

Inaugural Address
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Inaugural Address

Mr. President, Mr. Speaker, Mr. President *pro tempore*, Mr. Chief Justice, distinguished officials and servants of Vermont, guests and friends:

For generations, we and the people throughout our nation have spoken of and valued the independence of Vermont and her people. We cherish our heritage of independence and strive to act so that over time we too will be judged as having contributed to the preservation of that treasured heritage.

Today's problems call upon us to examine closely the stuff of which independence is made. As we study history we recognize that those who settled these fierce hills understood that independence is not only the fruit of hard work, but also of careful planning. They knew that to be independent requires the acceptance of some special responsibilities for the present and some special risks in building for the future.

Time has not changed those requirements even though the complexities of a highly specialized society make the realistic definitions and goals of independence quite different from those of earlier days.

Clearly, in 1983 if we are to seek the values of independence in the circumstances of this century, we must understand first, which elements of our quality of life are under our control and which are largely determined by national circumstances.

I am convinced this nation has begun, though only begun, the monumental task of repairing serious damage to its fundamental economic capacity. In the end, the American dream of justice and opportunity for all depends upon an economic system capable of meeting the reasonable needs of all. A determination to restrain public expenditures, and to reduce tax burdens will, if compassionately designed so as to justify increasing public support over a long period of time, be of great benefit to the nation. The dramatic reduction in inflation, from more than 14% to less than 6% within the last year, is an important harbinger of a return to economic well-being. In time, restored faith in the integrity of currency and the wisdom of private savings and investment will result in interest rates affordable to consumers needing housing and other major tangible goods, and affordable also to manufacturers whose investments are required to assure adequate capacity and efficiency of the nation's economic engine.

The nation has been in deep recession for more than a year. In many communities throughout the United States, unemployment has affected 20 per cent of the work force. Vermont, thus far, has escaped the worst ravages of these times of economic tumult. Our unemployment rate is a little more than half the national figure. But for individual Vermonters — those who are experiencing the dislocation of our national transition--the recession is, painfully, much more than a mathematical definition. We can be grateful, though, that this legislature and those of the immediate past, were attentive to the cultivation of our economic capacity. Together, we and concerned citizens from across our state, have invested our energies in economic development on a state, regional and local basis. Those efforts are saving Vermont from sharing the worst of the current unpleasant national circumstances.

The vast majority of Vermonters remain in a position to meet the needs of their own families and to contribute reasonable amounts to assist those of their neighbors in need. We can be grateful that the revenues of this state disappoint us because they have not grown more rapidly, rather than because they have decreased.

We are weathering the truth that our financial capacity as a state is being dramatically affected by both the national circumstances and by the federal government's remedy. The principal tool that the federal government is using to fight inflation and to provide for increased capital investments in this country is the enactment of tax cuts. Vermont lost state revenues of 24 million dollars in the last two years because the Vermont income tax is determined as a percentage of the federal tax obligation. In the current fiscal year alone, Vermont's income tax revenues will be fourteen million dollars less than they would have been had the federal government not enacted those tax cuts. Under these circumstances, even after providing for a rescission of 4.3 million dollars from the level appropriated last year, our expected revenues will not fully match approved expenditures. We will probably end this year with a deficit in the order of eight to ten million dollars. We have a duty to make responsible plans to liquidate that deficit promptly.

But as we determine how best to do that, a sense of perspective is in order to understand our true capacity — not just for the short term, but for the long term.

It is imperative that we continue to meet the current needs of Vermonters in these difficult times and equally imperative that we continue to look to the needs of the future. It should be comforting that we approach that responsibility at the end, not the beginning, of national recession.

Next week I will present a budget which will address the problem in detail, meeting the challenge squarely, but at the same time recognizing that our concern is for the future, rather than with the past. It is no secret that the economic engine which drives state tax revenues has been impaired in the last year. Planning for stability and orderliness requires us to recognize the historical evidence that the fiscal year following the end of recession tends to be a year of very dramatic increases in state revenues. It is fresh in my memory, as it no doubt is in the minds of many in this room that the deficit of 1975 was used to justify both demands for substantial permanent tax increases and serious cut-backs in essential programs of public service, but that Vermont subsequently ended fiscal year 1977 with a record nineteen million dollar surplus.

