectors have accepted a 20 percent share as the standard contribution.

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“Our school governance structures are a vestige of the 19th century and, like our unsustainable personnel costs, must be reformed. We have 290 separate school districts – one for every 312 students – 63 different supervisory bodies and a State Board of Education. That’s a total of 354 different education governing bodies for a state with only 251 towns. We spend, by some estimates, nearly triple the national average for school administration. There is no doubt that we have room to make our system of education more efficient and affordable.

“A recently issued report from the Transformation Policy Commission outlined changes aimed at improving student outcomes. One recommendation – consolidating into as few as 12 education districts – highlights that a 21st century governance system can provide more than cost savings. A modern system opens the schoolhouse doors and allows students to explore new learning opportunities, in different settings, with the latest technologies.

“Reforming the outdated school governance bureaucracy is long overdue. The plan put forth by legislators and my administration two days ago calls for a five percent reduction in governance spending in the next fiscal year and an additional 10 percent reduction in 2012. Streamlining services, centralizing back office functions and consolidating districts will be necessary to meet the challenge. Restraining governance spending will allow us to make investments in reforms, classroom technology and, most importantly, our students.

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“At the root of our education funding challenge is a system that’s substantially eroding local control. Each year the connection between your school budget vote and your property tax bill becomes more and more distant. Expanded subsidies mask true costs. The budget you approve is not the budget you are billed for. And even as tax rates decrease, property tax bills increase.

“This is the upside-down world spawned from Act 60. When there is confusion, there is no control. If we are not serious about reforming this system, your Town Meeting vote will become an empty action and local control will be dead. We must not allow this to happen.

“At thirteen years old, our education funding regime has grown into an unmanageable maze of exemptions, deductions, prebates, rebates, cost-shifts and hidden funding sources. Overlapping rings of complexity keep all but a few experts from understanding the many moving pieces. This is not good tax policy, not good government, and, if you ask most Vermonters, not good for much of anything. It’s time to pull back the curtains and let the sun shine in on how education is funded. Transparency – Who is paying? What are we paying for? What are the results? – has been a missing element of education financing since the passage of Act 60.

“Something most Vermonters may be surprised to learn is that taxpayers are funding 1,000 students who don’t exist. These so-called “phantom” students are a creation of our system. When a school reports its per-pupil count each year, that number can only decrease by 3.5 percent from the previous year – regardless of how steep the actual decline. For schools shrinking year after year, this policy compounds the distance between reality and what Vermonters pay for. I propose increasing the cap to ten percent this year, then gradually phasing it out over three years.

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“When I first went to Town Meeting, each voter knew that a vote for increased spending was a vote to increase his or her property taxes. Vermonters were generous, but careful.

“As education funding evolved, income sensitivity was created as a necessary safety valve to ensure that low income people weren’t forced from their homes by high property taxes. Over time – and over my objections – the program was expanded to more and more people with higher and higher incomes. What started as assistance to the less fortunate has grown into an entitlement for over two-thirds of taxpayers, some with incomes as high as \$110,000.

“From a school budgeting perspective, income sensitivity subsidies distort decision-making by divorcing the majority of voters from the real cost of education. Next year 70 percent of Vermonters will be shielded from the full brunt of education spending decisions. When an increasing number of voters are exempted from paying the full share, higher school budgets become easier to pass. The natural check and balance of the old-time Town Meeting is gone.

“While that might seem like good politics to some, it is terrible policy. Each expansion of the subsidy pushes increased costs to a shrinking number of residents and businesses and further erodes local control. It sends spending and property tax bills ever higher – making our economy less competitive.

“The push for greater expansions has also led to extreme inequities in the system. There are over 6,000 Vermonters receiving a property tax subsidy who own homes valued at \$400,000 or more. Of those, there are 136 people who live in \$1 million homes being subsidized.

“In the education fund, income sensitivity payments are a growing, dark cloud blocking out more important priorities. This program is expected to grow by \$26 million next year – a jump of 18 percent. It will be a full 11 percent of the entire education fund – bigger than the special, technical and adult education programs combined.

“If left unchanged, by 2012, the program will cost \$183 million – 54 percent more than just four years earlier. As the cost of income sensitivity grows, it leaves less money for important education priorities. The choice between directing education resources to our children and growing this subsidy is an easy one.

“By making progressive eligibility adjustments and curbing payments on homesteads valued greater than \$400,000, we can put the program on a sustainable course – preserving it for those who need it most.

“I recognize that changes to the income sensitivity program will impact some taxpayers, but bringing common sense to this subsidy is an essential step to reducing the overall cost of education and providing real property tax relief for all in the years to come. In fact, if income sensitivity payments were not increased this year, there would no increase in the residential property tax rate. Our goal must be to reduce the need for exemptions over time with responsible school spending decisions and a robust tax base that allows for lower rates.

“My proposals for education reform go to the heart of runaway spending and, taken together, stop the projected two cent increase, plus drop the rates by another penny. Compared against a system left unreformed, my proposal will result in \$33 million in lower property taxes – a welcome break for taxpayers.

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“As we work to reform education financing and bring balance back to our system, we cannot lose sight of our underlying purpose: to provide high quality learning opportunities at a cost that doesn’t strangle our economy, forcing our children to leave in search of jobs, taking our education investment with them.

“Throughout Vermont, efforts are underway to help students who learn in different ways, at different times. We must always be on the lookout for new ways to ensure our system of education is serving the needs of today’s students.

“Currently, Vermont schools are prohibited by law from accessing out-of-state distance learning programs. This is a barrier to a student who is, for example, interested in learning Chinese, while earning credits toward graduation. If a school sought to provide a new Chinese program for this student, or even a group of students, they would have to hire a new teacher with the expertise – a costly step.

