

Inaugural address

of

Howard B. Dean

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Inaugural Address

“Thank you. Thank you very much. Thank you very much. Madame President, Mr. Speaker, Mr. Chief Justice, Members of the General Assembly, honored guests and fellow Vermonters:

“First, I want to welcome you back here to another legislative session and thank you for the commitment that you’ve made to serve Vermont.

“I think we’ve all heard very clearly the message from the 1994 election campaigns. We need to do our work in a nonpartisan way and then go home. Education reform is at the top of the agenda. Our property tax system is unfair. There is tremendous disparity between town tax rates. In Barre City, for example, education taxes on a house worth \$150,000 are \$2,235 a year. A resident in Stratton will pay \$30 a year for the same house.

“Three Vermont school districts still have not been able to pass a budget: Benson, West Rutland and Winooski. The high cost of education and property taxes hurts retired people and everyone else on a fixed income.

“Quality of education is also an issue. The people of Vermont don’t believe that they’re getting their money’s worth from *our* schools. We are 6th in the nation in per-pupil spending. We spend more on education than 44 other states.

“The SAT score is the only measure we have to compare ourselves to other states because we don’t participate in the National Assessment of Education Progress. While a very high percentage of Vermont students do take the SAT, which tends to lower our scores, we are nonetheless 38th in the nation in math scores and 35th in the nation in verbal scores. Again, we are **6th in the nation in per-pupil spending**.

“About one in five Vermonters who enter high school drop out before graduation. We teach to mediocrity in our schools. One night last year as I was putting my daughter to bed -- she was in the fourth grade at the time -- she began to cry. I asked her what was wrong. She was crying quite a lot. I thought she was having some significant problems, maybe in school, that I didn’t know about. I said, what is it that’s wrong, Sweetie? She looked at me and said, “It is school. I’m bored. I’m bored in school.”

“We must reform our education system. She had a good teacher in school. It was a good public school that we like in Burlington. We must reform our education system now.

“We will have differences in details, and they must be resolved now. They must be resolved before we go home in May.

“This is my plan which I’m very proud to say is going to be sponsored by respected members of both parties in this House. We will keep the sales tax at its current rate, use the fifth cent for education funding and in the second year this will add an additional \$37 million to the state aid formula. We will adjust this by increasing the income factor sensitivity so that towns will get a better deal out of the formula. We are proposing a minimum education tax to deal with the incredible discrepancies of paying \$2,200 a year in Barre and \$30 in Stratton for the same house.

“This is not a statewide property tax. 228 towns in Vermont will continue to collect taxes as they do today and distribute them in their own towns, but 23 Vermont towns with extraordinarily low taxes will be asked to share about \$10 million of that revenue with the other communities.

“Current Use and teachers’ retirement programs will be sent back to the local levels but the state’s contribution to these programs, \$26 million, will be distributed to the school districts through the formula. This is also an equalizing piece of this formula. A total of over \$70 million

in additional funding will go into the State aid formula.

“In addition, we are proposing in conjunction with the Department of Education to fix the wards of the state problem which will minimize bureaucracy at the local level.

“The bill will increase payment in lieu of taxes dramatically, our so-called PILOT funding, for towns that host state offices and other state property which does not contribute to local property taxes.

“We must - and this is one of the most critical pieces of this bill - we must cap increases in local spending on education based on the consumer price index. Education costs for the last 20 years have risen at at least twice the rate of inflation. We are 6th in the nation in what we spend on education. I didn't hear myself or any of you campaigning that we were going to be 3rd in the nation by the time we get finished with this session. I heard us all talk about lowering property taxes. And in the 1980's I and many of you supported doubling state aid to education in a three-year period, and today we have a worse problem with our property taxes than we did seven years ago when that doubling was finished.

“If we are to fix the property tax system, if we are to change the amount of money the state puts into property taxes, we must make sure this is a permanent fix, not a temporary fix. We must control not just state spending, we must control local spending. I will work with you to find a mechanism that you might like if you don't like our mechanism. This is an essential part of the bill, and this will not be property tax reform unless caps on local spending are included in the bill.