I know of no way to cure a deficit this year without impairing the necessary capacity to meet fairly our current obligations and prudent plans for the future. I do suggest, however, that settling for a slightly smaller tax cut than might otherwise be available seems like a mild price to pay for the assurance of fiscal integrity. The method would be to raise by one percent, for one year, the rate at which we tax Vermont incomes as a percentage of the federal income tax obligation. So limiting the unplanned Vermont tax cut in fiscal 1984 to six million dollars instead of fourteen million dollars, we will cure the deficit in the first year of the new biennium, and at the same time assure adequate funds to meet present and future needs. To do so will not increase taxes. In fact, we will have once again reduced the portion of Vermonters' incomes which are taken by Vermont for general fund taxes. A Vermonter who paid \$100 in state income taxes in 1976, paid \$75 on the same income this year, and would pay only \$69.44 on that same income next year at the temporary rate I propose. I am saying we do have the capacity to meet our responsibilities. Clearly, however, that assumes a thoughtful sorting out of both our priorities and our needs. We face no crisis, but we do have solemn and difficult duties. Fortunately, we have both the will and the resources to meet those duties.

I believe our mission in this biennium is to assign our capacity judiciously as between present needs and future goals.

First, let me address that category, that group of things we should do because they are necessary to meet urgent, immediate needs.

As a significant priority in this category I am recommending to you a proposal which addresses our immediate obligation to many unemployed Vermonters. We must accept such an obligation not only out of moral duty, but because it is also clearly in the overall interests of the state to retain this great human resource of skill and productivity as a valuable asset for our future growth.

There are two groups of Vermonters who, unless we act, are likely to suffer the agonies of unemployment even as their neighbors enjoy the fruits of present jobs and of the expected economic recovery. They are those who live in certain areas of Vermont where unemployment has stubbornly resisted state and local efforts at development for decades and those who were, until recently, employed in industries suffering from special cyclical problems not likely to vanish in the first year or two of national recovery.

In responding to the short-term needs of the recently unemployed, I suggest to you that we establish a vehicle to apply their skills to meeting long-term state requirements for enhancing and preserving publicly-owned, vital capital assets. Our forests need thinning to increase the growth of fiber and the value of the timber. Our parks will be more valuable and attract more visitors in the future if we improve them, and start now an integrated network of multi-use trails to further enhance Vermont's allure for all who like to hike and ride. Better weather-proofing and insulation of our state buildings will pay for itself in the savings of fuel, yet past limits on available bonding funds have forced us to continue wasting both dollars and energy. As you know, thousands of miles of state roads need maintenance to preserve the investments we have already made in them. The work required is labor intensive.

Our task is to match resource with need. We have Vermonters who have demonstrated skills and a preference for honest accomplishment over welfare. At the same time, the people of this state own capital assets which will become more valuable upon the application of labor. This is a good time to bring the two together. I will present you with a proposal for a special \$5 million bond authorization to finance a "Vermont Futures" program to accomplish this. Clearly, such bonding ought to be in addition to any formula limit this legislature sets on routine bonding. In the last six years the debt of the State of Vermont has fallen to about half of its prior level, measured in comparison to annual personal income.

A second immediate priority is a group of non-literate adult Vermonters who urgently need functional literacy skills as a basic prerequisite to economic and social self-sufficiency. They cannot be independent because they cannot communicate with their fellow Vermonters, or with prospective employers with written words or simple arithmetic concepts. Using methods which have become national and international models of efficiency and effectiveness, five thousand Vermont adults in 1982 gained their literacy at an average cost of \$156.20 per person. As we have become increasingly aware of the need to bridge the gap between literacy and jobs we have the obligation to guarantee all adults who will make the effort an opportunity to gain the basic skills which they need to improve their lives. It is surprising that a program which has so much effect at so little cost per person operates at only about half the level needed to get ahead of illiteracy in Vermont.