“Allowing students to access approved distance learning programs from around the country is a simple, affordable change we can make to improve quality and increase opportunities. And it is a change that complements our efforts to wire schools and apply new technologies to the classroom.

“No longer can we settle for the old paradigm that says the only way to improve education is to spend money to hire a teacher for a classroom. Instead, new thinking, creative ideas and an impulse toward change that excites, empowers and improves the education of our children must guide us in constantly reforming education in Vermont.

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“In all our efforts, Vermonters will judge us on the sum of our work, not the parts. They will judge us on our ability to get our economy moving again and on our ability to work together and craft a sustainable budget. If ever there were a time in our state’s history for public servants to join together, and to dedicate ourselves completely to the economic strength and individual prosperity of our people, that time is now.

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“As a young man, 37 years ago, I took my seat in this Assembly for the first time. I listened as Governor Davis bid farewell to the office I am now so honored to hold. That morning, the departing Governor spoke of a foundation rooted in fiscal responsibility, efficient government and environmental protection. But that foundation was not an end in itself; rather it served to help

Vermonters face a fundamental question he posed: “How shall we preserve the Vermont way of life?”

Like all under this Golden Dome, I’ve shared in the joys, sorrows, accomplishments and disappointments of daily life here and across our state. I’ve been a first-hand witness to, and participant in that “Vermont way of life.”

“I’ve seen it in a neighbor helping stack wood or pull a car from a deep rut in mud season. I’ve heard it in Town Meeting debates and deployment speeches. I’ve felt it on the coldest winter night and on a windy autumn day. And I’ve known it in the service of a firefighter, a church deacon or the anonymous volunteer just doing her part to better the community with no expectation of thanks.

“The “Vermont way of life” is something not easily defined. It’s rooted in a common decency and eternal hope for a better future. It’s a shared love of this land and respect for one another. And I can attest that it is something worth preserving; something worth defending; something worth fighting for.

“As we embark on the road ahead, let us take strength and comfort from the knowledge that others, who’ve come before, have succeeded in keeping for this generation the promise of Vermont. But let us be humbled in the understanding that it is our duty to keep that promise for those who follow.

“God bless each of you and the great State of Vermont.”

Dissolution

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

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

DAVID A. GIBSON
Secretary of the Senate
Clerk of the Joint Assembly

IN JOINT ASSEMBLY, JANUARY 19, 2010

2:00 P.M.

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

J.R.S. 39. Joint resolution to provide for a Joint Assembly to hear the budget message of the Governor.

Resolved by the Senate and House of Representatives:

That the two Houses meet in Joint Assembly on Tuesday, January 19, 2010, at two o'clock in the afternoon to receive the budget message of the Governor.

Presiding Officer

Honorable Brian E. Dubie, President of the Senate, in the Chair.

Clerk

David A. Gibson, Secretary of the Senate, Clerk.

Committee Appointed

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

Which was agreed to.

The Chair appointed as members of the Committee:

Senator Claire D. Ayer, of Addison District
Senator Vincent Illuzzi, of Essex-Orleans District
Senator Hinda Miller, of Chittenden District
Representative William N. Aswad, of Burlington
Representative Sara R. Edwards, of Brattleboro
Representative John S. Morley, III, of Barton

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

Governor's Budget Message

“Mr. President, Mr. Speaker, members of the General Assembly, distinguished guests, my fellow Vermonters:

“In the late fall of 1927, the skies opened and a great flood devastated our state. Vermont’s transportation, industrial and agricultural infrastructure was washed away over two long days.

“On a visit back home less than a year after the flood, President Coolidge noted “the splendid recovery.” He remarked that “Transportation has been

restored. The railroads are in a better condition than before. The highways are open to traffic for those who wish to travel by automobile.”

“The Great Flood of 1927 was a defining moment in our state’s history not just for the magnitude of destruction, but for the effort to rebuild that followed.

“Today, the crisis we confront is economic: a Great Recession. For two long years, Vermonters have been hard hit by this downturn and the foundation of our economy is in need of rebuilding. That work is slowly beginning on factory floors and in offices, at home businesses and on construction sites. But progress is fragile and there is much hard work ahead.

“Just as Vermonters did more than 80 years ago, we must rebuild better than before. This year we will be judged not just by our ability to pass a balanced budget, but by whether that budget prepares our state and its people for a stronger tomorrow.

* * *

“The principal reason for our budget shortfall is the economic challenge facing Vermonters. In just over a year, more than 10,000 jobs have been lost, and last year median family income fell nearly \$2,000 from the year before. Although Vermont’s unemployment rate is among the lowest in the nation, our workforce is shrinking; and too many are underemployed. As a result, state revenues are \$20 million below those of 2006 and a staggering \$100 million below where they were at the height of the economic bubble in 2008.

“While Vermonters have found it harder to pay the bills, General Fund programs have seen unsustainable increases and new pressures. Demand for human services will grow by \$50 million, pension contributions are projected to increase by \$29 million, and \$75 million in federal recovery funds relied on for this year are no longer available. Without corrective action the shortfall in the fiscal 2011 General Fund will be \$150 million.

“With revenues not expected to return to pre-recession levels until 2013, our fiscal crisis extends far beyond today. Without sustainable reductions, the fiscal 2012 shortfall will balloon to over a quarter billion dollars – more than we spend on economic development, environmental protection, public safety and higher education combined.

“To protect the most vulnerable now and in the future, we must make sustainable reductions to break free from the dangerous cycle of managing deficits year on end. To make our economy more competitive and state government more affordable, we must invest in job creation to grow our tax base and find efficiencies to reduce cost. And to preserve the greatness of Vermont, we must protect that which sets us apart – our safe communities and

our cherished natural environment. The budget I deliver today meets each of these objectives.

