

JAMES H. DOUGLAS
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR
Inaugural Address of Governor James H. Douglas

The Vermont Way Forward

Mr. President, Madame Speaker, distinguished guests, my fellow Vermonters:

Fifty years ago, on this same Thursday, Robert Stafford presided, as Lieutenant Governor, over a joint assembly as Vermont's officers took their oaths and Governor Joseph Johnson delivered his inaugural address.

Two years later, Governor Stafford would deliver his own inaugural and note that, "There can be but one ultimate aim for all of us. It is to take the necessary action today to make Vermont a better place in which to live in every spiritual, social and economic sense for ourselves and our children."

This unadorned, ageless declaration explains succinctly the deep inspiration within him and reminds us today of our own responsibilities.

Ladies and gentlemen, please join me in honoring the extraordinary life of Robert T. Stafford.

I have had, on three occasions now, the privilege of placing my hand upon our family bible and pledging, on my sacred honor, to faithfully execute the responsibilities of governor.

Our oaths are taken, according to our customs and traditions, in public ceremony—symbolizing the covenant into which we have entered. We solemnize, through our words, a relationship that has at its core the noble virtue of trust.

Here today bearing witness to this convention are members of our National Guard. These extraordinary men and women represent all of those individuals, and their families, who protect and defend the world's most dignified expression of self-governance. They are here today to remind us of our proud past, the challenges of the present and our

obligations for the future. Please join me in thanking them and all of the men and women of our armed forces.

For a second biennium the people of Vermont elected the highest constitutional officers of one party, and a Legislature controlled by another. Appreciating the progress we made in the last session, they have no doubt concluded that such a balance serves Vermont well. Vermonters aren't interested in partisan intrigue—they are interested in results.

Over the last several years, we've taken major steps to ensure each new generation of Vermonters enjoys greater prosperity and peace of mind.

We began construction of this new, more secure, economic framework by first articulating our economic development ethics—values that guide all levels of our policymaking. We rejected the notion that jobs come at the expense of the environment, and that environmental protection must be compromised to have economic progress, stating without equivocation that we must have both. This third way—The Vermont Way—is committed to both our environment and our economy.

We then took aggressive action to address our immediate economic future, made major commitments to putting Vermonters back to work, and reversed Vermont's image as a place unfriendly to job creation by passing the state's largest jobs package and following the path outlined in my Plan for Prosperity.

We renewed our commitment to Vermont's hardworking taxpayers by passing only balanced budgets. Vermonters expect us to be fiscally responsible and live within our means. The budget I present to you for the coming fiscal year will once again be in full balance and reflect the priorities of the people of our state.

Finally, by focusing on affordability—on those issues most affecting working Vermonters—we've identified the means to address our changing population and make our state more affordable and its families more prosperous.

Moderating the cost of living is a prerequisite to achieving the prosperity and peace of mind within our reach. That is why full implementation of the Affordability Agenda remains an essential priority, and we should begin by following through on our commitment to making higher education more affordable.

Our system of higher education must be a centerpiece of our economy, producing the innovators whom we need to compete and succeed in the 21st Century.

We are a step closer to our goals thanks in large part to the Legislature's recognition of the problem and the hard work of our Next Generation Commission. The Commission has made some excellent recommendations and I thank them for their inclusive, diligent effort.

Our task now is to build on these recommendations and launch a comprehensive package of Next Generation initiatives this year.

We must fully implement Catamount Health, reforms already regarded as the most far-reaching of their kind anywhere in the country. This will require flexibility and a continued commitment to our common goals, but I'm confident that we can make these landmark health care reforms a resounding success.

Catamount Health will change the lives of thousands of Vermonters by insuring the uninsured and offering affordable premiums to those who otherwise couldn't purchase their own insurance. Together, we faced the health care challenge head on, we put Vermonters ahead of politics and delivered on our promise, and for that we can all be proud.

We must do more to put homeownership within reach of every Vermonter. That is why I propose the New Neighborhoods Initiative to facilitate home construction through a process that is predictable and less costly.

Young people entering the workforce need homes that are safe and affordable. Growing families ascending the economic ladder deserve the peace of mind and convenience of a welcoming neighborhood near where they work and where their children go to school. And the recruitment of skilled employees should not be impeded by the lack of affordable homes.

Vermonters take pride in the work that we do; from educators to excavators, we wake each morning with the same determination to do our best to provide for our families. In this biennium, we must send a strong message to Vermonters that hard work matters and that we will not take more than is necessary to run state government and fund our schools.

The oppressive property tax burden is the single greatest threat to Vermonters' renowned resolve. Property taxes continue to increase at more than double the rate of inflation—

and growth in the family checkbook—at a time when the number of students in our classrooms is declining. We must work together to ease the weight of property taxes on working Vermonters—without shifting it to another tax. To do that, we must cap property taxes.