Another urgent concern of many Vermonters is the rising cost of health care. This cost has put a tremendous strain on our medical assistance programs and on individual citizens and employers through higher insurance premiums. We must develop a system that makes adequate care available, but at reasonable and affordable cost. From the work of my Commission on Cost Containment, we will propose legislation establishing an annual ceiling on hospital expenditures. This "maxicap" will be negotiated by key parties—including hospitals, employers, Blue Cross/ Blue Shield and the state—and will reflect the realistic needs of Vermonters. This is a complex problem, but the direction we will propose is likely to make a start toward reducing the runaway financial burden, while insuring quality health care.

Action taken by recent legislatures has already demonstrated the effectiveness of tough enforcement of our DWI law. But measures in practice are simply not adequate to the scope of the problem! We must do more to get drunk drivers off our roads! It is of utmost importance that those who drive while impaired know that they will be caught and punished appropriately. Legislation is required to assure that first-time DWI violators quickly lose the privilege of driving. Quick suspension, through a civil proceeding, has been proven to be one of the most effective deterrents, and processing first-time DWI offenses through civil courts will greatly reduce the time required to remove these violators from the road.

I will be also asking for a significant increase in the number of state troopers. Although increased law enforcement capacity is clearly needed to meet a wide range of threats to the security of our persons and property, I believe the additional cost of a strengthened state police would be justified alone by the removal of more drunks from our roads.

As the state and federal governments have grown increasingly interdependent, so have the relations between state and localities become more intertwined. Domestic issues have both local and statewide dimensions: for example, taxation, environmental quality, police protection, streets and roads, and sanitation. The time has come to address these intergovernmental matters directly, cooperatively, and on a continuing basis through a joint state-local-civic undertaking to help our citizen leaders in a professional, advisory way. We need to establish a Vermont Advisory Commission on Intergovernmental Relations, patterned on the successful national counterpart.

Within the last year we have heard a growing clamor for higher state taxes to fund increased aid to local communities. Vermont already appropriates a larger share of general fund revenues to local services than all but a handful of states. If those distributions do not provide justice to the people of the communities of the state, we should deliberate together about the entire state/local relationship before establishing huge new claims on our general fund.

Another urgent charge of this Commission would be to improve the complex procedures through which Vermont administers growth management. I propose development of a prudent program of coordination and

localization for the growth-permit system to eliminate redundancy and, where feasible, to decentralize decision-making. Projects of statewide or regional significance will remain direct state concerns, and technical and financial assistance will be provided to guarantee local administrative and professional competence. Such a program will return decision-making to local governments when sensible, eliminate unnecessary procedural overlapping, and yet retain Vermont's unshakable commitment to high environmental, health, and safety standards.

Protection of the people's billions invested in our roads is an urgent priority. We must proceed with the second year of Vermont's five-year-catch-up repaving program. There are still over 700 miles of state highway that are in critical need of repair. We cannot afford to be diverted from this commitment. Further neglect of our multi-billion dollar capital asset would compound the future costs of repair. Unfortunately, the recently enacted federal legislation will not substantially assist this effort. I will be presenting a budget which reflects Vermont's priorities to continue our repaving program. Funding of this project will require an increase in Vermont's gas tax and other highway user fees. Without good roads, Vermonters cannot have that mobility which is an integral part of independence in today's world.

Over ten years ago I was a leader on the floor of this House in urging that Vermont ratify the proposed federal equal rights amendment. I am proud that Vermont was among the first states to do so. While I remain firm in my belief that we must have such an amendment, I believe it is now appropriate to adopt a Vermont Equal Rights Amendment to assure the rights of all of Vermont's citizens — both female and male. I believe justice requires us to see such action as a priority.

In times of difficult decisions it is tempting for legislative bodies to avoid new ideas—even when no appropriation is involved—and to allocate available funds entirely to old programs. Such a policy makes people prisoners of the status quo. It dooms them to facing later crises, which might have been avoided and to funding service programs which otherwise might not have been necessary. Let us avoid such temptations.

Vermont's strength is in large part a result of our willingness to look ahead and to act early in areas where such actions can bring our future more under our control.