* * *

“This year, we must employ new thinking and embrace creative approaches. It is critical to move ahead on the agreement between legislative leaders and my administration to identify millions in sustainable savings through “Challenges for Change.” While I understand that some may be skeptical, we have little choice but to ensure this effort succeeds. If the targets are not met, the money must be found with deeper reductions to state services. But I am confident that we will accomplish our goal to focus limited resources on the most critical needs of Vermonters. I am accounting for all \$37.8 million outlined in these challenges in my fiscal 2011 budget and expect that the annual savings will be even greater in years to come.

“The agreement to set the challenges into law this month will achieve savings sooner rather than later and allow us to move ahead to address the remaining \$112 million General Fund shortfall. Doing so will require looking to those areas of government that are growing the fastest and consuming the greatest resources – human services, pensions and education.

* * *

“We have long measured our compassion by how we help neighbors in need; when the hour is dark, the hearts of Vermonters have always burned bright. We are rightly proud of our strong human services network – a gold standard among states.

“Through Choices for Care, Catamount Health, the Blueprint and other innovative health and human services reforms, we’ve built a solid foundation that is helping vulnerable Vermonters find a path to health, employment and independence.

“But we cannot deny that the sharp growth in demand for human services in recent years threatens the overall stability of our budget. Nearly one-third of our population receives services from the State. Next year, the Medicaid system alone will serve 172,000 Vermonters. Since the beginning of the decade, overall spending for human services has more than doubled – a growth rate of three-and-a-half times inflation.

“Even last year, as we struggled to fill a significant budget shortfall, total human services spending grew by \$100 million. Much of that increase was funded through the use of one-time federal money.

“While there has been discussion about a second recovery package or brief extensions of Medicaid dollars, we cannot place the sustainability of our programs at the whims of Washington.

“I am not counting on additional federal assistance in my budget. But even if new aid does eventually come our way, we must recognize that federal recovery funds will not flow forever; nor should they. We must take responsibility for our own programs and begin to step down our funding levels gradually and responsibly. By starting now the difficult process of realigning human services spending within currently available resources, we will spare programs from devastating cuts when the federal spigot is inevitably turned off.

“Any additional funds from Washington must be used to transition to a more effective, efficient and affordable state government, while investing in one-time efforts to create jobs and grow our tax base.

* * *

“The most difficult budget choices will be in the Agency of Human Services. This is both because of its sheer size – the largest percentage of the state budget – and because these cuts will unquestionably have an impact. I propose General Fund changes of \$53 million in human services – of which approximately one-quarter will be direct service reductions for beneficiaries. These choices are necessary in order to sustain critical programs and benefits today and in the future.

“My human services budget is guided by three key principles. First, we strive to protect the most vulnerable Vermonters by asking some beneficiaries and providers to carry a greater share of costs. Next, we seek to adjust services incrementally for the broad population rather than cut out some groups entirely. Finally, in all decisions, we focus on helping people achieve better outcomes, not safeguarding the status quo.

“The impacts of the recession – continued unemployment, reduced earnings and the housing crisis – have increased the number of Vermonters seeking assistance. That’s why my budget funds caseload increases, ensuring that Vermonters can access essential services. It also supports inflationary increases for the 39 Vermont nursing homes that accept Medicaid payments, and funds the growing needs of those with developmental disabilities who depend on state support to ensure their health, welfare, safety and full community inclusion.

“Our focus on meeting these critical needs necessitates major adjustments and tough choices elsewhere in the Agency. I propose eliminating over 20

grants to direct service providers within our system and reducing many more, including those that I have supported and advanced over the years: Housing and Supportive Services grants that fund wellness programs in senior housing settings; the Neighbor-to-Neighbor Americorps program; the senior companion program; and mentoring, to name a few.

“I propose tightening eligibility requirements for the attendant services program to include an income and asset test. This is an important program that supports independent living for disabled adults who need assistance with daily activities, and we must ensure its sustainability into the future.

“In order to maintain benefits for low income families served by the Reach Up program, responsible reforms are needed, such as removing recipients from the program when they chronically refuse to complete their family development plan or meet work requirements. Further, I propose once again establishing a time limit for Reach Up recipients who do not meet hardship criteria; a five-year limit is very generous at any time, but particularly now in the face of our fiscal challenges.

“My budget also includes a series of adjustments focused on providers, including: targeted reimbursement rate reductions for home health agencies; across-the-board grant and rate reductions for smaller providers working with the Department for Children and Families; and increased receipts of \$7 million from hospitals by keeping their tax rate at the same level as last year.

“Further, to uphold our strong commitment to alcohol and drug abuse programs, which I’ve long championed, we must better align services with needs. Because we have seen underutilization of some inpatient adolescent services, I propose funding them on an as-needed basis with a corresponding reimbursement rate reduction.

“We know that these proposals will be a struggle for some organizations that are already adjusting to reductions made last year. As such, we are committed to working with non-profits to reduce administrative burdens that detract from their ability to deliver efficient quality care.

“While we make these difficult decisions, we must continue our investment in our innovative Vermont Blueprint for Health. That’s why my budget supports the continued expansion of this successful program, with the goal of having it available in all communities within two years. I also call on our private insurance partners to make this goal achievable. The Blueprint is our best hope for slowing the growth in health care spending while improving the quality of health care received – something that all Vermonters want and need.

* * *

“Vermont’s Medicaid program is among the most generous in the nation. We can all be proud of efforts to expand coverage, because better health outcomes are achieved when people get care before they become sick. But maintaining coverage for the greatest number of people will mean scaling back benefits for some.

“Throughout the summer and fall state workers were asked to take a fresh look at areas of government where we could do better. One such Tiger Team considered improvements to our Medicaid system. After reviewing ten states that, like Vermont, provide generous services, the team saw that Vermont sets few limits on utilization. For example, we pay for an unlimited number of emergency room visits. Capping ER visits that do not result in hospitalization at 12 per year will bring Vermont more in line with peer states – saving money to preserve this benefit for everyone in the system.