Dorothy and I are proud to have sent our boys to public school where they received a quality education. I believe we can cap property taxes without compromising the quality and success of our public schools. We can continue to increase our investment in these important institutions—but at a rate that Vermonters can afford.

I have met with Speaker Symington and Senator Shumlin and, while our approaches may differ, we agree the real culprit is unsustainable increases in spending. Like our health care reform efforts, we need to work together, explore all options and focus on containing costs, not on raising taxes.

Vermont already has one of the highest income tax rates and per capita tax burdens in the country. Raising taxes to pay for education would intensify the problem, not solve it. Raising taxes would be unfair to working Vermonters, discourage innovation and threaten economic growth.

Making Vermont affordable is imperative. Keeping our families safe is equally important. Two weeks ago, I was proud to stand with Barre Mayor Thom Lauzon after the recent crackdown on drug activity in his city. Mayor Lauzon's determination to hold drug dealers accountable is a model we have seen work in other cities, like Rutland. Working through the Vermont Drug Task Force, we look forward to continuing our efforts in communities where the state can be a partner for change.

In Vermont, we are fortunate to have a strong community of law enforcement, firefighters, and emergency medical workers. Whether volunteer or career, they have committed their lives to public service and, in turn, let us continue our clear commitment to them. Please join me in thanking Vermont's first responders for their hard work and dedication.

Over the past four years, first with the Plan for Prosperity, now with the Affordability Agenda, we have made steady, substantive progress on the most difficult and complex issues facing Vermont families. While we must still address many pressing challenges swiftly and in this session, we are now ready to look forward – ahead of today's affairs – to shape a future for Vermont that ensures our prosperity for decades to come.

All of the steps we've taken are part of a larger vision that has brought us to the early edge of tomorrow, to the threshold of a renaissance that will – if we take care to see it through – produce the greatest economic advancements of our time.

Vermont has a legacy of leadership that stretches back to the state's founding. We will take that heritage forward and become a leader in a new economic frontier – a system of continual and substantial growth that harnesses our immeasurable intellectual wealth. To do so, we must bring together advancements in technology and education around the core of our shared environmental ethic. We must join the best of our past with a resurgence of Vermont's well-known resourcefulness and inventiveness.

Our future is the very definition of Yankee ingenuity and is rooted firmly in our traditions. A founding tenet of Vermont is creative adaptation – turning sap into syrup and selling it as gold – and our future will be built on that principle.

Our approach will combine Vermont's unparalleled environmental values with innovations in education and a telecommunications infrastructure superior to that found in the most modern cities. I call this approach "The Vermont Way Forward" and it will position Vermont squarely ahead of forces driving the global economy.

The Vermont Way Forward advances our traditional industries through pioneering approaches to rural development. It protects our forests and fields for time-honored uses and applies scientific innovation to speed the clean up of our lakes and streams. And it strengthens Vermont's agrarian roots with technology that allows farmers to grow locally but compete globally.

Our approach embraces our cherished natural environment beyond its bountiful material resources and focuses our industry on one of the greatest engineering challenges of this century: finding practical environmental solutions that balance growth and resources around the world.

We will weave into our economy companies that share our sensible approach to protecting the environment. We will cultivate innovators in environmental engineering and become the center for the solutions of tomorrow, building on Lieutenant Governor Dubie's vision of a Green Valley.

The Vermont Way Forward will be built by Vermonters and emerge from markets that demand it; but, as a state, we must assemble the foundation from which it will prosper.

Today, I present the primary elements of the Vermont Way Forward – a four-part strategy of environmental leadership, job creation, technological advancement and innovative education – a strategy that will allow Vermont the opportunity to complete an economic transformation that no state has achieved, but all will envy.

The Vermont Way Forward begins by reaffirming the importance of our natural environment and our commitment to a balanced approach.

Overall, Vermont's global environmental footprint is quite light. We have developed a responsible and growing portfolio of renewable energy sources. We currently capture more greenhouse gas than we produce. We were the first state to sign on to the Regional Greenhouse Gas Initiative, and my administration adopted tougher rules mandating California Emissions Standards for cars and trucks.

Vermont has joined the 25 x '25 alliance to advance renewable energy solutions with the goal to produce 25% of our energy from renewable sources by 2025. And state government is a leader in reducing greenhouse gases through my Comprehensive Environmental & Resource Management program.