“We also propose cutting the state income tax from 25% to 24%. I will show you how this can be done and talk more about that in my Budget Address next week. That is in there principally because we believe it will lead to better economy and more jobs in Vermont. It's a straightforward plan, it's predictable, it's affordable and I think it can pass the House and the Senate in 1995.

“But that's not enough because educational quality is also a very important piece of this.

“We must convince Vermonters that if we're going to remain one of the most expensive states in the nation in terms of education, that Vermonters are getting their money's worth. I will call for more than \$1 million in the Capital Bill appropriation to provide Vermont's 76 high schools, 5 regional libraries and every elementary school in the state access to all the same computer services that the state has through its own electronic network, GovNet. This includes access to a worldwide information system known as the Internet. An unlimited number of Vermont students will be able to be logged onto the Internet simultaneously at the cost of a local telephone call.

“In addition, we will provide money in the Capital Bill to provide satellite downlinks to 20 of Vermont's most rural high schools so that they may receive advanced placement courses from the University of Vermont which has agreed to offer these courses for free. We are pleased that a local private sector company has agreed to link Montpelier, Burlington, Rutland and Winooski schools with Interactive Television. This includes high schools, middle schools and elementary schools.

“All kids need to be allowed to learn on their own as well as in the classroom setting because the best education ought to be available to all kids, urban or rural, low abilities or high abilities. No child should be bored in school. Let me repeat: No child should be bored in school.

“It is not enough to restructure schools. We also have to restructure the way the state works with schools. We must continue to support the Department of Education innovations, like the Green Mountain Challenge, and particularly the Portfolio Assessment program that has been developed over the last seven years.

“They also have developed a public report card system comparing the success and failures of every school district in the state and I’m urging that to be public as soon as possible so that Vermonters can see district by district who they believe is getting their money’s worth and who is not.

“But we must also reorganize the administration and delivery of education.

“Vermont employers report that far too many high school graduates are not prepared to join today’s competitive job market. Three-and-a-half years ago Commissioner Richard Mills and I went to visit the Secretary of Education. We knew the federal government didn’t have any money, so we agreed in advance that we wouldn’t ask him for any. At that time every special education teacher in the state had to fill out 40 forms, 40 pieces of paper from each child in special education every year, 40. So we said, “Mr. Secretary, we know you can’t give us any money. Could you reduce the number of forms that our teachers have to fill out?”

“He said, “Oh, yes, yes, yes, we’ll be sure to do that. Send me a proposal.”

“We sent a proposal and nothing ever happened. I said to the Commissioner, look, we ought to clean up our own house. Twenty forms are the federal government’s and 20 are ours. I asked him to do that. They said, “Oh, yes, yes.” Two-and-a-half years later, two-and-a-half years later, the state board finally came to me with a four-page form. I think that’s a problem, and I think we need to have accountability, direct accountability of the Department of Education to the Governor and to the Legislature so it doesn’t take two-and-a-half years. It should be two-and-a-half months.

“Vocational education. I started out on the Education Committee in this very body 12 years ago. Vocational education was treated as a second-class citizen then and it continues to be now although there have been significant and important improvements - particularly the notion of Certificate of Mastery.

“I believe that we ought to merge the Departments of Education and Employment and Training under one Secretary of Education and Workforce Training appointed by the Governor. I believe education will then be accountable both to the Legislature and the Governor, but we must also make sure that we preserve education’s insulation from politics.

“Workforce training programs have to be integrated between vocational education, high school, adult basic education and workforce training through the Department of Employment and Training.

“Job training and education are going to be the way that states build strong economies in the future. We are now competing in a world economy. We are competing with Taiwan and Singapore in the same way that we used to compete with New Hampshire and North Carolina. Smaller companies cannot afford extensive job training programs, yet most of our job growth comes from existing smaller businesses. 80% of Vermont’s businesses employ 20 or fewer people.