“Another example is the adult dental benefit, now set at a maximum \$495 per year. By reducing the cap to \$200 per year, we will save over a half million dollars in the General Fund, without eliminating this important benefit altogether.

“Insuring more Vermonters is the goal of Catamount Health. During this economic downturn, when many other states have seen an increase in uninsured residents, Vermont’s numbers have remained steady. In fact, during the past two years, we’ve succeeded in lowering our uninsured rate, which is now among the lowest in the nation. To make certain that Vermonters have access to affordable, quality care, we need to protect Catamount by making it sustainable. This will require a significant increase in deductibles, which will also more closely align our program with industry standards.

“In our Medicaid programs, most premiums have not been increased since 2006. Modest increases next year for a number of these programs are necessary to protect them during tough times.

“Finally, this budget will increase our focus on fraud detection and program integrity – ensuring that those applying for benefits meet the income and asset requirements. By more closely monitoring provider billing, we will ensure that services are paid accurately. And by making small, but important, investments now, we can curtail inappropriate usage to realize savings and preserve programs for those with real needs.

“I understand that these changes will generate considerable debate, but I’ve seen the alternatives; and they are much worse. These decisions are responsible without being draconian, and they put our safety net on a sustainable path for years to come.

* * *

“Our pension systems are likewise in crisis. If we do not change course, future legislatures will be unable to keep our retirement promises to state workers and teachers. Without reform, the total required contribution from all funds for the two systems will grow by \$32 million – an incredible one-year increase of 43 percent. In the General Fund, pension contributions are projected to consume 8 percent of available resources next year, squeezing out other priorities. Moreover, the unfunded long-term liabilities in the systems exceed \$2 billion and, if not addressed, will threaten benefits and state budgets for years to come.

“Last year, this legislature established a commission to review these systems and make recommendations to safeguard their solvency while holding the State’s pension contribution to a reasonable three-and-a-half percent growth rate.

“I want to commend the commission – Treasurer Spaulding in particular – for its hard work and leadership. Their recommendations to adjust retiree age, final benefits and the annual contribution are responsible approaches, and as such I include them in my budget.

“Although these changes will be difficult, inaction would be irresponsible. It is important to remember that while the retirement age will increase and employees will be asked to contribute more, this is necessary to protect a guaranteed benefit. Retired state employees and teachers are assured pensions and subsidized health care for life – something most Vermonters do not receive.

* * *

“The pension system is a problem of not just how much we pay, but also of who pays. Currently, the teachers’ retirement system is funded entirely by the General Fund, despite the fact that the salaries used to calculate pensions are set at the local level.

“Teacher retirement, like salaries or student transportation, is an education expense, pure and simple, and should be borne by the Education Fund. But if the expense of the retirement system is transferred without offsetting cuts to education spending, it will raise property taxes. Let me be absolutely clear: that is not what I am proposing.

“Instead, as part of my education reforms, I propose to phase teachers’ retirement costs into the Education Fund over four years. With the reforms I have proposed to normalize the student to teacher ratio, and by asking teachers to pay 20 percent of their health care premiums, the additional expense of

teachers' retirement is covered. In fact, my package of education proposals will cut property tax rates by one cent next year – rather than require a two-cent increase if no action is taken.

“Those who attempt to parse my proposals to justify a claim of a tax increase should be reminded that by advocating for the status quo they are, in fact, supporting a \$59 million property tax increase. That is a burden Vermonters simply cannot afford.

* * *

“In the General Fund, \$38 million in government efficiency challenges, \$53 million in human services adjustments, \$25 million in pension changes, \$10 million in education reforms and \$5.5 million in labor savings from the contract ratified by state workers bring us a long way to covering our \$150 million shortfall. But there are other reforms we must undertake to balance the fiscal 2011 budget and deliver sustainable savings for taxpayers.

“One such effort is an evaluation of the 300 boards and commissions that regulate or advise on everything from world trade to well-drilling. While most provide a valuable service, some have not met for years; and others share similar missions and constituencies. I asked one of the Tiger Teams to consider efficiencies and savings throughout this system. As a result of their recommendations, I will present a plan to the General Assembly to abolish, consolidate or otherwise modify as many as 50 boards and commissions.

* * *

“Just as we focus our efforts within state government, we must also seek efficiencies from those entities that receive a large share of their budgets from taxpayers. Our affordable housing programs provide critical services to Vermonters of various income levels and stages of life. Assuring that the people of our state can meet basic housing needs has long been a priority of mine. That's why I asked a Tiger Team to look at ways to enhance our affordable housing efforts, while making our statewide network sustainable.

“For a small state, we have a surprising number of entities devoted to affordable housing. At the state level, the Vermont Housing Finance Agency, the Vermont Housing and Conservation Board, the Vermont State Housing Authority, Housing Foundation Incorporated and the Department of Economic, Housing and Community Development all share an affordable housing mission. Frequently these state level entities negotiate with one another to channel separate investments into the same projects. And with 130 employees, managed by four separate boards, consisting of 37 board members, three executive directors and a commissioner, I believe, as the Tiger Team found,

that there are real opportunities to do more for affordable housing with greater efficiency.

“For instance, the staffing costs for these entities amount to \$9 million. By redesigning the system to achieve just a 10 percent savings in personnel costs, \$900,000 annually could leverage over \$20 million in new affordable housing investments. I have asked Commissioner Brooks to convene the stakeholders to look into opportunities, such as this, to improve our system.

* * *

“As we strive to bring our budget back to sustainable levels, investments must continue in Vermont’s infrastructure that support existing industries and spur economic growth.