We have made enormous progress, but motor vehicles still account for 45% of greenhouse gas emissions in Vermont. To reduce emissions, lead us toward energy independence and expand the market for environmentally preferable fuels, I offer four proposals:

First, I ask that you approve a percentage point reduction of the tax on fuel-efficient and hybrid vehicles and reward Vermonters for making environmentally friendly choices. I request that you support a tax rate reduction on bio-diesel for individuals and businesses that use it for transportation purposes, so we can cultivate the commercial market for bio-fuels. I seek your support for a tax incentive that will make bio-fuels as affordable as regular home heating oil. And lastly, I hope that you'll support the effort I am making to substantially increase the use of alternative fuels in state government—both in our vehicles and our buildings—so that we remain a leader in this important transition.

These are important steps, but our efforts to reduce the effects of greenhouse gases and other pollutants must now go far beyond the leadership we provide through our example.

By attacking the prime drivers of greenhouse gas emissions and redoubling our pledge to use renewable energy resources, Vermont will do even more to strengthen its position as a world leader in the environmental sciences.

If we are to have a truly meaningful impact on global environmental issues, we must lead the world in developing environmental solutions, and market those solutions to companies, states and countries who can only covet Vermont's deeply imbued environmental ethic.

The second part of the Vermont Way Forward is an aggressive job creation strategy that will retain existing employers, retrain current employees and work to recruit firms that

specialize in the growing field of environmental engineering, and the development of related products and services.

Environmental engineering is a discipline that identifies and implements solutions to problems such as air pollution, storm and wastewater management, hazardous materials and water supply contamination. The global demand for these services is large and growing, especially in emerging industrial nations. Many of these countries, such as China, are just now recognizing the effect of rampant growth and are beginning to develop and implement strategies to address prior and future impacts, and, in turn, are looking for environmental solutions.

Environmental engineering is Vermont's next captive industry and we have the foundation from which the sector can flourish.

The state will marshal public and private resources to grow this portion of our economy. To help guide this work, I will create through Executive Order an Environmental Engineering Advisory Council comprised of Vermonters with expertise in engineering, math, science and technology and appointed by both the administration and the Legislature.

This effort will leverage the innovation and knowledge of Vermonters to create a major new industry dedicated to resolving the most complex environmental challenges of our time. Our obligation now is to be sure the infrastructure exists to complete this economic transformation.

There is no doubt that a safe and reliable system of roads and bridges is essential for today's economy, but the critical infrastructure for the future of Vermont will not much look like a car, a culvert or a bend in the road. It will look like this.

In my hand there is wireless mobility, complete access and clear connections. In my hand is fairness and equity for all of Vermont. In my hand is both freedom and unity.

In three years, this phone will be capable of downloading email, images and video at speeds faster than most home broadband today. It will allow Vermonters to work from anywhere, anytime, unimpeded by spotty coverage, bad connections and the constant aggravation of dropped calls.

We've made great strides in improving cellular coverage along main corridors, but large areas of Vermont still have no signal. Although in the last three years we've helped over 45,000 more homes and offices get access to broadband internet – so nearly 90% of Vermont homes have access – the remaining 10% will take many more years to reach by traditional means.

While we take incremental steps to build a hard-wired network, the wireless world moves ahead. Homes that do not have broadband available are becoming increasingly difficult to sell. Entrepreneurs looking to start a new business will barely consider breaking ground in a community without good cellular coverage. Broadband internet and wireless cellular are no longer mere conveniences afforded to urbanites or the well-heeled; they are a fundamental part of modern life for all Vermonters, as essential as electricity and good roads. This is the technological foundation of the Vermont Way Forward.

Thanks to the work we've done, Vermont is well positioned to leap over existing technology and support both broadband and cellular communications for the entire state.

Wireless communications and broadband internet access are near the point of convergence – meaning the technologies that support each will be the same. More specifically, modern telecommunications will be based on Internet Protocol, or IP, a digital language that can support voice calls – like cell phones and standard telephones – as well as internet communications – such as email and web pages.

Building on these technological advances, I propose that by 2010, Vermont be the nation's first true “e-state” – the first state to provide universal cellular and broadband coverage everywhere and anywhere within its borders. When you turn on your laptop, you're connected. When you hit the send button on your cell phone, the call goes through. There would be no more endless downloads, no more hopeless hellos, and no more “can you hear me now.”

This goal is within our grasp if we move quickly and decisively during this legislative session.

To facilitate the creation of our “e-state,” I propose a Vermont Telecommunications Authority that will partner with private enterprise to build a next generation infrastructure that supports universal broadband and cellular coverage. The state will back \$40 million of bonding by the Authority, which will leverage more than \$200 million in private investment. The Authority will serve as a bridge between public sector efforts and private sector investments and will seek to complement – not replace – the role of service providers and infrastructure developers.

Unlike building more roads or bigger buildings to support growth, the commercial infrastructure of tomorrow will be almost invisible, but for a handful of towers and antennas.