Vermont is its people. It is incumbent on us to prepare Vermonters for the challenges of the future. Steps to better achieve that goal are always timely.

The last general assembly put in place what I believe is an essential foundation upon which we can now build one of the best public school systems in America. At long last, we have a fair method of aiding communities so that the state's resources augment those communities that have educational responsibilities which are beyond their fiscal capabilities.

Classroom teachers have long understood that education in the early years determines the capacity and the rate of learning in later years, and the self-sufficiency of students in pursuing further knowledge. It is self-evident that first children learn to read that they may thereafter read to learn.

Research data clearly indicates that carefully designed educational programs for children from age 3 through grade 3 can have enormous long-term benefits, not only in improving academic performance but also in reducing the need for programs designed to compensate for learning deficiencies. We should strive for the best educated young students in this country. To accomplish this, I am proposing an early education initiative which will enable local school districts to develop effective and innovative programs involving not only educators, but also parents, community volunteers, and businesses. These programs will include early screening, pre-school education, intensified instruction in math, reading and writing, and much greater exposure to the arts and our cultural heritage. Obviously an initiative of this significance cannot be accomplished overnight, so we will propose several start-up programs in fiscal year 1984 and continue progress from there in the following year.

One of the most pervasive and basic problems of our society is the abuse of alcohol. Alcohol is a significant factor in chronic unemployment, in the majority of all crimes against people, and in the majority of suicides, drownings and fatal accidents. Any progress that can be made in combating alcohol abuse will affect the lives of thousands of Vermont families. History illustrates clearly the failure to reduce that problem in any meaningful way by legislating prohibition for all or any part of the population. We need to make our citizens

aware of the insidious dangers of alcohol through a comprehensive alcohol education effort beginning in our elementary schools and continuing through high school and into the adult community. I am creating a special cabinet task force, chaired by Human Services Secretary Lloyd Novick, to review the state's many and diverse educational and treatment programs, in order to recommend ways to make these programs more effective. One certain recommendation will be that all state-approved driver education programs include a comprehensive segment on the effects of alcohol use on driving ability and safety.

To have a healthy economy tomorrow, advancing further our already encouraging steps to make Vermont resistant to national recessionary cycles, requires that we continue our many-sided efforts to enlarge present industry and bring in new investments. Education and training do, of course, have a major part in this, but so do more direct development tools — siting assistance, attractive credit, local cooperation, and others. The funds available to the Vermont Industrial Development Authority are important to this effort.

I hope that this year you will authorize expanded efforts to strengthen agriculture in Vermont — this is at a time when changes in federal price supports pose a problem for many farmers. These initiatives will be grouped into an agricultural enhancement program, to enable our State Department of Agriculture to give additional assistance to farmers and agricultural industries. This modest investment will pay for itself many times over through promotion of Vermont products, development of new markets, increase of milk consumption, and improvement of milk quality.

As a further step in preparing for the future I urge the enactment of constitutional amendments dealing with the structure of the executive branch. Recognizing that thoughtful planning and skilled, orderly implementation were a prerequisite to stability, Vermonters in 1870 amended the constitution to extend the term of governor and other offices from one to two years. The structure and complexity of our society and the value of experienced administrative leadership furnished by a governor have increased fully as much in the hundred years since the two year term was enacted as in the hundred years prior. The wisdom which guided that change today calls upon us to lengthen the term of office to four years. Nearly every other state has come to believe the public's interest is best served by a longer period of governance and reduced intervals of campaigning or transitioning.

I believe, too, that Vermont should amend its constitution to elect the governor and lieutenant governor from the same party as a team. Clearly, a cooperative and supportive relationship between Vermont's two highest elected officials would be beneficial to all.

Surely there is much for us to consider. The responsibilities are greater in these times of national transition and major change in economic circumstance than would be the case in more settled times. But Vermonters have a history of meeting challenges squarely. We must once again demonstrate our foresight and our courage.

For in these directions, lie, in some instances, the beginnings, while in others . . . the aspirations, the self-determination and the resolve of Vermonters to carry with us the independence of our past as we prepare to build new strength and enduring independence for our future.