“During the past seven years we’ve increased our commitment to transportation – catching up after decades of underfunding. I propose reducing the raid on the Transportation Fund by an additional \$3.5 million next year, directing that money to municipalities to support our town highway program. I’m proud that during my tenure we will have restored nearly \$68 million to the Transportation Fund for investment in our roads, bridges and culverts.

“We have worked together, on a bipartisan basis, to strengthen our commitment to transportation. Between this year and next, Vermont will spend more than \$400 million paving our roads and fixing our bridges – an unprecedented effort.

“Last year, we increased our overall transportation budget by \$140 million. While much of that growth was a result of the federal stimulus act, we made the most of the opportunity. In spite of, or perhaps because of, our long winters and short construction season, Vermont was a national leader in the quick deployment of stimulus dollars.

“We will build on our aggressive efforts by increasing our transportation investment by \$14 million more next year. My budget includes \$113 million for bridge and culvert construction and maintenance – a 20 percent increase over fiscal 2010. And in the last four years, we have increased spending on preventative maintenance from \$8 million to over \$35 million in this budget.

“As in other areas of state government, our commitment should not be measured by funding alone. Because of the “Road to Affordability” we are deploying these transportation resources more efficiently and with a better return on investment. By doing a better job of keeping up with work today, we are saving money in the future.

“Our transportation infrastructure is, quite literally, the foundation of our economic prosperity. A safe and efficient system of roads and bridges is central to the flow of goods and commerce and to a stronger economy. I was proud to sign the bill you just passed removing heavy trucks from our town and village centers by allowing them access to our interstate system. At a time when our traditional industries need a boost, truckers, loggers and manufacturers will benefit from this pilot effort, saving time and money, as well as improving our environment.

* * *

“Good environmental practice is smart fiscal policy. The Green Mountain State continues to be a leader in energy efficiency and the use of alternative sources of power – saving Vermonters money and contributing to a cleaner environment. Our efforts have been bolstered by more than \$30 million from the federal stimulus act – money appropriated for purposes of the Clean Energy Development Fund. But to date \$17 million has not been allocated to projects.

“Because it is critical to get this money out the door quickly to support our growing renewable energy market and create jobs and because it is important that state government be an example, I propose redirecting \$9 million immediately to our state buildings and parks. To save taxpayer dollars and make needed efficiency improvements at the Waterbury State Office Complex, \$6 million will be used to demonstrate the full potential of these investments. Another \$2 million will equip the new Bennington state office building and courthouse with a geothermal heating and cooling system. Every year in Bennington we will use 30,000 fewer gallons of oil, conserve 510,000 kilowatt hours of electricity and avoid emitting 640 tons of carbon dioxide into the atmosphere – not to mention save \$175,000 for taxpayers. The remaining funds will be used to make improvements at our state parks, where exciting efficiency and renewable energy projects are already underway.

“These efforts are part of an \$80 million capital bill, which also includes \$25 million to upgrade and rehabilitate our facilities to modernize state government. Our capital investments will employ thousands of tradespeople across Vermont and are critical to maintaining high quality services as we confront enormous fiscal challenges.

* * *

“When opportunities arise to improve state programs and services through the use of technology, we cannot blink. Efforts to streamline processes and functions across state government not only save money; those who need assistance benefit as well. Every visit to a different office and every minute

spent filling out paperwork is time away from caring for a child or searching for a job. By creating one central point of entry, we can make it easier for Vermonters to navigate the bureaucracy and receive assistance to get to self-sufficiency.

“That’s why, as part of my capital bill, I propose \$8 million in information technology investments to help streamline state government. For state employees, new tools will allow them to spend more time delivering services and less time filling out paperwork. For taxpayers, costs will be reduced through efficiency and better coordination. And for those accessing programs, a new MyVermont portal will serve as a virtual kiosk – one-stop shopping – where information can be entered to immediately access the appropriate services anywhere in state government.

“By redesigning our technological infrastructure we can make better use of our limited resources. And because of this effort we will be on course to achieve a paperless state government.

* * *

“Today, Vermont is facing the convergence of two demographic challenges – slowing growth rates and an aging population. These trends threaten to erode our workforce and our tax base, making it harder to support the generous level of services we expect.

“The promise of stable employment, good wages and vibrant communities is what will ultimately keep young Vermonters here and attract working families to our state. That’s why, especially now, we must strengthen our investments in next generation technologies, economic development and affordable higher education.

* * *

“Since we embarked on the ambitious e-State initiative three years ago, much progress has been made. Today, more Vermonters are able to access technologies that will improve their health, expand their knowledge and help them compete for new employment. But our work will not be finished until those opportunities are available to every Vermonter in every corner of the state.

“To make more progress toward our goal, we will leverage already approved bonding authority and private capital to build “middle mile” fiber capability to schools, hospitals and other public institutions by allocating \$5 million in capital funds to the Vermont Telecommunications Authority.

“This investment will be complemented by over \$3 million in federal stimulus funds for the “Backroads Broadband” program – defraying the initial cost for those in the hardest-to-reach places and creating an incentive for providers to bring service the last mile.

“I thank Senator Illuzzi and the members of the Senate Economic Development Committee, as well as the House Commerce Committee, for their commitment to quickly move a jobs bill with funding for this broadband program.

* * *

“Other aspects of that bill are just as critical to Vermont’s economic future. Restoring funds for workforce training, helping small companies access needed capital and supporting businesses in our tourism sector are important investments. And so is removing the Vermont Employment Growth Incentive cap to help Vermont compete and attract new jobs.

“But the most significant action we can take to spur job creation and broaden our tax base is to make our tax climate more competitive. Policies that influence individuals to change their residency to other states, that keep employers from hiring and that discourage a business from locating in Vermont altogether will ultimately make it more difficult to find a good job here and will lessen our ability to support state programs.