To support the work of the Authority, we need to reduce the time it takes to build a truly modern infrastructure. I will be proposing a series of responsible modifications to Vermont's permitting laws that will balance our environmental values with the need to move rapidly. Those measures will include using state-owned structures and rights-of-way to speed required construction.

The benefits of an “e-state” are evident to current and prospective employers. It represents meaningful connections within Vermont and with the vast world outside. Whether it means a construction worker can receive a business call at a remote job site, a bed and breakfast can offer guests wireless cellular and broadband, a feed store can order new inventory online or a small mail-order business can cut calling costs, our “e-state” strategy establishes the platform for success across all sectors of the economy.

The advantages of a state-of-the-art telecommunications platform extend well beyond the economic value of the Vermont Way Forward. A true “e-state” enhances our public safety network, extends the reach of health care, and improves the education of young Vermonters.

Ever-present cellular coverage will give residents and visitors an extra measure of protection and provide a communications network where police officers of one town can talk to firefighters of another.

The emergence of telemedicine, made possible by our universal broadband network, will offer dramatically enhanced monitoring services to chronically ill patients and the elderly. Vermonters with chronic conditions will be able to transmit information instantly to their doctors who can respond to anomalies or alarming trends.

Vermont is fast becoming a leader in health care innovation, led by Catamount Health and the Blueprint for Health. While our best-in-the-nation broadband network can never replace the compassionate touch of our health care providers, it will make available to them the most modern tools to improve quality and reduce costs.

The education of our children is the single most important and lasting impact of our “e-state” initiative. Affordable broadband services provide every child with access to the educational resources of the best schools and libraries throughout the world, as well as offering continuing education opportunities for lifelong learners.

Teachers and students would have at their fingertips a world’s worth of educational resources. Whether it’s online classes, tutorials to supplement classroom learning or internet video links with other classrooms throughout the world, our network will firmly establish Vermont as the best place to live and raise a family.

Our strong commitment to education will not stop there. Vermonters have always prized a quality education, but global competition demands an even higher level of aptitude from graduating students. We cannot simply put more money into the same system and expect better results. We have to look at the system with fresh eyes and rethink how to provide all students a chance to reach their full potential.

Senator Stafford understood that to give students a chance at success was to open up the world to them. Among his many accomplishments is the college loan program that bears

his name. This unprecedented level of financial support has sent generations of kids to college.

We have now our own opportunity to help generations of young Vermonters obtain the skills they need to succeed in this century— and ensure they are learning math, science, technology and engineering as well as, or better, than their counterparts throughout the world. That is why I am proposing the creation of Robert T. Stafford Schools for Math, Science and Technology. These regional Stafford Schools for high school students will go beyond the scope of today’s technical education and emphasize the skills needed for the next wave of scientific advancements.

The education of our children is important to all of us and I want to work with the Legislature to raise the quality of our educational system in creative ways. To this end, I propose to continue the good work of the Next Generation Commission and ask you to extend its charter to study the creation of Stafford Schools and other means to bring math and science competency to new levels.

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The Vermont Way Forward is a model that takes our economy in a bold new direction. It empowers our balanced, practical environmental values and leverages them into new, good-paying jobs. It directs our educational system to teach tomorrow’s leaders the skills they need to compete in the global economy. And it revolutionizes our telecommunications infrastructure by making Vermont the nation’s first “e-state” where quality cell coverage and broadband internet are available to every Vermonter anywhere, anytime.

We have available to us the resources to secure for the benefit of generations of young Vermonters the opportunities and prosperity ahead. We have the opportunity to build an economy that favors the development of intellectual resources; an economy that embraces our old ways, and encourages their advancement through new means; an economy that ensures the security of every family and provides all Vermonters with the chance to enjoy our unparalleled quality of life without worrying that the costs of living here will exceed what they receive in their next paycheck.

The Vermont Way Forward captures these aspirations and embodies the best of Vermont.

You see this promise in the hands and faces of every Vermonter. As I have traveled Vermont, these hands and faces have instilled in me a new sense of purpose for the future of our great state.

I have shaken the hard-calloused hand of a hill farmer and in his leather-faced smile seen the hope of spring.

I have warmed the thin hands of older Vermonters, their eyes still sparkling between deep gray granite lines of age.

I have touched the shoulder of a proud father hoisting his daughter heavenward; the warm blanket of a mother wrapped in the embrace of her newborn son.

And I have held the tender hands of young Vermonters, their shining eyes illuminating the path to tomorrow – blind to our differences, but bound to our promise to make this world better for them.

Now, in our hands, Vermonters have placed their optimism for this century. In our faces, they seek honesty, integrity and our commitment to a common purpose. And for them, we shall deliver.

When we clasp hands at the end of this biennium, let it be in celebration of our shared accomplishments for all Vermonters. Let our eyes be alight with progress. And let our actions speak boldly to the generations that lie before us.

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