“The Agency of Development and Community Affairs is reorganizing itself to work more like an Agency of Commerce. We particularly need to focus on making capital available for small businesses and on controlling energy costs. I continue to believe in downtown development with a strong component of local planning as the best way to have good jobs and preserve Vermont’s quality of life. Let me make this very clear, it is not necessary to lower our environmental standards in order to produce better jobs. I believe our quality of life in Vermont is responsible for the fact that Vermont did better than any other Northeastern state in the recent recession. Our quality of life, our environmental standards attract jobs.

“I’ll talk further about environmental issues and land conservation issues in the Budget Address next week, but I will not be advancing major environmental legislation this year for two

reasons. First, the Environmental Board, under the direction of the new chairman, John Ewing, is pursuing rule changes that should significantly, and I might add at long last, streamline the Act 250 permit process.

“The Agency of Natural Resources has efforts underway to simplify the permit process by computerizing aspects of permitting and assigning case managers to all significant projects. And I think we should wait for a year to give these changes an opportunity to make the process more efficient.

“Infrastructure in the transportation area as well as the telecommunications area is extremely important to job creation. This year we will have a record 70 bridges under construction at the cost of \$18 million. A record \$30 million will be spent paving 200 miles of roadway throughout Vermont.

“The most significant opportunities and the most serious threats to our economy and to our people come this year not from inside Vermont but from Washington, D.C. Let me talk to you about some of these proposals that will have a tremendous impact on Vermonters.

“In the next few months I intend to use my position as the chair of the National Governors’ Association to help mold major changes coming out of Congress so they benefit Vermont or at least do not harm us.

“The first proposal that will be acted on very quickly is a balanced budget amendment. While this is a tool for controlling the federal deficit, and there’s no question that at the national level the national deficit probably in the long range is the most significant problem we have, the fact is unless there is language in the budget amendment that protects the states from unfunded mandates, we are simply in Vermont and every other state in this country being passed a very large tax increase and very significant cuts for all the programs for the people that we believe we have an obligation to be the safety net for.

“No state legislature in their right mind will vote to ratify a federal balanced budget amendment unless inside that amendment is contained language protecting us against further federal unfunded mandates.

“A plan for the federal government to switch responsibilities with the states is also in the works. One plan, for example, is to let the states run their own welfare programs while the federal government runs Medicaid. This would give Vermont the opportunity to deal with the welfare system, but that is a task that was largely taken care of by this General Assembly in 1994. This program swap would also create an enormous federal bureaucracy responsible for the health care of 40% of our citizens.

“One option that I think should be explored is letting the federal government take care of long-term care while states take responsibility for the medical care of the rest of the Medicaid program.

“There’s a plan to institute block grants to states, and this will almost certainly be in legislation. Vermont and the rest of the 49 states would get a certain amount of money with very few rules. There are more than 600 categorical programs that could fall under this setup. This would help Vermont be more creative and efficient in terms of helping people but is also likely to mean significant reductions in the amount of funding that we get for these programs. For example, there is a proposal to block grant nutrition programs and like the other proposals, there is both good and bad in this. Food Stamps is a program which needs overhaul. There is waste, there’s fraud in other states, there are significant administrative problems. But school breakfast and school lunches are one of the most successful nutrition programs we have. We put tremendous effort in this state into making sure that every child who cannot eat properly at home can get significant nutrition in school, and we ought to fight to the death to make sure that there are no cuts in that program and that this program stays exactly the way it is today.

“There are also proposals to block grant heating assistance funding. I don’t have to tell those of you who are veteran legislators how difficult that is because that will almost certainly result in huge reductions for Vermont and other northern states. I think, again, we must fight vigorously in Washington to make sure the poor and elderly people do not freeze because of cuts in the block grants.

“Last year my State-of-the-State message focused on children’s issues. As chairman of the National Governors’ Association, I’ve created a national Governor’s Campaign for Children to last for one year. This is why.

“Yesterday I spoke with Erin Watkins, a 26-year-old mother of three who lives in Springfield. Erin, who is dealing with raising her infant and two young children alone, told me that Success-by-Six was her lifeline. She took parenting classes at the Springfield Parent Child Center when she was feeling alone and feeling bad about herself. Success-by-Six gave her the needed support and she told me the tools she needs to raise her kids. She talked about the lending library that gives her kids a chance to play with educational toys that she could never afford.