“Sunsetting last year’s capital gains changes and rolling back the estate tax increase – a \$10 million impact on the General Fund – are prudent investments in a growing economy and more robust tax base. These changes are necessary to send a clear signal to employers and employees alike that Vermont is serious about competing for jobs in the post-recession economy.

* * *

“An investment in higher education is an investment in the promise of a more prosperous tomorrow. It must continue to be a priority even during these difficult times. The uncomfortable fact is that our institutions of higher learning are some of the most expensive in the country, with among the lowest levels of state support. Assuring that every Vermonter who seeks a post-secondary opportunity can afford it is a goal we must constantly strive to attain. And providing those opportunities is critical to the retention of our next generation and assuring that it has the tools, training and education for 21st century jobs.

“As part of our effort I recommend a base increase for higher education with \$5.5 million shared among UVM, the State Colleges, and VSAC. I also propose restoring \$1.5 million of base funding to our Next Generation

scholarships. And I am asking for \$2 million each in capital funds for UVM and the State Colleges for facility upgrades and other infrastructure needs.

* * *

“For over 200 years, Vermonters have been bound together by close communities and by our distinct love of this land. A shared commitment to a better tomorrow is rooted in our proud heritage. As we work to balance our budget and prepare our state and its people for a future of opportunity and prosperity, we must not forget that which sets us apart, that which defines who we are as Vermonters.

“Preserving what is so special about this state begins with ensuring that our communities are safe and that each Vermonter has access to a fair and functioning system of justice. I want to again recognize the leadership of the Judiciary and the Commission on Judicial Operations for their efforts to make our system of justice sustainable, even in difficult financial times. I am including their recommendations in my budget.

“A sound judiciary is necessary to complement the important work of our state law enforcement professionals. These men and women work day in and day out, in dangerous situations, to keep us safe and secure. With 13 new troopers and an additional nine preparing to train, our State Police force will be at its highest levels in the past decade.

“This year we will have a State Trooper assigned to every regional Special Investigation Unit, where they will work with local and county officers to bring to justice those who prey on our most vulnerable. And to further aid their efforts, we are moving forward with a state-of-the-art forensic lab, scheduled for occupancy this coming October.

“I am proud that even during these tight fiscal times we have been able to increase our support for our law enforcement professionals, as well as other public servants working hard to keep us safe, such as our firefighters. That’s why I continue to support fire training efforts. All our public safety professionals deserve our deepest respect and thanks.

* * *

“Many tears have been shed as families bid their farewells to our brave men and women now being deployed overseas. We are proud of them, their patriotism, their valor, and their dedication to those ideals we hold dear. We must assure that their families receive the support they need during the long separation. We must also be fully prepared to provide for the needs of our troops when they return home. My budget provides the resources to keep our commitment to do both.

* * *

“Vermont is blessed with many natural gifts from our Green Mountains to our rolling, open farm lands to our lakes, rivers and streams. Preserving our natural environment is an obligation we have to the next generation. Clean waterways, healthy wildlife and vibrant forests are an economic, as well as environmental, imperative for our state.

“Working with our federal, municipal and non-government partners, we have made an unprecedented commitment to Lake Champlain through the Clean and Clear program – investing more than \$50 million in efforts to improve water quality, leveraging an additional \$52 million in federal funding. We have worked to enhance the stability of streams and rivers, improved management of our vast network of dirt roads, protected and restored wetlands and limited pollution from construction site runoff.

“The Agency of Agriculture has provided technical assistance to farmers to develop and implement soil-based conservation practices and nutrient management plans – preventing discharges from barnyards and fields. To continue this good work, I propose \$8 million in general and capital funds to support our Clean and Clear priorities within the Agencies of Agriculture, Transportation and Natural Resources.

* * *

“Our farmers are keepers of our unique landscape and protectors of our strong environmental ethic. While all Vermonters have struggled through this recession, farmers have been further stressed by a prolonged period of low milk prices. As part of the jobs bill, \$1 million should be dedicated to helping our agricultural community weather the storm this year.

“The Farm to Plate initiative is working to foster growth in both the farm and food sectors. By directing \$100,000 of the Sustainable Jobs Fund appropriation to this initiative, we will increase access to healthy, affordable, local foods, while supporting our farm economy.

“Ultimately, our agricultural industry requires the federal government to reform the antiquated milk pricing system, allowing Vermont farmers to compete fairly in the national market. I will continue to support the efforts of our congressional delegation and others who are working to deliver the reforms our farmers need.

* * *

“Of the eight budgets I have proposed, this is the most challenging by far. The magnitude of our shortfall demands new approaches and creative thinking.

It calls for difficult reductions in worthy programs and a dedicated focus on the most pressing needs of our people.

“But our purpose is not simply to patch together a budget for next year; rather our aim is to set our state on solid ground for the next generation. That’s why we must continue to strive for a growing and vibrant economy – one that opens the doors of opportunity across our state. Now is not the time to look back and protect the status quo.

“The budget I deliver today looks to the future by putting state government on a sustainable course, by investing in the potential of our people and by protecting that which makes this place so special. It is but one part of the effort to rebuild our economy and restore our prosperity.

“From the depths of this Great Recession, we must find the courage to make difficult decisions, act boldly and lead fearlessly. We will not fail if together we renew our commitment to a stronger tomorrow.

“God bless each of you and the great State of Vermont.”

Dissolution

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

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

DAVID A. GIBSON
Secretary of the Senate
Clerk of the Joint Assembly

IN JOINT ASSEMBLY, FEBRUARY 18, 2010

10:30 A.M.

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

By Senator Shumlin,

J.R.S. 43. Joint resolution providing for a Joint Assembly for the election of two legislative Trustees of the Vermont State Colleges Corporation.

Resolved by the Senate and House of Representatives:

That the two Houses meet in Joint Assembly on Thursday, February 18, 2010, at ten o'clock and thirty minutes in the forenoon to elect two legislative Trustees of the Vermont State Colleges Corporation to serve a four year term commencing March 1, 2010, and expiring on March 1, 2014. In case election of all such Trustees shall not be made on that day, the two Houses shall meet in Joint Assembly at ten o'clock and thirty minutes in the forenoon, on each succeeding day, Saturdays and Sundays excepted, and proceed in such election, until all such Trustees are elected.

Presiding Officer

Honorable Brian E. Dubie, President of the Senate, in the Chair.

Clerk

David A. Gibson, Secretary of the Senate, Clerk.

Statement by Presiding Officer

Pursuant to our statutes we are assembled here today in Joint Assembly for the election of two legislative trustees for the Vermont State Colleges Corporation, who are to be elected as trustees for four-year terms commencing on March 1, 2010, and expiring on March 1, 2014. The Chair now cautions you with respect to two statutory conditions imposed by that law for this election:

First: No candidate for election to the Vermont State Colleges Corporation can presently be serving as a member of the Board of Trustees of the University of Vermont.

Second: Consideration shall be given to the *geographic* distribution of those elected in order to "prevent an unfair focus on any single college".

The procedure for the election of these two legislative trustees of the Vermont State Colleges Corporation will be similar to the procedure which we followed in past years. The candidates will be nominated from the floor and elected by plurality vote.

In the event that more than two candidates are nominated, the procedure for the election of these two legislative trustees of the Vermont State Colleges Corporation will be different from the procedure which we would normally follow under the Joint Rules.

J.R.S. 44 sets up a special procedure for this particular election. In the event that more than two candidates are nominated, the adoption of J.R.S. 44 permits us to determine the winners of this election by means of a *plurality vote*, so that two candidates can be elected on the *same* ballot.

In the event that more than two candidates are nominated, you will be instructed to vote for not more than two candidates on the same ballot.

Accordingly, we will need tellers, and the Chair will now make these appointments.

Tellers Appointed

The Chair appointed the following tellers:

Senator Jeanette K. White, of Windham District, as chief teller
Senator Margaret K. Flory, of Rutland District
Senator Mark A. MacDonald, of Orange District
Representative Susan H. Davis, of Washington
Representative Albert Pearce, of Richford
Representative Robert South, of St. Johnsbury
Representative Linda J. Waite-Simpson, of Essex Junction

Election of Trustees of Vermont State Colleges Corporation

The Joint Assembly then proceeded to the election of two legislative trustees of the Vermont State Colleges Corporation, each for a term of four years, from and including the first day of March, 2010.

Nominations for Both Vacancies

Representative Johannah L. Donovan of Burlington nominated *Representative William N. Aswad* of Burlington. The nomination was seconded by Representative Carolyn W. Branagan of Georgia.

Representative John Zenie of Colchester nominated *Representative Michel A. Consejo* of Sheldon. The nomination was seconded by Senator Randolph D. Brock of Franklin District.

Representative Martha P. Heath of Westford nominated *Representative Timothy Jerman* of Essex Junction. The nomination was seconded by Representative Joseph L. Krawczyk, Jr. of Bennington.

Senator Susan J. Bartlett of Lamoille District then nominated *Representative James W. Masland* of Thetford. The nomination was seconded by Representative George Till of Jericho and Representative Carolyn W. Branagan of Georgia.

There being no other nominations, the Chair declared that nominations were closed.

Summary of Names Placed in Nomination

Accordingly, those names placed in nomination and on the ballot for the office of Trustee of the Vermont State Colleges Corporation were as follows:

- Representative William N. Aswad of Burlington
- Representative Michel A. Consejo of Sheldon
- Representative Timothy Jerman of Essex Junction
- Representative James W. Masland of Thetford

Review of Voting Procedure

Prior to the taking of any ballots, the Chair reviewed the “plurality” procedure for choosing candidates, by quoting verbatim from the text of J.R.S. 44:

“(1) All candidates for the office of trustee shall be voted upon and decided on the same ballot; members may vote for any number of candidates up to and including the maximum number of vacancies to be filled, which in this case shall be two.

“(2) The two candidates receiving the greater number of votes shall be declared elected to fill the two vacancies.

“(3) In the event that the first balloting for the trustee vacancies results in a tie vote for one or more of the two vacant positions, then voting shall continue on successive ballots until the vacancies have been filled, again by election declared of those candidates receiving the greater number of votes.”

Balloting for Both Vacancies

The ballots were taken and counted, and the result was as follows:

Total ballots cast	167
Necessary for election	two greater numbers of votes
Aswad	72
Consejo	40
Jerman.....	108
Masland.....	82
Write-in Kilmartin	2
Write-in Donaghy	1
Write-in Komline.....	1
Write-in Morrissey.....	1

Whereupon the Chair declared that

TIMOTHY JERMAN, of ESSEX JUNCTION

having received a greater number of the total votes cast was duly elected a trustee of the Vermont State Colleges Corporation for a term of four years, commencing March 1, 2010.

The Chair further declared that

JAMES W. MASLAND, of THETFORD

having received a greater number of the total votes cast was duly elected a trustee of the Vermont State Colleges Corporation for a term of four years, commencing March 1, 2010.

Dissolution

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

DAVID A. GIBSON
Secretary of the Senate
Clerk of the Joint Assembly

IN JOINT ASSEMBLY, MARCH 18, 2010

10:30 A.M.

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

By Senator Shumlin,

J.R.S. 51. Joint resolution providing for a Joint Assembly to vote on the retention of two Superior Judges and one Environmental Judge.