“This is a program that was funded by this Legislature two years ago, and Erin Watkins is a better parent because she chose to seek education and support services which were available in her community. Erin and thousands of Vermonters like her are the reason we created Success-by-Six. Communities and state governments can work together to help families raise children in healthy environments.

“Vermont is a national model for what we’re trying to accomplish through the National Governors’ Association. Our goals for America as a whole are to increase public awareness of the needs of young children and families and once again focus the attention of the nation on the needs of children and their families rather than on the needs of government agencies and programs. In December I convened a national hearing at which we heard from several children’s programs in Vermont and five other states. We heard about the Addison and Franklin County Head Start models that combine children’s health and education services to take better care of kids. The programs up and running in those communities reflect the communities’ needs.

“Collaboration between state and local programs is the best way to reach parents like Erin Watkins. Now I’m going to make sure there is financial support available in Congress and among private foundations to help these programs all over America grow, particularly those started not by government but by community activists in neighborhoods where families need the most support of all. If we really believe that many of Americans’ problems are due to the crumbling of America’s families, then we had better be prepared to change the way that we support families.

“We will hold a national summit on children in Annapolis, Maryland, on June 6th and 7th, with governors, the Congress and the President. Finally, we will conclude the Governor’s Campaign for Children at the 86th meeting of the National Governors’ Association meeting in Burlington in July.

“Despite last year’s failure to adopt comprehensive health care reform, I think we all understand from our time on the campaign trail that Vermonters very much want that system to change. We still have 62,000 uninsured working people. We have health care costs that continue to rise at twice the rate of inflation. We have families who can’t afford coverage. We have businesses choosing between offering health care benefits or wage increases.

“My long-term goal continues to be universal access for every Vermonter. We cannot get there in one year, particularly in a year where I’ve asked you to redefine education and the way we finance it, but we cannot do nothing.

“I will ask you to pass a 20-cent increase in the cigarette tax to provide health insurance to about 15,000 working Vermonters who have none. These are people who work for businesses that do not offer health insurance benefits.

“We’ve been working with interested legislators to help us design the necessary Medicaid waiver that will be submitted very shortly to the federal government. I deeply appreciate your support, and I deeply want to tell you that we are going to continue to keep you involved and we want your help in getting this done. Our proposed waiver will allow us to expand coverage to all Vermonters up to 100% of the federal poverty level for the first year. That’s an annual income of \$14,800 for a family of four, and we hope and intend to do more in the second year.

“This is for the family wondering how to pay for their father’s emergency appendectomy. This is for the office worker who goes to bed hoping that her cough and fever will disappear in the morning because a visit to the doctor does not fit into her budget.

“Raising the cigarette tax to pay for health care makes sense. No single factor in this country costs the country more in health care dollars than cigarette smoking, and Vermont’s cigarette tax is substantially lower than every other cigarette tax in New England or the northeast. We are 36 cents a pack lower than New York.

“The Health Care Authority has made great strides in bridging relationships between hospitals, consumer groups and insurance companies. The new chair, Theresa Alberghini, and her staff have a great deal of important work ahead of them because we also have to control spending on health care. The Health Care Authority will continue to gather data and implement an information-sharing agreement between the state Medicaid program, Blue Cross/Blue Shield of Vermont and the Community Health Plan, and this will allow us to track 90% of Vermont’s health care expenditures. This will be the first time in the nation a public/private agreement like this has been reached, and it will finally allow us to find out what the expenditures are so that we can adequately control them.

“This agenda is about children and it’s about families. It’s about an educational system that’s funded more fairly and that challenges every Vermont child.

“This agenda is about jobs to support those families. Our agenda is about the environment and a quality of life that builds our economy.

“Our agenda is about making sure working people have the same opportunity to see a doctor no matter where they work.

“Our agenda is about your families. Our agenda is about my family. Our agenda is about Vermont’s families. Our agenda is about America’s families.

“Let’s get to work.”