Resolved by the Senate and House of Representatives:

That the two Houses meet in Joint Assembly on Thursday, March 18, 2010, at ten o'clock and thirty minutes in the forenoon to vote on the retention of two Superior Judges and one Environmental Judge. In case the vote to retain said Judges shall not be made on that day, the two Houses shall meet in Joint Assembly at ten o'clock and thirty minutes in the forenoon on each succeeding day, Saturdays and Sundays excepted, and proceed until the above is completed.

Presiding Officer

Senator Peter E. Shumlin, President *pro tempore* of the Senate, in the Chair.

Clerk

David A. Gibson, Secretary of the Senate, Clerk.

Statement of Presiding Officer

Pursuant to our Constitution and statutes we are assembled here today in Joint Assembly to cast our votes on the retention of two Superior Judges, and Environmental Judges.

This year we are again operating under the Judicial Retention Act passed 1976, as amended in subsequent sessions of the General Assembly, which establishes the procedure for retention of incumbent Superior Judges and Environmental Judges. The date for holding joint assemblies for the retention of judges is set by statute to be the eleventh Thursday of the session, which date may be deferred pursuant to 4 V.S.A. § 608(g).

The procedure to be followed requires that the vote be by written ballot on the specific question:

"Shall the following Judges be retained in office?"

There will be one written ballot containing the names of both candidates for retention as superior judges and the name of the candidate for retention as environmental judge.

Retention of Judges

We shall now proceed to the matter of retention of the incumbent Superior Judges and the Environmental Judge. As stated previously, we are operating under the Judicial Retention Act passed in 1976, which establishes the procedure for the retention of Superior and Environmental Judges. Nominations may not be received from the floor; rather, each judge seeking retention must file a declaration of intention to seek retention with the Secretary of State. The name of each judge seeking retention is automatically voted on pursuant to the terms of the Judicial Retention Act.

In addition, the Judicial Retention Act provides that when a candidate does so declare for retention, the questions to be decided are:

"Shall the following Superior Judges be retained in office?"

"Shall the following Environmental Judge be retained in office?"

The statute provides that the vote on this question shall be by one written ballot containing the names of all of the candidates for retention as Superior Judges and as Environmental Judge.

Tellers Appointed

Accordingly, we will need tellers, and the Chair will now appoints as tellers:

Senator Philip B. Scott, of Washington District, as Chief Teller
 Senator Claire D. Ayer, of Addison District
 Senator William H. Carris, of Rutland District
 Representative Eileen Dickinson, of St. Albans Town
 Representative Sarah R. Edwards, of Brattleboro
 Representative Frank J. Geier, of South Burlington
 Representative Larry Townsend, of Randolph

We shall now proceed to the matter of retention of the incumbent superior judges and environmental judge. For these positions we have received declarations of intention to seek retention to the office of Superior Judge from the following:

David A. Howard
 Helen Toor

and to the office of Environmental Judge from:

Thomas S. Durkin

The question to be decided in each of these cases shall be as follows:

"Shall Superior Judge David A. Howard be retained in office?"

Yes_____No_____.

"Shall Superior Judge Helen Toor be retained in office?"

Yes_____No_____.

"Shall Environmental Judge Thomas S. Durkin be retained in office?"

Yes_____No_____.

The ballot which you will receive will contain these questions in printed form on one single ballot. The term of these Superior Judges and the Environmental Judge are for six years, from and including the first day of April, 2010, and until their successors are elected and qualified.

To facilitate the procedure for this morning, the Chair will rule, unless there is objection, that debate on these three Judges will be received separately. At

the end of the debates for the three Judges, any general debate on the entire question shall be in order.

Committee Reports

Prior to any debate, we will receive the report of the Joint Committee on Judicial Retention. The Chair now recognizes the Chair of this Committee, the Member from Ripton, Willem W. Jewett, for the purpose of receiving his report.

Representative Willem W. Jewett, then delivered a general report for the Joint Committee on Judicial Retention with respect to the candidacy of all the Judges.

The Chair then recognized Senator Kevin J. Mullin, of Rutland District, who delivered the report of the Joint Committee on Judicial Retention with respect to the candidacy of Superior Judge David A. Howard.

The Chair then recognized Senator Alice W. Nitka, of Windsor District, who delivered the report of the Joint Committee on Judicial Retention with respect to the candidacy of Superior Judge Helen Toor.

The Chair then recognized Representative Willem W. Jewett of Ripton, who delivered the report of the Joint Committee on Judicial Retention with respect to the candidacy of Environmental Judge Thomas S. Durkin.

Results of Balloting

Balloting then proceeded for the office of Superior Judges and Environmental Judge, with the following results:

For Superior Judge David A. Howard

Total votes cast	166
Necessary for a majority	84
For retention	162
Against retention	4

Whereupon the Chair declared that

DAVID A. HOWARD, of BENNINGTON

having received a majority of the total votes cast was duly elected to the office of Superior Judge for a term of six years, from and including the first day of April, 2010, and until his successor is elected and has qualified.

For Superior Judge Helen Toor

Total votes cast	166
Necessary for a majority	84
For retention	160
Against retention	6

Whereupon the Chair declared that

HELEN TOOR, of BURLINGTON

having received a majority of the total votes cast was duly elected to the office of Superior Judge for a term of six years, from and including the first day of April, 2010, and until her successor is elected and has qualified.

For Environmental Judge Thomas S. Durkin

Total votes cast	165
Necessary for a majority	83
For retention	155
Against retention	10

Whereupon the Chair declared that

THOMAS S. DURKIN, of BRATTLEBORO

having received a majority of the total votes cast was duly elected to the office of Environmental Judge for a term of six years, from and including the first day of April, 2010, and until his successor is elected and has qualified.

Dissolution

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

DAVID A. GIBSON
Secretary of the Senate, Clerk

